**REVIEW OF LITERATURE**

***The Welfare State***

The concept of the welfare state is no longer new in the developed world. Originated in Germany in the late nineteenth century through German’s announcement of the Imperial Decree of 1881 and Chancellor Otto von Bismarck’s programs for sickness (1883), accident (1884), and old age and invalidity insurance (1889) – which mark the beginning of the state’s more active involvement in social affairs of the people in capitalist economic milieus[[1]](#footnote--1) – the welfare state evolved as a phenomenon in the developed world in the post-War period (Kuhnle and Sander, 2010).[[2]](#footnote-0)

While redistribution remains central to the concept of the welfare state, there is no common definition of the term. Scholars come with different definitions of the welfare state, largely, based on their ideological understanding the social role of the state. An early definition of the welfare state was given by Asa Briggs (1961: 228 ) who defines the welfare state as “ a state in which organized power is deliberately used (through politics and administration) in an effort to modify the play of market forces in at least three directions – first, by guaranteeing individuals and families a minimum income irrespective of the market value of their work or their property; second, by narrowing the extent of insecurity by enabling individuals and families to meet certain ‘social contingencies’ (for sickness, old age, and unemployment) which lead otherwise to individual and family crises; and third, by ensuring that all citizens without distinction of status or class are offered the best standards available in relation to a certain agreed range of social services”. Similarly, Peterson (1985: 602) defines the welfare state as “the use of governmental power to protect people from income losses inherent in industrial society and to provide for a minimum standard of economic wellbeing for all citizens.” Thus, both Briggs (1961) and Peterson (1985) see the welfare state as the use of state power to mitigate the adverse effect of market forces and to maintain a minimum standard of well-being for all citizens. However, their definitions do not indicate any rationale for the use of power supporting such commitments.

Conversely, there are scholars who see the state’s commitment to maintain a minimum standard of life for all citizens as a formal responsibility of the state. For example, Girvetz (1968: 512) defines the welfare state as “the institutional outcome of the assumption by a society of legal and therefore formal and explicit responsibility for the basic well-being of all of its members.” In a similar way, Olsen (2002: 27) defines the welfare state “as the institutionalization of the state’s responsibility for the well-being of its citizens ”. Thus, unlike in Briggs’s and Petersen’s definitions, the notion of social citizenship is more explicit in Girvetz (1968) and Olsen’s (2002) definitions of the welfare state. Considering both sets of definitions, we can simplify the meaning of the concept of the welfare state as the state’s commitment to maintain a minimum standard of life for all its citizens (even though the meaning of minimum living standard may vary across countries).

It is generally held that a fundamental normative component is inherent in the notion of the state – the state’s accepting the responsibility to ensure the basic well-being of its members. As Kaufmann (2001; 817) suggests, we can speak of a welfare state “only if social services are linked to normative orientations so that political actors assume a collective responsibility for the well-being of the entire population.” Leisering, (2003: 179), similarly, states that “a welfare state emerges when a society or its decision- makers become convinced that the welfare of the individual is too important to be left to customs or to informal arrangements and private understanding, and is therefore a concern of government.”

Thus, from such normative understandings of the welfare state, five fundamental conditions of the welfare state can be identified. First, individual well-being is a collective responsibility. That is, an orientation that the individual is not solely responsible to take care of himself or herself; rather, being taken care of, is a social right. Second, normative commitment to promote public well-being should consider the entire population, not any particular group or section of population. Third, social provisions must represent a sense of collective responsibility. Fourth, social service practices or activities must be congruent with the normative orientation of promoting the benefit for the whole population. Finally, the “social” must be autonomous from political or economic consideration (that is, given that social provisions are based on “social right,” they must not be subordinated to economic or political considerations).[[3]](#footnote-1)

***Theories of the Welfare State***

There are a number of theories of the welfare state such as the functionalist, culturalist, institutionalist, and power resources theories. These theories have developed to explain the origins and development of and variations among the welfare states in terms of the nature of policies and policy outcomes. This sub-section reviews the theories of the welfare state with intent to contextualize the objectives of the research being proposed.

**The Functionalist Theory**

The functionalist theory is rooted in the works of nineteenth century sociologist Emile Durkheim. In general, the functionalist theoretical tradition focuses on the functioning and integration of social systems.[[4]](#footnote-2) In regards to the welfare state, functionalism seeks to capture the logic of the development of welfare states historically. It assumes that welfare policies emerge in response to functional necessities. Leading contemporary structural functionalists such as Talcott Parsons, Robert Merton, and Kingsley Davis also suggest that welfare state policies and programs have served to re-establish balance in society by satisfying new social needs, which Parsons calls ‘functional prerequisites’ (Olsen, 2002, 1993).

The functionalist approach that directly addresses the origin and development of welfare states is the ‘logic of industrialism’ approach. This approach sees the development of the welfare state as a society’s way of adapting to the changes brought about by modernization and industrialization (Mishra, 1973; Pampel and Williamson, 1988). The forces attached to modernization and industrialization – social mobilization, urbanization, individualism, and market dependence – destroyed pre-industrial modes of social reproduction such as family, the church, noblesse oblige, and guild solidarity. For the functionalists, the welfare state, therefore, emerged in response to the destruction of traditional forms of social security by modern industrial economy (Olsen, 2002). Norman Furniss summarizes the logic of industrialization as follows: “industrialization produces similar socio-economic problems [such as loss of traditional occupation, umemployment of unskilled labourers and the elderly; issues of safety, security, hazards, and accidents in workplaces; and tensions between workers and the factory owners]; these problems in turn produce the public policies to deal with them; these policies are needed – they are functional – therefore they occur. ‘Policy becomes the outcome of some demographic and economic process’ (Furniss: 2000: 200).”

However, a nation’s capacity to respond to the challenges posed by industrialization, functionalists argue, depends on its level of economic development. Only economically advanced countries possess the ability to adopt social programs to meet social needs. Functionalists, thus explain, the emergence of the welfare state long after the destruction of traditional community by industrialization and the presence of welfare states only in the developed societies by their ‘logic of the economic growth.’ Cutright (1965), Aaron (1967), Pryor (1968), and Wilensky (1975), through a number of time series and multiple regression analysis have found a strong correlation between the level of economic growth (rather than political system) and the development of the welfare state. Regardless of dominant groups or dominant ideologies (both economic and political), they argue, nations institute similar policy sequences, and as a result, political ideologies of left and right become irrelevant (Wilensky, 1975). In short, ‘politics do not matter’.

A critique of the logic of industrialism approach is the ‘logic of capitalism’ approach (also known as structural-Marxism). Following the Marxist notion that the state is a superstructure serving the perpetuation of the capitalist system, the logic of capitalism approach assumes that the welfare state emerges in response to the needs of the capitalist system (rather than the social system in general, as the Durkheimian structural functional approach assumes).[[5]](#footnote-3) According to the scholars of this school, such as James O’Connor (1973), A. W. Djao (1992) and Claus Offe (1984), the ultimate aim of the state in a capitalist society is to maintain the capitalist system and, therefore, secure the interests of the capitalists. To achieve this aim the state performs two types of functions, capital accumulation and legitimation (O’Connor: 1973; Djao: 1992). They argue that the state undertakes welfare programs as a long-term effort to perform these two functions.[[6]](#footnote-4)

Corresponding to capital accumulation and legitimation, following O’Connor, Djao shows that nearly all state- expenditures have two-fold characters: (1) social capital and (2) social expenses. *Social capital* is again divided into two types of activities: (1a) social investment and (1b) social consumption. Djao argues that social investment – services and projects that raise labour productivity (such as, education and labour market training) - and social consumption – services and projects that lower the costs of reproducing labour power (such as, healthcare and childcare) – are indirectly productive for the capitalists in that they contribute to economic growth in the private sector (Djao: 32). Social expenses – services and projects that maintain social stability and promote social harmony (such as social assistance and social insurance – provide an environment where production and capital accumulation can proceed without hindrance (Djao: 32). These benefits are more closely monitored and restricted. Thus while social capital investments of the state correspond to its capital accumulation function, social expenses correspond to legitimation (Djao: 32). These two functions of the state, as Marxist structuralists argue, are translated into all state policy including social policies.

In several ways the structural Marxist perspective is analytically more sophisticated than the Durkheimian structural functionalist perspective. While the latter suggests merely a linear relationship between economic advancement and the growth of the welfare state, the former does three additional things: first, it relates social policy to the capitalist economic system (that is, the logic of exploitation); second, it provides insights about the underlying motivations of policy making in a capitalist economic milieu; and finally, it may be useful in explaining social policies in non-democratic political jurisdictions.[[7]](#footnote-5) Thus, while both dimensions of functionalism commonly see the development of the welfare state as a function of economic advancement, the structural Marxist variation can be particularly useful in explaining the development of specific polices. Of course, it is often be hard to test the claims of structural Marxists empirically because policy makers’ true intensions may often remain unrevealed, and interpretations of their actions may be subjective.[[8]](#footnote-6)

It is true that the functionalist approach provides a good insight regarding the development of the welfare state. There is, of course, no denying the fact that to support welfare expenditures economic development is necessary. However, the logic of industrialization and the level of economic growth or prosperity do not satisfactorily explain the causes of the rise of welfare states and the reasons for variations among them. Many nations created certain welfare programs, such as education, even before the industrial revolution, or at least before the requisite level of economic development. Conversely, in some nations, welfare programs were introduced long after industrialization was underway (such as the United States and the United Kingdom) (Olsen, 2002; Kuhnle and Sander, 2010). There are also some nations that industrialized later but introduced various social programs at an earlier stage in their economic development (for example, Sweden). The functionalist approach also fails to explain why states such as Sweden and the United States vary so widely in terms of their programs and policies, even though both are economically developed wealthy countries. It also cannot explain why some welfare states are more generous, comprehensive, and ambitious than others. In addition, this approach does not say anything about who identifies the functional needs and how those needs are identified. In sum, the functionalist approach fails to specify the necessary and sufficient conditions for the emergence and development of welfare states. While it seem successful in identifying economic growth as the necessary condition for the emergence and development of welfare states, it fails to account for the sufficient conditions which might explain the contexts for the rise of welfare states and the presence of variations among them.

**The Culturalist Approach**

The culturalist approach, unlike the functionalist perspective, primarily intends to explain variations among welfare states by relying on the differences in values, cultures, beliefs, history, traditions, or to say more grandiosely, in political cultures and ideologies that exist across various nations. The culturalist scholars argue that while policies are motivated by needs, culture and ideology ultimately shape their patterns (Trägårdh, 1990). This approach assumes that social policies are more egalitarian in societies where people are collectively-oriented and class conscious. People in those societies, according to this approach, are more likely to value social cohesion and solidarity. These people also possess a statist orientation and positive attitudes towards progressive taxes, state intervention, redistributive egalitarianism, welfare programs, social determinism, state ownership, and equality of condition and outcome. Conversely, in societies where social policies are less generous and less egalitarian, values such as individualism, meritocratic competition, achievement orientation, and libertarianism are likely to be dominant. These societies tend to be anti-state, favour lower taxes over social programs and only endorse equal opportunity.

According to the culturalist approach, the stark differences between the Scandinavian and North American welfare states are rooted in their particular values, culture, and historical differences. For example, notions such as individualism, equality, and freedom are part of the cultural fabric of both Swedish and American societies, but they are interpreted very differently in these two regions. To Americans, equality implies equality of opportunity. Regardless of socio-economic backgrounds, equality stands for the same chances for every individual to succeed on the basis of his or her talents. Inequality, therefore, in the United States is viewed as largely the outcome of more or less fair competition among individuals (Olsen, 2002). The state intervenes only after the disadvantaged individual has ‘failed’ in the market competition. The targeted and means-tested public service programs of the American welfare state are, thus, merely reflections of this notion of equality.

Conversely, the Swedish view of equality emphasises equal starting points (Trägårdh, 1990). Swedish social programs significantly minimise inequality of circumstances through various social policies. Therefore, in Sweden opportunities for individuals across families of various socio-economic statuses are, at least to some degree, more similar from the outset (Olsen, 2002).

Similarly, in both the United States and Sweden, the concept of freedom has different interpretations. In the United States, freedom is conceptualized by emphasizing ‘freedom from the state’ – that is, individuals must be free to define and pursue their own goals with minimal interference from the government (Olsen: 106). The Americans are, therefore, more anti-statist in their attitudes. Here lie the reasons for the residual nature of the American welfare state, the culturalists explain (Olsen, 2002). Conversely, the Swedish attitude to liberty is associated with ‘freedom *for* the state’ to support the members of society through various means (Olsen, 2002: 105). The most central example of statism in Sweden, as Olsen (2002: 105) puts it, is the existence of its expensive, publicly financed, comprehensive welfare state and the public’s strong level of support for it.

Furthermore, the American notion of liberty that endorses individuals’ freedom from the state does not stand for their freedom from the family or community. Instead, individualism is very much tied to family in the American society (Trägårdh, 1990). It stands for the protection of the private sphere – the family – from intrusions by government and the public sector. But precisely because the private sphere is protected, American individualism ends up in practice as the freedom of the male patriarch from statist interference (Trägårdh, 1990). It does not consider the women, children, and the elderly – ‘the freedom of women from the tyranny of men, children from the tyranny of parents, and all individuals from the tyranny of the family’ (Trägårdh, 1990).

While the tension between individual freedom and the sanctity of the family is evident in the American society, the Swedish culture of individualism supports individual freedom from both the family and the small community (Trägårdh, 1990). Tragardh comments in this regard:

Beyond the very real and fierce debates over the cost and efficiency of Swedish welfare programs, there lies a deeper cultural ‘choice’ in favour of the state-individual alliance against the family and the small community, just as what makes Swedish popular democracy both statist and anti-elitist is the genesis in the pre-modern alliance between the monarchical state and the peasant estate against the aristocracy (Trägårdh, 1990: 579).

Lars Trägårdh, capturing the culturalist view, explains that the Swedish welfare state is deeply rooted in its culture and historical developments. He argues that the notions of solidarity, individualism, equality, and work ethic in Swedish culture and Swedish universal, equal education are the basic factors that distinguish the Swedish welfare state from the welfare state of the United States (Trägårdh: 1990).

According to Trägårdh, the social democratic/liberal alliance that developed in Sweden in the late nineteenth century to face the challenges of rapid industrialization and massive immigration, created the conditions for a broad consensus in the area of social welfare legislation favouring universal programs. Attitudes towards workers were changed; they were viewed as people rather than merely workers. Similarly, the state was viewed as ‘peoples’ home’ (Trägårdh, 1990: 572).

These universalistic visions, Trägårdh argues, are deeply rooted in the solidaristic, statist, and anti-elitist principles of the French revolution that collided and fused with the Swedish popular tradition of peasant estate to the monarch in the anti-elitist alliance against the aristocracy (Trägårdh, 1990). The Swedish social democrats, according to him, could successfully inherit this popular anti-elitist, pro-statist tradition, especially after forging the 1933 alliance with Peasant Party, until that time a close ally of the conservative party. It is the strength of the tradition, as Trägårdh argues, which has led to the solidaristic, universal social policies in Sweden (Trägårdh, 1990). The commitment to full employment in Sweden, Trägårdh suggests, is not merely a matter of compassion for the unemployed, but rather the Swedish culture is dominated by an implicit, informal obligation to work (Trägårdh, 1990). The Swedish work ethic – ‘people’s will to work’ - along with the values of decency, fairness, solidarity, and freedom, enabled Sweden to undertake such high tax-based, comprehensive, and expensive welfare programs (Trägårdh, 1990: 580).

Seymour Martin Lipset, similarly, explains the causes of the differences between the U.S. and Canadian welfare states in terms of their cultural variations (Lipset: 1986, 1990). He argues that, although the United States and Canada resemble each other more than any other two nations on earth, there are consistent patterns of cultural and value differences between these two countries. Evaluating four aspects of these two cultures (literature, religion, economy, and politics), he suggests that Canadians are more elitist, law abiding, statist, collectively oriented and group oriented than Americans. These value differences between these two nations, he says, appear to have made considerable differences in the development of their welfare states (Lipset, 1986).

Similarly, Hartz (1955) distinguishes the American and European welfare state models in a cultural line. According to him, the American model celebrates the creative power of the individual and fears the “tyranny of the collectivity.” The European model, in general, demands communities that care for their citizens, pooling risks through high taxes and spending, and attempting to make economics serve democratically determined ends. Prasad (2006), similarly, argues that the particularistic nature of the ‘settler society’ of America led to an individualistic and pro-market culture. Thus the American Left has had much more difficulty making a case for the more redistributive policies found in Europe, and preventing more pro-business policies.

Although, unlike functionalism, culturalism provides a comparative perspective for a better understanding of variations among welfare states, it too suffers from a number of serious limitations. First, it is not certain that a nation’s official ideology and its welfare policies always represent popular views and values. It is evident in the case of the United States that its anti-statist ideology opposes a public health system but, according to an empirical survey, a majority of the American people support a Canadian style heath care system in the United States (Olsen, 2002: 114). The culturalists, however, fail to acknowledge such discrepancies between dominant ideology of a nation and its popular values.

Second, culturalism also fails to acknowledge the presence of ideological clashes within a society because it views a society’s ideology as unique. In fact, there may be more than one ideology in a society, which may not fit well with its dominant ideology. Swedish culture, for example, includes collectivist dimensions such as support for a comprehensive welfare state, a greater commitment to a more equal distribution of income, and a tolerance of high tax. Conversely, it also includes liberal ideological strains, such as a high level of support for equal opportunity, support for a strong market, and an intensely vibrant work ethic (Olsen, 2002). The culturalists fail to acknowledge such ideological confrontations and contradictions within a society.

Third and, possibly, the most serious limitation of culturalism and also of functionalism is that both of the theories ignore the role of actors - states, classes and class conflict, and individuals – in the making and shaping of welfare states. This problem, in fact, lies in their level of analysis. While structuralism takes the social system as its unit of analysis (Furniss, 2000), culturalism views culture as an attribute of the society in general. Actor-centric approaches such as the Marxist instrumentalist approach, the pluralist approach, and the neo-institutionalist approach are seriously critical of such culturalist accounts of the welfare state. They challenge culturalism posing questions such as, whose culture? Where do values and ideologies come from? How are values developed and sustained?

**Actor-Centric Approaches**

1. **The instrumentalist approach**

The instrumental perspective possesses a Marxist theoretical orientation. Accordingly, it suggests that the state is an instrument of the capitalists, and that capitalists control the state. The state acts as a means to secure the capitalist class’s interests, and ideology comes from the capitalist class. The capitalist class uses its ideological hegemony to secure their material interests and maintain its dominance over the working class. The state along with public institutions acts as instruments of the capitalist class in establishing their hegemony over the subordinate classes (Grabb, 2005).

Karl Marx and Engels argue that the ruling ideas in a given society are those of the ruling class and these ideas express the interests of the dominant class in an idealized form (Kellner, 1991). Thus, in feudal society, the ruling ideas were those of chivalry, honor, valor, and spirituality – precisely the ideas of the ruling strata. In capitalist society, individualism, competition, winning, material success, and other capitalist ideas are highly esteemed and likewise reflect the interests and ideas of the ruling class (Kellner, 1991).

The Italian Marxist Antonio Gramsci, similarly, argues that ideology is used to smooth over differences between classes and present idealised visions of class harmony and consensus. The dominant class, he says, attempts to use its political moral and intellectual leadership or hegemony to establish its view of the world as all-inclusive and universal, and to shape the interests and needs of the subordinate class (Carnoy, 1984). Educational institutions, cultural centers, and organizations of information represent that dominant class values and act as agents of dominant-class hegemony. Gramsci thus views the state as an extension of the hegemonic apparatus (Carnoy, 1984).

Following the Marxist view of the state, neo-Marxist scholars, such as, Douglas Kellner (1991) using his ‘logic of accumulation and exclusion’ argues that the capitalist class largely controls the state, media, and other major institutions in a capitalist society and uses them to establish its ideological hegemony. Noam Chomsky (1992), similarly, explains the capitalist control of media through his idea of the ‘propaganda system’. Other neo-Marxist instrumentalists such as, Herbert Schiller (1996), Ralph Miliband (1973), and Eric Swank (1998) empirically demonstrate the instrumental nature of the state by highlighting many direct or indirect personal, social, and professional ties between capitalists and political elites. Referring to the notion of ‘corporate liberalism’ these scholars conclude that welfare programs emerge because capitalists want them. “Enlightened and far-sighted capitalists,” as Olsen and O’Connor (1998: 6) summarize this view, “thus oversaw and hastened the introduction of the poor relief, unemployment insurance, educational reform, and other private and public welfare policies in a conscious effort to increase outputs, stabilise or revitalize the economy, and pre-empt or defuse working-class militancy.”

1. **The pluralist approach**

Pluralism offers an account of the role of actors in shaping the welfare state, which is largely different from what the Marxist instrumentalists suggest. Rooted in liberal political philosophy,[[9]](#footnote-7) pluralism also focuses on actors but assumes that the state is neutral rather than an instrument of the capitalist class. Thus differing to the central premise of the Marxist-instrumentalists, pluralists maintain that modern capitalist societies are ‘polyarchies,’ and power is widely diffused among variety of competing interest groups (Dahl, 1961). However, according to them, no one group consistently dominates all times over all issues. Moreover, individuals often belong to several groups reflecting their multiple and variable interests. The state, in such a condition, responds to the demands of these groups as an unbiased agent. Thus from the pluralist perspective, the state’s welfare policies and programs are largely responses to the demands of various lobbies representing different interest groups (Olsen, 2002, 1998).

1. **The neo-institutionalist approach**

The state-centric, neo-institutionalist approach, differing largely with the pluralist perspective, views the state as a relatively autonomous institution capable of independent action. It assumes that the state does not act merely as an instrument of the capitalist class or as a semi-autonomous reactor to social interests, nor are its policies merely reflections of public attitudes or values. Rather, the state itself possesses the capacity to formulate and implement policies. Neo-institutionalists, of course, accept that the state’s capacity for autonomous actions is not constant or complete; it depends on its institutional structure. They, therefore, explain variations among welfare states in terms of the characters of state structures.

The neo-institutionalists assume that certain institutional or structural arrangements of the state, such as bureaucracy or administrative apparatus (Alfred Stepan, 1973; Ellen Kay Timberger, 1978; Hugh Heclo, 1974; Theda Skocpol, 1985), constitutional structure (federal or unitary, fragmentation or centralization of power), and party system substantially affect its capacity to formulate and implement public policies as well as shape the identities, goals, and capacities of societal groups and their alliances (Olsen, 2002). According to them, a state, which is characterized by a parliamentary system, strong party discipline and executive dominance, a permanent, low profile, independent and experienced civil service, and a long history of interventionist social policy, is a strong state. On the other hand, a state characterized by constitutional separation of power, a weak tradition of party discipline and interventionism, impermanent and diffused bureaucratic structure, and subtle differences in government-societal relations is a weak state (Boase, 1996; Steinmo, 1994).

Thus by distinguishing states between strong and weak, neo-istitutionalists argue that strong states have more capacity than weak states to adopt comprehensive and generous welfare programs as well as reform or eliminate existing programs. Sven H. Steinmo (1994) argues that the fragmented constitutional structure of the United States has led it towards a polity in which it has been exceedingly difficult to maintain strong political parties, a mass Socialist, Labour, or leftist political movement, and comprehensive, universalistic social welfare policies. Joan Boase (1996), similarly, shows that the United States has repeatedly failed to construct a public health care system due to its weak institutional structure while Canada has done so because of its more centralized and unified structures (Boase, 1996).

Neo-institutionalists, however, do not claim that states are always able to directly and independently determine policy-making. Rather, they acknowledge that state autonomy is not a given, but only a possibility, a variable. Depending on the degree of fragmentation and the level of insulation from social pressures, state autonomy may or may not exist, can come and go, and will vary considerably by degree in different periods and national locales (Olsen, 2002).

It is important to note that by pointing to the role of the states in their own, rather than as agents of other societal groups or forces, the state-centric approach has made significant contribution to the understanding of the origins and development of welfare states, drawing attention to a set of concerns which other approaches simply ignore. This approach also provides insights about how state structures and institutions may serve to establish the frameworks within which policy making takes place, and introduces new features into the dynamics of policy-making (Olsen, 2002). However, the neo-institutionalist approach makes only a weak claim about the autonomous policy making role of the state. It also appears inadequate to account for contradictory impacts of the same structures. For example, federalism helped to prevent a universal healthcare system in the United States but encouraged it in Canada.[[10]](#footnote-8) The state-centric approach fails to acknowledge the interplay of many other factors, such as identities, interests, and resources of actors in policy decisions.

Thus, while Marxist-instrumentalists focus on the capitalist class and structural pluralists on the competing interests groups, neo-institutionalists emphasise the role of state as an autonomous ‘actor’. Each of these three approaches deals with a single actor. But none of them considers the role of working classes and working classes’ movements in the development and variations of welfare state.

1. **Power resources theory**

While all other theories ignore the role of the working class, power resources theory (PRT) developed by Scandinavian scholars, such as Walter Korpi (1998) and Gøsta Esping- Andersen (1998) explore the relationship between social policy and labour mobilization. Through demonstrating organized labour’s influence in the shaping of welfare policies, this theory provides, as its proponents claim, a more reasonable explanation for wide variations in the development and outcomes of the welfare states (Olsen and O’Connor, 1998; Korpi, 1998; Esping-Andersen, 1998).

Power resources theory is, in fact, the third variant of the Marxist accounts of the welfare state. While the structural Marxists see the welfare state as a response to the needs of the capitalist system and the instrumental Marxists perceive it as an offshoot of the capitalist class’s enlightened control over the state and self-oriented decisions, the proponents of power resources theory focus on the working class’s organizational strength as the basic determinant of welfare state development.

According to power resources theorists, welfare programs emerge in response to ‘balance of power’ between the capitalist and the working classes. This theory assumes that variations in the power resources (defined as attributes [capacities or means] of actors – individuals or collectivitives – which enable them to reward or to punish other actors.) between classes have significant consequences for distributive processes, levels of aspirations, and pattern of conflict, as well as institutional structures and for the functioning of the state and various state organs (Korpi, 1998). In countries where labour is more powerful, welfare provisions are more extensive, and there are lower levels of social inequalities (Olsen, 2002).

Power resources theory is based on the hypothesis that “ the degree of the subordination of wage-earners can vary over time as well as between countries as (a?) result of the extent to which employees are organized for collective action in unions and in political parties based on the working class” (Korpi, 1998: 54). It assumes that while capital always has the upper hand within a capitalist framework, labour has potential access to political resources, which can increase its power, and thereby allow it to implement social reform and alter distributional inequalities to a significant degree. Thus, power resources theory explains the development of, and variations among, welfare states in terms of relative strength of working class compared to the dominant class.

According to this theory, power resources of the working classes are measured along three dimensions: the percentage of the labour force which is unionized; the degree of centralization and the unity of the unionized labour force; and the existence of a labour or social democratic party committed to labour which has been able to achieve and maintain power for a relatively longer period of time (Olsen, 2002). This theory suggests that a high level of union membership relative to the size of the total labour is an important indicator of labour strength. Similarly, the organization of labour federations into central ‘peak’ federations or confederations enables them to speak with a single voice and pose more serious challenges to capital. Moreover, working classes having a political party (for example labour, social democratic or socialist) with substantial support base enables them to influence the character and development of the welfare state (Olsen, 2002). Thus, power resources theory assumes that a nation state, in which the workers are highly unionized, the unions are organizationally centralized, and the labour party is able to hold state power for a lengthy period, has a more developed welfare state characterized by higher expenditure levels, more coverage and greater generosity.

Sweden is the best example for the power resources theorists, which they very frequently referenced. Sweden is one of the most unionized countries in the world, where nearly 70 percent of the workers (67.5% as of 2012) have union membership (OECD, 2013).[[11]](#footnote-9) The unionized labour force is organized into two major peak federations or confederations – the LO, which organizes about 90 percent of all blue-collar workers and 14 blue-collar federations, and the TCO, which involves about 75 percent of all white-collar workers and 19 federations.[[12]](#footnote-10) The Swedish social democratic labour party, SAP, came to power in 1932 and held onto it until 1976 (44 years) without interruption (except for a brief period in 1936). Since the 1970s, SAPs dominance in Swedish politics has declined considerably (in several occasions the party lost power to non-socialist coalitions).[[13]](#footnote-11) However, the party has led the Swedish government for most of the period since 1932.

These high levels of power resources, as the power resources theorists claim, have decreased the imbalance of power between capital and labour in the Swedish society. This power base has enabled the Swedish working class to ensure that economic resources were increasingly targeted towards the development of social policies and programs which would deal with poverty, unemployment and other problems associated with industrial capitalism (Olsen, 2002). On the basis of this single structural determinant, this theory explains the causes and development of welfare states - the higher the level of working class’s organizational strength, the higher the level of the welfare state (Olsen and O’Connor, 1998). Power resources theory, thus, suggests that the transformation of welfare states from residual or minimal to institutional standard, or to more generous, comprehensive standard depends on the organizational strength of the working class.

It seems that there is a close theoretical connection among the structural Marxist, neo-Marxist, and the power resources perspectives of welfare state development. All three approaches find class struggle at the heart of welfare state development and see social policy development as a reactive response by the dominant class. The need for social and economic stability which the both structural Marxist and neo-Marxist theorists emphasize as reasons for the emergence of policies can be logically connected to labour mobilization and labour movements which power resources theorists emphasize. Thus, combining these three perspectives, the underlying process of social policy development can be understood through this causal diagram: labour mobilization -> the need for social and economic stability -> social policy measures. That is, under the necessary condition of industrial capitalism (as identified by structural functionalist theorists), labour movements create the sufficient conditions for policy initiatives (the need for social policy for the sake of stability or system maintenance) which in turns results in the development of specific policies. Thus, as the working class becomes stronger, their ability to destabilize the capitalist economic setting and create pressure upon the dominant class increases, which in turns results in more comprehensive and generous social policy measures. However, like the structural functionalist, culturalist, and neo-institutionalist approaches, the power resources perspective also deals with a single (of course, multi-pronged) variable. It cannot suggest whether the relationship between working class strength and the welfare state is mediated by political structures of the states.

Thus, among the theories that account for the development of and variations among the welfare states, the structural functionalist perspective situates the emergence of the welfare state within industrial capitalism and suggests a linear relationship between economic advancement and welfare state development. While this theoretical assertion is found to be empirically strong, the structural functionalist approach fails to account for the contexts and processes of policy developments and reforms as well as significant cross-national variations among developed industrial countries. The culturalist approach offers a useful framework for cross-cultural analysis of social policies. However, this approach fails to acknowledge cultural cleavages within political jurisdictions and distinguish between dominant values and popular values in a society. As a result, this approach appears inadequate to identify social policies with cultural values of particular societies. Conversely, there is empirical support for the neo-institutionalist claims about the relationship between the nature and structure of political institutions and policy patterns. However, its claim about the state as an autonomous actor is fairly weak. Finally, the power resources theory appears to be empirically powerful in explaining variations among the welfare states. This approach along with the structural Marxist and neo-Marxist approach seems to provide a more insightful account of the process through which variations among the welfare states occur.

The above conclusions about welfare state theories are, however, based on studies conducted in the developed world. These theories have been rarely tested within the contexts of developing economies. It is, therefore, still unknown whether or to what extent these theories can explain, the origins and development of and variation among welfare states and policies in developing societies. Moreover, all the theories deal with only a single variable. As a result, they cannot account for the combined effects of multiple variables in shaping welfare states.

**Gøsta Esping-Andersen’s Tripolar Model of Welfare Regimes**

Theoretically related to the most empirically robust account of the variations among developed welfare democracies – power resources theory – is Esping-Andersen’s welfare state model – “Three Worlds of Welfare Capitalism.” Proposed in 1990 in his seminal work, *The Three Worlds of Welfare Capitalism,* Esping-Andersen orders welfare states of developed democracies into three different regimes – liberal, conservative, and social democratic.[[14]](#footnote-12) He distinguishes these three regime types in terms of three principles – decommodification, the nexus among state-market-family, and social stratification. In Esping-Andersen’s conceptualization of welfare regimes, decommodification is used as a measure for social rights, which reflects T. H. Marshall’s notion of “social citizenship” as the basis entitlement – “the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation (Esping-Andersen, 1990: 37)”. According to Esping-Andersen, decommodification is a function of interplay among the state, family, and society – the three institutions responsible for the supply of resources for livelihood. A he puts it, “to talk of a regime is to denote the fact that in the relation between state and economy a complex of institutional and organizational features are systematically interwoven” (Esping-Andersen, 1990: 2). Esping-Andersen seems to imply that decommodification denotes the extent to which the state plays the central role in promoting or maintaining social rights through higher levels of coverage and spending. Esping-Andersen defines social stratification in terms of “standard” concepts of equality, fairness, and poverty (Powell and Barrientos, 2011: 73). It refers to the way in which a welfare state influences the shaping of social orderings. Thus, Esping-Andersen’s formulation of welfare regimes primarily involves three concerns: the presence of a range of social programs aiming at different degrees of decommodification; the role of the state, family, and the market in social programming; and, finally, orientation (or commitment) towards the outcomes of social programming in regards to poverty alleviation and equality.

Esping-Andersen asserts that even though all welfare states make use of three types of welfare provisions – means or/and income testing,[[15]](#footnote-13) social insurance contribution,[[16]](#footnote-14) and citizenship,[[17]](#footnote-15) the dominance of one type of programs over the others differs across welfare states based on their commitments to decommodification and tolerance of stratification (largely determined by their respective ideologies). The dominant type of provision defines the features of the welfare states and determines their places within the model’s typology (Esping-Andersen, 1990). Thus, according to Esping-Andersen, liberal welfare states emphasize “means-tested assistance, modest universal transfer, and modest social insurance plans (Esping-Andersen, 1990: 26)”. This type of welfare states view individuals as market actors and are reluctant to replace market relations with social rights. Ideologically, liberal welfare states embody individualism and the primacy of the market, and, therefore, they encourage citizens to seek welfare in the market (that is, purchase private insurance coverage and services). The state supports the market either by actively subsidizing private welfare schemes or passively by maintaining a low level of decommodification. Liberal welfare states’ principle of stratification leads to a division in the population: “on the one hand, a minority of low-income state dependent and, on the other hand, a majority of people able to afford private social insurance plans (Arts and Gelissen, 2002: 141). Esping-Andersen classifies the United States, Canada, Australia, Ireland, and United Kingdom as liberal welfare states.

The second regime type goes under a variety of labels – conservative, corporatist, and more recently Christian democratic – depending on the characteristics emphasized.[[18]](#footnote-16) This form of welfare states involves a moderate level of decommodification. Social rights are tied to status and class and the redistributive function of the state is largely minimal (Esping-Andersen, 1990). In terms of social stratification, conservative welfare states stress three general features: first, the direct influence of the state is more restricted to the provision of income maintenance benefits related to occupational status; second, the sphere of solidarity remains quite narrow; and, finally, labour market participation by women is strongly discouraged (Esping-Andersen, 1990). According to Esping-Andersen, continental European countries such as Austria, France, Germany, and Italy fall in this category of welfare states.

The third regime type – social democratic welfare states (found mainly in Scandinavia) are characterised by universalism and a high level of decommodification. Social rights in those countries are extensive and private welfare arrangements play a marginal role there. Ideologically, social democratic welfare states capture an egalitarian principle, and there is more emphasis on services than assistance in those countries with the aim to provide high standards of services to all citizens equally. Therefore, the social democratic principle of stratification is directed to achieving a system of universal and highly distributive benefits not dependent on any individual contributions (other than those made through the system of taxation). In contrast to the liberal type of welfare states, this type of welfare state minimises dependence on the market and, consequently, constructs “an essentially universal solidarity in favour of the welfare state” (Esping-Andersen, 1990: 28).

To explain the variations among welfare regimes, Esping-Andersen resorts to the power-resource mobilization paradigm, and argues that three interacting factors are significant: the nature of class mobilization (especially, levels of labour unionization and centralization of labour movement), class-political action structure (relationship between labour unions and the state), and the historical legacy of regime institutionalization. According to Esping-Andersen, welfare regime variation is fundamentally a function of power balance between the capitalist and the working class. While social democratic welfare states are characterized by high levels of labour unionization and centralized labour movements, liberal welfare states depict an opposite trend.

Esping-Andersen asserts that the persistence of regime patterns is a matter of “path dependency” – that is, existing institutional arrangements determine national trajectories (Esping-Andersen, 1990: 2).[[19]](#footnote-17) Thus, according to Esping-Andersen, welfare regimes are not merely dependent variables, they are also independent variables, explaining people’s attitudes, behaviour, and trajectory of welfare policy reforms. However, the most important claim that Esping-Andersen makes about his model is that all welfare states “cluster together” in three distinct regime types.

**Esping-Andersen’s tripolar model and contemporary social policy studies in the developed world**

Esping-Andersen’s model of welfare regimes is a very popular and useful tool for comparative social policy studies in the developed world. For last two decades this modelhas remained as the most influential work in this area (Myles, 1998; Powell and Barrientos, 2011; Arts and Gelissen, 2010, 2002). Not only has this work been widely praised, it has inspired hundreds of empirical studies devoted to test the fit of policies across his proposed welfare regimes typologies. Due to the defining influence of Esping-Andersen’s model upon the whole field of comparative welfare state research in the last two decades, Arts and Gelissen comment that this ‘paradigmatic’ typology has become a modern classic” (Arts and Gelissen, 2010: 571).

The reason for the significant influence of the Esping-Andersen model is its proven empirical robustness. Even though the primary objective of the model was to provide an overall theoretical understanding of the variations among welfare regimes, it has even been robust against tests of specific policy domains across regimes. Such empirical viability of the model has rendered it an unparalleled instrument for comparative social policy studies. After reviewing almost the entire “welfare modelling business,” Abrahamson (1999) concludes that as an organizing principle for comparative welfare state research, Esping Andersen’s typology has proven to be a very robust and convincing tool.

However, the persistent robustness of the Esping-Andersen model, which has been the most influential tool for comparative social policy analysis for last two decades, is primarily based on studies conducted in the developed world. Like the theories of the welfare state, Esping-Andersen’s model has hardly been tested in the developing societies. Such geographical confinement of welfare state studies is increasingly being problematized in contemporary social policy studies. As Kaufmann (2001b) argues, scholars of comparative studies of welfare states in common assume that all Western countries are welfare states and, based on this assumption, they have largely avoided defining the welfare state and confined their investigations mainly within the Western world.

***Social Policy Studies in Developing Societies and Limits of the Existing Literature***

The development of at least some types of social welfare policies in the developing societies is not a very recent phenomenon. At least five East Asian countries – Japan (1911), Philippines (1927) Taiwan (1929), Singapore (1929), and Malaysia (1929) - for example, have introduced occupational injury insurance – the first pillar of social insurance programs[[20]](#footnote-18) – before 1930 (Hort and Kuhnle, 2000). After World War II, East Asian countries started to introduce other social insurance programs and, during the period of “economic miracle” in the 1980s and the 1990s, existing programs were rapidly expanded (in terms of coverage and benefit levels) and new social welfare programs including pension schemes, unemployment insurances, national healthcare systems were introduced.[[21]](#footnote-19) Similarly, many countries in Latin America, such as Chile, Argentina, and Uruguay, adopted income security programs before many OECD countries (Segura-Ubiergo, 2007). However, such developments have not been adequately incorporated in the mainstream of social policy studies.

It is only after the East Asian financial crisis (devaluation of local currency and the crash of stock markets and asset prices in the late 1990s, resulting from a switch from fixed currency exchange rates to floating exchange rates), that social policy scholars have turned their attention to the developing countries (Hort and Kuhnle, 2001; Croissant, 2004).[[22]](#footnote-20) The primary queries of the scholars have been focused upon a few central issues:

1. Is there a positive correlation between the development of social insurance and economic growth in East Asian countries as it is has been observed in the Western countries (Hort and Kuhnle, 2001)?
2. Did social protection systems developed in the East Asian countries along with economic growth help them absorb the financial shock (Kim, 2004)?
3. Were East Asian countries late welfare states (Kim, 2004)?
4. Did they follow the same sequence of the development of social protection systems as Western countries did (Hort and Kuhnle, 2001)?
5. Do East Asian countries form a different model of welfare states outside the existing models (Catherine Jones, 1990, 1993; Holliday, 2000; Kwon, 1997)?
6. How did the East Asian countries respond to the crisis (Cook and Kwon, 2007; Peng and Wong, 2010)?
7. Did they follow the same patterns that the Western countries did?

Thus, the development of social policies in East Asian countries has been seen largely through a functionalist lens, and queries about the East Asian countries have been largely explorative. Other theories explaining the welfare state have hardly been examined. Moreover, social policy developments in other regions of the developing world have remained largely ignored (even though the Latin American countries have garnered some attention recently).[[23]](#footnote-21) Thus, it is yet to be determined whether, and to what extent, the well-developed literature of the welfare states applied in the developed world has relevance in understanding the development of social policies in the developing world.

**Alternative Approaches to Explain Social Policies in Developing Societies**

While the applicability of the theories of the welfare state in developing societies has remained largely unexamined, a number of scholars (such as Kwon, 1998; Catherine Jones, 1990; Holliday, 2000) claim that these theories are not applicable in non-Western contexts. They argue that the non-Western nations, particularly the East Asian ones, have different experiences from those in the West, such as the absence of Western-style democracy and peoples’ sense of citizenship.[[24]](#footnote-22) As a result, the welfare systems that have emerged in the non-Western areas are “decisively different from the Euro-American models current in the social policy discourse” (Kwon, 1998: 27). Accordingly two alternative approaches have evolved to explain social policy developments in developing societies, especially, in East and Southeast Asia. Those approaches are Confucianism and welfare developmentalism. The former sees the development of welfare states in East and Southeast Asia through largely a culturalist lens, and the later views this as a developmental strategy, reflecting some features of the mainstream, neo-institutionalist approach.

1. **Confucianism**

Catherine Jones (1990) is the central proponent of the Confucian approach. According to her, Confucianism is a distinct developmental ideology and welfare ideology at the same time, which has shaped welfare state development in East and Southeast Asia from the beginning and will continue to do so. Capturing a culturalist perspective, Catherine Jones (1990) suggests that East Asian countries share a common Confucian heritage which includes values such as the respect for education, filial piety, deference to authority, patriarchy, and, above all, the centrality of the family and kinship ties in social organization.[[25]](#footnote-23) These values, according to Jones (1990), constrained the development of Western type welfare states in East Asian region, but have resulted in the emergence of a new “East Asian model of welfare state”.

As evidence, Jones (1990) argues that extraordinarily high levels of household savings, the predominance of three-generation households, and low labour market participation of women represent that belief of the people that family, not state, is the main source of social protection. This belief is also reflected in “small and lean” welfare states with extremely low level of public expenditure in the region.[[26]](#footnote-24) Conversely, given that these societies hold high respect for education, government of those countries allocate high levels of public resources in education (Croissant, 2004). Moreover, “the enterprise-based welfare model” (Croissant, 2004: 513) of the region reflects, according to Jones, paternalistic-filial norms which are transposed from the “prototypical male breadwinner family” (Peng and Wong, 2010: 657). Thus, according to this perspective, low levels of government intervention in social policy, underdeveloped formal system of social security, relatively higher emphasis on education, and the fundamental importance of the family and community-based social safety nets that represent the features of East and Southeast Asian welfare states reflect the culturally-bounded view of state and society, based on the continuous relevance of Confucian social ethics.

However, this Confucian culturalist account of the East and Southeast Asian welfare states has several limitations. First, it overgeneralizes the impact of Confucian values on the countries of the regions. While the Confucian culture is dominant in Korea, Taiwan, and Singapore, Malaysia and Indonesia are predominantly Muslim, Thailand is Buddhist, and the Philippines are Catholic (Peng and Wong, 2010). Second, this perspective is static. It cannot account for recent universalistic and expansionist trends of many East Asian welfare states such as Korea and Taiwan, which have rapidly increased their social spending and introduced expensive social programs such as universal national health insurances and unemployment insurance. Scholars such as White and Goodman (1998: 15) dismiss the Confucian account, arguing that this approach is “unhelpful” in accounting for the evolution of the East Asian Welfare systems. Finally, the Confucian account is regionally specific, and may not be extended to other regions for a more general understanding of welfare state development in developing societies.

1. **Welfare developmentalism**

The second and a more widely discussed approach to explaining East and Southeast Asian welfare states is called “welfare developmentalism” (Kwon, 2007) or “productivist welfare capitalism” (Holliday, 2000). This perspective sees welfare as not a normative or a cultural expression but as a strategic endeavour. It refers to an orientation of welfare where economic development is the most important or fundamental goal and social policies are adopted as a means to achieve that goal. Welfare developmentalism assumes that economic development and social policy are mutually complementary and social policy enhances economic development. White and Goodman (1998) define developmental welfare systems as “strategic use of social policies as a means to state-led industrialization.” Ian Gough (2001: 178) defines a developmental state as “a state where elite policy makers set economic growth as the fundamental goal and pursue a coherent strategy to achieve it. This can be combined with different social policies, but all entail the explicit subordination of social policy to economic policy and economic growth.” Gough (2001) suggests that a developmental state requires that the state policy makers be relatively insulated from interest groups and have a high degree of internal coherence and loyalty.

Thus, according to the developmentalist perspective, the development of welfare states in the East and Southeast Asian regions was an integral part of the overall strategies for economic development in those countries. Hort and Kuhnle (2001) show that the East Asian countries introduced the first social security programs (industrial accident insurances) at lower levels of socio-economic development than did the European countries. This suggests that East Asian countries adopted the social welfare programs as policy instruments to assist economic development (Kwon, 2007). Thus, according to the productivist welfare state perspective, the basic difference between Western and East Asian welfare states is that while the former emerged (in the functionalist view) to mitigate the negative socio-economic side- effects of industrialization and capitalist economic development, East Asian welfare states emerged to promote economic development. In other words, social polices developed in Europe due to industrialization, and they developed in East Asia for industrialization.

White and Goodman (1998) identify four features of welfare developmentalism: first, it maintains a development ideology that subordinates welfare to economic efficiency; second, it discourages dependence on the state; third, it promotes private sources of welfare; and finally, it diverts the financial resources of social insurance to investment in infrastructure. It is seen in cases of East and Southeast Asian welfare states that, unlike European welfare states which generally rely on taxation for welfare provisions, these countries predominantly rely upon social insurance programs for industrial workers in which people are required to pay contributions prior to entitlement of social benefits. As a result, only selected groups of people have access to social protection, while leaving the vulnerable section of the population outside the system. To avoid the demand for universal entitlement, the states do not provide funding for the social programs but, rather, enforce formal or informal rules that regulate the payment of contributions for social benefits by companies and their employees (Kwon, 2007).

Kwon (2007), of course, suggests that there can be two strands of welfare developmentalism: inclusive and selective. The *inclusive* expression is characterised by productivism, universal social investment, and democratic governance. The *selective* form features productivism, selective social investment, and authoritarianism. Kwon (2007) suggests that, following the East Asian financial crisis, welfare reforms of the countries in East and Southeast Asian regions are following two different paths. Countries such as Korea and Taiwan are following the inclusive welfare developmental strand, while nations such as Singapore and Hong Kong the selective welfare developmental strand.

Peng and Wong (2010) also recognise two patterns of welfare reforms in the regions, similar to what Kwon (2007) suggests. Like Kwon (2007), these scholars suggest that after the East Asian financial crisis nations such as Korea, Japan, and Taiwan adopted a more inclusive social insurance model which has, over time, evolved into a set of programs based on social solidarity, universality and with redistributive implications. Conversely, nations such as Singapore, Hong Kong and China adopted a more individualistic and market-based model where workers and citizens more generally “live without relatively encompassing social safety nets” (Peng and Wong, 2010: 658).

Peng and Wong (2010) identify three factors that account for the diverse pathways of welfare reforms in East and Southeast Asian countries: first, democratization and electoral competition; second, equitable growth; and finally, social homogeneity (a deeper sense of social solidarity). Peng and Wong (2010) argue that democratization, the experience of equitable growth (which lowered the political and economic cost of universalism and redistribution), and limited distance (real and imagined) among the population (which provided the policy makers support for more solidaristic solutions to social risks) have led Taiwan and Korea towards the inclusive strand of welfare developmentalism. Conversely, the continuation of authoritarian regimes, the absence of equitable growth, and the state’s strategy to offload its responsibility to others have encouraged Singapore and Taiwan to adopt the selective path of welfare developmentalism.

While welfare developmentalism has gained much attention as an alternative approach to understand welfare policies in non-Western contexts, its assumptions may not be taken for granted. The development of accident insurance in East Asian countries at relatively early stages of industrialization cannot necessarily be taken as a proof of their developmentalist orientation to social policy. It may simply be the case that East Asian countries used the examples already set by Western countries. As C. E. Black (1975), a prominent modernization theorist, suggests, less developed countries always possess the advantages of knowing where they are to go and being able to borrow initial expertise in planning, capital accumulation, skills, and patterns of organization without the cost of invention, and with the benefit of skipping some of the non-essential stages associated with the process. Policy borrowing also has been a practice among developed nations. For example, in early years of welfare state development, several nations engaged in borrowing innovative policies and programs introduced by countries such as Germany and Britain (Olsen, 2002). The adoption of social security policies by East Asian countries at early stages of economic development, thus, may be the reflection of their capability to utilise the experiences of the advanced Western societies. Besides this, given that social factors are multidimensional, the adoption of early policy measures by East Asian countries might have performed multiple functions – addressed the risks associated with industrial development, supported economic development, and the expansion of democratic governance (Kwon, Mkandawire, and Palme, 2009).

In addition, developmental welfarism may not be a unique feature of East and Southeast Asian welfare states. The effects of social insurance, public health and welfare programs on labour productivity and economic growth had been important concerns in the early developments of modern welfare systems even in the West. While in countries with strong individualistic heritage, such as Britain and France, a view was dominant that “any kind social protection has adverse productivity effects” (these countries used poor relief primarily to discipline the poor), in countries such as Germany social insurance was an investment in national productivity (Rimlinger, 1966: 571). However, as Rimlinger (1966) notes, all Western countries (sooner or later) had recognized the positive effects of social protection on productivity which, according to him, had significant contribution to the steady expansion of health and welfare programs in all industrialized countries. Thus, developmentalism may involve a narrow-based interpretation of social policy development in the East Asian region.[[27]](#footnote-25)

Finally, at least two features of developmental welfarism, as identified by Goodman and White (1998), such as discouraging dependence on the state and promoting private sources of welfare are common with liberal welfare states. In addition, emphasizing social insurance has been a long practice in Continental, conservative welfare states and Latin American countries too. Thus, it is a possibility that instead of being unique, East Asian countries depict a “hybrid” form of social policy pattern as claimed by Esping-Andersen (1997: 171). Moreover, the developmentalist approach appears inadequate to account for why some East Asian welfare states are inclusive and some others are selective. If preference of economic efficiency over welfare would define developmental welfarism (as Goodman and White, 1998 claims it), all developmental welfare states should have chosen only selective provisions, instead of inclusive provisions. Finally, it is not known whether welfare developmentalism can account for social policy motives in other regions of the developing world outside East Asia.

Thus, the alternative approaches do not necessarily prove the Western welfare state theories irrelevant in developing societies because those theories have not been even empirically tested in the contexts of developing societies. Moreover, between the two alternative approaches, the Confucian perspective is region specific and largely static, and it is still unclear whether welfare developmentalism is a unique social policy approach and if it can be generalized about other countries in the developing societies beyond the East Asian region. Therefore, the alternative approaches to understanding East and Southeast Asian countries do not offset the rationale for examining the applicability of Western welfare state theories and welfare models in developing societies.

1. Prior to that time, central governments had two main functions. Primarily, they were concerned with protecting their population from foreign intrusion and violence as well as from domestic criminality (policing role). Secondarily, with a more modernizing focus, state capacity was used to invest in and build infrastructure for transport and communication to promote economic development (Kuhnle and Sander, 2010). [↑](#footnote-ref--1)
2. Until World War 1 (WW1), Western advanced economies were mainly social insurance states, and most of countries of Western Europe adopted at least three of the five major pillars of social insurance – accidental insurance, sickness insurance, unemployment insurance, pensions, and family allowances by the First World War. It is after World War II that advanced capitalist countries evolved as welfare states through embracing the principles of social citizenship (expounded by T. H. Marshall) and human rights. [↑](#footnote-ref-0)
3. Of course, the welfare state does not necessarily involve a commitment to equality in all spheres, even though, as state above, commitment to universality is a requirement for a state to be considered a welfare state. Moreover, the normative orientation of government responsibility for individual welfare is similar to the notion of social right or “citizenship” that developed in the post War period characterizing modern welfare states and distinguishing them from pre-War “social insurance states” in which social provisions were particularly directed to the working classes (Nullmeier and Kaufmann, 2010: 85). [↑](#footnote-ref-1)
4. Although Durkheim addressed social policies and welfare states only indirectly, he argued that political institutions arose in response to stresses and needs, which emerged as simple societies (traditional and undifferentiated societal systems) evolve into more complex (structurally differentiated) entities – existing social structures break down leading to social disorganization and disequilibrium; however, new social arrangements and institutions soon evolve more or less unconsciously to respond to these emergent problems and meet the new universal needs to restore social order and equilibrium (Olsen, 2002: 93). [↑](#footnote-ref-2)
5. Karl Marx (1859) suggests that in the capitalist society, the state, religion, laws, rules, and regulations are the superstructures rooted in the capitalist system, and that they serve to perpetuate the capitalist system. [↑](#footnote-ref-3)
6. According to this perspective, the politics of legitimacy is the key factor or variable in explaining the implementation of welfare policies. As this perspective assumes, there is an inherent contradiction in every capitalist regime between the need for capital accumulation and the need to maintain political legitimacy (or popular support). The implied hypothesis is that the welfare programs are necessitated by the state’s need for legitimacy as a reaction to the increasing inequalities created in the process of capital accumulation (Kim, 2004). [↑](#footnote-ref-4)
7. That is, why there might be social policies in jurisdictions where political opposition and anti-establishment movements are largely suppressed. [↑](#footnote-ref-5)
8. However, see Griffin et al. (1983); Hicks and Swank (1984) and Pampel and Williamson (1988) which empirically test and provide some support for the structuralist approach. [↑](#footnote-ref-6)
9. The liberal tradition of political philosophy emphasizes minimum rule by the state and greater freedom of the citizen/individual from the state. For details about liberal political philosophy, consult J. S. Mill (2011) and J. H. Hallowell (1950). [↑](#footnote-ref-7)
10. The universal national healthcare system of Canada started out in a single province (Saskatchewan) and spread from there to the entire nation. [↑](#footnote-ref-8)
11. Union density in Sweden has fallen from its peak of 84 percent in 1993 in recent years (OECD, 2013). [↑](#footnote-ref-9)
12. There is another relatively smaller confederation of white-collar workers unions – The Swedish Confederation of Professional Associations – Saco. Saco organizes 600000 university and college graduates professionals and students and 22 professional associations (Saco, 2013) [↑](#footnote-ref-10)
13. SAP lost power to a non-socialist coalition in 1976 and 1991 and to a centre-right coalition led by the moderate party in 2006 and 2010. [↑](#footnote-ref-11)
14. Of course, Esping-Andersen’s approach is not the first model to order welfare states of the developed world. Harold Wilensky and Lebaux’s (1958) dual model (residual versus institutional states), Richard Titmuss’s (1976) tripolar model (residual, achievement-performance, and institutional), and Furness and Tilton’s (1977) tripolar model of welfare states (the positive state, the social security states, and the social welfare state) precede Esping-Andersen’s model. [↑](#footnote-ref-12)
15. Means-tested/income-tested programs are designed in the poor law tradition which defines entitlements for social assistance on the basis of ‘social condition’ or indigence. Social provisions usually involve stigmatization through a close examination of individual circumstances to distinguish the deserving and the undeserving poor. Support is meagre, and tightly connected to amount of wage earned. [↑](#footnote-ref-13)
16. The social insurance model of social programming is rooted in the Bismarckian welfare tradition of continental Europe which emphasizes redistribution of income over the life cycle and a (more or less) close correspondence between contributions and benefits. Primarily designed for the working population, social insurance programs aim to provide earning replacement rather than ‘basic security’ against the risk of low income in old age, illness, and periods of unemployment (Myles, 1998). [↑](#footnote-ref-14)
17. The citizenship type of social provisions is usually universal and more comprehensive than a means-tested provision for which ‘membership in a national community’ constitutes the basis for entitlement. [↑](#footnote-ref-15)
18. It is conservative in the classic European sense of the term, highlighting its pre-capitalist origins in the dynastic elites of continental Europe. It is decidedly anti-liberal in origin, concerned not at all with market efficiency but deeply concerned with an organic hierarchical social order inherited from the past. It is corporatist in the sense that rights and privileges are differentially distributed on the basis of class and status, and redistribution is fairly marginal. Finally, it is Christian democratic (Catholic) because it highly values the Catholic doctrine of subsidiarity and the primacy of the traditional family as the locus of social welfare (Myles, 1998). [↑](#footnote-ref-16)
19. Here we see an element of neo-institutionalist, state-centric view in Esping-Andersen’s account. That is, once policy legacy becomes established it also becomes a factor, in addition to working class strength in explaining variations among regimes. [↑](#footnote-ref-17)
20. Social insurance has five pillars: occupational accident insurance, sickness insurance, unemployment insurance, old-age pensions, and family allowances. [↑](#footnote-ref-18)
21. To see the chronology of the development of social insurance programs in East and Southeast Asia and existing programs in those regions at a glance, see Hort and Kuhnle (2001). [↑](#footnote-ref-19)
22. Besides this, welfare state scholars turned their attention to the states of Central and Eastern Europe after the Demise of Soviet Union in 1989. With the enlargement of the European Union (EU) states in the Baltic region were included in the social research agenda of the welfare state scholars (Hort, 2005). [↑](#footnote-ref-20)
23. Ubiergo (2007) identifies three reasons for recent increases in scholars’ interest in Latin American countries. First, some middle income countries – such as Argentina, Chile, and Uruguay – have been pioneers in the early adoption of social security programs, even preceding some OECD countries. Second, Latin America is the only developing region with at least some countries that have tried to create welfare systems similar to European welfare states. Finally, these countries’ recent experience of democratization and globalization allow us to explore the interplay between these two phenomena and welfare state development.

    Including both old and new, the number of states included in the research agenda of contemporary comparative welfare state scholars is about sixty which is almost the same as the number of states (61) included in Wilensky’s (1975) sample for welfare state modelling. Of course, Wilnesky largely confined his analysis within 22 advanced welfare states. Esping-Andersen included only 18 advanced welfare states in developing his original model. Thus, outside these advanced welfare states and the countries in Central and Eastern Europe, East and Southeast Asia and Latin America that have received attention lately, there are about 140 countries which still remain unattended in contemporary welfare states research (Hort, 2005). [↑](#footnote-ref-21)
24. As O’Connor (1998) suggests, Western societies are featured by democratic and capitalist systems and the interrelationships among diverse aspects of those two systems. Western welfare state theories are situated within the interrelatedness among the features of democratic and capitalist systems. [↑](#footnote-ref-22)
25. It seems that Confucian welfare states share some features with the conservative welfare states such as value of family and patriarchy. However, according to Jones’s (1990) account, what is special about Confucian welfare states is that unlike in conservative welfare states, where there is a range of social security programs and high level of social expenditure (except for the Mediterranean conservative welfare states, such as Spain and Greece, where social expenditures are relatively low), in Confucian welfare states family is the main source of well-being for citizens, and public social expenditure is very low. Moreover, while in conservative welfare states male breadwinner system is promoted as a means to maintain traditional family system, in Confucian welfare states male breadwinner system exists because of family tradition that women are less engaged in the labour market. In other words, conservative welfare states emphasize the conservation of traditional institutions. Conversely, Confucian welfare states evolve due to a more dominant social role of traditional institutions. [↑](#footnote-ref-23)
26. Due to family responsibility of social protection in East and Southeast Asia, Esping-Andersen (1999) defines East and Southeast Asian welfare states as “familialistic” welfare states, where the key to social security is lifelong inclusion in the labour market. This supports family and household provision of security against social risks through intergenerational income pooling and transfers of personal income. The family is also the main source of personal service. [↑](#footnote-ref-24)
27. Of course, it should be noted that the productivist welfare orientation is hardly emphasized in mainstream welfare state theories. As discussed above, welfare measures are seen either as responses to functional needs of the capitalist system or as compromise with the working class on the part of the capitalist class. While the productivist orientation may not be recent or unique to East Asian nations, it is the welfare developmentalist approach that highlights productivsim as a central component of social policy analysis. [↑](#footnote-ref-25)