
THE DECLINE OF THE WELFARE STATE IN MODERN SOCIETY

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Abstract: The welfare state is a relatively new social phenomenon. Its rudimentary forms appear at the beginning of the 20th century, and it was especially developed immediately after the Second World War. It was created in order to reduce acute social conflicts in societies around the world and to give citizens the minimum conditions for subsistence. From its founding, to this day, the welfare state is at the center of the attention of the professional and general public. This article attempts to define and categorize a state of well-being, but also to consider modern trends that reflect it. Particular attention will be paid to reducing the welfare state and the reasons why it occurs. From the many factors that are often considered in the context of the decline of the welfare state, here we will primarily analyze the demographic, economic and political factors.

Keywords: welfare state, Bismarckian Model, Beveridgean Model

1. WELFARE STATE

Before approaching the definition of the welfare state, we first need to determine a working definition of what is a state. In the social sciences, the definition of a state given by Max Weber has long been accepted. He is arguing that the state is a monopoly of coercion in a certain territory (army and police) that guarantee their citizens the order and security. Over time, the state also includes mechanisms for making decisions according to certain rules, which means accepting constitutionalism, predictability and rationality in decision making and avoiding the arbitrariness of individuals. Development of the state happened through a process, in which the state government has been depersonalized, formalized and attempts to integrate society (Poggi 2006: 608). The modern state is an integrated set of institutions that cover legislation, central and local administration, judiciary, police and army, and establishes political domination in a particular territory (Bruce and Yearly 2000: 287). The last phase of state development entails the redistribution of general goods through the taxation system, but also the allocation of general goods through social programs, that is, the development of the welfare state. Otherwise, the concept of well-being implies providing the basic human needs by the state, the market and the family. In Western Europe, the role of the state in ensuring the well-being of citizens was of particular importance. The welfare state emerged as a result of the need to overcome some of the class conflicts and satisfy some of the demands of the expanded proletariat at the end of the nineteenth and early twentieth century's. The welfare state served to reduce the class conflict, which represented the ideological struggles between the left and the right in the political arena (Birte 2006: 668). According to Bruce and Yearly (2000: 318), the welfare state is the idea that the state has an obligation to care for the well-being of its citizens and that the well-being of citizens must not be left to the good will of individuals, individual organizations or the local community. The welfare state usually uses taxation to fund social programs that guarantee a certain subsistence minimum for individuals. Typical programs of the welfare state are unemployment incomes for a certain period of time in which it is estimated that unemployed people can find jobs, sick leave benefits, old-age pensions, monetary support for people living in poverty, free education, medical care, and public housing.

Sociologically speaking, the welfare state best illustrates the Durkheim's idea of organic solidarity. When mechanical solidarity does not work at a satisfactory level, i.e., when family care is not sufficient to ensure the subsistence of its members, and additionally the social ties within the family weaken, organic solidarity arises, the intervention of the state, which tries to guarantee the existential minimum of each member.

The first steps of the welfare state are at the time of Bismarck in the 1880s in Germany. The beginnings of the welfare state in the UK were in 1911 when Lloyd George introduced national health insurance and unemployment benefits (Bruce and Yearly 2000: 318). The welfare state particularly expanded across Europe immediately after World War II and the implementation of the concept of William Beveridge, who in his report "Social Insurance and Allied Service" in 1942 for the duration of the Second World War recommends the formation of what is now known as the British welfare state. While Bismarck's type of welfare state is known as a conservative welfare state, Beveridge is much closer to the liberal understanding of the welfare state. There are serious differences between these two models.

	Bismarckian Model	Beveridgean Model
Objective	Income Maintenance	Prevention of Poverty
Benefits	Earning Related	Flat-rate
Eligibility	Contribution Record	Residence or Need
Coverage	Employees	Entire Population
Financing	Contributions	Taxation

Source: De Frel (2009: 15)

The development of the welfare system in sociology was interpreted within the framework of the civic concept and the theories of citizenship. It could be said that the golden age of the welfare state is the period between the Second World War and the 1970s. From the 1970s onwards, and especially after the collapse of the communist bloc, we have drastically reduced the state of well-being. The emergence and development of the welfare state is an important social fact that has been researched, analyzed and categorized by a number of researchers. Among the most significant analyses was the one of the Swedish sociologist Esping-Andersen.

2. CATEGORIZATION OF THE WELFARE STATE

There are many categorizations of the welfare state. The most influential and accepted categorization is that made by Esping-Andersen. This categorization is analyzing the welfare state along ideological lines. Depending on the dominant ideological orientation that shapes the welfare state, it develops different elements and features. According to this criterion, we can distinguish: a conservative, liberal and social democratic welfare state (Seekings 2008: 21).

The Liberal is a small welfare state. This type of welfare state has developed in countries such as the United States, the United Kingdom and several Commonwealth countries. The liberal welfare state is not redistributive, which means that the idea is not to take a tax from one layer of citizens, and through social programs to redistribute the funds to another layer of citizens. Accordingly, the citizens cannot use the welfare state for the change of their social status, but only to provide their existence in a certain time. In a liberal welfare state on paper, citizens have the widest possible range of rights, but in reality there is no budget for the realization of much of them.

The conservative is a much larger, familiaristic type of welfare state. This type of welfare state has developed in Germany, France and more continental European countries. Rights from the welfare state are related to the working status. Only those who contribute use most of the welfare state's services. Accordingly, this type of welfare state is not redistributive. Conservative type of welfare state and is known as the Bismarck type of welfare state. Many theorists call a conservative type of welfare state as corporatist one. Corporatism is a concept of negotiations between trade unions, employers and the government. Corporatism as a concept is an idea that the conservatives (Christian -democrats) borrowed from the social doctrine of Catholicism, which through corporatism attempts to strengthen the social cohesion of diverse social groups.

The social democratic of welfare state is quite extensive. This type of welfare state can be found in the Scandinavian countries. This is the only kind of redistributive welfare state. In it the rights are obtained on the basis of statehood, and not on the basis of a working status.

Although it is the most widely accepted categorization of the welfare state, it has undergone serious criticism. The first is that it does not cover everyone, but only the welfare states in the developed part of Europe. The criticisms are that the classification of Esping-Andersen does not include welfare states in Greece, Spain, Italy, i.e., the Mediterranean type of welfare state, and the post-socialist type of welfare state (Ferrera 1996). Esping-Andersen responded to those criticisms through the concept of welfare regimes as developed forms of well-being and trajectories that states that are still developing their system are moving to reach a certain welfare regime (De Frel 2009: 3). Esping-Andersen categorization was also criticized that it favors the social-democratic (Scandinavian) kind of welfare state. Serious criticisms come from feminists who claim that Esping-Andersen neglects the role of family's in securing well-being (Turner 2006). Casteles (1996), for his part, criticizes Esping-Andersen that he underestimates the importance of the labor market. In that context Casteles, speaks of a welfare state based on earned wages and lower taxes, and Australia as an example.

As we could see, the categorization of Esping-Andersen most covers the developed, northern European welfare states. One of the more influential categorizations of the southern welfare state is that which divide welfare states into: agrarian, workers and pauperist. The agrarian type of welfare state is aimed at providing individuals with land availability for agricultural production and supporting agricultural policies, and the provision of welfare depends on individuals and families. The workers welfare state is aimed at providing a set of social services such as pensions, health, and social insurance for those who are employed. The pauperistic type of welfare state is aimed to provide its citizens with social assistance, regardless of whether they work or not and whether they contribute to the welfare state or not (Seekings 2008: 26).

3. SHRINKING OF THE WELFARE STATE

We already noted that, since the 1970s, especially after the 1990s, and the fall of communist regimes the process of shrinking of the welfare states has been intensified throughout the world and especially in Western Europe. One of the explanations for the shrinking of the welfare state is political-evolutionary. Namely, the development of the welfare state was interpreted as a price that the elites were to pay for the deradicalization of the working class. As Daren Acemoglu and James Robinson (2000) show the wealthy elites in the UK, France, Sweden and Germany, accepted the growth of social programs for the lower classes and the cost of higher taxes that they paid. Higher taxes were the price that those elites accepted to pay, in order to avoid the danger of a violent change not only of the government, but also of the political system. After the fall of communism, such a danger did not exist, so the price did not have to be paid anymore. Fukuyama (2011: 88) states that, historically, the growth of the welfare state occurs only at the time when the elites were pressed to pay higher taxes and provide greater privileges for the lower classes under the threat of a revolution.

Most authors consider a set of factors that each have contributed to the reduction of the welfare state. Among these factors are the aging of the population, the higher unemployment than predicted (Bruce and Yearly 2000: 318), but also the changes that have taken place in the economy and the transition from industrial to service economics, i.e., from modern to post-modern economy. Esping-Andersen himself (1998: 4) identified several factors that influence the shrinking of the welfare state. Among the factors that he listed include: the accelerated economic internalization (globalization), which includes three elements, the financial globalization, the globalization of capital and its mobility, which reduces employment in developed countries and thus puts pressure on governments in those countries to reduce taxes in order to maintain the capital that creates jobs. In this sense, welfare states had to adapt to the forces of globalization that were beyond their control.

The second factor that conditioned the reduction of the welfare state is the aging of the population. The percentage of pensions in the GDP of the OECD countries from 1998 to 2040 is expected to double. The third factor that causes a change in the welfare state is the change in the family structure and the new economic role of women. The growth of single-parent families that are at risk of falling into poverty if the parent does not work has an impact on the reduction of fertility. Smaller fertility means a smaller quantum of individuals that will cover the cost of the welfare state.

Observed from the point of view of political ideologies, the decline of the welfare states went parallel with the growth of neoconservatism in applied public politics and neoliberalism as a political philosophy. Some liberal analysts argue that the decline of the wellbeing state does not mean a decline in welfare in society. Thus, according to Turner (2006), with the advancement of globalization, a process that began immediately after the collapse of communism, the focus of welfare provision is taken over by the market. In other words, it meant reducing the welfare state. To establish the link between political theories and public policies, it will be crucial for us to point out the differences between the liberal and libertarian understanding of the welfare state and the elements in these political theories that suggest a reduction in the welfare state. To follow differences in understanding the welfare state, we first need to know the difference between liberalism and libertarianism.

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