

Classifications of Welfare States

The diversity of possible welfare state combinations in Figure 2.1 renders problematic any unified concept of *the* welfare state. Marshall (1950), writing in an era of strong policy consensus throughout the Western developed countries in favour of a government commitment to underpinning material living standards and providing citizens with access to education and healthcare as of right, saw the welfare state in terms of social citizenship and inclusion – a natural outgrowth of the democracy and rising living standards that were in turn the fruits of industrialisation.

Observing the emergent welfare states of the 1950s, Titmuss (1958) divided them into two generic species: residual and universal. Esping-Andersen (1990) offered a cross-cutting classification into three types of welfare state on the basis of their function in relation to the interests of key power elites and/or social classes. The three types are: conservative (corporatist/Bismarckian), liberal and social-democratic. Esping-Andersen thus emphasised the co-existence of a variety of historically based (path-dependent) models of the welfare state, and threw into doubt the ‘modernisation’ thesis of institutional convergence driven by the common imperatives of industrialised society.

Esping-Andersen’s (1990) approach sits easily alongside the path-dependent model of historically evolving class coalitions developed by Moore (1966) to account for institutional divergence rather than convergence over time, leading to a multiple-equilibrium capitalist world of co-existing alternative types of state. Esping-Andersen’s subsequent (1996) comparative study of East Asian, Latin American and Eastern European states, against the benchmark of the apparently crisis-ridden European, North American and antipodean ones, expanded the menu by adding an East Asian ‘Confucian’ model of ‘familialistic welfare’ and a ‘social investment’ model with dynamic growth-oriented objectives rather than the traditionally more static, defensive concept of social security (Esping-Andersen, 1996: 23, 25, 267).

At the broadest level, some writers seem to equate the welfare state simply with a large state sector, whether measured in terms of the tax ratio to gross domestic product (GDP) (Cameron, 1978) or the ratio of state sector employment to the total labour force. But as Esping-Andersen (1990: 19) cautions: ‘[a] focus on spending may be misleading. Expenditures are epiphenomenal to the theoretical substance of welfare states.’ He adds:

The welfare state cannot be understood just in terms of the rights it grants. We must also take into account how state activities are interlocked with the market’s and the family’s role in social provision. These are the three main principles that need to be fleshed out prior to any theoretical specification of the welfare state.

The promised theoretical specification, however, failed to materialise in any clear-cut form in that book.

This leaves us with a problem when we come to interpret the tax and spending aggregates in the government finance statistics of small states. Looking back to the passage from Adam Smith above, his three duties of the sovereign defined the minimalist state of neoliberal theorists such as Nozick (1974). Defence of the realm, and a narrow reading of both administration of justice and conduct of public works, yield a state which exists purely to facilitate the individual in the pursuit of his or her own interests and takes no responsibility for the level or distribution of income that results from the outcomes of individual actions. These functions constitute the non-welfare state core of any government budget.

Starting from this core, it is common to assume that adding functions to the state's mandate is the main source of increases in the size of government, so that a large public sector relative to the economy as a whole serves as an indicator of a 'welfare state'.² However, a simple ranking of states by the ratio of government revenue or expenditure to GDP will not necessarily identify welfare states at the top and neoliberal states at the bottom of the list. Some disaggregation will be essential, and this will require identification of those government functions which lie outside the 'welfare state' envelope, as well as some qualitative account of what makes a small state a small welfare state.