

# Liberal welfare states

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*Abstract Liberalism traditionally emphasises the value of individualism, diversity and the economic market. Liberal welfare states are sometimes associated with residualism and reluctance to spend, but that is potentially misleading. Besides being market-oriented, a liberal welfare state is one that is based in individual rights, pluralistic and localised.*

The description of values as “liberal” means many different things. In academic writing, “liberal” thought is principally associated with an individualist, laissez faire approach. A “liberal” education is one that promotes independence and opportunity. The “liberal professions” are professions that are independent, motivated by moral codes and responsibility rather than financial incentives. “Liberal democracy” is based in the rights of individual citizens, and protection of minorities. “Liberal” provision is open and generous: in the United States, “liberal” politics is left-wing, and associated with a commitment to extensive social responsibility.

The different uses of the term are linked through a family resemblance - a constellation of interconnected ideas. Liberal individualism developed as a critique of traditional views of status and duty, usually characterised in terms of “feudalism”. Politically, individualism was used to emphasise political and civil rights, the equality of persons and the case for social mobility - the “career open to the talents.” Economically, liberalism was associated with individual choice, property rights and the economics of the market. Those values were initially a challenge to the established order, but they have also come over time to represent a conservative defence of property interests. In the process, liberalism has come to represent not a uniform doctrine, but a complex and sometimes contradictory cluster of concepts.

## Liberal values

*Individualism.* Liberal individualism is in the first place a set of values, asserting the moral status of each person as an individual. In mediaeval societies, people were born into a particular status and set of roles. Individualism denied the validity of ascribed status, holding that each person should be able to determine his or her own position and course of action. Liberal individualism was, and is, radically egalitarian. Because the ideas are now so widely accepted, it can be difficult to see how radical they were; but it should be understood that for much of the world’s history, it would not have been accepted that people of different races, women, people with disabilities or members of lower classes or castes were of equal value to others. As a way

of thinking, liberalism is still centrally important to arguments for equality, including feminism (which opposes the traditionally status assigned to women) and anti-racism (which denies the ascription of characteristics, status or roles by 'race').

*Rights.* The individualist position is expressed in liberalism through the medium of rights. Rights are rules governing social relationships, but they are rules that are located in the individual, rather than the structure of social obligation. Locke's defence of life, liberty and estates<sup>1</sup>, or the US constitution's alternative formulation of life, liberty or the "pursuit of happiness", are cornerstones of liberal values.

The most characteristic liberal right is freedom, or liberty; it is represented in ideas like freedom of speech, freedom of assembly and freedom of religion. The implications of personal freedom are interpreted differently by different writers: for example, Hayek confines his discussion of freedom to the absence of coercion, and puts particular emphasis on coercion by the state<sup>2</sup>; Sen emphasises the critical role of capabilities, linking freedom with capacity, entitlement and economic development.<sup>3</sup>

*Pluralism.* Freedom of thought and action implies diversity - differences in thought, behaviour and the exercise of choice - rather than homogeneity.<sup>4</sup> Pluralism is often accused of being a conservative doctrine, unable to accommodate conflict. The opposite is true: pluralism depends fundamentally on a defence of the rights of minorities. In a pluralist system, conflict is continual, but because relationships are shifting and unstable, no single faction is capable of consistently dominating the process. In terms of values and culture, pluralism means that there may be differences, but that there needs to be a degree of tolerance. Multi-culturalism is the child of liberal values. In political terms, the conflicts implied by diversity have to be managed by rules of engagement - the 'checks and balances' of the American constitution. Madison argued that there should be no consistent majority: on different issues, people would form different factions and alliances.

"If a majority be united by a common interest, the rights of the minority will be insecure. There are but two methods of providing against this evil: the one by creating a will in the community independent of the majority - that is, of the society itself; the other, by comprehending in the society so many separate descriptions of citizens as will render an unjust combination of a majority on the whole very improbable, if not impracticable."<sup>5</sup>

The root of the democratic convention for majority rule was not, then, that the majority of the population has priority over the minority, but rather that policies could only be determined by

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<sup>1</sup> J Locke, (1690) *Two treatises of civil government*, ed. P Laslett, Mentor, New York 1965.

<sup>2</sup> F Hayek, 1960, *The constitution of liberty*, London: Routledge and Kegan Paul.

<sup>3</sup> A Sen, 1999, *Development as freedom*, Oxford: Oxford University Press.

<sup>4</sup> See e.g. J Raz, 1986, *The morality of freedom*, Oxford: Clarendon Press.

<sup>5</sup> *The Federalist Papers*, (1787-88), New American Library, New York 1961. 51, 1788, p. 311.

shifting coalitions of interests; a majority is constituted from diverse minorities.

*Economic liberalism.* The values of diversity, independence and freedom are often expressed, in liberal thought, in terms of the economic market. For Hayek<sup>6</sup> and Friedman<sup>7</sup>, the market is both an expression of freedom and the outcome of it. If people interact and exchange freely, a market will arise. Markets facilitate choice, which is the expression of freedom; suppression of the market is a suppression of freedom at a basic, personal level. And economic freedom enhances welfare, because it makes it possible for people to maximise their own utility.

These are strong arguments. It is true, as a general proposition, that exercising choice is basic to freedom; it is probably true that markets express choice; it is difficult to deny that the growth of democracy and individual rights has been strongly associated with economic prosperity and the development of market-based economies. At the same time, it is not true that the market advances or expresses personal freedom in every case. Markets do not necessarily deliver desired outcomes; the operation of the market can deny people entitlements and access to essential services; and the freedoms of some people can limit the freedoms of others. Liberal values do not imply an unqualified support for every kind of market. Markets have to be regulated; transactions which suppress choice or liberty (for example, the action of cartels) are not sanctioned; and because poverty denies choice, the distribution of resources has to be considered.

### **Liberal opposition to welfare**

Many of the criticisms of the welfare state associated with liberalism predate most conceptions of the modern welfare state. The work of Herbert Spencer, in the 19<sup>th</sup> century, contains many ideas that today are attributed to liberals like Hayek and Friedman: individualism, reliance on economic markets, the defence of property rights and opposition to state intervention.<sup>8</sup> This pattern of thought is usually referred to as “neoliberalism”, though it is hardly new; it rests on a fundamentally conservative acceptance of the legitimacy of the existing pattern of property rights and the political status quo.

*Individualism.* The neoliberal critique begins with a particular form of individualism. Individualism is not only a set of values; it is also a way of looking at the world. “Methodological individualism” - thinking of people as individuals, rather than as households, tribes, communities or nations - was central to the development of micro-economics. Individual well being, or utility, is constructed in terms that reflect the choice made by a theoretically representative, rational individual, or ‘homo economicus’. Individual utilities are satisfied by individual choices; indeed, they can only be satisfied by individual choices. Kaplow and

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<sup>6</sup> F Hayek, 1960, *The constitution of liberty*, London: Routledge and Kegan Paul.

<sup>7</sup> M Friedman, R Friedman, 1981, *Free to choose*, Harmondsworth: Penguin.

<sup>8</sup> See H Spencer, 1851, *Social Statics*, obtained at [http://files.libertyfund.org/files/273/Spencer\\_0331\\_EBk\\_v5.pdf](http://files.libertyfund.org/files/273/Spencer_0331_EBk_v5.pdf); H Spencer, 1884, *The man versus the state*, [http://files.libertyfund.org/files/330/Spencer\\_0020\\_EBk\\_v5.pdf](http://files.libertyfund.org/files/330/Spencer_0020_EBk_v5.pdf).

Shavell argue, for example, that “any non-individualistic social welfare function violates the Pareto principle.”<sup>9</sup> That means that only an individualistic approach can ever achieve optimal use of resources in satisfying individual utility. (Pareto optimality is one of a series of questionable concepts widely referred to in welfare economics: it is blind to distributive justice, and Ryan comments that at times its outcomes are “repulsive”.<sup>10</sup>) Preferences are considered in aggregate, rather than social, terms. There is no such thing as society. For Jeremy Bentham, “The community is a fictitious body, composed of the individual persons who are considered as constituting as it were its members. The interest of the community is, then, what? - the sum of the interests of the several members who compose it.”<sup>11</sup>

That rationale informed utilitarianism, and it has been carried forward into analytical welfare economics. Arrow’s famous “impossibility theorem” purports to show, by combining a version of the Pareto principle with the preposterous assumption of “unrestricted domain”, that no social welfare function can exist unless it is imposed by a dictatorship.<sup>12</sup> So much for socialisation, culture, shared values, political negotiation or common sense.

The denial of the validity of social preferences has a profound effect on the way that economic principles are translated into practice. So, for example, economic textbooks argue that the main reason why individual utility is not satisfied is “market failure”<sup>13</sup>, where the market is not able to function in terms of a conventional competitive equilibrium. Examples include public goods, externalities and uncertain information. The UK Treasury’s guidance on public policy suggests that market failure is the primary justification for the establishment of public services.<sup>14</sup> But there are many other reasons why public services might be established, which are not based in the maximisation of individual utility, and are not necessarily evidence of market failure: they include the development of economic infrastructure, the promotion of social capital, minimum standards and human rights. If liberalism is a doctrine which values and protects the rights of the individual, there is no incompatibility with such approaches. The problem rests in the narrow construction of methodological individualism, and its definition in terms of utility, rather than in terms of the value of each individual.

*Economic markets.* The most prominent advocates of free market economics - Spencer, Hayek, Friedman - argue not only that markets are legitimate, but that collective provision is not.

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<sup>9</sup> L Kaplow, S Shavell, 2001, Any non-welfarist method of policy assessment violates the Pareto Principle, *Journal of Political Economy* 109(2) p 281-7.

<sup>10</sup> Alan Ryan, Value judgements and welfare, in D Helm (ed) *the economic borders of the state*, Oxford University Press 1989, p 47.

<sup>11</sup> Bentham J., 'An introduction to the principles of morals and legislation' (1789) in M Warnock (ed.) *Utilitarianism*, Collins, Glasgow 1962, p.35

<sup>12</sup> K Arrow, 1951, *Social choice and individual values*, New York: Wiley

<sup>13</sup> E.g. Connolly S, Munro A, 2006, *Economics of the Public Sector*, Hemel Hempstead: Pearson, ch 9.

<sup>14</sup> HM Treasury, n.d., *The Green Book*, [http://www.hm-treasury.gov.uk/media/785/27/Green\\_Book\\_03.pdf](http://www.hm-treasury.gov.uk/media/785/27/Green_Book_03.pdf)

Markets are both an expression of free choice and as the mechanism through which choice can be exercised. The unco-ordinated actions and transactions of individuals are expressed, cumulatively, in the actions of the economic market. Collective provision, by contrast, is taken to represent an imposition of authority on the actions of individuals, typically through paternalism, social control or simply through a presumptive arrogance that the state knows best. Equally, the pro-market liberals believe that markets work, and collective provision fails to deliver. The arguments for economic development and prosperity on one hand are set on the other against tales of state incompetence, waste, producer capture, the abuse of patronage and the denial of choice. The market, Seldon argues, is a set of signals guiding judgments, an educator that teaches people about choice, and a spur to efficient production.<sup>15</sup>

These arguments are obviously partisan, but more than that they are often misdirected. The implicit assumption that is being made is that collective provision arises through a different process from the operation of the market. In much of continental Europe, collective provision arose not through state action, but in the same way as market mechanisms, through spontaneous, independent action. The idea of ‘solidarity’ refers to mutual responsibility, the voluntary actions of people working together, and the process of exchange.<sup>16</sup> Mutual insurance is redistributive, but it is voluntarily redistributive: individuals pool their resources in order to protect themselves against risk.

*Property rights.* Liberal ideas were formed as a critique of established interests, often represented in terms of a relationship to land holding. As individualist views gained the ascendancy, however, liberalism shifted from being a radical critique of established interests to a defence of property rights. An illustration might be Robert Nozick’s arguments against redistribution. For Nozick, the only defensible rights are those established through legitimate accession and succession.<sup>17</sup> One those are accepted no other principle - such as social justice, equality or fairness - can legitimately alter the distribution of resources. Taxation, in Nozick’s view, is theft. One objection to this principle is that rights of succession and accession are rarely sufficient to account for the rights that people hold; the ownership of property is as much a legacy of inequality, injustice and arbitrary misfortune as it is of labour, merit or desert. Nozick himself recognises this when he suggests that reparations may have to be made for groups, like native Americans, who have been dispossessed. Another, more fundamental, objection is that property rights are conventional; the wages that people receive reflect, not intrinsic value, but a series of circumstances and conditions, including the liability for taxation.

*Opposition to state intervention.* In much of the material written in English from a liberal or neoliberal perspective, there is a view that action taken by the state is illegitimate. The primary function of the state is the maintenance of order;<sup>18</sup> the state proceeds by coercion;<sup>19</sup> collective

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<sup>15</sup> A Seldon, 1977, *Charge!*, London: Temple Smith.

<sup>16</sup> P Baldwin, 1990, *The politics of social solidarity*, Cambridge: Cambridge University Press.

<sup>17</sup> R Nozick, 1974, *Anarchy, state and utopia*, Oxford: Blackwell.

<sup>18</sup> Nozick, 1974

action generally means state action; even if state action is undertaken with good intentions, it finds itself on the path to restricting people's liberty<sup>20</sup>; the most legitimate state is a minimal state. If redistribution is incompatible with people's rights, it is hard to justify even the most limited provision.

It is very questionable whether the primary function of the state is security. That may be true, and may not, but there is no good reason to start from that point. Government, as Edmund Burke once said, is a contrivance of human wisdom to provide for human wants.<sup>21</sup> A clutch of new states have been founded in the course of the last twenty-five years, and what most of them have in common is not a primary concern with security, but with prosperity. In the course of the last fifteen years, more than sixty developing countries have produced Poverty Reduction Strategy Papers: strategies and plans for governance and economic development, mainly based on the establishment of sound economies, property rights and partnership working with non-governmental organisations - just the sort of role, one might have thought, that an open-minded liberal theorist would approve of.

It is no less questionable whether the provision of welfare can be seen as coercive. Redistribution happens, in many cases, not because the state is taking money away from people, but because people voluntarily pool risks. That, not state action, is the source of many of the mechanisms for social protection in continental Europe. In much of Europe, the state came to welfare late in the day.<sup>22</sup> The welfare systems of several countries - most notably in Scandinavia, which still has voluntary unemployment insurance<sup>23</sup> - developed outwith the state. The main effect of state intervention to impose compulsion has been to extend coverage to those who might otherwise be excluded from the choices that are open to the rest of the population. It is not clear why an action which is legitimate when it is done by a small group of people in cooperation should not be legitimate for a larger group; nor why an action which is legitimate when done in the private sector should cease to be legitimate at the point where it is taken on by government.

*Residualism.* Given the strength of neoliberal opposition to government intervention, it follows that any provision of welfare should be held to the minimum. The residual model of welfare is based on the idea that people should be seeking to manage, as far as possible, from their own resources, or from the assistance of those who are prepared to help them; the role of the state is to act only in the last resort, as a safety net, when other options are not available. Residual welfare is not necessarily minimal, but minimal provision, like the Victorian Poor Law, is likely to be residual; in the context of opposition to all government provision residualism it has come to

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<sup>19</sup> Hayek, 1960

<sup>20</sup> F Hayek, 1944, *The road to serfdom*, London: Routledge and Kegan Paul.

<sup>21</sup> E Burke, 1790, *Reflections on the revolution in France*, New York: Holt, Rinehart and Winston.

<sup>22</sup> A de Swaan, 1988, *In the care of the state*, Cambridge: Polity; P Spicker, 2000, *The welfare state: a general theory*, London: Sage.

<sup>23</sup> J Clasen, E Viebrock, 2008, Voluntary unemployment insurance and trade union membership, *Journal of Social Policy* 37(3) 433-452..

be strongly associated with a view of welfare as a “public burden”.<sup>24</sup> A ‘liberal welfare state’ seems to many to be a euphemism for residual, market based services, marked not by their liberalism, but by the relative meanness of their provision, the perception of welfare as a public burden and the disengagement of the state. However, none of this necessarily follows from the principles of liberal welfare states. A welfare state which respects individual rights, supports diversity and asserts the value of the individual may well be actively engaged in welfare provision.

### **The liberal welfare state**

Ruggie’s initial formulation of the idea of a liberal welfare state was one in which “the proper sphere of state behavior is circumscribed by the functioning of market forces.”<sup>25</sup> When Esping Andersen adapted this idea to a cluster of “liberal welfare regimes”, he intended the classification to refer to primarily to market-oriented states with a limited commitment to welfare.

“Means-tested assistance, modest universal transfers, or modest social-insurance plans predominate. ... entitlement rules are strict and often associated with stigma; benefits are typically modest ... the state encourages the market.”<sup>26</sup>

The classification is consequently based on two key factors. The first is commodification, or the extent to which the delivery of welfare services depends on the market. Support in kind, like the provision of health care or education, is decommodified; support in cash allows people to benefit from market distribution. That implies that pro-market liberals tend to favour income maintenance - giving people financial support - rather than giving them a service. The second factor is the extent of collective provision. Liberal welfare states are characterised as those with limited state provision. This is associated with some of other features of laissez-faire, including residual welfare, punitive attitudes to the poor and a sense that welfare is a public burden. If liberalism is associated with opposition to welfare, with market mechanisms and the private sector, it is debatable whether the pattern of provision can be said to represent a ‘welfare state’ at all.

This narrow focus misses important dimensions in the liberal position. The first is the extent to which welfare is conceived in terms of individual rights, rather than social responsibility. Part of the argument for individual rights is egalitarian, in the sense of a belief of equality of persons. Esping Andersen notes that liberal regimes may lean, without inconsistency, to universalism: universal provision can help to offer a “level playing field” for the operation of market provisions.<sup>27</sup> It would be a mistake, however, to expect an homogenous pattern of provision.

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<sup>24</sup> R Titmuss, 1968, *Commitment to welfare*, London: Allen and Unwin, p.129

<sup>25</sup> M Ruggie, cited J Quadagno, 1987, *Theories of the welfare state*, *Annual Review of Sociology* 13 109-128.

<sup>26</sup> G Esping Anderson 1990, *The three worlds of welfare capitalism*, Brighton: Polity, p 26.

<sup>27</sup> Esping-Andersen, 1990, p 44.

Equal rights are not necessarily rights to equal things. Rights in many welfare systems are particular, rather than general: they are based on contractual relationships, family relationships and occupational circumstances. Pensions provision, for example, is much more likely to depend on work record than on a structure of citizenship rights. The diverse, multi-faceted character of provision in the US or UK is not inconsistent with the liberal model.

It does not follow, because rights are individualised, that they offer lower levels of protection. In a revealing comparison, Sheila Shaver considers the rights of women to obtain an abortion. The countries which resist abortion more tend to be those which take a social view of rights and responsibilities. The effect of considering the issue from a social perspective is that many parties are considered to have an interest in the decision, and the more people who need to be involved, the more complex and difficult the decision becomes. In the United States, by contrast, a series of decisions have implied that the question of abortion is fundamentally a matter of the rights of the woman involved. It follows, then, that some countries which have a greater commitment to welfare and more generous welfare services may also be more restrictive when it comes to abortion.<sup>28</sup>

Second, there is voluntarism. Individualists and neoliberals may have reservations about collective action, but nothing in the liberal model is directly opposed to cooperative or mutualist action. If it is legitimate for an individual to enter a contractual arrangement, it is legitimate for many individuals to do so; and that is the basis of many mutualist arrangements (including the welfare systems of several countries which developed, not through state direction, but through solidaristic social networks and mutual agencies entered on a voluntary basis.) This is not simply equivalent to marketisation, and it can be argued, I think, that there is sometimes a tension between the market regulation and signals favoured by some neoliberals and the development of civil society on mutualist or voluntaristic lines.

Third, there is the extent of pluralism. Virtually all welfare systems are pluralistic to some degree. Rein and van Gunsteren once argued that there was a 'dialectic' of public and private - that in no system had attempts to create a uniform, homogenised approach ever succeeded.<sup>29</sup> That is, indeed, one of the objections to Esping-Andersen's classification of welfare provision: the devil is in the detail.<sup>30</sup> Liberalism, however, values diversity, and if there is anything in the idea of a 'liberal welfare state', it can be taken to imply that even if there are general rules, there will not be a principal dominant provider of services, or a single pattern of service delivery.

Fourth, there is localism. The issue is hardly considered in English-speaking varieties of

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<sup>28</sup> S Shaver, 1993/94, Body rights. social rights and the liberal welfare state, *Critical social policy* 39, pp 66-93.

<sup>29</sup> M Rein, H van Gunsteren, 1984, The dialectic of public and private pensions, *Journal of Social Policy* 14(2) pp 129-150.

<sup>30</sup> J Ditch, 1999, Full circle: a second coming for social assistance?, in J Clasen (ed) *Comparative social policy*, Oxford: Blackwell.



liberalism, but it is a key element of liberal thought in continental Europe. Benjamin Constant argued that just as there were issues that were private for an individual, there must be issues that are private to a couple, to a family, to a community, to a region or to a country.<sup>31</sup> This is, basically, the argument for self-determination, and it links liberal individualism with individual choice, localism and ultimately with nationalism. However, uniform systems - such as national systems of education, pensions or health care - are difficult to reconcile with liberalism in this sense. It is easier to see the local diversity in systems like Belgium or the Netherlands as part of a liberal welfare state than the Australian pensions system or the UK's National Health Service.

### **Are there any liberal welfare states?**

Reality rarely conforms to an idealised pattern, and none of the categories used by Esping-Andersen closely reflects the characteristics of particular regimes within the broad classification. Principles and approaches which are true of one service do not necessarily apply to another; there is no evident reason why the same principles should be expected to apply to pensions, education systems, employment policy and health care.<sup>32</sup> Even if liberal values have a widespread influence, it would not necessarily follow that any state could be said to be wholly, or even largely, liberal in its conception or practices.

It can legitimately be argued, however, that some states conform more to the liberal model than to either social-democratic or conservative models. Esping-Andersen offers several prime candidates, including the USA, Australia and the UK.<sup>33</sup> Of these three, the USA is probably the best fit. The United States is often described in terms of individualism, laissez-faire, residualism and a punitive view of poverty. These issues often seem to dominate US debates on welfare: examples are the introduction of 'workfare', the exclusion of long-term benefit dependents, and the criticism of the 'underclass'. The US does not, however, have a unified welfare system. Federalism has meant that many important functions are held by the States, including public assistance, social care and various health schemes (Hawaii has had mandatory health insurance and a state-funded health system since the 1970s); the current reforms of health care will reinforce that diversity. By comparison with other developed countries, central government has had a limited role in social welfare provision: the main developments of federal provision were during the Roosevelt administration of the 1930s, which laid the foundations for the social security system, and the "War on Poverty" of the 1960s, which provided some important benefits (notably health care for people on low incomes) and engaged the federal government in a wide variety of projects and activities at local level.

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<sup>31</sup> Constant B., 'Principes de politique' (1815), in B Constant, Oeuvres, Editions Gallimard, Paris 1957.

<sup>32</sup> D Mabbett, H Bolderson, H 1999, Theories and methods in comparative social policy, in J Clasen (ed) Comparative social policy: concepts, theories and methods, Oxford: Blackwell.

<sup>33</sup> Esping Andersen, 1990

In practice, the US is pluralistic. There are significant departures from the residual model - e.g. state schooling, social insurance, or services for military personnel, veterans and their families, which provide for more than 60 million people. In addition to federal and state activity, there are extensive private, mutualist and corporate interests in welfare provision. The USA has a strong tradition of mutual and voluntary effort, strengthened by a tax system that gives substantial relief to voluntary donation. The resulting systems are complex (and expensive): the guiding principle is less one of consistent individualism than what Klass has called "decentralised social altruism".<sup>34</sup>

Australia is classified by Esping-Andersen as a liberal welfare state on the basis that services are highly commodified. That classification was hotly disputed when Esping-Andersen published it. Castles objected that what mattered was the extent of coverage, not the reliance on means-tested benefits.<sup>35</sup> Bettina Cass and John Freeland argued that Australia was "radically redistributive."<sup>36</sup> I have argued that there is no inconsistency between classification as a liberal welfare state and extensive provision and redistribution. If those were the only criteria, the characterisation of Australia as liberal would be defensible. It is potentially more of an issue whether the Australian system could be said to be liberal in other terms - pluralistic, localised and rights-based. The Australian constitution is federalist, and Castles and Uhr have argued that federalism has had a significant impact on welfare. The impact, however, has not so much been to promote diversity as to multiply the number of veto points.<sup>37</sup> The Commonwealth has had substantial powers over finance and legislation, and the development of social policy has to be understood principally in terms of a centralised, unitary government.

The question of voluntarism is also problematic. In a climate of retrenchment, the Australian governments have increasingly turned to private and voluntary providers. Oppenheimer argues that the scope and importance of voluntary action has been underplayed, and that it has always played a substantial part in the delivery of services.<sup>38</sup> At the same time, the very way that argument is stated suggests its limitations: that social welfare has been principally conceived in terms of the actions of central government. All welfare states have diverse elements, and the plea suggests that the arguments being made are about the direction of movement towards a more liberal model, rather than being evidence of the existence of such a model.

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<sup>34</sup> G Klass, 1985, Explaining America and the welfare state, *British Journal of Political Science* 15 pp 427-450.

<sup>35</sup> F Castles, 1994, Comparing the Australian and Scandinavian Welfare States, *Scandinavian Political Studies* 17(1) pp. 31-46.

<sup>36</sup> Castles B Cass, J Freeland, 1994, Social Security and Full Employment in Australia, in J Hills, J Ditch, H Glennerster (eds.) *Beveridge and social security*, Clarendon Press, Oxford.

<sup>37</sup> F Castles, J Uhr, 2007, The Australian welfare state: has federalism made a difference?, *Australian Journal of Politics and History* 53(10) 96-117

<sup>38</sup> M Oppenheimer, Voluntary action and welfare in post 1945 Australia, *History Australia* 2(3) 2005 82.1-82.6

The United Kingdom is difficult to classify, for similar reasons. The elements of marketisation and decommodification in the UK are consistent with some of the features of the liberal model; there have also been substantial moves in recent years towards measures depending on individual rather than collective rights, including for example the individualisation of pensions, significant reforms in access to litigation (the adoption of the US model of contingency fees), and the growth of litigation on human rights. The confusing diversity of provision in pensions is also consistent with liberalism. At the same time, however, the UK is also characterised by centralised, unitary government. The model of the UK welfare state is based not only on universality, but also on uniform standards; local variations are routinely condemned by politicians and media. There have been recent moves to devolution in Scotland, Wales and Northern Ireland, but these hardly compensate for a considerable reduction in the role and scope of local government, which since 1945 has substantially lost responsibility for the administration of health, social security, housing, policing, water, gas, buses, electricity and telecommunications, not to mention financial powers. Taylor-Gooby and Larsen call the UK a “centralised liberal welfare state”.<sup>39</sup> That is an oxymoron, and the authors go on to suggest that the system is more a hybrid, “Janus faced”, “genuinely liberal, genuine welfare state”.<sup>40</sup>

### **Identifying liberal welfare states**

Esping-Andersen’s categorisation of “liberal welfare regimes” has been influential, not least because it seems to offer an appropriate terminology for an identifiable pattern of services. However, the simplistic association of liberalism and market provision with residualism and a reluctance to spend is potentially misleading. In methodological terms, it has led to an emphasis in comparison on levels of provision. The problem with that is that low spending is liable to be confused with systematic differences in approach, and “systems differ, not when the frequency of particular characteristics differ, but when the patterns of the relationships among variables differ.”<sup>41</sup> In conceptual terms, the characteristics of liberal approaches are not just about markets, residualism and parsimonious provision: the emphasis on the market and commodification is certainly part of the mix, but it is debatable whether residualism or parsimoniousness have much directly to do with the conceptual structure of liberalism. Besides being market-oriented, a liberal welfare state is one that is based in individual rights, pluralistic and localised. Failing to consider those elements runs the risk of confusing liberal provision in developed economies with a pattern of provision in other countries which is only limited because it is not yet fully formed.

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<sup>39</sup> P Taylor Gooby, T Larsen, 2004, *The UK - a test case for the liberal welfare state?*, in P Taylor Gooby (ed) *New risks, new welfare*, Oxford University Press, p 55.

<sup>40</sup> Taylor Gooby, Larsen, 2004, p 73.

<sup>41</sup> A Przeworski, H Teune, 1970, *The Logic of Comparative Social Inquiry*, New York: Wiley, p 45.