

THE REFORMULATION OF SOCIAL WELFARE

LA REFORMULATION DE L'ÉTAT-PROVIDENCE

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ABSTRACT

The reformulation of the Welfare State in the framework of a changing social model and linked to a new reality that emerged after one of the greatest crises that this continent has experienced, is configured as an essential point of debate. From the formulation of a correct reform framework, we can guarantee its continuity, albeit in different terms from the current ones, or face new social models with higher rates of isolation and human exclusion, a breeding ground for extremist movements on the basis of social exclusion.

KEY WORDS: Social welfare, contributory benefits, rationalization, expenditure reduction, social exclusion.

RESUME

La reformulation de l'Etat providence dans le cadre d'un modèle social changeant et liée à une nouvelle réalité qui a émergé après une des plus grandes crises que ce continent a vécu, est configurée comme un point de débat essentiel. De la formulation d'un cadre de réformes correctes, nous pourrions garantir sa continuité, bien que dans des termes différents de ceux actuels, ou faire face à de nouveaux modèles sociaux avec des taux plus élevés d'isolement et d'exclusion humaine, foyers propice de mouvements extrémistes sur la base de l'exclusion sociale.

MOTS-CLES: Bien-être social, prestations contributives, rationalisation, réduction des dépenses, exclusion sociale.

SUMARIO

1. *Introduction*
2. *The Welfare State*
 - 2.1. *The modern state.*
 - 2.2. *The significance of welfare.*
 - 2.3. *Historical precedents of the Welfare State.*
3. *Social Welfare.*
4. *The Welfare State in the face of the crisis.*
5. *Conclusions.*

1. INTRODUCTION

One of the most visible results derived from the profound economic crisis that Europe has experienced is the reformulation of our model of Social Welfare, both with regard to the Social-Democratic or Nordic model and the conservative or corporatist model. This reformulation will be translated, respecting certain particularities of which we will comment later, in a more complex access to contributory benefits.

The problem, reached at this point, is twofold. On one hand, the impact on contributory benefits, while any assessment of the subsistence of the system has been incardinated on

contributory retirement benefits, there has been no debate on the effect on other contributory benefits (e.g. Widowhood, Orphanhood); on the other hand, the impact that these will entail possible limitations on non-contributory benefits and their financing. In this way, the questions that will open up and which will require a complex debate are different, namely: what impact will it have on the processes of social exclusion? Will the extension of requirements limiting access of the contributory retirement benefit be extended to other contributory benefits in order to keep the system? Will the limitations on access to contributory benefits trigger applications for access to non-contributory benefits? What effects will it have on a possible tax increase? Obviously, all these questions pivot on the conception of the Welfare State and its limits as well as on the value that we want to recognize our society in the future. Is it necessary to put into question the configuration of the State as we conceive it today? It is a deeper issue that underlies the root of the problem.

2.- THE WELFARE STATE

As Asa Briggs points out:

« A Welfare State is a state where institutionalized power is deliberately used by politics and administration in an effort to modify the play of market forces in at least three directions. Firstly, guaranteeing individuals and families a minimum level of income, regardless of the value that the market gives to their work or property. Secondly, limiting the effects of insecurity by allowing individuals and families to cope with certain contingencies - illness, old age or unemployment - that would otherwise lead to personal and family crises. Lastly, ensuring that all citizens, regardless of their status or social class, are offered the best social services available within an agreed wide range agreed. »

(BRIGGS 1961: 228).

To put the current political system in the historical moment that corresponds, we must remember that it is preceded by a long prehistory and a shorter history that makes it more intelligible to contemporary eyes. The French sociologist Pierre Rosanvallon, in his book *The Crisis of the Welfare State*, argues that the study of roots must go beyond the more immediate precedents of Bismarck or Beveridge, or Socialism or Liberalism, to discover the real origins in the beginnings of the Modern State, 17th Century. In Rosanvallon's words: "The Providence State (another name that the Welfare State receives) is a deepening and an extension of the modern protective state." (ROSANVALLON 1995: 43).

And this leads us to briefly expose considerations about the concept of the Modern State in the first place and the concept of Well-being afterwards.

2.1.- The Modern State

An analytical study of the State would give us the keys to understanding the relationship established with welfare, although this would require a large effort in the area of political philosophy that is far superior to the desired claims to this article.

The theories of Hobbes, Spinoza, Locke, Mandeville, Helvetius, Rousseau, A. Smith and Bentham (following the time criterion) in different degree and intensity, have helped shape a type of man and a type of State. The philosophical principles of individualism and the modern State act as a sample button in both historical structuring of the Welfare State, and in their delivery, settlement and subsequent crisis, transcribed as follows:

« Man is individualistic and most often, hedonistic. The State responds to the profile of this man and presents himself as the savior of his poverty and selfishness and even as the guarantee of a pleasant life. As the individualistic bases go deeper, the State is more active and which will soon replace the use of nature or even of God. It is said that he is the insurer of peace, property and even of human life, who must ensure the welfare of its citizens, and is the architect of the peaceful combination of private interests with the public interest and which, of course, is the only one capable of ensuring the exercise of charity towards the needy, because individual charity is uncertain - as Hegel asserts. » (GOMEZ 2001: 4)

2.2.- The significance of Welfare

The different definitions that underlie the concept of welfare come to be classified in two lines, which in turn would encompass others with minor qualifications: the Aristotelian and the hedonistic utilitarian. In the first, welfare is conceived as the set of material conditions that allows each person to live a comfortable life. In this concept, welfare acts as a means to achieve happiness. In the second, however, welfare is identified with pleasure and happiness with happiness, in such a way that welfare becomes an end in itself. Without fear of being mistaken, we can say that in our societies, this second utilitarian and hedonistic ethical concept is the predominant and true philosophy of the Welfare State.

2.3.- Historical precedents of the Welfare State

Since the second half of the 19th century until the middle of the 20th century a series of events have been shaping the Welfare State. As a first milestone, the authors first point to Bismarck - who enacted the first social laws - and the Eisenach Manifesto drafted by economists, defending oneself and others the need for state intervention in the social question. In a second moment we find Keynes (a liberal Economist) and Heller (a Socialist political Scientist) who respectively developed the economy and the Right of the Welfare State.

As a second milestone, the appearance of the *Beveridge Reports* in Great Britain during the Second World War is noted. «*These studies systematized the supportive principles of the Welfare State and gave rise to the creation of social measures of universal cut and only partially contributory.*» (GOMEZ 2001: 5)

The third milestone, the *New Deal* promoted by Roosevelt in the United States that prompted the emergence of a Federal-type Social Security with the aim of freeing man from need.

However, in order to place the importance of these developments, it is necessary to relate them to the social situation that was generated first by the Industrial Revolution and later by the two World Wars, which led governments to consider that a greater social cohesion was necessary and for this the indispensable intervention of the State in many aspects of life.

There are two conditions for the consolidation and further expansion of the Welfare State after the Second World War: Sustained economic growth and political stability. These areas whose study are far from implementing this Article because the analysis of these, within a regional framework such as the European and currently linked to the impact of global factors, require a profound build up. Therefore, our objective will be limited to recognize them as the essential foundation or pillar on which welfare policies are built.

3.- SOCIAL WELFARE

As we have previously pointed out, the economic and political circumstances favored a state interventionist policy in the economy.

In economic positions, as David Harris points out, there has been a disappointment in classical liberalism: «*The market has always failed to provide good pensions, health insurance or other forms of social security, just as it has failed in the provision of coverage for medical services, education and other social services.*»

HARRIS 1990: 113).

On the other hand, political positions opposing before are now approaching each other: «... a growing coincidence on the fundamentals (...) there is very little difference of opinion as regards the type of services that must be provided and agrees to in a general way, that no matter who the producer is thereof, the responsibility of citizens lies with the State. » MARSHALL (1965: 97)..

On the theoretical basis of H. Heller, who already had explicitly called for the recognition of civil and political rights as a necessary condition for the enjoyment of social rights, numerous authors share a number of concerns in certain areas of social welfare, necessary for the enjoyment of full citizenship.

«Its starting point is the common need to all men and should be solved in society, but looking at a largely egalitarian solution for everyone, no great differences, apart from considering them immoral, make a human life somewhat insufferable.» (GÓMEZ: 2001: 304)

The role that these social services would meet in relation to the family and the economy would be, on one hand, a balancing act of the new needs, deficiencies and conflicts arising in modern industrialized societies and, on the other, a compensating function directly seeking to increase equality and the quality of life of the citizens.

4.- THE WELFARE MODEL BEFORE THE CRISIS

The Welfare State, whose development in Europe became widespread after the end of World War II, has to guarantee a minimum level of income as well as to protect the individual against a range of contingencies before it arises, derived essentially of their age, loss of employment or illness. In this sense, the Welfare State is based on four pillars, namely: (MORENO 2007: 8).

- a) Social services that give protection to the most disadvantaged classes.
- b) A system of benefits of a contributory nature that recognize protection against situations of helplessness that affect the worker or family (transfer of income).
- c) Free and universal health care.
- d) A free and compulsory education system.

In relation to these pillars and with reference to Spain, the crisis we have gone through has had a direct impact on social benefits and on employment. Today, as in other neighboring countries, the effects are evident in a reduction in tax bases starting from an extension in part-time employment.

In terms of welfare benefits and supplementary benefits, these are seen especially damaged in the external sphere to Social Security, that is, in terms of benefits covered by the Autonomous Communities. Linking them to budget availability, coupled with the significant reduction of income and indebtedness of the said Communities, has justified the assessment of the possible unfeasibility of some of these benefits. With regard to benefits linked to or affected by Social Security and therefore subject to beyond budgetary availability to the requirements contained in the standard, the alteration in the subjective requirements contained therein has led to a reduction in the identification of beneficiaries of the same.

As for the unemployment rates, beyond the assessments that can be made on the speed in their absorption by the labor market, the reality is that, together with other factors of loss in the protection systems, unemployment has generated a direct effect on the phenomenon of social exclusion and that *«to the extent that the main source of household income is the one derived from their participation in the labor market, it is clear that the study of social exclusion will inevitably be for the study of the implication of the different individuals in the labor market»* (BUSTILLO 2002: 94). Now this statement is linked to the increased weight of part-time employment, not only in Spain (around 50% in the Netherlands and 25% in countries such as Germany, Austria, Sweden or the United Kingdom) carries with it, beyond recourse to moonlighting, a reduction in labor income, this cause also identified as social exclusion.

[File:Persons working part-time or with a second job, 2004–14 \(% of total employment\) YB16.png](#)

	Persons working part-time, age group 15–64			Persons with a second job, age group 15 and over		
	2004	2009 (*)	2014 (*)	2004	2009 (*)	2014 (*)
EU-28	16.7	18.0	19.6	3.6	3.8	4.0
Euro area (EA-19)	17.0	19.3	21.5	3.0	3.4	3.9
Belgium	21.5	23.2	23.7	3.8	4.0	4.3
Bulgaria	2.7	2.1	2.5	0.8	0.6	0.6
Czech Republic	4.4	4.8	5.5	2.5	1.9	2.2
Denmark	21.9	25.2	24.6	11.4	9.2	7.6
Germany	21.9	25.3	26.5	2.7	3.7	5.0
Estonia	6.9	9.4	8.3	3.6	4.2	4.7
Ireland	16.6	21.0	23.0	2.0	2.3	2.4
Greece	4.5	5.9	9.3	2.4	3.4	1.7
Spain	8.8	12.4	15.8	2.1	2.3	2.2
France	16.9	17.2	18.6	2.9	3.4	4.5
Croatia	6.5	6.5	5.3	3.1	2.7	2.4
Italy	12.4	14.1	18.1	2.1	1.5	1.3
Cyprus	7.5	7.5	13.5	6.9	3.9	3.7
Latvia	10.2	8.2	6.8	6.6	4.6	4.5
Lithuania	8.4	7.9	8.6	5.1	4.8	6.4
Luxembourg	16.3	17.6	18.5	1.5	3.2	3.2
Hungary	4.3	5.2	6.0	1.8	1.9	1.7
Malta	7.8	11.0	15.4	4.7	5.1	5.0
Netherlands	45.2	47.7	49.6	6.1	7.3	8.4
Austria	19.9	23.9	26.9	5.2	4.1	4.5
Poland	9.6	7.7	7.1	7.8	7.4	6.4
Portugal	8.2	8.5	10.1	6.2	6.5	4.5
Romania	9.2	8.5	8.7	3.4	3.0	1.9
Slovenia	8.3	9.5	10.0	3.1	3.5	4.0
Slovakia	2.5	3.4	5.1	0.9	1.0	1.0
Finland	12.8	13.3	14.1	4.0	4.4	5.3
Sweden	23.1	26.0	24.6	9.2	8.2	9.2
United Kingdom	25.1	25.0	25.3	3.8	3.9	3.9
Iceland	19.2	23.0	19.7	11.8	9.1	9.8
Norway	29.1	27.8	25.7	7.6	8.8	8.8
Switzerland	32.0	33.7	36.3	6.4	7.4	7.1
FYR of Macedonia	:	5.3	5.8	:	2.3	1.2
Turkey	:	10.6	11.1	:	2.7	3.2

(*) 2004–09: break in series.

(*) Belgium, Bulgaria, the Czech Republic, Germany, France, the Netherlands, Poland, Portugal, Romania, Slovakia and Turkey: break in series.

(*) 2009–14: break in series.

Source: Eurostat (online data codes: ifsa_epppga, ifsa_e2gis and ifsa_egan)

Source: Eurostat

Having arrived at this point and in view of the current demographic economic projections, can we or should we consider the viability of the Social Welfare System? It is not a matter of considering its validity but its current formulation.

This question, common in some ways of thinking, we understand must be reformulated, bearing in mind the purpose that we want to recognize social policies. This will justify a restructuring aimed at modernizing and rationalizing the conception of the Welfare State, or a restructuring whose sole purpose is to reduce the protective weight of the State by moderating social public spending. The approach continues to be important because it either leads us to the reform of our conservative / corporatist model or moves away from it, approaching the model of the liberal / Anglo-Saxon well-being, characterized by a low level of social spending.

As Professor Carlos Ochando recalls, it is a fallacy to place the Welfare State at the origin of the crisis, since «*countries with strong Welfare States obtain better results in terms of unemployment, economic growth, inflation, productivity and competitiveness.*» (OCHANDO 1998:15).

If what is involved, therefore, is to reconfigure the Welfare State, the question we are going to ask is twofold: How to do it? Is it a necessary requisite to reduce public spending or to resort to the same expansionist policies?

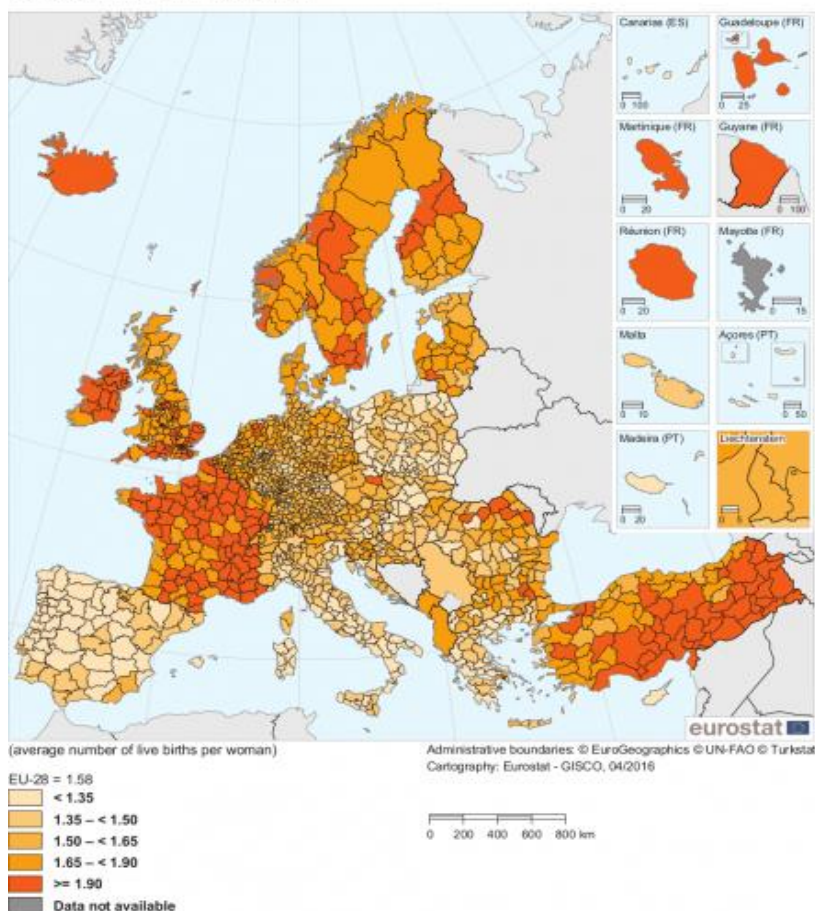
The answer, obviously, will be conditioned to the meaning and scope that we give to the reconfiguration of the Social Welfare model. At the outset, a number of factors, at present, appear that do not allow us to analyze this reconfiguration on the traditional models on which at that time it was built.

Firstly, because we are faced with a globalized society in which our decisions are influenced by conditions external to us.

Secondly, because there have been significant demographic changes that directly affect the maintenance of the system. In this respect, and in the short-term population projections in Spain, Spain would lose 2.6 million inhabitants in the decade between 2013/2023, a period over which the birth rate would be reduced by 17.1% compared to the previous decade and the dependency ratio will increase by more than nine points (*Proyección de la población en España 2013-2023* [Projection of the population in Spain 2013-2023]. Press releases. INE, November 22, 2013)

[File:Total fertility rate, by NUTS 3 regions, 2014
\(¹\) \(average number of live births per woman\)
RYB2016.png](#)

Total fertility rate, by NUTS 3 regions, 2014 (*)
(average number of live births per woman)



(*) EU-28: provisional. Albanian estimate. Albania and Serbia: national data.

Source: Eurostat

Thirdly, because there has been a reconfiguration of the family model with the increase of single-parent families (1.897.500 single-parent families in 2015. 8,1% more than 2014) and complex families. Recognizing the temporary exceptionality of the latter on the basis of a reduction in unemployment rates may be misleading since it would exclude the effect of job insecurity, especially when, as previously stated, part time employment is seen as a formula in clear growth.

Fourthly and in line with the previous point, the transformation of the labor market and the production model. This transformation not only tends to increase the temporality on the day (it is enough to see the reality of the countries around us) but delves into the segmentation of the labor market with a narrowing of the primary sector, on its lower segment as defined by Piore, (PIORE, MJ 1969) and a widening of the secondary sector.

Fifth and lastly, and based on our environment full of uncertainties, identifying social priorities can undergo a reevaluation by society. In this sense, *«both the identification of the structure of needs and the determination of levels of aspiration that are considered satisfactory are cognitive processes and, therefore, are conditioned by the socio-institutional environment»* (FERNÁNDEZ-HUERGA 2010).

5.- CONCLUSIONS

As a conclusion of the above, we can affirm that the recognition that we want to give from now on to social benefits, as one of the pillars of the Welfare State model and the development of mechanisms that guarantee their subsistence, can not start from the same criteria based on its viability, not only before the crisis, but before the whole process of social change we are experiencing. Stated more clearly, more life cycle, on one hand, marked, among other factors, by an increase in life expectancy and the reduction of wage perceptions per family unit, on the other hand, as a factor of social exclusion, makes it necessary to assess the necessary appearance of new benefits within our Social Security system, such as the possible reformulation or disappearance of any of the existing benefits.

At this point, a debate could be opened on the impact of this reformulation of benefits and its viability, debate, on the other hand, already open on the contributory retirement benefit. Our perspective is to link the future of benefits to redesign the Welfare State, so that the development of the pillars that shape the new model, will act as guarantor of the existing social benefits and not the other way around. In this way, the policies of insertion, equality, non-discrimination, conciliation and protection for children, policies in formation or guarantors of a living wage, acquire a greater weight. On the contrary, a widening of the requirements limiting the benefits of the Social Security System, beyond the necessary rationalization and modernization, generate an increase of poverty, isolation and exclusion, with the parallel destabilizing and ground breaking effect of the model that has come to accompany us in the stage of greater prosperity that have had Spain and Europe.

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he development of new extremist movements in Europe is the clearest manifestation of the risk involved in the collapse of the Welfare State within which social benefits play an essential role. For this reason, they can not be trivialized with the future effects of the reforms we are undertaking today.

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