

## Mixed Economy of Welfare

### 1. Defining the Welfare Mix

- What is welfare as a social meaning? (sociology)
  - Meeting social 'needs': protection from social risks – i.e. poverty, unemployment, ill-health, & social inequality (Daly, 2011)
  - Recently 'care' needs (children, frail older adults, disabled)
- Who are state actors in welfare provision?
  - Parliament, civil servants, local governments
  - Governmental agencies: public companies (NHS Trust), power/ electricity companies in many countries
- Who are non-state actors?
  - Welfare production in state-market-family (Esping-Andersen, 1990)
  - Markets: social care/childcare in the UK, firms provide benefits
  - Informal sector (family): infant care, elderly care in some countries
  - Voluntary sector: charities & NGOs
  - Some appears to be public but legally independent
  - Social division of welfare (Titmuss, 1958): Social/fiscal vs occupational
  - *Occupational welfare*: i.e. firm/sectoral pension schemes, allowances for wives and dependent children, survivors' benefits, meal vouchers, health insurance (USA), holiday expenses, children's school fees, education & training grants
  - *Fiscal welfare*: tax breaks (child tax credits, income tax credits), often invisible in social spending (the case of US)
  - For-profit (commercial) service providers: insurance companies, social care companies
- Main dimensions of welfare mix: Provision / Financing / Regulation
  - Varieties of privatisation (Gingrich, 2011): how the roles of provision, financing & regulation are divided between public/private actors
  - Analysis of welfare mix (Johnson, 1999): comparison between countries/time periods/policy areas in provision, finance & regulation – i.e., varieties of care work (Lyon, 2008), varieties of pension systems (Ebbinghaus, 2011)
  - 'Regulated private provision': different from pure private control of funding & supply – mandatory private, subsidized, price control
- Examples: recent shifts or reinforcement of the welfare mix in the UK?
  - Pension privatisation: Abolition of state-earnings-related pensions; Private pillars strengthened in the Thatcher era (opt-out)

- Social care: engagement of multi-national companies
- Privatisation of NHS: private hospital services (funded by private payment), competition for funding between NHS Trusts & private bodies (contracting out specific services)
- Privatisation vs marketisation?
  - Privatisation: shifting responsibilities to the private sector actors
  - Marketisation: introducing market principles (competition, individual responsibilities & risks) – i.e., NHS Trusts competition

## 2. Pros & Cons of the Welfare Mix

- Pros & cons of the state welfare
  - Pros: Equal access, for the vulnerable; redistribution & tackling poverty
  - *Economic efficiency* – educated & healthy workforce, market failure (under-provision & asymmetric information in human services); Keynesian demand management (boosting consumption)
  - Cons: disincentives to work & saving; high social spending & demographic transition (pension finance & health cost)
  - Not responding to individual needs flexibly: low quality & lack of choice in service use; inefficient bureaucracy: high-cost, b/c no competition or pressure (=not cost-effective); Over-provision of services (free health care); Patriarchism (food bank/disability movement)
- Market provision
  - Pros: Efficiency in administration, public cost-containment (financial sustainability), economic growth (i.e., pension fund capitalism), flexible response to needs
  - Cons: unequal access to welfare – occupational division; affordability of private insurance; division of services for the rich vs poor (Titmuss: “services for the poor tends to be poor”); cream skinning; state capacity for regulation
  - "Britain's social-care sector is in even worse shape than its health service" The Economist (You can access through Bodleian Library)
  - Gingrich, 2011: Varieties of privatization – how private services are regulated & coordinated with the state matters!
  - Public accountability: health, education, care – *consumerism* in basic needs?
- Voluntary sector service provision?
  - Pros: flexible; weakening state-patriarchism; community building

- Cons: less systematic; patchy; selective coverage; unequal access by regional variations (parish in 18c, different resources across local governments & central governments' support)
- How about informal welfare? i.e., family support?

### **3. Measurement & Evaluation**

- What dimensions to evaluate is not value-free → measuring & evaluating welfare so difficult and contestable, reflecting different natures of privatization (i.e., public hospital beds in the UK – 100%?)
- What are inputs of welfare?
  - Total spending per GDP/per size of target groups
  - Staff numbers, number of hospital beds (per population, size of region)
  - Number of service providers per size of region/population
- What are outputs?
  - Number of beneficiaries, number of services users, take-up rates
  - Number of people out of unemployment
- What are the dimensions of evaluation?
  - Redistributive outcomes
  - Service quality
  - Democratic accountability
  - Administrative efficiency
  - Economic efficiency
  - Fiscal sustainability & cost-effectiveness
- Outcome measures
  - Waiting lists, cost-effectiveness or cost-benefit
  - Increase/decrease in wage/employment
  - Impact on mental health
  - Poverty/social inequality: who pays for the service? Who receives the benefit? Any Matthew effects? (middle-class using service more)
  - Mitigates/strengthens gender division/inequality?

### **4. Changing Nature of the Welfare Mix in the UK**

- Britain: centralised government in policymaking, decentralised in delivery & administration – different rules, costs & benefits apply
- Postwar Welfare State (1945-70s)
  - Expansion of state welfare, but never state-dominant
- Thatcher & Conservative Era (1970s-90s)

- New right thinking: 'new public management', privatisation, competitive tendering (i.e., outsourcing cleaning), introducing market principle
- Decentralisation: shifting responsibility to local government
- Greater role of commercial, voluntary, informal sector, community care, NHS Trust, private education, privatisation of social housing, occupational pensions (+ rail, gas, electricity)
- New Labour (1997-2010)
  - Role of state expanded but as a regulator/enabler
  - use of non-state actors in service deliveries (contracting out)
  - logic: citizen participation & decision-making, consumer choice
  - increase spending in 'enabling' policies: health, education, childcare, ALMPs (working tax credits)
- Conservative/Liberal Coalition (2010-15)
  - Great austerity (spending cuts): 'Big Society', Welfare Society (Marin, 2013): reduce state intervention into people's lives. – community care, social enterprises, rise of civil society
- Brexit, Covid & Beyond
- Popular policies: universal health care (NHS), free education, pensions, family policy (Morgan, 2013) – women in politics leading to path-shifting welfare state, expansion of childcare
- Unpopular policies: unemployment benefits, social assistance, immigration
  - Anti-welfare-recipient sentiment rising even among Labour supporters