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Chapter 1 : Social Welfare and Insurance | calendrierdelascience.com

Social Insurance: report by the Commonwealth Statistician G.H. Knibbs to the Minister of State for Trade and Customs, Sept. Item Preview.

Its genealogy has often been traced to the first organized measures, both public and private, to deal with the masterless, migrant poor who emerged as a distinct social group at the end of the Middle Ages as a result of the breakdown of manorial community, parish, and extended household. THE CONCEPT OF WELFARE The origin of both the "social question" and the modern systems of poor relief, welfare, social insurance, and social security which have developed in response to it can be traced to the rise of the market society, the commodification of labor, and the increasing dependence of individual well-being on the ability to secure the necessities of life through the labor market alone. The social question has been defined, on the one hand, by the complex relationship between work and character for example, individual responsibility, industry, and foresight and, on the other, by concerns about the corrosive impact on family, community, and national solidarity of the growing economic insecurity of wage labor, an experience which was itself the obverse of the expansion in the economic freedom of the individual associated with the coming of the market. The development of the welfare state and its systems of social welfare , social insurance, and social security is significant for the social history of the modern West in a number of ways. These programs affect the standard of living and quality of life of a large section of the population both directly through the monetary assistance and services they provide and indirectly through their impact on the dynamics of the labor market. They redistribute both income and opportunity, and they strengthen the bonds of social solidarity upon which the legitimacy of the nation-state ultimately depends. However, this Whiggish perspective must be counterbalanced by an awareness that the provision of welfare benefits and services is never a socially neutral act. For example, there are many different ways of providing benefits to the unemployed, the sick, the elderly, or single mothers, and the specific strategies adopted to meet the perceived needs of these groups are often of greater significance than the level of benefits itself. Consequently, the various regimes of social service provision define the concrete meaning of the rights of the individual and, through this, the meaning of citizenship, the nature of the state, and the structure of individual subjectivity and experience. The most important and creative studies of welfare and the welfare state in recent years have been comparative studies of the differences between welfare systems, the heretofore hidden ways in which these systems have created and reproduced social inequalities and gender roles, the cultural assumptions underlying these systems, and the political processes that have determined their contours. Up to the late nineteenth century, many members of both Christian and secular social reform circles, especially in western Europe, regarded indigence as prima facie evidence of individual moral failing, which manifested itself in sloth, improvidence, various forms of vice and deviance, and ultimately in the material and moral distress of the needy. On the basis of this individualist, voluntarist conception of poverty, two antithetical yet complementary systems for providing for the needs of the poor were established across the middle decades of the nineteenth century in Europe and the United States. While the deterrent, disciplinary public poor relief system provided the most minimal assistance under harsh and socially stigmatizing conditions in order to insure that assistance in no way undermined individual responsibility, industry, and foresight, an extensive network of voluntary charity provided supplementary aid to the deserving poor whose need was not considered to be the result of individual moral failings. In Germany the model was established in by the reform of municipal poor relief in the town of Elberfeld. In France, by contrast, the Catholic Church and its associated voluntary organizations continued to be the primary provider of assistance to the needy, and France was the only west-European country without a statutory municipal assistance program until the s. These programs were designed to satisfy the universally recognized moral obligation to aid the needy, but to do so in a way that would not further demoralize those persons whose indigence was already regarded as a sign of their weakness of character or impair the efficient functioning of the labor market. Beginning in the s and s, this individualist conception of indigence was gradually displaced by a new social perspective on poverty, which regarded poverty less as the result of individual moral failing than as the result of social factors that lay outside the control of the individual: This social perspective on poverty reflected the changing living and working conditions created by continued urbanization, massive migration, and the second industrial revolution. However, the resulting social dislocation acquired its immediate political resonance due to the rise of socialism among the skilled, organized factory working classes, the concern among the propertied classes that the working-class milieux were breeding moral disorder and weakening the health and physical constitution of the nation and race, and the sense that these developments were negatively impacting the unity of the nation at the very moment when economic, political, and military competition between the industrial nations of Europe and the world was reaching an unprecedented intensity. On both sides of the Atlantic, the rise of Progressivismâ€”with its logic of social solidarity and its concern for national efficiencyâ€”reflected the fact that industrialization and urbanization had fundamentally altered the social foundations of the prevailing individualist understanding of poverty and the minimalist, deterrent approach to charity and poor relief to which this conception had given rise. Public poor relief and voluntary charity had operated on the assumption that the public provision of services and monetary assistanceâ€”before the individual had exhausted all available resources and was faced with imminent indigenceâ€”would place a premium on sloth and improvidence and thereby fatally demoralize the working classes. The Progressives insisted that benefits to both the nation and the individual of positive public measures to prevent these new kinds of systemic poverty far outweighed the potential dangers to individual morality. Similarly, the Progressive willingness to use public power to intervene directly in social and economic relations in order to compensate for the deleterious social consequences of impersonal social forces went beyond the limits on state intervention imposed by nineteenth-century legal and social thought. A new conception based on Progressive commitment to social solidarity and national efficiency of social citizenship and the development of new strategies for dealing with the social question marked the birth of the modern notion of welfare and the new form of political organization that came to be known as the interventionist, social, or welfare state. For social reformers, the many dimensions of the social problem condensed around two distinct complexes: The development of separate social programs designed to meet the needs of each of these groups led to the crystallization of the classic two-track structure of the twentieth-century welfare state: The most serious source of existential insecurity for the working classes was the lack of work. Initially, social reformers advocated rural labor colonies to discipline casual laborers, habitual malingerers, and vagrants, who were particularly prone to drink, panhandling, and petty criminality. However, the impact of projects for disciplinary social engineering for these marginal groups was limited, and in the s and s the "discovery" of unemployment as a systemic social problem for the solid members of the working classes pointed to the need for new departures. Labor exchanges represented an important attempt to reduce un der employment and the indigence of casual labor by rendering the national labor market more transparent and efficient. Also, beginning in the mids, many cities began to rely on public works projects to relieve the need of the working classes during economic downturns. Though these efforts to relieve the poor through labor exchanges and public works programs did reflect a change in spirit, their potential was limited to managing need rather than preventing it. The first attempt to move from such voluntary assistance to genuine insurance was taken in when the Swiss canton of Saint Gall instituted a compulsory insurance scheme, which soon faltered due to inadequate financing. The decision by the Belgian city of Ghent in to provide municipal subsidies to existing union unemployment insurance plans was more successful due to its sounder actuarial foundation. The Ghent system was emulated across much of Europe over the following decade, and the better understanding of the possibilities and the limits of such schemes powered the learning process that ultimately made possible the establishment of national unemployment insurance programs. However, the political sensitivity of support for the unemployed insured that progress in this field would be laborious and ultimately quite limited, and most countries did not take the decisive step toward unemployment insurance until after World War I. This same period saw the proliferation of preventive, social hygiene programs to combat chronic, contagious diseases, such as tuberculosis, social problems that stemmed from poor living and working conditions, and infant mortality and related maternal health problems. The cornerstone of these programs were the maternal and infant welfare centers, which were established in many cities to couple the medical observation of newborns with the dissemination of hygienic advice to mothers. By , many European countries had passed labor laws requiring that pregnant women not work during the weeks immediately preceding their expected due date or for a specified period after the birth of their child. However, because this legislation did not provide adequate replacement for the wages lost during this period of enforced abstention from work, expectant and nursing mothers often had no choice but to turn to municipal public assistance. However, these efforts generally did not bear fruit until the late s and later. Around the beginning of the twentieth century, social reformers in many European countries began to call for the establishment of school lunch and health inspection programs, which they argued were necessary for the realization of the goals of public schooling. The provision of both school lunches and school medical inspections proved to be surprisingly controversial precisely because it represented an especially clear example of the state taking over the direct provision of services that had previously been the responsibility of the family alone. The conflict between the principles of deterrence and prevention was one of the major fault lines in the politics of welfare reform. The debate over public guardianship for children, reform schooling, juvenile justice reforms, and the entire panoply of programs aimed at abandoned, endangered, and delinquent youth raised with particular sharpness the question of the implications of preventive, therapeutic social programs for the rights of their ostensible beneficiaries. Although these measures were justified in the name of the national interest in preventing criminality and insuring the proper education of future citizens and workers, they were so controversial because they entailed the extension of state power into the sphere of family and parental authority. The necessity of intervening in the lives of endangered children before they had committed a punishable offense clearly contradicted the principles of liberal jurisprudence. The ensuing debate over the logic of prevention gave birth to a new social conception of law and to a new notion of social citizenship, in which the rights to work, health, and education were extended to the individual but coupled in an uneasy manner with positive obligation of the recipients to engage in socially useful work, actively maintain their health, insure the adequate socialization of their children, and, more generally, discharge those social obligations whose fulfillment was the primary purpose for extending these rights in the first place. However, Jacques Donzelot and Detlev Peukert have argued that, far from bringing about a real extension in the social rights of the individual, the efforts of these programsâ€”and by extension, all preventive, therapeutic social programsâ€”to rationalize juvenile behavior in accordance with the norms of middle-class society actually entangled the individual in a close-meshed network of surveillance and tutelage, which ultimately absorbed and negated, rather than extended, the sphere of individual freedoms. Reformers also searched for ways to provide for specific groups of the worthy poor that would be more adequate to their real needs and entail none of the social stigma or political disabilities associated with poor relief and charity. One example is the movement for public pensions for the elderly and also for working-class mothers. A first step toward the development of pensions for the elderly was taken in , when Denmark approved a plan to provide nondisqualifying monetary aid to those worthy, elderly poor who had previously led upright lives those who had not depended on poor relief. This movement was given additional momentum by the establishment of a non-contributory old-age pension plan in New Zealand â€”a member of the British Commonwealthâ€”in France and Britain both adopted non-contributory, but means-tested old-age pensions though in the British program was reformed in the direction of a contributory system. The Germans, on the other hand, were reluctant to follow this trend and instead opted to meet the needs of the elderly through an old-age and invalidity insurance program. However, due to the low level of benefits and limited coverage, the Germans still had to rely on poor relief and covert subsidies from other social insurance programs to support the worthy elderly. The emergence of welfare measures in the late nineteenth century has generated a considerable comparative historiography dealing with such issues as the greater commitment to voluntary insurance schemes on the part of the French, versus the more systematic German approach. At the beginning of the twenty-first century this debate also focused on the differing degrees to which various welfare programs emphasized women as welfare recipients and on the emergence of aid to families as an area of particular concern. What kinds of welfare measures had an effect, given the limitations in coverageâ€”the focus on urban workers, for instanceâ€"and the range of benefits offered? Certainly, early welfare initiatives did not stem the growth of socialism and trade unions, though they did sway many socialists toward a reformist rather than a revolutionary approach. Social programs played a vital role in solidifying the home front by counteracting the disruptive social consequences of total war and promising a greater degree of social citizenship to the working classes. After the growth of welfare programs continued to accelerate in response to the expanded public commitment of many statesâ€"often inscribed in their new constitutionsâ€"to the social welfare of their citizens, and the s was a period of unprecedented intensity for major social legislation in both western and eastern Europe. However, the expansion of state social intervention was not an unmixed blessing, for the very act of identifying one social group as deserving of special public solicitude invariably created a sense of discrimination by those groups who were not included. As a result, expanded state social intervention in the interwar years tended to divide the polity as much as unify it, especially when this intervention was accompanied by the struggle for scarce resources and competition between social service providers to shape the norms informing such activity. The later s witnessed a retreat from the optimism that had characterized welfare reforms over the previous decades, and this trend was reinforced by the severe financial retrenchment in the welfare sector during the Great Depression. One of the more interesting issues in the history of social welfare in the interwar years is the role of welfare in Nazi Germany. Toward the end of the twentieth century, social welfare in Nazi Germany received intense scholarly scrutiny because it has become increasingly clear that social and welfare policies to benefit productive and racially valuable members of the national community cannot be separated from policies designed to segregate and ultimately annihilate those persons whose poverty and social deviance were regarded as evidence of their racial inferiority. Despite the undeniable continuities in welfare theory and practice across the divide, scholars continue to debate the modernity of Nazi racial policies and the legitimacy of regarding them as a variant of the modern "welfare" state. The predication of benefits on prior contributions limited the applicability of this strategy of social security to better-paid and regularly employed workers, primarily men employed in the skilled trades. The willingness of the propertied classes to accept the idea of a legal right to benefits depended above all on the adoption of the principle that such a right would strengthen, rather than diminish, the incentive to individual thrift and foresight, as Winston Churchill â€" insisted with regard to the British unemployment insurance system. The introduction of this legislation represented a two-pronged attempt to forestall the further radicalization of the working classes. Bismarck hoped that state subsidies to the insurance funds would gain the allegiance of the workers by demonstrating the paternalistic concern of the state for their well-being and that the very existence of such insurance programs would reduce the number of instances in which these workers would be forced to turn to deterrent, discriminatory municipal poor relief. These insurance programs, and those established in other states over the following decades, were constructed on the foundation laid earlier by friendly societies , unions, and other, often semipublic insurance funds. The novelty of German social insurance legislation lay in the combination of compulsory membership and the decision to insure the actuarial soundness of the programs by initially restricting them to those skilled trades that were politically most sensitive but economically most insurable because of their relatively high wages and steady employment patterns. Although employers were required to contribute to sickness and disability insurance and bear the entire cost of accident insurance , the redistributive impact of these programs was limited. Workers paid for their benefits in the form of contributions, and the propertied classes benefited from tax reductions loosely tied to anticipated reductions in poor relief costs. The funds were administered by workers and employers the "social partners" on a parity basis. Informed by the German experience but inspired by the transatlantic Progressive spirit that Daniel Rodgers describes in

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Atlantic Crossings, national insurance programs against accident, sickness and disability, and old age were established either on a compulsory basis or through state subsidies to voluntary programs in almost every European country by the s, with most of the remaining gaps being closed immediately after World War II. During these years, the existing social insurance systems were expanded to cover additional risks and include new social groupsâ€"white collar workers, self-employed and farmers, dependent family members in health insurance , for example , and survivors in pension insurance. By , almost every west European state had introduced insurance programs that were designed to provide minimal income as security against the major causes of economic insecurity. Unemployment insurance was usually the most controversial because it entailed the most radical break with liberal political economy. In contrast to the actuarial predictability of accident, sickness, and old age, business cyclesâ€"and therefore employment levelsâ€"were far more volatile. Moreover, insurance against unemployment was a classic example of moral hazard. And lastly, no system capable of insuring against the high levels of structural unemployment and the extraordinary economic problems of the Great Depression would have been financially feasible in any case. In , Britain established the first compulsory nationwide unemployment insurance program. The system was linked in an integral manner to the labor exchanges to reduce frictional unemployment and test willingness to work. The incentive to work was to be maintained by waiting periods and limits on the duration of benefits. The British example was followed by a number of other countries after World War I. However, the Great Depression forced all of these countries to retreat from a rigorously constructed system of insurance to various mixtures of unemployment insurance, assistance provided without means testing, and means-tested outdoor reliefâ€"the notorious "dole. The most influential document of this period was the report prepared for the British government by the economist William Beveridge â€" in The Beveridge Report proposed the creation of a national minimum benefit to guarantee freedom from want for all citizens. It also laid out the rationale for legislation on family allowance, old-age pensions , and a national health service, and it was conceptually linked to the postwar commitment by Britain and other states to full employment and Keynesian economic policies counter-cyclical deficit spending intended to maintain a high level of aggregate demand, in contrast to older economic orthodoxies which espoused the importance of balanced budgets. The Beveridge plan had such an extraordinary resonance across the Western world because its underlying commitment to social justice appeared to hold the key to rejuvenating democratic political systems that had failed in so many respects during the s. Historians have disagreed over whether this postwar wave of social reform was made possible by the expanded influence of the working classes or by Conservative acquiescence to the social programs they had fought tooth and claw before the war. In fact, Social Democratic support for social insurance marked a sharp departure from their previous insistence that such insurance was intrinsically reactionary because it failed to correct the fundamental problem of working-class distress: There was also a similar political moderation on the right, and after Tory paternalism and the Christian Democratic idea of a social market economy came together with an increasingly deradicalized socialist movement on the common ground of the welfare state. Peter Baldwin has convincingly argued that the universalist, egalitarian social insurance schemes developed in the Scandinavian states and, in part, in the Beveridge system were based not on the weakening of prewar class antagonisms and the acceptance of redistributive social insurance programs, but rather on the incorporation of the middle classes into the welfare system in ways that allowed them to benefit from the socialization of risk while limiting the redistributive burden imposed upon them. As with every other major welfare program, the movement for family and child allowances had developed in an ad hoc, experimental manner before World War I, but the idea achieved widespread acceptance only from the s. France was the first country to establish a nationwide system of family allowances, though most U.

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Chapter 2 : History of Social Security in the United States - Wikipedia

Social insurance in HollandVIII. Social insurance in the Scandinavian statesIX. Social insurance in FranceX. The problem of insurance against unemploymentXI.

Welfare for Everyone The "Swedish Model": Welfare For Everyone Sweden has developed a social welfare system that has eliminated poverty by providing extensive government benefits to everyone. But taxes are high, and some doubt that this so-called "Swedish Model" can continue without major changes. The Swedish welfare state also called the "Swedish Model" is based on the idea that everyone has a right to health care, family services, old-age pensions and other social benefits regardless of income. Since everyone is entitled to these benefits, everyone must pay for them through their taxes. Sweden began to build its welfare state early in the 20th century and greatly expanded it between and Up to the s, the "Swedish Model" succeeded for several reasons. First, the Swedish economy grew steadily during this period. Second, Sweden did not participate in World War II and so, unlike other European nations, it did not have to make a painful recovery from the war. Third, its defense budget was small. Fourth, the country did not have to deal with any immigration problems. Sweden had a small population with a common cultural background. Swedes were proud that their little democratic society had seemingly found a "middle way" between socialism and capitalism. Formed by industrial workers, this political party rejected violent revolution as in Russia in favor of democratic social reform. The SDP aimed at building a system that would provide workers and later all Swedes with health insurance, old-age pensions, protection from unemployment, and other social benefits financed by taxes on workers and employers. In , the Swedish parliament, called the Riksdag, created a national old-age pension program that remains as the backbone of the welfare state to this day. The SDP did not want government to take over the ownership of businesses. Even today, after six decades of welfare-state development, 90 percent of the businesses in Sweden remain in the hands of private owners. Starting in , the Swedish government began to engage in negotiating national wage agreements between employers and labor unions, which currently represent over 80 percent of the workers. It provided a long list of benefits for all citizens and even immigrant workers. It introduced a national compulsory health insurance system, which was later expanded to include dental care and prescription drugs. It passed into law low-cost housing, child-support payments to parents, child-care subsidies, a mandatory four-week vacation for all workers, unemployment insurance, and additional old-age pension benefits. Most of these things were financed by sharp increases in employer social security taxes. But a booming economy with unemployment usually less than 1 percent made the new social welfare programs possible. All Swedes, regardless of need, could call upon the government to provide them with the benefits listed below. Most are available at no charge to the individual or family. Health and Sickness 1. The most important of these are housing subsidies for poor families and elderly pensioners. Because of the extensive number of benefits available to all age and income groups, poverty was virtually abolished in Sweden by the s. But there are those who still need extra help during hard economic times or a family crisis. An example of the latter is the increasing number of single mothers who depend on temporary government cash aid. This "social assistance" what we call "welfare" usually involves small amounts of aid provided for less than a year. Benefits and Burdens The Swedish welfare state has all but eliminated poverty, especially among the elderly and families with children. The typical married retired couple receives pension and supplemental payments that almost equal their pre-retirement income. This is much more than what a Social Security pension provides in the United States. The infant mortality rate in Sweden is five deaths for every 1, live births contrasted to seven deaths in the United States. Also, both male and female Swedes live longer than Americans. While there is little doubt that the Swedish people have benefited from the "Swedish Model," they also have one of the heaviest tax burdens in the world. Today, an average Swedish working family pays about half its earned income in national and local taxes. Swedes also pay taxes on investment income. In addition, Sweden has a national 25 percent sales tax that is built into the price of consumer goods. Beyond this, employers must pay corporate taxes and make payments into government pension, unemployment, and other social welfare funds. The resulting tax burden is so heavy that Swedes have a special word for it, skattetrat, which means "tax tiredness. Furthermore, public employment has rocketed to account for about one-third of all jobs in Sweden. In the United States, the government supplies less than 5 percent of all jobs. Starting in the mids, the Swedish economy began to slow down. Among other things, Swedish exports had become too expensive due to the high wages and payments made by employers into the different government welfare-state programs. As economic growth slowed, Sweden found it increasingly difficult to pay for its system of social-welfare benefits. Can the Welfare State Continue? As inflation, unemployment, and the government budget deficit grew, many working people started to complain about the burden of paying for the expensive pension system. Others objected to the lack of choice in a society where the government runs almost all social services. In , a conservative government took control of the government and tried to rein in the welfare state. It cut some benefits as well as taxes. But these actions came during a world-wide recession, and unemployment in Sweden soared to an unprecedented 13 percent. Fearing that the conservative government was going too far in cutting back the welfare state, Swedish voters returned the Social Democratic Party to power in Surprisingly, the SDP, the party that created the welfare state, announced a program of spending cuts and tax increases to reduce the government deficit. Late in , however, with both the deficit and unemployment down, the SDP government reversed course and declared it was time to restore and even expand some social welfare benefits. But many doubt whether the "Swedish Model" of a welfare state that benefits everyone can continue at the level that most Swedes have come to expect. Some Americans look to Sweden as a model for U. Others say that the "Swedish Model" would not work in the United States because the two countries are so different. For Discussion and Writing 1. How is Sweden different from the United States? Do you think these differences would prevent the "Swedish Model" of welfare from working in the United States? What does this mean? What similarities and differences are there between government social benefits in Sweden and the United States? Why do Swedes say that they suffer from "tax tiredness"? The Welfare State in Sweden. In Sweden, everyone has a right to a much longer list of social welfare benefits. Which, if any, of these benefits should be made available to everyone in the United States? Each group will review Swedish social welfare benefits in one of these areas: Health and Sickness, Family Support, or Pensions. The specific benefits included in these three areas are listed in the article. For larger classes, two groups may be assigned for each area. Each group is responsible for deciding which social benefits if any should be provided by the federal or state governments in the United States. After deciding which benefits should be available in the United States, group members should then decide how to finance them: Benefits may also be "subsidized," requiring a partial fee to be paid by the beneficiary. Those groups that have chosen not to adopt any of the Swedish benefits should prepare reasons why they have decided this way. Each group next reports what Swedish benefits the U. Groups that selected none of the benefits should give reasons why they decided to do this. Is welfare for everyone a good or bad idea?

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Chapter 3 : Nordic model - Wikipedia

Unemployment insurance and state action in Denmark and Sweden In contrast to German and British approaches to social insurance, which replaced voluntary insurance with compulsory insurance, the evolution of Danish and Swedish social insurance was based on a system of public subsidies to voluntary funds covering sickness and unemployment.

The book is scheduled to be published by Penguin Press in early There are about countries on our planet, and each country devises its own set of arrangements for meeting the three basic goals of a health care system: For all the local variations, health care systems tend to follow general patterns. There are four basic systems: In this system, health care is provided and financed by the government through tax payments, just like the police force or the public library. Many, but not all, hospitals and clinics are owned by the government; some doctors are government employees, but there are also private doctors who collect their fees from the government. In Britain, you never get a doctor bill. These systems tend to have low costs per capita, because the government, as the sole payer, controls what doctors can do and what they can charge. Countries using the Beveridge plan or variations on it include its birthplace Great Britain, Spain, most of Scandinavia and New Zealand. Hong Kong still has its own Beveridge-style health care, because the populace simply refused to give it up when the Chinese took over that former British colony in The Bismarck Model Named for the Prussian Chancellor Otto von Bismarck, who invented the welfare state as part of the unification of Germany in the 19th century. Despite its European heritage, this system of providing health care would look fairly familiar to Americans. Doctors and hospitals tend to be private in Bismarck countries; Japan has more private hospitals than the U. Although this is a multi-payer model â€" Germany has about different funds â€" tight regulation gives government much of the cost-control clout that the single-payer Beveridge Model provides. It uses private-sector providers, but payment comes from a government-run insurance program that every citizen pays into. National Health Insurance plans also control costs by limiting the medical services they will pay for, or by making patients wait to be treated. Most of the nations on the planet are too poor and too disorganized to provide any kind of mass medical care. The basic rule in such countries is that the rich get medical care; the poor stay sick or die. In rural regions of Africa, India, China and South America, hundreds of millions of people go their whole lives without ever seeing a doctor. They may have access, though, to a village healer using home-brewed remedies that may or not be effective against disease. These four models should be fairly easy for Americans to understand because we have elements of all of them in our fragmented national health care apparatus. The United States is unlike every other country because it maintains so many separate systems for separate classes of people. All the other countries have settled on one model for everybody. This is much simpler than the U. Some countries have mixed models e. Sweden has some features of a national health service such as hospitals run by county government; but other features of national health insurance such as physicians being paid on a FFS basis.

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Chapter 4 : The Social Welfare State, beyond Ideology - Scientific American

The development of the welfare state and its systems of social welfare, social insurance, and social security is significant for the social history of the modern West in a number of ways.

Some believed that benefits to individuals should be funded by contributions that they themselves had made over the course of their careers. Opponents also decried the proposal as socialism. For example, women made up 90 percent of domestic labor in and two-thirds of all employed black women were in domestic service. However, Larry DeWitt has refuted those arguments, showing there was no evidence for them. Indeed, southern Democrats in were generally liberal and strongly supported of the New Deal and Social Security. They became much more conservative after They lobbied hard for exclusion. Furthermore, the Treasury realized how difficult it would be to set up payroll deduction plans for farmers, for housekeepers who employed maids, and for nonprofit groups; therefore they were excluded. State employees were excluded for constitutional reasons the federal government cannot tax state government. Federal employees were also excluded. Many textbooks, however, falsely indicate that the exclusions were the product of southern racial hostility toward blacks; there is no evidence of that in the record. Rodems and Shaefer note in all other countries unemployment insurance programs "excluded domestic and agricultural workers when they were first implemented, a fact that the key New Deal policy makers were well aware of. Cohen , and Evelyn Burns in the United States. Since this money was allocated to the states to distribute, some localities assessed black families as needing less money than white families. These low grant levels made it impossible for African American mothers to not work: President Roosevelt responded with an attempt to pack the court via the Judicial Procedures Reform Bill of On February 5, , he sent a special message to Congress proposing legislation granting the President new powers to add additional judges to all federal courts whenever there were sitting judges age 70 or older who refused to retire. The debate on this proposal was heated and widespread, and lasted over six months. Steward Machine Company v. Davis , U. S, [28] held, in a 5â€"4 decision, that, given the exigencies of the Great Depression , "[It] is too late today for the argument to be heard with tolerance that in a crisis so extreme the use of the moneys of the nation to relieve the unemployed and their dependents is a use for any purpose narrower than the promotion of the general welfare ". The arguments opposed to the Social Security Act articulated by justices Butler , McReynolds , and Sutherland in their opinions were that the social security act went beyond the powers that were granted to the federal government in the Constitution. They argued that, by imposing a tax on employers that could be avoided only by contributing to a state unemployment-compensation fund, the federal government was essentially forcing each state to establish an unemployment-compensation fund that would meet its criteria, and that the federal government had no power to enact such a program. Implementation[edit] The first reported Social Security payment was to Ernest Ackerman, a Cleveland motorman who retired only one day after Social Security began. List of Social Security legislation United States The provisions of Social Security have been changing since the s, shifting in response to economic worries as well as concerns over changing gender roles and the position of minorities. Officials have responded more to the concerns of women than those of minority groups. By , debates moved away from which occupational groups should be included to how to provide more adequate coverage. The effects of Social Security took decades to manifest themselves. By , this figure had dramatically reversed itself with the largest percentage of wealth being in the hands of Americans aged 55â€"75 and those under 45 being among the poorest. Elder poverty, once a normal sight, had thus become rare by the 21st century. The original Act had conceived of the program as paying benefits out of a large reserve. This Act shifted the conception of Social Security into something of a hybrid system; while reserves would still accumulate, most early beneficiaries would receive benefits on the pay-as-you-go system. Just as importantly, the changes also delayed planned rises in contribution rates. Ironically if these had been left in place they would have come into effect during the wartime boom in wages and would have arguably helped to temper wartime inflation. The managing trustee of this fund is the Secretary of the Treasury. The money could be invested in both non-marketable and marketable securities. Even as early as , some believed that women were not getting enough support. Worried that a lack of assistance might push women back into the work force, these individuals wanted Social Security changes that would prevent this. This included increased federal funding for the Aid to Dependent Children and raised the maximum age of children eligible to receive money under the Aid to Dependent Children to The amendment added wives, elderly widows, and dependent survivors of covered male workers to those who could receive old age pensions. These individuals had previously been granted lump-sum payments upon only death or coverage through the Aid to Dependent Children program. The taxing provisions were in a separate title Title VIII for reasons related to the constitutionality of the Act. Hotel workers, laundry workers, all agricultural workers, and state and local government employees were added in Also in , women were allowed to retire at 62 with benefits reduced by 25 percent. Widows of covered workers were allowed to retire at 62 without the reduction in benefits. In , the changing role of the female worker was acknowledged when benefits of covered women could be collected by dependent husbands, widowers, and children. These individuals, however, had to be able to prove their dependency. In , the age at which widows could begin collecting benefits was reduced to Widowers were not included in this change. This change resulted in a single measure of the fiscal status of the government, based on the sum of all government activity. This allowed Congress to increase spending without having to risk the political consequences of raising taxes. The bill also set up a cost-of-living adjustment COLA to take effect in A technical error in the formula caused these adjustments to overcompensate for inflation, a technical mistake which has been called double-indexing. The COLAs actually caused benefits to increase at twice the rate of inflation. For example, minimum monthly benefits of individuals employed in low income positions for at least 30 years were raised. Increases were also made to the pensions of 3. SSI is not a Social Security benefit, but a welfare program, because the elderly and disabled poor are entitled to SSI regardless of work history. Throughout the s and s, during the phase-in period of Social Security, Congress was able to grant generous benefit increases because the system had perpetual short-run surpluses. Congressional amendments to Social Security took place in even numbered years election years because the bills were politically popular, but by the late s, this era was over. From this point on, amendments to Social Security would take place in odd numbered years years that were not election years because Social Security reform now meant tax increases and benefit reductions. By the s, the phase-in period, during which workers were paying taxes but few were collecting benefits, was largely over, and the ratio of elderly population to the working population was increasing. These developments brought questions about the capacity of the long term financial structure based on a pay-as-you-go program. During the Carter administration, the economy suffered double-digit inflation, coupled with very high interest rates , oil and energy crises, high unemployment and slow economic growth. The s are described as a period of stagflation , meaning economic stagnation coupled with price inflation, as well as higher interest rates. Price inflation a rise in the general level of prices creates uncertainty in budgeting and planning and makes labor strikes for pay raises more likely. These underlying negative trends were exacerbated by a colossal mathematical error made in the amendments establishing the COLAs. The mathematical error which overcompensated for inflation was particularly detrimental given the double-digit inflation of this period, and the error led to benefit increases that were nowhere near financially sustainable. The high inflation, double-indexing, and lower than expected wage growth was financial disaster for Social Security. The financial picture declined almost immediately and by the early s, the system was again in crisis. This meant that they changed with prices, instead of wages. Before the s, wage measurements exceeded changes in price. In the s, however, this reversed and real wages decreased. This meant that FICA revenues could not keep up with the increasing benefits that were being given out. Continued high unemployment levels also lowered the amount of Social Security tax that could be collected. These two developments were decreasing the Social Security Trust Fund reserves. These changes were important for generating revenue in the short term. Also of concern was the long-term prospect for Social Security because of demographic considerations. Of particular concern was the issue of what would happen when people born during the postâ€"World War II baby boom retired. Treasury securities held by the Social Security Trust Fund. Under the law, the government bonds held by Social Security are backed by the full faith and credit of the U. The Court decided, in Flemming v. Nestor , that "entitlement to Social Security benefits is not a contractual right". In that case, Ephram Nestor, a Bulgarian immigrant to the United States who made contributions for covered wages for the statutorily required "quarters of coverage" was nonetheless denied benefits after being deported in for being a member of the Communist party. The case specifically held: A person covered by the Social Security Act has not such a right in old-age benefit payments as would make every defeasance of "accrued" interests violative of the Due Process Clause of the Fifth Amendment. Section n of the Act cannot be condemned as so lacking in rational justification as to offend due process. Many of these cases were pivotal in changing the assumptions about differences in wage earning among men and women in the Social Security system. The Supreme Court ruled that the due process clause of the Fourteenth Amendment required there to be an evidentiary hearing before a recipient can be deprived of government benefits. Wiesenfeld believed that this violated his right to equal protection under the due process clause of the 14th Amendment. The court upheld his claims, stating that automatically granting widows the benefits and denying them to widowers violated equal protection in the Fourteenth Amendment. Nonfarm self-employed except professional groups. Federal civilian employees not under retirement system. Americans employed outside United States by American employer. Puerto Rico and Virgin Islands. At the option of the State, State and local government employees not under retirement system. Nonprofit organizations could elect coverage for their employees other than ministers. After October , coverage is retroactive to Professional self-employed except lawyers, dentists, doctors, and other medical groups. Additional regularly employed farm and domestic workers.

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Chapter 5 : How Do U.S. Retirees Compare with Those in Other Countries? | Economic Policy Institute

States have traditionally ensured that, in terms of social benefits, civil servants are the most privileged group and, as a result, social cleavages were maintained and the status of occupational groups were reenforced.

Posted October 3, at 1: Retirees Compare with Those in Other Countries? Afghanistan 96 was in last place. But the relative ranking of the wealthy countries comes as a surprise. How did the United States and other English-speaking countries like the United Kingdom and Australia, not known for their generous social insurance programs or employee benefits, come close to the Nordic cradle-to-grave welfare states and handily beat out France, with its famously generous pensions and high-quality affordable healthcare? Are older Americans really living in a retiree paradise? A closer look at the measures used to rank the countries show that they are not a useful way to differentiate among wealthy countries in their treatment of seniors. The only question about pensions, for example, measures coverage ratesâ€"near-universal in most wealthy countriesâ€"not income replacement rates. Ideally, the index should take into account the resources countries have at their disposal and consider how effectively and fairly those resources are used. To do so, measures should control for per capita income, or compare how seniors in each country fare relative to the general population. Though Americans aged have a relative poverty rate close to that of the general population thanks to a combination of earned income and Social Security, those older than 75 have a very high relative poverty rate 24 percent compared to the general population 17 percent and to seniors older than 75 in other OECD countries 14 percent. Three more are tied to per capita GDP: The United States ranks high in per capita GDP and educational attainment but low among wealthy countries in life expectancy and health measures. This reflects both a higher overall unemployment rate due to Eurozone austerity measures and a lower retirement age. A better measure is productivity per hour , which is only slightly higher in the United States than in France. The French, in particular, are famous for grumbling on surveys. This brings us back to the statistic cited by Biggs and Schieber, which turns out to be directly related to additional hours workedâ€"not by prime-age workers this time, but by seniors. These measures tell us that the United States is a wealthy country, in part because Americans work more hours and longer into old age than people in other countries. They also tell us that Americans tend to be upbeat in responding to surveys. They do not tell us much about how U. The fact remains that Americans are more likely to experience significant declines in their standard of living when they retire and to be relatively poor in old age than people in other advanced economies, and this is only expected to get worse.

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Chapter 6 : Social security - Methods of provision | calendrierdelascience.com

United States Senator Bernie Sanders (I-VT) has pointed to Scandinavia and the Nordic model as something America can learn from, in particular with respect to the benefits and social protections the Nordic model affords workers and its provision of universal healthcare.

Problems and Difficulties when Conceptualizing the Welfare State The challenge for any scientific theory about the welfare state lies in trying to explain a how the modern welfare state came about, and b how it evolved to its current complexity. At one point, states were primarily concerned with law and order, military affairs and the protection of rank and privilege. Today the modern state is primarily concerned with the distribution of well-being. How can this be explained? Different approaches have been taken, but problems have remained. Some suggest that the welfare state is a function of the logic of industrialism. As societies modernized in the wake of the industrial revolution, traditional modes of providing welfare extended families, charitable organizations, the activities of the church and local communities, the paternalism of the local nobility etc. Modern societies created a substitute for those traditional forms of assistance by establishing the modern welfare system. Others even suggested that the welfare states had to be created to save modern capitalism from an uprising of the impoverished masses who were the main victims of early industrialization. However, explanations like these fail to explain why welfare states have continued to grow in size and complexity. They also do not account for the variety of welfare regimes in existence today. Other explanations have taken an institutionalist approach: By expanding the institutions of democracy such as the extension of suffrage to the poorer classes, the pressure of the ballot forced politicians to respond by devising mechanism to improve the lives of ordinary citizens. There is, however, little empirical support for this hypothesis. Welfare states often originated in conservative authoritarian states, such as imperial Germany under Bismarck, while welfare state development tended to lag behind in the liberal democracies, such as the US or Switzerland. Leftist governments nearly always required a coalition of various social groups to expand welfare policies. In short, welfare state spending alone may be a misleading indicator, especially if a large share of such expenditures goes to privileged groups in society. The Corporatist Welfare Regime Social Insurance Model In continental Europe where the influence of the Catholic church and of the authoritarian conservative state was strongest, so-called corporatist welfare states developed. Among these, the German welfare model of Chancellor Otto von Bismarck is the best known. Conservative welfare states were concerned with maintaining order and status. In order to accomplish this goal, social insurance funds old age pension, health, unemployment, accident insurance were set up that reward work performance and status. Traditionally, a female spouse would gain access only through the male bread winner, thus insuring the stability of the traditional family. Such public insurance funds were established and operated either by the government or, as in Germany and Austria, run by labor associations e. While such associations are formally independent from the government, they enjoy public status, which means that contributions to these funds are mandatory and usually deducted from payroll. While the contributions of workers are usually matched by employers, the insurance funds are often augmented by government transfers from the budget. An inter-generational contract ensures that the benefit recipients are always supported by the people currently employed. However, while pay-as-you-go-systems allow for the expansion of benefits as long as wage-levels and payroll deductions by default increase, they are vulnerable to demographic changes. A shrinking work force and an aging population can deplete funds rapidly, thus requiring a balancing in payroll taxes, which drives up labor costs, low-wage unemployment and additional infusions of scarce budgetary resources. Often, social insurance funds have provided varying levels of benefits, depending on the status of the labor associations blue collar, white collars, civil servant, etc. States have traditionally ensured that, in terms of social benefits, civil servants are the most privileged group and, as a result, social cleavages were maintained and the status of occupational groups were reenforced. After World War II, many of these social insurance models have been expanded and left-of-center governments have sought to adjust benefit levels between the different funds. Yet, the corporatist welfare state remains a system of considerable social stratification. Moreover, a changing economic environment, in which life-time employment in traditional sectors of the economy is no longer guaranteed, has allowed an increasing number of workers to fall through the mesh of the welfare safety net. Particularly affected are women and foreign laborers, who often lack the requisite number of contribution years, as well as workers in part time jobs and new occupations. Original Condition of the Corporatist Welfare State: It usually caters to a clientele consisting of the low income working class. The state generally encourages the market to act as a co-provider of benefits, partly by providing a low levelof public services. Because these benefits are also of poor quality, and carry a negative public stigma. Those welfare recipients who can often choose to opt out of the system, instead seeking a market solution that will provide high quality and stigma-free -- albeit more expensive -- health care and pension benefits. Private insurance and savings schemes are frequently supported by complementary state policies e. There are two major problems with the liberal welfare regime: While the United States comes closer to the liberal welfare regime than any other western welfare state, it is not a perfect example, as it employs also social insurance schemes such as social security. In the liberal welfare states to which the US, Canada, Australia, and Switzerland correspond more than other western countries , the middle class was not wooed from the market to the state. The historical dominance of the liberal idea retained skepticism of a strong state long enough until the middle class was strong enough that it felt the market could better satisfy its needs. Since the remaining public welfare state catered to the lower working class and the poor, a further expansion was arrested. While descended from liberal roots, Britain has developed a model in which universal benefits and services were substantially expanded by a paternalistic state once concerned about the health of its fighting men and work force beyond minimum levels. This model, named after Lord Beveridge, sets general standards of care to which everybody is entitled. The Scandinavian welfare state is also characterized by its extensive service orientation day care, elder care, home help, etc. Entitlements are generally the same across the board but the system is, nevertheless, tailored to differentiated expectations e. Since the level of public services is so advanced, the state has, de facto, crowded out all private competition. In addition, the Scandianian welfare state tends to reduce class and income differences, while ensuring the highest possible level of service. Critics of the social democratic state have pointed to its enormous cost, resulting in a very high tax burden, and to its all-encompassing bureaucracy. Yet, studies have shown that the social democratic welfare state Sweden, Danmark, Norway is less susceptible to job losses in the low-skill sector than the continental model because the former is less dependent on payroll taxes. The latter, by contrast, tends to be funded by progressive income and value-added taxes. The social democratic welfare state came about as a result of a class alliance between the industrial working class and the small holders a red-green alliance in the interest of full employment and farm price subsidies. It was expanded by a dominant social democratic party left power mobilization to adjust the welfare state to the growing expectations of an increasingly prosperous populace. The individualistic Protestant tradition prepared the ground for both the universalism and individualism of this welfare regime - universal access regardless of contribution, yet individually targeted depending on need.

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Chapter 7 : Project MUSE - States, Social Knowledge, and the Origins of Modern Social Policies

In this article, the authors examine more directly the relationship between welfare state generosity in three social insurance programsâ€" unemployment, sickness, and pensionsâ€"and poverty levels in advanced industrial democracies in the past quarter of the 20th century.

Methods of provision Legal liability Many countries that once held employers themselves legally responsible for compensating victims of work accidents and for paying for their medical care have now adopted state schemes of compulsory insurance. From the point of view of the worker the problems with the former system include the delays and costs of going to court and the possibility that the employer may be uninsured, unable to pay, or bankrupt by the time the case is heard. Moreover, a lump sum awarded by a court cannot be invested so as to provide a secure inflation-protected income for life. And when the employer is privately insured, the insurance company is in a position to offer the worker a small lump sum soon after the accident, knowing that the worker may well accept it rather than incur the delay, costs, and uncertainty of a court case to obtain the full value of the claim. From the national point of view such a system is wasteful because of the legal costs and the high administrative costs incurred by the insurer and passed along to the insured by way of higher premiums. The argument in favour of this approach is that insurers quote premiums for individual employers according to their experience of risk , which provides financial incentives for industrial safety. But insofar as such incentives are effective, premiums for a national program of accident insurance can also be risk-rated. In some countries, when a statutory insurance scheme of occupational injury has been introduced, the right of the employee to sue the employer for negligence is removed. In other countries the employee is free to supplement industrial injury benefits by making a claim for negligence. The legal liability approach is still used in many developing countries for the general provision of medical care. Thus large employers or employers of labour in mines or specific agricultural estates e. This is one way of ensuring that health services are provided to people working far from the main urban health services. It is, however, difficult to ensure that employers comply with the spirit of the law. Moreover, employees may suspect that the doctors and nurses working in such services owe their primary loyalty to the employer and thus tend to economize on the treatment or are reluctant to certify time off for sickness. In several countries employers are required to provide defined levels of cash benefits during short periods of sickness e. While social insurance is preferred to the employer liability approach by social security experts because it can give better protection, employer liability is still widely used in developing countries not only for employment injury but also for sickness and maternity benefits and employer severance payments. Provident schemes Many developing countries require certain employers to contribute to a provident scheme providing a lump-sum payment in the event of death or disability or on retirement. Such a scheme differs from a social insurance scheme in that each worker usually has his own personal account from which he or she can draw if certain contingencies arise; there is no pooling of risks among members as there is in a social insurance scheme. Such schemes, which avoid the administrative complexity of paying a regular cash benefit, may be a step toward a full-fledged social insurance scheme. There are three disadvantages of such schemes from the point of view of the beneficiary. First, provision is inadequate for risks occurring early in working life. Second, the funds are generally invested in government stock with a rate of interest fixed in money terms that may be below market rates; the real value of the accumulated savings may thus be substantially eroded by inflation by the time of retirement. Third, a lump sum once received cannot normally be securely invested to provide an income protected against inflation. Moreover, it may be frittered away or unwisely invested. From the point of view of governments, however, such schemes are attractive in that they generate forced savings that can be used to finance national development plans. Social insurance The use of compulsory insurance as a mechanism to provide medical benefits and cash benefits in the case of sickness, disability, widowhood, and old age became acceptable to legislative bodies fearful of accepting extended state intervention that would require higher taxes to finance pensions or other benefits. Because the schemes were financed by contributions levied on both employers and employees with, in some cases, modest state subsidies, unacceptable levels of national taxation were avoided; indeed, as such schemes reduced the need for social assistance or poor relief , the burdens on local taxation were reduced. Compulsory insurance contributions are essentially a tax on earned income. Employers tryâ€"and probably succeed in most circumstancesâ€"to shift the burden of their share of the contribution either to consumers in higher prices or more probably, in the long run, to their employees by paying them less in cash. However, the fact that the worker is told that the employer has to pay a proportion of the total contribution helps to make such schemes acceptable to employees, quite apart from the clearly defined benefits that flow from paying their share. Compared with the complexities of an income tax , a social insurance tax is a simple one to collect. In terms of meeting social needs or reducing poverty the social insurance method of provision has a number of disadvantages. Over the years many countries have tried to find means of countering these. First, the analogy with private insurance, which made such schemes politically salable, carries with it the social disadvantage that benefits should be paid to those who have contributed. Thus such schemes cannot provide benefits to persons who have never worked, for example, persons who have become disabled before reaching the age to enter employment, those incurring risks very soon after entering employment, and women or men who do not enter the labour force because of family responsibilities. Second, the expectation that benefits should be related to the amount paid in discriminates against individuals, usually women, who because of family responsibilities have fewer years in paid employment. Moreover, workers with dependent spouses and children have greater needs than single persons, though the assumption of marital responsibilitiesâ€"or the converse assumption of marital dependencyâ€"is not strictly speaking an insurable risk. Third, where contributions are related to earnings, the benefit will be low for low earners, thus failing to protect them from poverty. The alternative approach, which some countries have adopted, of flat-rate contributions and flat-rate benefits can impose heavy burdens on low earners with family responsibilities. Fourth, it is difficult to bring the self-employed and those working for small employers e. Over the years many countries that started with a purist insurance approach have modified their schemes to try to overcome many of these disadvantages. For example, extra benefits have been provided to persons with dependents. Contributions have been credited to persons outside the labour force for reasons of family responsibility, sickness, or disability. Minimum benefits have been introduced above those strictly warranted by low earnings-related contributions, or the benefit formula has been weighted in favour of lower earners. And some countries have made contributions earnings-related or integrated them with income tax while still paying flat-rate benefits. Benefits to all residents Because of the disadvantages of the social-insurance approach, some countries have made certain benefits available to all residents and financed them out of taxation. When the benefit is paid on the basis of age it is sometimes called a demogrant. The most common benefit selected for this approach is the family allowance. The underlying philosophy is that provision for children should not depend on whether the parent is or has been in paid employment. Some countries have adopted this approach for pensions or at least for a minimum pension. In some cases this evolved from an earlier provision of an income-tested pension. In other cases this was the only way forward for governments in which the power to levy social insurance contributions did not rest at the federal level. Some countries have more recently applied this approach to provision for the disabled in the form of a minimum benefit based only on the extent of disability. It is increasingly applied to medical benefits on the grounds that all citizens have a right to health care. Social assistance The development of social insurance and demogrants has not removed the need for social assistance to fill gaps in provision in advanced societies. Social assistance is based on need and thus requires declarations of income, family size, and other circumstances. Thus it is provided on the basis of a means test that takes into account not only income but also capital; persons with a specific level of savings may be ineligible. Alternatively it may be only income-tested, the income from capital being assessed in the same way as other income. Often those who have been given the task of operating the scheme e. Not all basic rules are known to claimants. The tendency in industrialized countries has been to try to transform assistance into a right with published scales and regulations and opportunities for appeal. With codification has often come standardization and the unfortunate removal of some of the flexibility available under discretionary systems. In some countries social assistance plays a residual role, providing a less favourable level of support than is normally available from social insurance benefits. In other countries e. There are disadvantages of the social assistance approach. First, it penalizes saving and earning because income from any source is normally deducted from the assistance that would be payable, and persons with a certain level of savings may be ineligible until they have used them up. Second, it tends to stigmatize the recipient; and third, partly for this reason and partly because of the difficulty of knowing detailed rules of entitlement , there are considerable numbers of people who would be eligible but do not make claims. Partly because of this problem of stigma, social assistance programs are called by a variety of different names in the hope that they will be more acceptable to applicants. Eligibility rules differ considerably from country to country and are usually determined locally rather than centrally. Moreover, schemes are generally financed wholly from taxesâ€"often local taxes. In the United Kingdom, where rules are determined centrally, persons in full-time work are not eligible. In the United States only households headed by a single parent are eligible for the Aid to Families with Dependent Children program, which creates incentives for desertion or fictitious desertion. There are, however, further programs for the blind, the disabled, and the aged. The United States uses what is essentially the social assistance approach for meeting the medical care needs of low-income persons under the Medicaid program. Ireland operates a scheme by which persons with low income can apply for a medical card that gives them more extensive rights to free health care than are available to other income groups. Those with low incomes in South Korea can also apply for cards giving rights to free or nearly free health care. A number of countries in Europe have developed separate income-tested provisions to help persons with low incomes meet the cost of rent or property taxes. Such housing allowances are available to persons whether in work or not and take account of family composition as well as rent payable. Negative income tax Partly because of the stigma attached to social assistance, the difficulty the potential beneficiaries have in understanding eligibility, and their reluctance to apply, it is often proposed that the information provided to the state from income tax returns should be used by the state to determine the need for cash payments to persons with low incomes. Canada has a program to supplement on the basis of this information the incomes of persons drawing pensions. This approach is much less appropriate for younger people whose financial circumstances change considerably from year to year and month to month due to sickness, unemployment, job changes, marriage breakdown, remarriage, and so on. People need money when poverty strikes, not after the end of the income tax year. Cash benefit programs Provisions for cash benefits change from time to time in all countries. Thus no description can be fully up-to-date. The information presented here is chiefly based on the returns made by countries to the Social Security Administration of the United States and published in as Social Security Programs Throughout the World. Pension schemes Three basic types of state pension schemes predominate. The first is a flat-rate pension with no income test. This may be available on a test of residence only or with the stipulation that the person has been employed for some specific period and has paid requisite contributions. This approach is found mainly in Scandinavia and the Commonwealth countries. The second is an income-tested pension. The third, and most common, type is a pension related in some way to earnings during working life. A further complication is that most countries with a flat-rate pension later developed a second tier of pension rights based on earnings during working life. In other words, the first and third principles are combined. New Zealand pays a flat rate pension; financed from general taxation, to all who meet residence requirements at age The rate for qualified married couples is twice the rate for single people. The rate of pension is quite a high percentage of average earnings. The Netherlands also provides all residents with a substantial pension but at age 65; it is financed from contributions and reduced if contributions due have not been paid in any year. The supplement for a wife of any age is less than half the rate paid to the husband. In Ireland the pension is less generous and only available to employed persons with minimum contributions paid.

Chapter 8 : BRIA 14 3 c The "Swedish Model": Welfare For Everyone - Constitutional Rights Foundation

The Social Security Act was enacted August 14, The Act was drafted during President Franklin D. Roosevelt's first term by the President's Committee on Economic Security, under Frances Perkins, and passed by Congress as part of the New Deal.

The publication of this book could not therefore be more timely as social policy everywhere is in a state of flux and is hence a subject of intense and passionate debate. The great virtue of this book is that it looks at the welfare state in a historical and comparative perspective, analysing its recent evolution and likely trends in the light of startling changes in recent years in economic policy, social structures and political configurations. The result is an admirable survey of the key forces shaping the welfare state in different regions of the world and an insightful exploration of alternative responses and options in an increasingly integrated global economy. The welfare state is the culmination of a centuries-old struggle for social protection and security in the industrialized countries. It may justly be regarded as one of their proudest achievements in the post-war period. It set a model and a standard for aspiration for the newly industrializing and transitional countries as also for the poorer countries. All too often the welfare state is treated as a homogeneous entity and as an economic project. This book brings out clearly the rich diversity of the welfare state not only across different regions of the world but among the advanced industrialized countries themselves. At the same time the book reveals the multifaceted character of the welfare state. It is at one and the same time a manifestation of a political community, an expression of social solidarity, and an attempt to eliminate destitution, reduce class differences and forge cohesive and stable communities. It has served as a defining element in national identity and citizenship. Now that the welfare state is under threat from powerful forces and interests, it is important to recall its encompassing mission and solid achievements in promoting economic security and well-being, human dignity and social solidarity, political participation and empowerment. Almost everywhere the welfare state is under siege and is being recast in new directions. A number of forces have come together to question its viability, efficacy and utility. These forces include ageing of the population, changes in family structures, slowdown in economic growth, high levels of unemployment, soaring budget deficits, growing resistance to high taxes, ascendancy of market forces, privatization of economic and social activities, increasing national and international competition, accelerated globalization and technological change. The pressures exerted by these [Page viii]forces are being reinforced by new ideologies and powerful interests stressing the harmful economic, social and psychological effects of the operation of the welfare state. The result is that an increasing number of countries are dismantling key programmes, reducing the scope and diluting the level and range of benefits. What can be done in this situation? There appears to be a need for action on several fronts to preserve the major achievements of the welfare state. First, there must be reform of the welfare state to eliminate or reduce its abuses and adverse effects. For instance, if welfare provisions discourage the search for work and the acquisition of skills, or give incentives to unjustified absenteeism, their reform is needed for both efficiency and equity. Efficiency may also be promoted through greater decentralization and community participation in the planning and implementation of social security and welfare. Likewise beyond a certain point, high rates of taxation can exert strong adverse effects on work, investment and risk taking and reward efforts to evade taxes. Second, policies which promote growth and employment are also likely to be beneficial for preservation and strengthening of the welfare system. By the same token, sustained economic crisis and stagnation are likely to erode the support and viability of comprehensive welfare schemes. Third, a certain measure of coordination of social policy of countries at similar stages of development may be necessary to resist pressures to improve competitive positions through progressive dismantling or dilution of the welfare state. Fourth, efforts must be stepped up at national and international levels to promote growth, employment and provision of a core set of entitlements in poor countries. In the long run, the surest guarantee for the preservation of the welfare state in the advanced countries must lie in a steady reduction of international income inequalities and a gradual extension of social protection and welfare to the disadvantaged population of the world. The idea was to assess the future of the beleaguered welfare states of Western Europe, North America and the Antipodes and, at the same time, the prospects for welfare state construction in the newly democratized nations in East Asia, Latin America, and East-Central Europe. Some Latin American nations, like Argentina and Chile, have a long tradition of social insurance, but now espouse liberalization. The East Asian countries now match Europe in economic development, but their social security systems remain, so far, much less comprehensive. Our study will examine one group of countries â€" led by Chile â€" which has adopted a neo-liberal course; another, exemplified by Costa Rica, which exhibits embryonic social democratic traits; and a third, more hybrid path, characteristic of the East Asian nations. It is clearly not the case that all developing nations will follow the Western welfare state trajectory. But then it is now obvious that the advanced Western democracies built highly diverse social security systems. In brief, the neo-liberal deregulatory thrust is present in advanced welfare states such as the United States, Great Britain and the Antipodes, and also in new industrial democracies. Other new and old industrial democracies pursue radically different approaches. In this regard, our study could not escape the necessity of omission. Within the group of advanced nations, the omission of Britain may seem curious, both because it was a welfare state pioneer, and because it is the only notable case of radical change in Europe so far. We shall discuss this case in passing, but it proved too difficult to include it under any of the region headings. In any case, the literature on the British case is voluminous. One criterion for our selection of regions has to do with their respective position in the new global order. Many of the difficulties facing the Western welfare states are linked to the new competition from East Asia, East Europe, and Latin America; in turn, as the latter become successful industrializers, their traditional forms of social protection become untenable if not outright incompatible with sustained growth and democracy. The regions we examine are, additionally, quite distinct in terms of cultural and political legacies, economic development, and shared social policy traditions. Nonetheless, in each region we discover sharply different and, in most cases, opposite policy choices. The Anglo-Saxon nations have favoured deregulation, but with varying degrees of commitment to equality. He is a specialist in social policy development in both Scandinavia and Australasia and has been editor of a number of influential books in the area of comparative public policy, including The Impact of Parties Sage, , The Comparative History of Public Policy Polity Press, and Families of Nations Dartmouth Press, His research has concentrated on social democracy, comparative social policy, welfare states, and labour markets. Her research interests are in the areas of democratic politics and social policy, comparing Latin America, Europe and the Caribbean. He [Page xii]has published widely on the welfare state, labour markets, and contemporary class structures. He has a doctorate in economics from the University of Cambridge, and among his most recent publications are Reviving Dead Souls: He is co-chairman of the Basic Income European Network. He is currently working on a comparative historical and quantitative study of the social origins and outcomes of welfare states, and on the current impasse of social democracy.

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Chapter 9 : European Welfare States - Information and Resources

How did the United States and other English-speaking countries like the United Kingdom and Australia, not known for their generous social insurance programs or employee benefits, come close to the Nordic cradle-to-grave welfare states and handily beat out France, with its famously generous pensions and high-quality affordable healthcare?

Social corporatism The Nordic countries share active labor market policies as part of a corporatist economic model intended to reduce conflict between labor and the interests of capital. The corporatist system is most extensive in Sweden and Norway, where employer federations and labor representatives bargain at the national level mediated by the government. Labor market interventions are aimed at providing job retraining and relocation. To mitigate the negative effect on workers, the government labor market policies are designed to provide generous social welfare, job retraining and relocation to limit any conflicts between capital and labor that might arise from this process. The formula of controlling business through shares rather than regulation seemed to work well, so the government used it wherever possible. The Nordic model of welfare is distinguished from other types of welfare states by its emphasis on maximizing labor force participation, promoting gender equality , egalitarian and extensive benefit levels, the large magnitude of income redistribution and liberal use of expansionary fiscal policy. It is characterized by flexibility and openness to innovation in the provision of welfare. The Nordic welfare systems are mainly funded through taxation. Denmark features a high degree of private sector provision of public services and welfare, alongside an assimilation immigration policy. Norway relies most extensively on public provision of welfare. Schroder argues that Lutheranism promotes the idea of a nationwide community of believers and it promotes state involvement in economic and social life. This allows nationwide welfare solidarity and economic coordination. Jerry Mander has likened the Nordic model to a kind of "hybrid" system which features a blend of capitalist economics with socialist values, representing an alternative to American-style capitalism. American professor of sociology and political science Lane Kenworthy advocates for the United States to make a gradual transition toward a social democracy similar to those of the Nordic countries, defining social democracy as "The idea behind social democracy was to make capitalism better. But I think of it as a commitment to use government to make life better for people in a capitalist economy. To a large extent, that consists of using public insurance programsâ€"government transfers and services". Americans imagine that "welfare state" means the U. Actually, the Nordics scrapped their American-style welfare system at least 60 years ago, and substituted universal services, which means everyoneâ€"rich and poorâ€"gets free higher education, free medical services, free eldercare, etc. The main debate in economic reform should therefore be about the means of transition, not the ends. Eastern Europe will still argue over the ends: But that can wait. Sweden and Britain alike have nearly complete private ownership, private financial markets and active labour markets. Eastern Europe today [in] has none of these institutions; for it, the alternative models of Western Europe are almost identical. Denmark is far from a socialist planned economy. Denmark is a market economy. They point out that Nordic social democracy requires a strong labor movement to sustain the heavy redistribution required, arguing that it is idealistic to think similar levels of redistribution can be accomplished in countries with weaker labor movements. They note that even in the Scandinavian countries social democracy has been in decline since the weakening of the labor movement in the early s, arguing that the sustainability of social democracy is limited. Roemer and Bardham argue that establishing a market socialist economy by changing enterprise ownership would be more effective than social democratic redistribution at promoting egalitarian outcomes, particularly in countries with weak labor movements. He writes that "Icelandic democracy is better described as more adversarial than consensual in style and practice. The labour market was rife with conflict and strikes more frequent than in Europe, resulting in strained governmentâ€"trade union relationship. Secondly, Iceland did not share the Nordic tradition of power-sharing or corporatism as regards labour market policies or macro-economic policy management, primarily because of the weakness of Social Democrats and the Left in general. Thirdly, the legislative process did not show a strong tendency towards consensus-building between government and opposition with regard to government seeking consultation or support for key legislation. Fourthly, the political style in legislative procedures and public debate in general tended to be adversarial rather than consensual in nature". Heckman compared American and Danish social mobility and found that social mobility is not as high as figures might suggest in the Nordic countries. When looking exclusively at wages before taxes and transfers , Danish and American social mobility are very similar. It is only after taxes and transfers are taken into account that Danish social mobility improves, indicating that Danish economic redistribution policies simply give the impression of greater mobility. The researchers also found evidence that generous welfare policies could discourage the pursuit of higher-level education due to decreasing the economic benefits that college education level jobs offer and increasing welfare for workers of a lower education level. Exposing the Myth of Nordic Socialism. Political ideologies in the Nordic countries[edit] According to sociologist Lane Kenworthy , in the context of the Nordic model " social democracy ", the ideology of the Nordic labour parties, refers to a set of policies for promoting economic security and opportunity within the framework of capitalism rather than a replacement for capitalism.