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HISTORY OF THE WELFARE STATE

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1. The Social Sciences' welfare state research from a historiographical perspective¹

Throughout the 1980s and 1990s research on the history of the modern welfare states was conducted primarily by the Social Sciences. Comparative and typological studies were especially influential, in particular the works of Danish sociologist and political scientist Gøsta Esping-Andersen. In his groundbreaking work "Three Worlds of Welfare Capitalism" Esping-Andersen distinguishes three types of western capitalist welfare states.² First the liberal Anglo-Saxon model, in which social benefits cover basic necessities, and, social security, is left to the private sector. Esping-Andersen included the **United States** in this model. His second model describes the conservative-corporatist welfare state. It includes **Germany** as well as other continental European countries. In this model social benefits depend on amount and duration of paid social security contributions. For this reason the conservative-corporatist welfare model tends to reproduce income gaps and class structure of a given society. As third type Esping-Andersen defined the social democratic welfare state as manifest in Scandinavia (**Nordic model**). It is directed towards the redistribution of income and wealth, and creating an egalitarian social structure. This is ensured through extensive wage-replacement benefits as well as vast state funded social benefits for certain populations such as families or the unemployed. The appeal of Esping-Andersen's typology was his proposal of a seemingly coherent model to explain the diversity of welfare systems. His implicit evaluation of types of welfare states formulates a teleological compass for social policy. If welfare states wanted to better themselves, then the Scandinavian model set the course.

But the historical sciences had difficulty with typological models such as the one developed by Esping-Andersen. The variety of historical welfare systems and especially their evolution through the ages could not be forced into the rigid and ultimately ahistorical typology corset. During the 1990s it became clear to researchers that many of the western welfare states—including most outer European states—did not fit into any of his three categories.

Australia and New Zealand were somewhere between the liberal and the social democratic welfare type. The southern European welfare states possessed conservative and corporatist elements but also social democratic traits. Yet their character was so distinctly different that researchers soon began to speak of a fourth type.³ And the history of the Swiss welfare state appeared to unite approaches of all three models in a syncretistic manner ([History of social security](#)).⁴ In addition, ideational transfers and genealogic relationship links, which are formative phenomena in the history of welfare states, cannot be registered by a comparative typology.

Thus, over the last years, historical approaches focusing on complexity and interdependence have proven to be more fruitful regarding welfare state research than older typological approaches. This can further be illustrated with the striking example of health insurance. The organization of health insurance and the healthcare system differs widely in Europe. It ranges from nationalized systems, as it is the case in Great Britain, to corporatist, as in Germany or France, to comparatively liberal models, as in Switzerland. These divergences are the result of long-term development processes, whose origins are rooted in similar contexts. The earliest providers of social health insurance, funds or health insurance companies, arose in the 19th century as associations or cooperatives and often continued early modern traditions of guilds and occupation-specific relief funds.⁵ Industrial health insurance, such as the British *Friendly Societies*, emerged in the 1820s. Towards the middle of the century it reached France and Switzerland with *Mutualisme*, and, in form of local, auxiliary or relief funds, also Germany.⁶ Although during these early stages health insurance completed local and governmental instruments of poor relief, it also competed with them in certain cases.⁷ By 1880 the „European relief fund movement“, as one might call these insurance institutions in a nutshell, was structured similarly in all industrialized countries. It consisted of a patchwork of particularistic small organizations, which ranged from syndicalist to corporatist, and from charitable civil funds to para-governmental funds. Modern health insurance funds grew out of this heterogenic movement after 1880. They eventually became integrated into the national social insurance program in all afore-mentioned states. This integration however occurred in fundamentally different forms and sometimes only after heated arguments between public and private actors, and in particular between organized medical profession and local and public healthcare facilities. The outcome of these altercations was of utmost importance for the development of the respective health care system.

The affinity between welfare states goes back to similar origins as has been illustrated with the example of the history of health insurance. In addition, transfer processes between different welfare states have also left their trace. In the 19th century the labor movement, expert committees surrounding world exhibitions, and international academic conventions, had an important role when it came to knowledge transfer between different welfare states.⁸

In the 20th century these actors were completed and partly replaced by international and intergovernmental organizations such as the International Labour Organization ([History of the ILO](#)) and the International Social Security Association ([History of the ISSA](#) and [Cédric Guinand](#)). The Organization for Economic Co-operation and Development (OECD) too set itself the task of encouraging the development of welfare states throughout Europe and around the world ([Social Expenditure Database](#)).

The experts of said groups and organizations had to acquire knowledge and know-how regarding welfare states in order to share it. For this purpose they defined sociopolitical models mostly based on the example of certain European welfare states. During the first half of the 20th century the [German social insurance](#) introduced by Otto von Bismarck was thought of as being exemplary around the world. From the inter-war period on [Nordic welfare states](#) were increasingly seen as being model-like. After 1945 other models were also seen as exemplary, such as the British universal social security programs ([Report on Social Insurance and Allied Services, The Post War Consensus and the Welfare State](#)) and since the 1970s the mixed economy Anglo-Saxon and the Swiss welfare states ([Social Security History, Geschichte der sozialen Sicherheit](#)).

2. Historical reasons for the inner diversity of welfare states

Recent historical welfare state research has pointed out the inner diversity and fragmentation of modern welfare systems. Non-governmental institutions such as non-profit associations, private enterprises or public corporations exercise central functions in most European social security systems, especially in health insurance and old-age insurance. In the early 1990s [Peter Baldwin](#) already observed the influence of social classes and interest groups on the shaping of social security funds in European model welfare states (Germany, Great Britain, France, Sweden and Denmark). Baldwin thus radically criticized the thesis of a linear teleological development towards a universalistic, social democratic welfare state type as most prominently supported by Esping-Andersen.⁹ As Baldwin showed, even ideal universalistic social states historically rely on coalitions of individual interests—in Denmark and Sweden for instance between landowners, self-employed and workers—and are therefore not as homogenous as often assumed.¹⁰ Gender historical research on the issue of the development of welfare states has indicated that social security systems were often organized according to the model of the male breadwinner, contrary to their universalistic claim, and therefore structurally discriminated women.¹¹

These innovative approaches have been further pursued and radicalized over the last years. Recent Anglo-Saxon welfare state research in particular has closely examined the role of non-

governmental actors and non-insurance instruments in the genesis and development of social security in the U. S. A. In the process hitherto little known institutional tension and potentials for conflict among social welfare actors were revealed. For instance, it was shown, that in the U.S. private insurance industry significantly interfered with the development of governmental welfare instruments in the health insurance and old age assurance segments, in some cases impeding development entirely.¹² In the U.S. extensive tax incentives indirectly generate financial benefits covered by social security in other countries, especially regarding family and health policy. In this context the role of the U.S.-fiscal policy as hidden welfare state has also further been emphasized by recent studies.¹³

Among the aspects that stand for an inner diversity of welfare states, the sociopolitical role of private insurance industry remains relatively little studied.¹⁴ During the second half of the 19th century the insurance sector in western industrialized countries tapped into new markets such as insurances against accidents at work or life insurance. The insurance industry thus managed to meet the needs of wage-earning populations. In France the insurance against accidents at work was *de facto* delegated to private, commercial and non-commercial insurance companies until 1946. After World War One the insurance industry consolidated its role within the social insurance system in many European states. One of its new occupations was health care. It allowed insurance companies to operate their own health insurance funds or offer reinsurance to associated companies. Another field of activity was old-age insurance: private insurers offered group insurance for smaller workforces. The division of labor between commercial insurance companies and auxiliary funds within welfare states varied depending on national context. In Germany private insurers tapped into the growing market of private and supplementary insurances while subsidiary funds were left in charge of compulsory health insurance. In Great Britain both auxiliary funds and commercial insurance companies provided public health care services. In the old-age assurance sector insurance companies often offered their own policies sometimes prior to the implementation of a public pension system, as in the case of [Switzerland](#), and sometimes as supplementary insurance in addition to state pensions as was the case in Great Britain, France and [Germany](#).

3. Welfare states from the point of view of an extended concept of state

Which are the operating logics, by which governmental and non-governmental elements are combined in social security systems? Is it about functional differentiation or rather about institutional delegation of the state to private actors? Is the link between public and private actors of synergetic or conflictive nature? Does the combination of the two signify a fragmentation or hybridization of the system? The international and inner diversity of modern welfare states require a new concept of statehood. To this end Peter Baldwin demanded to

rethink and qualitatively extend the concept of state in a programmatic article published a few years ago.¹⁶ Conventional analytical categories such as liberal *versus* interventionist, federalist *versus* centralist, or oppositions such as welfare *versus* insurance models, are unlikely to be helpful for the further analysis of heterogeneous or hybrid social state establishments. According to Baldwin a more qualitative-based concept of state, which can be grasped with the help of “*styles of statism*”, is needed: „A two-dimensional axis of social policy endeavour between active and residual welfare states is now, after two decades of empirical comparative work, inadequate. (...) We need, as a starting point, a typology, or at least a grasp of the possibility, of various kinds of states“.¹⁷ The extended concept of state is aimed toward the inner linkage between private and public elements of individual social security systems, to create a sort of combination of the different types of welfare state models with the *varieties of capitalism*.¹⁸ To this end a qualitative-extended concept of state would focus less on the normative ideal type and more on the empirical diversity of welfare state insurance models thus surpassing the thesis of „worlds“ or models of welfare states.

¹ The following statements are partly based on: Lengwiler, Martin: Competing globalizations. Controversies between private and social insurance at international organisations (1900-1960), in: Pearson, Robin (Hg.): The Development of International Insurance, London 2010, S. S. 167–186.; and, Lengwiler, Martin: Competing Appeals. The rise of mixed welfare economies in Europe, 1850-1945, in: Clark, Geoffrey (Hg.): Appeals of Insurance, Toronto 2010, S. S. 173–200.

² Esping-Andersen, Gøsta: The Three Worlds of Welfare Capitalism, Cambridge 1990.

³ Ferrera, Maurizio: The "Southern Model" of Welfare in Social Europe, in: Journal of European Social Policy 6 (1), 02.01.1996, S. 17–37. Online: esp.sagepub.com, <[www.dx.doi.org/10.1177/095892879600600102](https://doi.org/10.1177/095892879600600102)>, Stand: 09.12.2015.

⁴ Studer, Brigitte: Soziale Sicherheit für alle? Das Projekt Sozialstaat, in: Studer, Brigitte: Etappen des Bundesstaates. Staats- und Nationsbildung in der Schweiz, Zürich 1998, S. 159–186, S. 180f.

⁵ Ritter, Gerhard: Der Sozialstaat : Entstehung und Entwicklung im internationalen Vergleich, München 1991, S. 62f.

⁶ See Dreyfus, Michel: Mutualités de tous les pays : «un passé riche d’avenir», Paris 1995.

⁷ See contributions in: Grell, Ole Peter; Cunningham, Andrew (Hg.): Health Care and Poor Relief in 18th and 19th Century Northern Europe, Aldershot 2002.

- ⁸ For the world exhibition see Meller, Helen: *Philanthropy and Public Enterprise: International Exhibitions and the Modern Town Planning Movement, 1889–1913*, in: *Planning Perspectives* 10 (3), 01.07.1995, S. 295–310; for early international organizations see Herren, Madeleine: *Sozialpolitik und die Historisierung des Transnationalen*, in: *Geschichte und Gesellschaft* 32, 2006, S. 542–559.
- ⁹ Baldwin, Peter: *The Politics of Social Solidarity. Class Bases of the European Welfare State 1875-1975*. Cambridge 1990.
- ¹⁰ Baldwin, Peter: *The Politics of Social Solidarity. Class Bases of the European Welfare State 1875-1975*. Cambridge 1990, S. 62f.
- ¹¹ See Kulawik, Teresa: *Wohlfahrtsstaat und Mutterschaft. Schweden und Deutschland 1870-1912*, Frankfurt 1999.; Wecker, Regina; Studer, Brigitte; Sutter, Gaby: *Die «schutzbedürftige Frau». Zur Konstruktion von Geschlecht durch Mutterschaftsversicherung, Nachtarbeitsverbot und Sonderschutzgesetzgebung*, Zürich 2001.
- ¹² See Hacker, Jacob S.: *The Divided Welfare State: The Battle Over Public and Private Social Benefits in the United States*, Cambridge 2002.
- ¹³ See Howard, Christopher: *The Hidden Welfare State. Tax Expenditures and Social Policy in the United States*, Princeton 1999.
- ¹⁴ For Switzerland see Lengwiler, Martin: *Risikopolitik im Sozialstaat. Die schweizerische Unfallversicherung (1870-1970)*, Köln 2006.; Leimgruber, Matthieu: *Solidarity Without the State? Business and the Shaping of the Swiss Welfare State, 1890-2000*, Cambridge 2008.
- ¹⁵ See: *Internationaler Kongress für Versicherungswissenschaft*, Bd. 4, Rom 1934, S. 92-105, S. 109-127; *Internationaler Kongress für Versicherungswissenschaft*, Bd. 2, Paris 1937, S. 151-170 (United Kingdom), S. 171-187 (Germany), S. 189-206, 379-385 (Switzerland), *Internationaler Kongress für Versicherungswissenschaft*, Bd. 5, Paris 1937, S. 230-236 ; for Germany also see Conrad, Christoph: *Vom Greis zum Rentner . Der Strukturwandel des Alters in Deutschland zwischen 1830 und 1930*, Göttingen 1994 ; for Great Britain see Pearson, Robin: *Who pays for pensions? Das Problem der Alterssicherung in Großbritannien im zwanzigsten Jahrhundert*, in: *Zeitschrift für Unternehmensgeschichte / Journal of Business History*, 2003, S. 48–57; for Switzerland see Leimgruber, Matthieu: *Solidarity Without the State? Business and the Shaping of the Swiss Welfare State, 1890-2000*, Cambridge 2008; Lengwiler, Martin: *Competing Appeals. The rise of mixed welfare economies in Europe, 1850-1945*, in: Clark, Geoffrey (Hg.): *Appeals of Insurance*, Toronto 2010, S. S. 173–200.
- ¹⁶ Baldwin, Peter: *Beyond Weak and Strong. Rethinking the State in Comparative Policy History*, in: *The Journal of Policy History* 17 (1), 2005, S. 12–33. Online: <

http://www.sscnet.ucla.edu/history/baldwin/Beyond_Weak_and_Strong.pdf>, Stand: 09.12.2015.

¹⁷ Baldwin, Peter: Beyond Weak and Strong. Rethinking the State in Comparative Policy History, in: The Journal of Policy History 17 (1), 2005, S. 19. Online: <
http://www.sscnet.ucla.edu/history/baldwin/Beyond_Weak_and_Strong.pdf>, Stand: 09.12.2015.

¹⁸ See Hall, Peter A.; Soskice (Hg.): Varieties of Capitalism: The Institutional Foundations of Comparative Advantage, Oxford 2001.