

Welfare State: Dead And Buried?

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Abstract

The welfare state was the only form or device which had the powers to lay rest the ever-raging debates between private and public, state and the family. This paper is more an analytical insight than one choosing to provide a few answers in to the paradigm of welfare stateism. It is divided into three sections: the first section introduces the reader into the nature of the welfare state; the second section provides a conceptual delineation between the liberal and the Marxist state and the third section talks about whether the welfare state is a thing of the past- dead and buried.

SECTION ONE: Introduction

“When the pressures of modern living become heavy, the harassed city dweller often refers to his teeming world as a concrete jungle... (.) Under normal circumstances (conditions), in their natural habitats, wild animals do not mutilate themselves, attack their offspring, become fetishists, suffer from obesity or commit murder. Among human city-dwellers, needless to say, all of these things occur... (.) Other animals do behave in these ways under certain circumstances, namely when they are confined in the unnatural conditions of captivity. The zoo animal in a cage exhibits all these abnormalities that we know so well from our human companions. Clearly, then, the city is not a concrete jungle, it is a human zoo.” [“THE HUMAN ZOO”: Morris, Desmond- VII (pg.)]

Morris’s chilling conclusion about the human race as a captive in the glittering confines of superficial happiness is all the more relevant today—mostly in the socio-political arena of modern states. Surprising, but true. The incessant rumblings of the clouds of suspicions and debates about the increasing role of the state in society can be likened to Morris’s view that being inside a cage we are subject to the owner’s prerogatives and terms, here, the State.

My intention is not to make a case for the state as a totalitarian, all-encompassing, aggressive owner of social beings but, rather, as a necessary pillared and iron-grilled

dome. This much has been agreed upon. But the questions arise regarding the texture and the size, quality and durability of such a cage. Will that have a radically new look like Marxism or a mellow and durable Liberal hue? During the early 20s and 30s, one form of state which caught the fancy of the world was the 'Welfare State'—the roots of which lay in the European industrialization and urbanization of the 18th century.

The problems of industrialization and urbanization crept into the open due to the social and economic institutions dominant in England and Western Europe during that period. Also the prevailing psychology and the general outlook of the people, who took the lead in bringing about the industrial revolution, regarding the legitimation of the State and its sphere of activity made matters worse. Of the dominant social and economic institution was the private property. The right to it was a natural and fundamental one anterior to the birth of the State, a right with which it shouldn't interfere (Venkatarangaiya, M: pg 6; 1962). Industrial revolution was based on this principle and what followed was mammoth exploitation of laborers at the hands of the owners of property. Thus ensured a long debate between the Laissez Faire advocates and those who objected to the State's incapability and silence in dealing with such a grave situation. But within a few decades after the start of the debate the Laissez Faire view weakened. Humanitarian considerations prevailed over political theories and all this resulted in the State passing a series of measures, collectively known as Factory Legislations (Venkatarangaiya: 10). This saw the birth of the modern Welfare State.

Thus, we may identify the welfare state as a state where organized power is deliberately used (through politics and administration) to modify the market forces in three different ways: 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 which lead otherwise to individual and family crisis and third, all citizens are offered the best standards available in relation to a certain agreed range of social services.

SECTION TWO: A Conceptual Delineation

The relevance and necessity of the welfare state changed with the existing ideologies. Of course, the nature of the state cannot be the same both under the liberal and the diametrically opposite Marxist framework. To grasp the exact significance of the welfare state it is imperative we have a conceptual framework of both the states, on the one hand a free, open liberal society and on the other hand a centralized, to a large extent conservative Marxist state.

THE LIBERAL STATE

The classical liberal presupposition that human beings are atomistic, rational agents found its formulation in Hobbes' methodological injunction in "DE CIVIE" the we should "consider men as if but even now sprung out of the earth; and suddainly (like Mushromes) come to full maturity without all kind of engagement to each other" (Hobbes, T-117[VIII.1]; 1983)¹. In the last half-century or so, these suppositions about the individuals' right to be left alone and other cries of 'negative liberties' etc, have found its strongest defense through Friedrich Hayek. Moving away from the Hobbesian idea of freedom as 'the absence of external impediments', for him the essential problem is not who governs but what government is entitled to do. Hence, liberal constitutionalism aimed to combine an endorsement of the coercive role of the state as the enforcer of civil peace and collectively binding decisions (the Hobbesian tradition) with an endorsement of the right of protection of individuals and social groups against the agency of the State (the Lockean tradition). The interventionist state complimented the law-and-order state due to the socio-political and economic dislocations caused by the industrial capitalism (Axtmann, R: 41-42). The State of the 19th century didn't only become ever more involved in the economy but also as a provider of social welfare provisions. Furthermore, the 'entry of the masses' into politics raised the question for liberalism as to how to square their status of economic dependency with the theoretical assumptions regarding personal autonomy (Ashford 1986: Chapter 2 in Axtmann: 43). As we have seen, the answer for the 'new' liberals was to redefine freedom in a 'positive' way.

The expansive role of the government in the lives of the individuals became part of the political order, both in Western and non-Western countries, but paradoxically public authority faced a crisis. "It is as though prosperity had gone up at an arithmetic rate while expectations, and therefore frustrations, had been going up at a

geometric rate—in a modern expression of Malthusian Law” (Lowi: 1979, so in Sarangi, P: 18). Thus another revision led to the formation of Sarangi’s “Limited Welfare State” (Sarangi, P: 18).

By the end of the Second World War, most of the countries experiencing a vast expansion of public authority and of the scope of the state’s public welfare provision adopted demand-level economic management techniques known as Keynesian principles in order to cope with the post-war crisis. Government’s role was to maintain a full-employment-sustained-level of aggregate demand through fiscal stimuli like government spending and/or altering tax rates—but had to avoid inflationary tendencies (Sarangi: 21). But, political theorists like King, Rose and Peters etc term the Keynesian polity as ‘ungovernable’ or ‘overloaded’ mostly because of the special interest groups which seek to increase their budget allocations within a Keynesian framework. Thus the Keynesian Welfare Nation-State or KWNS loses support and legitimacy.

However by 1985 the welfare state consensus had already come under severe attack, particularly from intellectual forces in Britain and the US. The comprehensive critique of the welfare state argued that it eroded individual responsibility; created an inefficient bureaucratic welfare apparatus that violated citizens’ privacy and harmed growth by ‘confiscating’ private resources in the form of taxation for welfare expenditure; “... By fostering ‘dependence’ on welfare, beneficiaries of the social services need not work hard, save, or act in a responsible manner. Rather than alleviate destitution, welfare state programs induce dependency and the proliferation of a culture of poverty” (Stoesz/Midgley [1991]: 31 in Axtmann).

The negative consequences of the long-boom-sponsored-transformation process: unemployment, new populations in poverty etc—all led to fundamental changes in the material conditions under which welfare states functioned:

- I. The first change is the reassertion by the new Right, of the fundamental Western bourgeois values: the rationality of market forces compared to the bureaucratic irrationality of state intervention; individual choice over collective decision and the necessity for a strong state apparatus in terms of law and order.

- II. There was the conservative concern with the collapse of traditional values and the breakdown of social order, with the threats to a civilized community by the spirit of social, cultural and sexual permissiveness.
- III. The 'new social movements' that had been forming since the mid-1960s also took things up. In many ways the women's movement, the environmental movement, the gay and lesbian movements were developed strategies to bypass the state in their struggles.

THE MARXIAN STATE

Marxian theory restored the state to the centre of political comprehension. Against the economic reductionism, which was the principal criticism of the Marxian theory—the state was understood as a power structure in its own right. It could not be and should not be understood only as the administrative arm of the capital, just as Ralph Miliband concludes in his book 'The State in Capitalist Society' (1968) that the state has to become a welfare state to overcome the contradictions of capitalism and not because of its receptivity to the needs of the masses.

Post-structuralist Marxist Nicos Poulantzas in his book 'Political Power and Social Classes' (1974) conceded his agreement with Miliband's relative autonomy of the state. He found the welfare state to be solidifying capitalism. In his alter works, which are influenced by French structuralism, and in particular, the work of Louis Althusser, he saw the state as imbricated in class struggles and therefore vacillating. It is the class struggle which assigns limitations to the capability of the state. No longer is his state confident in solving problems. Claus Offe, on the other hand, locating himself in the Systems Approach derives two objectives of the state—(i) capital accumulation and (ii) regime legitimation. He goes on to show that the two are in constant tension with each other. His criticisms of the welfare state point to the facts that the new Right shows—

- a) The welfare state apparatus imposes a burden of taxation and regulation upon capital amounting to a disincentive to investment.
- b) The welfare state grants claims, entitlements and collective power positions to workers and unions amounting to a disincentive to work.

- c) The welfare state rather than being a separate and autonomous source of well-being—is itself highly dependent upon the prosperity and continued profitability of the economy.

But Offe is dead against such a conservative analysis and thus proceeds to say that the welfare state model is irreversible. Also, the failure to demonstrate that advanced capitalism minus the welfare state would actually be a workable model made his case fairly obvious. The sudden disappearance of the welfare state would leave the system in a state of anarchy. Offe's main contention was the contradiction that while capitalism cannot co-exist with the welfare state, neither can it exist without it. Today, however, this contradiction does not hold good. Following the post-Fordist Atlantic production process it has been found, due to the effects of a globalised world, capitalism do exist, even though the KWNS has lost its charm (Jessop, B).

SECTION THREE: NEW VISTAS—FREEDOM OF CHOICE

Pious liberals would tell that individuals are rational agents with interests and right claims and the society is an aggregate of such competitive independent agents. But the problem arises when it is said that such an aggregation in the form of a competitive market produces an outcome that benefits the "society" far more than any alternative. As, Adam Smith argued that each individual following his own interest, would, when taken together as a collectivity of individuals, maximize collective well-being. This was the unintended effect of the 'invisible hand'.

It would be interesting to note here that in the early part of the 20th century Ludwig von Mises and others argued for the case of defending the market economy, as because no central authority can marshal as much information as would be needed for an efficient economic allocation. Oscar Lange (1936-37) and Abba Lerner (1944) furthered this view in envisaging a "socialist market economy in which the job of resource allocation would be spread among different agents, coordinated by a central agency that would act much like an idealized market and follow simple economic rules...the so-called 'fundamental theorem of welfare economics' established a

remarkable two way relationship between perfectly competitive equilibria and Pareto efficient culmination outcomes" (MARKETS AND GOVERNMENTS: A. SEN-12).

Following Amartya Sen's view we can say that if there is some way for the centralized state to know everything that needs to be known to identify the precise Pareto efficient outcome that would emerge out of a perfectly competitive equilibrium, the state can then proceed to order everyone what they must produce and consume. The outcome here will not be any different from the one resulting through the competitive process—except for the single question of freedom.

As I said, while identifying Morris' words with my pillared dome, that confinement was evil but unavoidable. Similarly, from Sen's views I arrive at the same point again. The same question needs to be reiterated that even while staying in a cage, how much puppeteering could a person tolerate? Even though the fact that freedom in the sense of non-interference yields indeterminacy in history is true, but also then historicism has its own paucities. Man is supreme and thus his own well-being would always come first and if future prediction is permitted in this discipline, then freedom being the most important criterion, welfare state could not simply vanish into thin air—it still has a long way to go.

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