

# WELFARE STATE REGIMES AND THE POLITICAL ECONOMY OF HEALTH

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## ABSTRACT

*International research on the social determinants of health has increasingly integrated a welfare state perspective, comparing and explaining the differing health outcomes of developed countries through reference to the concept of welfare state regimes. Although this is to be welcomed, to date the empirical research has been conducted without reference to much in the way of welfare state theories. In this paper, I situate welfare state regimes and health within the context of political economy theories of the development of the welfare state. Theoretical explanations of the initial emergence of post-war welfare state capitalism are described and the international variants (welfare state regimes) are outlined and compared. The crisis and reform of developed welfare states is examined and contextualised within the wider economic structural shifts from Fordism to post-Fordism. The emergence of new forms of welfare state regimes (post-Fordist workfare state regimes) is also described. Finally, these theories are related to what is already known from the empirical social epidemiology literature about differences in population health by welfare state regime.*

## PERSONAL REFLEXIVE STATEMENT

*I have a strong personal commitment to improving public health via non-health care interventions and to reducing social inequalities in health. As a young researcher I was drawn to public health because it is the ultimate measure of inequality, poverty and the unfairness of our economic and political system: in all countries, people from a lower social class tend to die younger and experience more ill health, and life expectancy usually shortens with each step down the social ladder. Beyond researching the social determinants of health, I am an active trade unionist and a member of two radical UK health campaign groups the Politics of Health Group ([www.pohg.org.uk](http://www.pohg.org.uk)) and the Socialist Health Association ([www.sochhealth.co.uk](http://www.sochhealth.co.uk)). I have also contributed to public debates about poverty and health via media interviews and contributing articles to non-academic magazines (such as the Health Service Journal [www.hsj.co.uk](http://www.hsj.co.uk)).*

The “welfare state” is a contested term within social and political analysis (Eikemo and Bambra 2008). Conventionally, the phrase has been used in a narrow sense, as a means of referring to the various post-war “state measures for the provision of key welfare services” (Pierson 1994:7) or those state policies that permit, encourage or discourage the decommodification of labour. The “welfare state” is thus understood as “a shorthand for the state’s role in education, health, housing, poor relief, social insurance and other social services” (Ginsburg 1979: 3) in developed capitalist countries during the post-war period. The welfare state “involves state responsibility for securing some basic modicum of welfare for its citizens” (Esping-Anderson 1990: 18-19). In this sense, state responsibility and action “embraces not only the direct provision of benefits and services, but also the regulation and subsidy (including fiscal reliefs) of the various private forms of welfare” (Ginsburg 1992:1). The term—welfare state—is thus “used infrequently as a shorthand for the post-war social system of the West comprising a mixed economy, a liberal polity and a social welfare sector” (Mishra 1984: xi).

However, more broadly, the welfare state is considered to be “a particular form of state, a distinctive form of polity or a specific type of society” (Pierson 1998: 7). In political-economy terms then, the welfare state is understood as a particular form of state: “this term (welfare state) is used interchangeably with ‘welfare capitalism’ and refers to a particular capitalist state regime considered to have emerged in advanced western capitalist societies in the post-war period” (Hay 1996: 9). Thus, the welfare state is regarded “as a form of capitalism” (George and Page 1995: 199), the fundamental concern of which is “the maintenance and reproduction of (gendered) capitalist social relations” (Ginsburg 1979: 2) and the “use of state power to modify the reproduction of labour power and to maintain the non-working population in capitalist societies” (Gough 1979: 44-5).

## WELFARE STATE CAPITALISM

The political economy perspective explains the emergence of the post-war (Fordist) welfare state and the ongoing development and reform of the welfare state (post-Fordist) as a result of the requirements of capital for accumulation, legitimation and reproduction (e.g. O'Connor 1973; Offe 1984). The “requirements of capital” thesis contains one basic premise, that “the welfare state is a response to problems or needs generated by capitalism” (Piven and Cloward 1971/1993: 413), that the emergence of the welfare state is directly “attributable to the growth of monopoly (Fordist) capitalism” (O'Connor

1973:159) and the subsequent need “to expand demand and domestic markets” (O’Connor 1973: 150-1). The state is thus regarded as the “ideal collective capitalist,” it intervenes in the economy in order to enable the continued reproduction of the capitalist system. Capitalism is unable to “self-reproduce” because of the competition of individual capitals. Its continuation is therefore dependent on interventions made in the collective interest of all capitals. The only institution/body relatively autonomous from any one capital is the state—the “ideal collective capitalist.” In short, the state (as the “ideal collective capitalist”) acquires a more active economic and political role in order to enable the continued reproduction of the capitalist system.

### *Accumulation*

In *The Fiscal Crisis of the State*, O’Connor (1973) argues that advanced monopoly (Fordist) capitalism produces the paradox of “surplus goods” (created by overproduction) and an impoverished “surplus population” (a result of the unemployment caused by technological change), the welfare state is the means by which the paradox is resolved: “Surplus goods are taken off the market by the surplus population with purchasing power provided by the welfare system” (O’Connor 1973: 151). Furthermore, the problem of the surplus population is partially resolved by the employment created by “the welfare agencies established to control the remainder of the surplus population” (O’Connor 1973: 151). Therefore, the welfare state is a means of absorbing surplus goods and stimulating demand within the domestic market, thus enhancing capital accumulation and reproduction.

### *Legitimation*

O’Connor asserts that the welfare state also fulfils a legitimating function: The welfare state “must try to fulfil two basic and often mutually contradictory functions—accumulation and legitimisation” (O’Connor 1973: 6). The state must maintain both the conditions for profitable capital accumulation and it must also provide “social harmony.” However, the state cannot use coercion to ensure accumulation, as this would decrease its popular legitimacy. The state therefore utilises a more ideological approach through which its strategies are either “mystified” or “concealed.” The welfare state is an example of this process as it is “required to maintain social harmony—to fulfill the state’s legitimisation function” (O’Connor 1973: 7). Offe (1984) takes a similar approach and claims that the welfare state is designed to “harmonise the privately regulated capitalist economy with the (contradictory) processes of socialisation this economy

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triggers” (p. 51). He argues that the state intervenes indirectly in the economy, through the welfare state and demand management, to prevent economic crisis through recommodification and to prevent a legitimization crisis through, for example, the incorporation of labour in neo-corporatist economic management. The welfare state is concerned to meet capitalism’s need “to secure, on the one hand, continued accumulation, and on the other, continued legitimization” (Offe 1984: 58).

### *Reproduction*

It is also argued that the welfare state is a means of subsidising the cost to capital of the production and reproduction of labour power and, as labour is “an element of capital” (Gough 1979: 55), the cost of the production and reproduction of the capitalist system itself. The production/reproduction of labour is a complex task requiring food, shelter, health and increasingly in modern capitalism, education. The cost of labour production and reproduction is high as it “involves not only daily reproduction but generational reproduction” (Gough 1979: 46). Prior to the emergence of the welfare state, these costs were borne entirely by the capitalist class in the level of wages paid out. However, the emergence of the welfare state replaced the burden upon the taxation system, thus enabling employers (capitalists) to pay out lower wages and increase their profits: “the welfare state...lowered the production and reproduction costs of human labour-power and has thereby raised the rate of profit” (Dearlove and Saunders 1991: 397). For example, the advent of subsidised housing decreased the amount of rent paid by the inhabitant worker and therefore, the total income that he/she required on a weekly basis for his/her production and reproduction. This has meant that “employers have been able to pay lower wages than would otherwise have to be paid” (Dearlove and Saunders 1991: 398). Indeed, the social provision provided by the welfare state is funded predominantly through the taxation of the working class; “welfare programs of one kind or another are financed by appropriating tax funds from the better-paid monopoly and state sector workers” (O’Connor 1973: 161). The welfare state enables the capitalist class (especially monopoly capital) to avoid the total cost of the reproduction of labour by redistributing resources within the working class. This serves to “expand productivity, and accelerate accumulation and profits” (O’Connor 1973: 162). The welfare state functions for the benefit, not of the poor but of the capitalist class.

## FORDISM

The initial emergence of the welfare state and its ongoing development is thus determined by a combination of the changing internal needs of capital accumulation and the external pressures which contextualise and shape these needs, such as structural changes in the globalised/international economy. For example, Jessop (1991; 1994a; 1994b) and Torfing (1999a; 1999b) argue that the changes in European welfare states that have occurred since the 1980s are a result of the shift from the Fordist system of welfare state capitalism, which could afford and required a high level of public welfare expenditure, to a post-Fordist system of capitalist accumulation with which high welfare expenditure is incompatible with the continuing needs of capital accumulation (Table 1).

The welfare state was a crucial element of the post-war Fordist regulation system (1950s-1980s), in terms of reconciling the interests of capital and labour, and because it was in this period that the welfare state expanded and consumed an ever increasing slice of the national economy (GDP). The Fordist welfare state and Fordist economic process were directly inter-related as “the welfare state helped to secure the conditions for Fordist economic expansion and the latter helped in turn to secure the conditions for the conditions for the expansion of the welfare state” (Jessop 1994b: 255).

The Fordist welfare state aided Fordist capitalist accumulation both economically and through its regulatory role. Economically, the post-war welfare state provided full employment in relatively closed national economies and did so through the use of Keynesian demand-side economic management. At the regulatory level, the welfare state aided accumulation by restricting collective bargaining over wage levels to within the rate of growth provided by the full employment economy; and it generalized mass consumption beyond those employed within the Fordist sectors of the economy to all workers. The provision of a social wage, via a redistributive welfare system, spread the benefits of productivity to even the economically inactive: “To secure the conditions for social reproduction, the welfare national state was orientated to welfare in so far as it tried to generalise norms of mass consumption beyond those employed in the Fordist sectors so that all national citizens might share the fruits of economic growth” (Torfing 1999b: 373). This process not only helped to stimulate domestic demand for Fordist mass produced consumer goods, but it also provided conditions in which it was possible for the state to reconcile the interests of organized capital and organized labour. “It was the dominance of the Fordist mode of growth that enabled the state to link the interests of organised capital and labour in a programme of full employment and social welfare” (Jessop 1994: 255). Thus “the welfare state under Fordism was shaped by both

**Table 1: Key features of Fordist and Post-Fordist Capitalism**

(Sources: Jessop 1991; 1994a; 1994b; Nielsen 1991; Pierson 1994)

Element of Capitalism	Fordist Form	Post-Fordist Form
<u>Industrial Paradigm:</u> <i>Pattern of productive organisation within firms which determines the way workers relate to the means of production.</i>	Standardised mass production of consumer goods by semi-skilled massified workforce.	A flexible production process based on flexible systems and a flexible workforce.
<u>Accumulation Regime:</u> <i>Macro-economic regularities to sustain growth, consumption and capital accumulation.</i>	A virtuous balanced circle of mass production and mass consumption, rising productivity and rising incomes, in a largely centralised national economy.	A virtuous circle based on flexible production, growing productivity, and increased demand for differentiated goods and services.
<u>Mode of Regulation:</u> <i>The rules, norms, processes and institutional forms which secure capital accumulation.</i>	Institutionalised collective bargaining and an interventionist Keynesian welfare state.	Supply-side innovation, flexibility in internal and external labour markets, shift away from collective bargaining and a new shape to the social wage.
<u>Mode of Socialisation:</u> <i>Pattern of mass integration and social cohesion.</i>	Promotes the mass consumption of standardised consumer commodities in urban-industrial, wage-earning, nuclear family households.	Too early to determine though signs are that high debt rather than high wages funds the consumption of services.
<u>Welfare state regime:</u> <i>Maintenance and reproduction of social relations</i>	Entrenched redistributive centralised welfare system. Passive provisions based on idea of a “safety net.” Unconditional welfare rights with few obligations. Expectation that benefits levels and social expenditure will increase. Promotion of mass consumption via redistributive welfare system and social wage. Promote full employment in closed national economies. Demand-side management.	Flexible “integrative productionist” pluralist welfare system. Active provisions based on the idea of a “trampoline.” Conditional welfare rights based on obligations such as training and workfare. Expectation of future benefit reductions and decreases in overall social expenditure. Social policy subordinated to demands of the market and desire to cut social expenditure. Promote market flexibility and innovation. Supply-side interventions.

the accumulation needs of capital (including mass consumption as an important component in the valorisation of capital) and the defensive strength of the organised working class” (Pierson 1994: 97).

### THREE WORLDS OF WELFARE STATE CAPITALISM

There are national variations on the general Fordist welfare state (Jessop 1991; 1994a; 1994b; Torfing 1999a; 1999b). In *The Three Worlds of Welfare State Capitalism*, Esping-Andersen (1990) argues there are three broad types of (Fordist) welfare state: Liberal, Conservative and Social Democratic (Table 2).

**Table 2: The Three Worlds of Welfare and Workfare Capitalism**

(Sources: Esping-Andersen 1990; Jessop 1991, 1994a; 1994b; Bamba 2006)

<b>Fordist welfare regimes</b>	<i>Liberal</i>	<i>Conservative</i>	<i>Social Democratic</i>
	State provision of welfare is minimal, benefits are modest and often attract strict entitlement criteria, and recipients are usually means-tested and stigmatized	Status differentiating welfare programs in which benefits are often earnings related, administered through the employer, and geared towards maintaining existing social patterns. The role of the family is also emphasized and the redistributive impact is minimal.	Welfare provision is characterized by universal and comparatively generous benefits, a commitment to full employment and income protection, and a strongly interventionist state used to promote equality through a redistributive social security system.
<b>Health: IMR (1980)</b>	12.3	10.5	7.6
<b>Post-Fordist workfare regimes</b>	<i>neo-Liberal</i>	<i>neo-Corporatist</i>	<i>neo-Statist</i>
	“emphasises the recommodification of labour power, the privatisation of state enterprise and welfare services and the deregulation of the private sector” (Jessop 1991, p. 95).	Reliance on corporatist structures to introduce the flexibility required, welfare services, become increasingly self-regulated and welfare provision becomes more pluralistic and privatised.	“relies on a state guided approach to societal reorganisation” (Torfing 1999a:8). Flexibility is provided through an active labour market policy. Welfare provision becomes more mixed but the new providers are from the charitable and voluntary sectors rather than private capital.
<b>Key Countries</b>	UK USA Canada Australia	Germany France Switzerland	Denmark Norway Sweden
<b>Health: IMR (1998)</b>	6.7	4.5	4.0

In the welfare states of the Liberal regime (UK, USA, Ireland, Canada, Australia, New Zealand), state provision of welfare is minimal, benefits often attract strict entitlement criteria and recipients are usually means-tested. "Entitlement rules are strict and often associated with stigma; benefits are typically modest" (Esping-Andersen 1990: 26). In this model, the dominance of the market is encouraged "passively—by guaranteeing only a minimum—or actively—by subsidising private welfare schemes" (Esping-Andersen 1990:27). In areas such as health and pensions a stark division exists between those, largely the poor, who rely on state aid and those who are able to afford private provision. The welfare model "typical of Great Britain and most of the Anglo-Saxon world...preserved the essentially modest universalism in the state, and allow the market to reign for the growing social strata demanding superior welfare" (Esping-Andersen 1990: 26). The Liberal welfare state regime minimises the decommodification effects of state welfare. Furthermore, it "contains the realm of social rights, and erects an order of stratification that is a blend of a relative equality of poverty amongst state welfare recipients, market differentiated welfare among the majorities, and a class-political dualism between the two" (Esping-Andersen 1990:27).

In contrast, the Conservative welfare regime (Finland, Germany, France, Japan, Switzerland, Italy) is concerned with the preservation of status divisions. In the Conservative model of welfare "what predominated was the preservation of status differentials; rights, therefore, were attached to class and status" (Esping-Andersen 1990: 27). The Conservative welfare state regime is therefore distinguished by its "status differentiating" welfare programs in which benefits are often earnings related and geared towards maintaining existing social patterns. In this welfare state, the role of the family is emphasised (often in response to the influence of the church) and "the state will only interfere when the family's capacity to service its members is exhausted" (Esping-Andersen 1990: 27). For example, childcare provision is minimal and non-working wives are often excluded from social insurance programs. The redistributive impact of this type of welfare state is minimal but the role of the market is marginalised. Therefore Esping-Andersen (1990) places it between the low decommodifying Liberal regime and the highly decommodifying Social Democratic regime.

The "third world of welfare," the Social Democratic (Austria, Belgium, Netherlands, Denmark, Norway, Sweden), is "composed of those countries in which the principles of universalism and decommodification of social rights were extended also to the new middle class" (Esping-Andersen 1990: 27). Its provision is characterised by universal and comparatively generous benefits, a commitment to full employment and income protection, and a strongly interventionist state. The state is used to promote social equality through a redistributive social security system. Unlike the other welfare state regimes, the



Social Democratic regime type “promotes an equality of the highest standards, not an equality of minimal needs” (Esping-Andersen 1990: 27). Esping-Andersen concludes that the Social Democratic welfare regime type provides “a mix of highly decommodifying and universalistic programs” (1990: 28).

## CRISIS OF WELFARE STATE CAPITALISM

The post-Fordist school asserts that “the social and economic turbulence of the late 1960s and early 1970s was an expression of the exhaustion of the Fordist regime as a framework for sustainable capitalist economic growth” (Pierson 1998: 26). The crisis of the 1970s was more than the usual cyclical slump, it was a fundamental, structural crisis of the global Fordist system affecting the economic, social and political levels (Offe 1984; O’Connor 1973). The crisis was characterised by economic contraction; severe decreases in the rate of economic growth, profit levels fell, the emergence of “stagflation”—high unemployment and high inflation; and wages grew faster than productivity (Hay 1996). Fordist production techniques had saturated the market with mass-produced, standardised goods (overproduction) and labour had priced itself too high (through wage levels and the social wage).

This structural crisis, brought on by the oil crisis of 1973, revealed and heightened the problems and weaknesses of the Fordist system of accumulation.

The crisis of Fordism was itself a product of the cumulative rigidities built into the post-war Fordist settlement...the very same Fordist arrangements which had secured stability in the period after 1945 had now grown “sclerotic” and became a fetter upon continued economic growth (Pierson 1994: 97).

The internal and external supports upon which Fordist economic growth relied had begun to disintegrate (Rhodes 1997). Internally, Fordism relied upon class compromise, corporatism, full employment and the social wage. In external terms, there was reliance upon “a stable international monetary and trading regime (which) depended upon the support of a hegemonic power—the United States” (Rhodes 1997: 67). The relative decline of that power and the end of the international regime based on the Bretton Woods system of fixed exchange rates contributed to the collapse of the Fordist regime of accumulation.

The crisis also became political as the Fordist state, the welfare state, was “deeply implicated in this self-precipitating crisis” (Pierson 1994:98):

(1) Economically - the welfare state aggravated the crisis through its continued expansion. A fiscal crisis emerged as social expenditure continued to rise, in part due to a rise in unemployment and increased industrial subsidies, despite the

economic slow down and the shrinking revenue base (O'Connor 1973). For example, social expenditure rose from an OECD average of 12.3 percent of GDP in 1960 to 21.9 percent in 1975.

(2) Institutionally - the institutions of corporatist mediation became an obstacle to economic reorganisation:

The institutions of the Fordist welfare state (Big labour, Big capital and Big state), which had once secured the growth for capital accumulation by sustaining effective demand and managing the relations between capital and labour, had under new circumstances become a barrier to further economic growth (Pierson 1994:99).

Critics of corporatism claimed that the power balance between organised capital and organised labour had shifted too strongly in favour of labour.

(3) Legitimacy - the failure of the welfare state to resolve the economic crisis led to a loss in confidence in it and its regulatory mechanisms. Capital "fell out" with the Fordist state because it was held to be responsible for, or at least unable to solve, the high wage levels, which grew faster than productivity, the fall in profits, the emergence of stagflation and the ongoing expansion of the social wage. On labour's part, the Fordist welfare state was criticised for its role in restricting collective bargaining, limiting wages, raising taxes; and cutting spending (Jessop 1991:87-8). The class compromise that had sustained the post-war Fordist settlement broke down during the crisis and the welfare state was delegitimised.

This crisis of the Keynesian welfare state stemmed from its inability to contain the crisis of Fordism and, through the initial use of Fordist controls, the state intensified the crisis. The typical response "involved intensifying the features of the Fordist state, reinforcing them and complementing them" (Jessop 1994:23). For example, early responses to the economic crisis in countries such as Sweden, involved the continued promotion of the Fordist policy of full employment despite the onset of fiscal crisis. Similarly, in countries such as the UK, the response to the crisis followed classical Fordist lines as policies emphasised austerity and social retrenchment to "squeeze out" inflation and reduce public expenditure (Jessop 1994:23). This period in which Fordist economic tools were still used to contain the crisis, has been described by post-Fordist theorists as a "conjunctural transformation." This process failed and the crisis spread from the economic to the political, it grew from being a crisis *in* the welfare state, to being a crisis *of* the welfare state (Jessop 1994a: 23-4). It became clearer that a new state form was needed to resolve the crisis and a "structural transformation" and

“strategic re-orientation of the capitalist state” gradually ensued (Jessop 1994:23).

## WORKFARE CAPITALISM

The crisis of Fordism and its corresponding state form prompted a process of social and political restructuring in the quest to establish a new basis for capitalist accumulation (Pierson 1994:100). In global terms, this restructuring has taken the form of the deregulation of international markets, the abandonment of fixed exchange rates and the development of new financial institutions designed to increase capital mobility. In industry, a number of structural changes have occurred such as the displacement of mass production and assembly line techniques by “batch production of diversified products...niche marketing, and the use of new technologies” (Pierson 1994: 99). The workforce has become de-massified and there has been a growth in different employment patterns such as non-unionised work, sub-contracting and part-time employment (Jessop 1991; 1994a; 1994b). The state has also experienced restructuring and its interventions are increasingly concerned with increasing the international competitiveness of domestic export orientated industries (see Table 1).

## POST-FORDISM

Jessop (1994) argues “post-Fordism can be defined as a flexible production process based on flexible machines or systems and an appropriately flexible workforce”( p.19). In practice this has meant the development of a new labour process that has witnessed the de-massification of the workforce, a significantly decreased role for the trade union movement and a shift in the balance of class power towards capital. New occupational structures have emerged

whereas Fordism was characterised by the key role of the affluent mass worker (or semi-skilled worker), post-Fordism is likely to see a growing polarisation of the workforce into a full-time skilled core and an unskilled periphery often engaged only part-time and subject to new forces of Taylorisation (Jessop 1991:88).

In accumulation terms, post-Fordism can be identified through its flexibility and permanent innovation. “Post-Fordism provides a stable mode of economic growth based on the dominance of a flexible and permanently innovative pattern of accumulation” (Jessop 1994b: 19). Post-Fordist economic growth is based upon increased productivity from economies of scope/innovation, increased demand for differentiated goods and services, access to international markets,

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and rising incomes for skilled labour and the service class (Jessop 1994b: 19). However, unlike the Fordist regime, post-Fordism does not need to generalise the income rises of core workers to other sections of labour to stimulate demand. This limits the spread of prosperity and enhances the differentials between secure full-time employees and “the periphery of poorly paid, casualised and unskilled workers who may move in and out of a category of still more marginalised welfare dependants” (Pierson 1994: 100). Post-Fordist regulation is provided by a re-structured welfare state—the workfare state.

### POST-FORDIST WORKFARE STATE

As Torfing (1999b) argued, “From the early 1980s onwards, at different times and speeds, in different fields and in different countries, the Keynesian welfare state has been subject to several changes which tend to produce a new welfare regime” (p.373). These changes include the shift, described above, from a Fordist to a post-Fordist accumulation regime; the growing internationalisation and globalisation of the world economy; the rise of new technologies; and the crisis of the Keynesian welfare state itself (Torfing 1999a). These have profoundly challenged the Keynesian welfare state and facilitated the emergence of a new state form: The shift to post-Fordism has made states focus on “the supply-side problem of international competitiveness and to attempt to subordinate welfare policy to the demands of flexibility” (Jessop 1994b: 27); globalisation has subjected national economies to increased international competition and this has undermined the pursuit of Keynesian policies at the national level (Pierson 1994); the rise of new technologies has produced a shift in public funding away from the traditional manufacturing industries and seen a reorganisation of the workforce (Jessop 1994b); and the crisis tendencies of the Keynesian welfare state, such as stagflation and fiscal crisis, have undermined confidence in the state and acted as a restraint on economic growth.

In response to these changes, the state has experienced significant structural alterations over the last two decades and the emerging new post-Fordist workfare state differs significantly from the previous state form. The post-Fordist workfare state aids capital accumulation through the promotion of “product, process, organisational, and market innovation in open economies in order to strengthen as far as possible the structural competitiveness of the national economy by intervening on the supply-side” (Jessop 1994b: 24). In terms of social regulation, the post-Fordist state “can be described as a workfare regime in so far as it subordinates social policy to the demands of greater labour market flexibility and lower social expenditure” (Torfing 1999a: 373). Furthermore, the state has become de-centralised, or in Jessop’s words ‘hollowed-out’, as it has seen its power shifted on the one hand to supra-national and regional forms of

governance; and on the other hand to private agencies (Jessop 1994b; Torfing 1999a). The post-Fordist workfare state thus “marks a clear break with the Fordist welfare state as domestic full employment is de-prioritised in favour of international competitiveness and redistributive welfare rights take second place to a productivist re-ordering of social policy” (Jessop 1994: 24). This re-orientation of the state has made it more suited to the accumulation needs of the emerging post-Fordist economy. It has also helped resolve the crisis of the Fordist welfare state.

### THREE WORLDS OF WORKFARE CAPITALISM

The description of the post-Fordist workfare state outlined above is very generalised. In reality, as with Fordist welfare states, there are variations between states: Esping-Andersen asserts that, while “all advanced Western welfare states have experienced a degree of socio-economic transformation for which they were ill-prepared” there are nonetheless “substantial differences in nations’ policy responses to these changes” (Esping-Andersen 1996: 81-82). Therefore, just as there were three types of welfare state under Fordism (‘three worlds of welfare capitalism’) there are three variants of the post-Fordist workfare state: neo-liberal, neo-corporatist, and neo-statist (Esping-Andersen 1999; Jessop 1991) (see Table 2).

The neo-liberal post-Fordist workfare state “emphasises the recommodification of labour power, the privatisation of state enterprise and welfare services and the deregulation of the private sector” (Jessop 1991: 95). This has resulted in a number of changes to the state structure, intended to shift the balance of power in the labour market towards capital. For example, corporatist institutions have been dismantled, trade unions’ capacity for strike action has been reduced, expectations about rising wage levels have been curbed, and the disciplinary force of social security has been heightened. Welfare services are transformed into a means of subsidising low paid employment, the social wage is reduced and benefits are increasingly minimised and means-tested. Furthermore, a mixed welfare economy becomes the norm in which the private and charitable sectors assume an increased role in the everyday delivery of welfare provision (Jessop 1991).

The neo-corporatist workfare state is characterised by its reliance on corporatist structures to introduce the flexibility required to complement the post-Fordist accumulation regime. Economic and social policy is thus “left neither to the market nor the state: instead their governance is delegated to various intermediary organisations” (Jessop 1991: 97). However, traditional corporatist arrangements become more selective as certain “sunset” industries and peripheral sets of workers are excluded in favour of giving more influence

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to new “sunrise” industries and core workers. Economic policy is increasingly geared to the micro-economic level. Similarly, the state steps back as key welfare services, such as health or pensions, become increasingly self-regulated and welfare becomes more pluralistic.

The neo-statist response “relies on a state guided approach to societal reorganisation through interventions seeking to regulate the market” (Torfing 1999a: 8). Flexibility is provided through an active labour market policy, which emphasises training, skills and mobility. Welfare provision will also become more mixed but the new providers are more likely to be from the charitable and voluntary sectors than private capital. However, the neo-statist response contrasts most with the other two because it’s restructuring “would involve further decommodification to compensate for the market, an active structural policy to improve market forces and regulation to limit the operation of market forces” (Jessop 1991: 98).

Despite this tendency towards different types of post-Fordist workfare states, the underlying emphasis of all three is flexibility. “Priority must be given to promoting flexibility: the supply-side must take precedence over the demand side to keep social expenditure (including the social wage) under control” (Jessop 1991: 99). Furthermore, it must be noted, that post-Fordism itself favours certain responses over others. For example, Jessop (1991) argues “post-Fordism seems to point towards an integrated liberal welfare state...this still co-ordinates flexible supply-side policies and social security policy but would do so in the interests of capital rather than labour” (p.85).

## POLITICAL ECONOMY OF HEALTH

The economic and social relationships enshrined within welfare state (and more recently workfare state) capitalism are important determinants of individual and population health. As outlined above, different types of Fordist welfare state developed and mediated the extent, and impact, of socio-economic position on health to varying degrees via their different levels of welfare provision. Similarly, the emergence of post-Fordism has been shaped by the existing form of welfare state capitalism, with once more varying levels of state protection from the market.

## WELFARE STATE REGIMES AND HEALTH

Given the characteristics of the “three worlds of welfare/workfare capitalism,” it would be expected that population health would be best in the more decommodifying Social Democratic/Statist welfare states of the Scandinavian

countries and worst in the Liberal welfare states of the Anglo-Saxon countries. This is the general pattern found by epidemiological studies that have used welfare state regime typologies to analyse cross-national differences in population health (Chung and Muntaner 2007; Coburn 2004; Navarro et al. 2003; Navarro et al. 2006; Eikemo et al. 2008). For example, studies consistently show that infant mortality rates (IMR) vary significantly by welfare regime type (Bambra 2006; Chung and Muntaner 2007; Coburn 2004; Navarro et al. 2006), with rates lowest in the Scandinavian countries and higher in the Liberal regime. In a longitudinal cross-national study of income inequalities and welfare provision between countries, Coburn (2004) concluded that countries that were the least neo-liberal in their economic and social policy orientation (i.e. the Scandinavian welfare states) had lower Infant Mortality Rates (IMR) and less mortality at younger ages. This study also suggested that welfare state regime might be the link between GDP/capita and mortality.

Similarly, Bambra (2006) found significant differences in IMR between Esping-Andersen's three worlds of welfare: weighted IMR for the Liberal (Anglo-Saxon), Conservative (Bismarckian) and Social Democratic (Scandinavian) regimes were 6.7, 4.5 and 4.0 respectively. This study also found a moderate correlation between decommodification levels (1998 data) and IMR ( $r=-0.585$ ,  $p=0.018$ ). In another recent study of IMR, Navarro et al. (2006) examined differences between four different welfare state regimes (grouped in terms of political traditions). They found that countries that have had long periods of government by redistributive political parties (most notably the Scandinavian countries) have experienced lower IMR and, to a lesser extent, increased life expectancy at birth. These findings were reinforced by Chung and Muntaner's (2007) multilevel longitudinal analysis of welfare state regimes. They found around 20 percent of the difference in infant mortality rate among countries, and 10 percent for low birth weight, could be explained by the type of welfare state. Social Democratic (Scandinavian) countries had significantly lower IMR and low birth weight rates, compared to all other welfare state regimes (when the other three regimes in the analysis were combined).

Another multi-level study, this time of self-reported health, by Eikemo et al. (2008) also found that the Scandinavian welfare regimes fared better with lower rates of poor self-reported health. They also found, after controlling for individual (socio-economic status, demographics) and regional characteristics, around 50% of cross-national differences in self-reported health were due to type of welfare state regime.

Explanations for the better performance of the Social Democratic/Statist/Scandinavian welfare state regime in terms of both mortality, and now morbidity, have varied. For example, Coburn (2004) and Bambra (2006) both suggested that the key characteristics of the Scandinavian welfare state package (universalism,



generous replacement rates, extensive welfare services) result in narrower income inequalities and higher levels of decommodification, both of which are associated with better population health. Coburn (2004), along with Navarro et al. (2003; 2006), highlighted the importance of the accumulative positive effect on income inequalities of governance by pro-redistribution political parties in the Scandinavian countries. Other commentators (e.g. Bambra et al. 2007; Stanistreet et al. 2005) have suggested that increased gender equality within the Scandinavian welfare states may be another incremental factor behind their better health outcomes. Furthermore, proponents of the social capital approach have highlighted the high levels of social cohesion and integration within Scandinavian societies (e.g. Putnam 2000), something that has also been associated with better population health (e.g. Kawachi et al. 1997).

However, all these explanations try to pinpoint one or other aspect of the regime as the cause of the relatively better health in these societies. In contrast, the theoretical explanations for the development of different welfare state forms outlined in this paper suggest that it is not one particular facet of the Scandinavian welfare model that leads to better health outcomes, but the entire approach to accumulation, legitimation and reproduction taken by this particular type of welfare state/workfare capitalism. The relative reduction in material and social inequality in this form of capitalism is a result of the interaction and combination of a variety of policies (e.g. universal access to welfare services, higher replacement rates, higher levels of employment amongst both men and women) over a sustained period of time (Chung and Muntaner 2007; Navarro et al. 2006).

## BEYOND THE THREE WORLDS

This paper has focused extensively on outlining theories of the welfare state which consider it as a form of capitalism and in doing so it has focused to a large extent on Esping-Andersen's (1990) three-fold typology of welfare state regimes and Jessop's three-fold typology of workfare regimes (Jessop 1991; 1994a; 1994b). This is rather limiting and does not encapsulate the entire welfare state regimes literature. Esping-Andersen's typology has been subject to extensive criticism in the comparative social policy literature (for an overview see Bambra 2007) and the limitations for public health research have been acknowledged. It is indeed useful and important for researchers to think beyond Esping-Andersen when examining the various forms of welfare state capitalism. However, Esping-Andersen's typology is a good starting point when outlining a complex theoretical literature and its relationship to health to a new audience. It is for future work to fuse the debate about different welfare state regime typologies



with that of the development of the welfare state as a form of capitalism and its relationship to population health.

## CONCLUSION

In this paper I have utilised political economy theories to establish that welfare is a form of capitalism, and one that is restructured in line with the changing needs of capital accumulation, most notably in response to the shift from a Fordist to a post-Fordist economy. However, what the political economy school has also shown is that while the welfare state is a type of capitalism, it has various existing forms (regimes) and these have had different impacts on social inequalities and therefore on health—both morbidity and mortality. Previous epidemiological studies of welfare state regimes and health have not considered the broader economic and social underpinnings of the welfare state capitalism and have not explored the ways in which different welfare state regimes, and their health consequences, have developed.

The other item of note for public health research that can be taken from this overview of the political economy of the welfare state is that welfare states, and their social and economic relationships, cannot be regarded as static. Welfare states were extensively restructured in response to the crisis of welfare capitalism and the shift to post-Fordism and although it is suggested that there is a certain amount of path dependency in the emergence of workfare states (Pierson 1994), it is unclear whether there will be an increased international convergence in social and welfare policy in the future. If this were the case then the differences in health between welfare state regimes may not continue to the same extent. Certainly, the current global economic crisis may act as a further catalyst in terms of the continued restructuring of the worlds of welfare.

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