relatively close together. Thus, from an international and comparative perspective, what are the dominant trends in contemporary social policy change? This question is at the center of a debate between those who argue that developed countries are converging toward a common, market-friendly model and those who claim that national differences created during previous historical moments remain strong. Although it is perhaps too early to fully answer the question, Chapter 4 offers a critical overview of the debate on it.

But, you may ask, what about the future? Most social scientists are not good at predicting the future, and this book does not attempt to do that. Instead, Chapter 5 stresses a number of looming issues that are the focus of contemporary debates on the future of the welfare state – issues that may not have always entered mainstream American political discussions in this area but may, at some point, have greater political significance. Mainly, the chapter describes major issues like globalization, growing health-care costs, and rising social inequalities that shape contemporary social policy debates.

Although Chapter 5 and the book as a whole only offer a broad overview of the complex world of social policy, my hope is that, from this, you will gain a better idea of how social programs work, what may explain their development, and what welfare state politics is about. Social programs are a major aspect of our lives as citizens, taxpayers, and workers, and being knowledgeable about these programs is a matter of civic duty and political enlightenment. As evidenced throughout this book, taking a comparative, historical, and political look at social policy is a great way to understand social policy and the welfare state.

1

Social Policy and the Welfare State

At different stages of our life, many of us rely on social programs in one way or another. For example, when we lose our job, we can access unemployment insurance benefits that provide some financial support while we look for a new job. Without these benefits, we could have no other choice but sell our home or perhaps even fall into destitution. During the recession that struck the United States in 2008 and 2009, many people who had never thought they could suddenly lose their job ended up unemployed, and officials scrambled to improve unemployment insurance benefits as millions of Americans struggled to provide for their families during hard times. When the economy is growing, many of us think that we may never need unemployment insurance benefits. When a major economic crisis strikes, however, we suddenly realize that we could be much more vulnerable to a job loss than we had previously thought. Suddenly, we feel lucky that unemployment benefits are available if we need them.

This example perfectly illustrates the vital role of social programs in our lives. But beyond this example, what is social policy, exactly? Related to the development of both capitalism and the modern state, social policy is an institutionalized response to social and economic problems, ranging from economic insecurity to inequality and poverty. Key differences exist between policy areas and between types of social programs. For example, providing adequate income support to retired people is very different from making quality health-care accessible to the population as a

whole. Thus, to understand social policy and the welfare state, we should consider the specific characteristics of concrete policy areas and social programs while keeping an eye on the "big picture."

The first section of this chapter conveys the "big picture" concept by discussing several possible understandings of social policy and of the role of the welfare state in developed societies. The second and third sections highlight the diversity of welfare state arrangements by discussing two critical institutional issues: program types and policy areas. The second section explores the principal differences in financing and benefits between three major types of social programs: social assistance; social insurance; and universal transfers and services. The nature of five major social policy areas central to the modern welfare state – work, unemployment, and welfare; pensions; health-care; housing; and family benefits – is discussed in the third section.

Why Social Policy?

There are different ways to study social policy. In some countries, social policy refers both to a set of social programs and to an autonomous field of research and teaching, with its own degrees, departments, and schools. In the United Kingdom, for example, social policy is an interdisciplinary field that bridges disciplines like sociology and political science while remaining distinct from social work, which focuses more on counseling than on policy and administration.[1] In the United States, however, social policy is seldom considered to be an autonomous academic field and, as in other nations, people from disciplines such as economics, political science, sociology, and social work study the role of social programs and explore social policy issues in ways that reflect their disciplinary traditions. For example, when dealing with social policy issues, economists tend to focus on incentives and fiscal constraints, sociologists are more likely to attend to the relationship between social programs and specific forms of inequality, and political scientists often emphasize the impact of political parties and interest groups on welfare state development. However,

although the influence of traditional academic disciplines remains high in the United States, it is almost impossible to study the welfare state without drawing on scholarship from a number of subject areas. At the same time, to understand social policy debates, we must constantly be aware of disciplinary boundaries that affect how researchers frame the issues they study. Studying social policy is always about defining the reality in which we are interested, and that is not without arbitrariness.

Beyond these cautionary remarks, how do scholars typically describe the role of social policy? There is no real consensus, but there are a number of possible answers that generally complement one another. Because social policy definitions are easily available in the literature, instead of simply listing them it is much more interesting to consider several possible interpretations of social policy, before bridging them to formulate a new working definition. This also ensures that the possible goals and boundaries of social programs in contemporary societies are clear. For example, it would be a mistake to think that social policy is only about helping the poor. Although scholars like Karl Polanyi (2001) have demonstrated that over the last century in the Anglo-American world, modern social policy emerged from the Elizabethan Poor Law tradition, it has acquired a much broader meaning, one that concerns the population as a whole and not just the poor (Castel 2003). For instance, in most developed countries, public health insurance covers the entire population. In the United States, the push for universal coverage that had been debated for decades was central to the health-care debate that divided citizens and politicians in 2009 and early 2010 (Chapter 5).

More generally, it is important to remember that perceptions of social policy – how it is understood – are grounded in particular assumptions about the nature of capitalism and the relationship between state and society, and that, although these perceptions point to general characteristics of social policy, they may reflect specific national contexts. This observation is especially crucial for North American readers, because several of the most prominent social policy thinkers are European, which is hardly surprising given that the modern welfare state first began to emerge in

Europe more than a century ago. Even though welfare state development took a distinct path in the United States (Amenta 1998; Howard 2006; Skocpol 1992), European perspectives on social policy are relevant for the study of American social policy (e.g., Esping-Andersen 1990, 1999), mainly because scholars frequently compare European countries with the United States. Although we should avoid being Eurocentric, we can draw on theories from other countries to shed light on the American welfare state.

Descriptions of social policy often emphasize its relationship to citizenship and the quest for a more inclusive society. For example, according to British sociologist T. H. Marshall (1964), the historical development of modern citizenship is largely about the tension between class inequality stemming from capitalism and the egalitarian logic of citizenship.[2] Marshall's vision of citizenship centers on the multiplication of individual rights related to state expansion. More specifically, the emergence of modern citizenship involves three categories of rights that appear one after the other: civil, political, and social. For Marshall (1964), civil citizenship "is composed of the rights necessary for individual freedom – liberty of the person, freedom of speech, thought and faith, the right to own property and to conclude valid contracts, and the right to justice" (p. 71). But the protection of individual rights like private property favors the emergence of capitalism, which is a direct source of class inequality. According to Marshall, the recognition and extension of political rights, such as the right to vote, exacerbate a tension between capitalist inequality and the egalitarian logic at the core of modern citizenship. For him, recognizing social rights is a way for the state to reduce that tension. Here, social citizenship – and by extension social policy – is largely about income redistribution and state-granted protection against poverty and economic insecurity. This protection takes the form of social rights granted to all citizens. Marshall's universalistic model of social rights is inspired by the United Kingdom's post-war reforms that created universal social benefits covering the entire population (e.g., Glennerster 2000).

In recent decades, a number of scholars have argued that, because of the United States's general lack of universal social

programs, the country has no such thing as social citizenship (Fraser and Gordon 1992; Myles 1997). But it is clear that, even in the United States, scholars can follow Marshall's lead in thinking about social policy in terms of citizenship and, more generally, the quest for basic equality and inclusion. For example, feminist scholars like Suzanne Mettler (1998) have used the concept of citizenship to explore the relationship between gender and welfare state development in the United States. Additionally, in the United States and beyond, the concept of citizenship points to philosophical debates about redistributive justice and the idea that all citizens, including the least privileged ones, should have access to a basic "social minimum" as a matter of right (Rawls 1971; see also Smith Barusch 2008: 14–16).

A concept often related to citizenship ever present in the international social policy literature is the idea of solidarity, which is associated with the sociological tradition, notably the work of French sociologist Émile Durkheim (1858–1917). In many Western countries, solidarity has long been a key aspect of the political discourse about the welfare state. This is not an accidental development, because solidarity typically evokes shared, mutual social obligations that can legitimize new and existing social programs. This is why, in a country like France, for example, solidarity and citizenship are closely related political principles central to major social policy debates (Béland and Hansen 2000; Rosanvallon 2000).

In the United States today, the term "solidarity" is seldom featured in mainstream political debates, but that does not mean that public officials never refer to the shared obligations of belonging associated with the concept. For example, in a major 2009 speech to Congress on health-care reform, President Obama referred to broad feelings of national solidarity that, in his mind, justified the extension of health coverage to the population as a whole:

> That large-heartedness – that concern and regard for the plight of others – is not a partisan feeling. It's not a Republican or a Democratic feeling. It, too, is part of the American character – our ability to stand in other people's shoes; a recognition that we are all in this together,

and when fortune turns against one of us, others are there to lend a helping hand . . . .

The claim that "we are all in this together" is a powerful expression of solidarity, which is as much a feeling as a rational worldview. Although in everyday life, national solidarity is problematic because of enduring inequalities and group boundaries, the idea that "we are all in this together" can help legitimize the welfare state as well as reform proposals aimed at expanding it.

Related to solidarity but deprived of its emotional component, risk pooling is another prominent aspect of modern social policy (Hacker 2006). For example, risk pooling is a key element of contemporary health-care debates, where the solidaristic claim that "we are all in this together" can take an actuarial meaning. "Pooling ensures that the risk related to financing health interventions is borne by all the members of the pool, not by each contributor individually. Its main purpose is to share the financial risk associated with health interventions for which the need is uncertain" (Smith and Witter 2004: 1). Thus, pooling can be understood as a form of actuarial solidarity through which individuals share financial risks and, as a consequence, increase their level of economic security. At least during periods of prosperity, people do not always perceive the seriousness of the economic risks, such as unemployment or medical debts that they may face, making it harder to justify social programs aimed at pooling these risks (Hacker 2006).

Another distinct way to understand the role of social policy is the concept of de-commodification put forward by Gøsta Esping-Andersen (1990), a Danish sociologist. Starting from Karl Marx's assumption that capitalism is largely about the commodification of labor (i.e., its transformation into a market product), he argues that a central goal of the welfare state is to reduce this dependency of workers and their families on labor-market participation. For him, de-commodification occurs when the state grants workers social rights that are autonomous from their labor-market status: "De-commodification occurs when a service is rendered as a matter of right, and when a person can maintain a livelihood without

reliance on the market" (pp. 71–2), while de-commodification stemming from particular social programs "strengthens the worker and weakens the absolute authority of the employer" (p. 72). However, only comprehensive and widely accessible social transfers and services can "substantially emancipate individuals from market dependence" (p. 72). De-commodification does not mean that people should not work; rather, their economic security should be guaranteed autonomously from market outcomes.

In his work, Esping-Andersen stresses that social policy analysis should go beyond general social-spending figures to explore how different types of social programs can result in different levels of de-commodification. For example, low levels of social assistance benefits that are a major source of stigma constitute a "safety net of last resort" (p. 72) and are not a genuine source of de-commodification since these benefits are meant to encourage workers to remain dependent on market outcomes for their survival. Because these benefits do not provide a clear state-granted right to welfare, they exacerbate market dependency instead of emancipating workers and their families from market outcomes. Inspired by both the Marxist tradition and the Scandinavian experience, this model is grounded in the belief that only a strong role by the state can free workers from market dependency and insecurity.

Although it is common to follow Esping-Andersen in defining social policy as a state-led emancipation from market dependency, French sociologist Robert Castel (2003) formulated a slightly different view of the relationship between capitalism and social policy. From his perspective, modern social policy is about transforming the status of workers through the creation of a "wage society" in which employment, traditionally seen as a deprived condition, can become a genuine source of security for workers. Unlike Marshall and Esping-Andersen, who especially value universal services and benefits, Castel argues that modern labor law and social insurance schemes have transformed the social and economic status of wage workers and their families. Instead of following Marshall and Esping-Andersen in thinking about modern social policy as something that emerges in opposition to

the market, Castel sees it as an attempt to domesticate the market from within, through the creation of a "wage society" centered on protected employment status. This vision of a wage society is probably rooted in France's social insurance system, which traditionally grants comparatively high levels of social benefits directly related to work experience.[3] What is particularly interesting about Castel's model is that it draws our attention to the central role of labor law and social insurance in modern social policy. The focus on social insurance is crucial in terms of the United States because, as discussed next, its two largest federal social programs are social insurance programs: Medicare and Social Security (Marmor and Mashaw 2006).

From an American perspective at least, the idea that welfare state programs can emerge in close relationship to market forces, rather than in opposition to them, is extremely relevant. In recent decades, a growing number of American scholars have stressed the role of employer-sponsored private benefits in the development of modern social policy. Because private health and pension benefits constitute a legitimate and widespread form of social policy in the United States and, to a lesser extent, Canada, a purely statist approach to social policy focusing exclusively on citizenship and de-commodification is not appropriate in the North American context – although the recent decline in employment-based social benefits, which has been particularly dramatic in the United States since the 1980s, cannot be ignored.

As Jacob Hacker (2002), Christopher Howard (1997), Jennifer Klein (2003), and Jill Quadagno (1988) suggest, scholars must pay close attention to private benefits, and their relationship to public social programs, when studying social policy. Excluding private benefits from the realm of social policy would make it especially difficult to understand the very nature of the "divided" and sometimes "hidden" American welfare state (Hacker 2002; Howard 1997), which is grounded in the complex interactions between public and private schemes discussed in Chapter 2.

This discussion points to the multifaceted nature of social policy, which resists narrow definitions largely due to the different types of social programs that pursue distinct objectives, ranging

from poverty alleviation and de-commodification to risk pooling and citizenship inclusion. Under some circumstances, a specific welfare state program can have a number of different goals. For example, Social Security can both fight poverty and help maintain the income of middle-class retirees (Achenbaum 1986; Myles 1988). In fact, from a historical standpoint, social programs can take on new meanings over time, as policymakers alter their core objectives in response to changing economic, political, and social circumstances. In the mid-1960s, for instance, American federal social assistance programs took on a new meaning in the context of the civil rights movement and the quest for racial equality. As Margaret Weir (1992) puts it, "as riots began to shake northern cities, President Johnson looked to the poverty program as a way to funnel resources into the affected black communities" (cited in Thelen 2003: 229). Because the objectives of social programs can change over time, a broad understanding of social policy is vital.

Clearly, social programs can play a number of distinct roles in society, but, at the same time, they are related to other types of public policies. Some social programs have an explicit economic mission, which is analytically distinct from their social policy goals. For example, since the 1960s, the Canadian province of Quebec has invested surpluses from public old-age insurance funds to stimulate provincial economic development (Béland and Lecours 2008). In the post-World War II era,[4] when the ideas of British economist John Maynard Keynes exerted a strong influence on policymakers, European and North American welfare states played an explicit and central role in economic regulation (e.g., stimulating consumer activity during economic downturns) that has been preserved at least in part to this day. Today, social policy domains such as health-care create millions of jobs, which, in turn, has a direct impact on economic development, and even in countries like the United Kingdom and Canada with a strong public health-care system, the private pharmaceutical industry is a major economic player (Walley, Haycox, and Boland 2004). Beyond its relationship to economic development, the welfare state is directly related to education, which is a form of social policy in the broad sense of the term: training programs involve

education policy, as does child-care, which is largely about education and the promotion of gender equality and increased female labor-force participation.

Overall, like the welfare state, education policy is central to debates on citizenship and equality in contemporary societies (Olssen, Codd, and O'Neill 2004). However, in terms of formal schooling, it is relevant to distinguish education policy from the welfare state: education is a distinct field of study and a policy area that often requires a particular set of analytical tools (Sykes, Schneider, and Plank 2009). Because education is typically not seen as a component of the welfare state, which is the focus of this book, we do not concentrate on it here. This does not mean, however, that the study of the welfare state should exclude education, which is a key aspect of social policy broadly defined. Thus, even a discussion centered on the welfare state should take education into account.

As well as being related to policy areas such as education and economic policy, the welfare state is sometimes described as part of a broader state mission. In his 2002 book, historian David Moss describes social insurance programs like Medicare and Social Security as examples of state-organized risk management aimed at reducing uncertainty in economic and social life. According to Moss, risk management policy refers to "any governmental activity designed either to reduce or to reallocate risks" (p. 1) and ranges from bankruptcy protection and disaster relief to product liability and social insurance. Thus, following the logic of risk pooling described above, social programs can become risk-management tools in the broader context of the state's role as a last-resort insurer that compensates for "market failures" while contributing to economic regulation and security. Another way to understand social policy as part of an even bigger picture is to depict social programs as examples of "state protection," defined as the general attempt on the part of government to reduce uncertainty and fight global threats, ranging from economic insecurity to environmental disasters and violent attacks.[5] Here, social policy is only one element of the bigger state intervention picture, as this policy area complements other forms of state protection such

as environmental policy and national defense. Social policy is a distinct policy area, but we should be aware of its existence in relationship to other policy areas – and even to larger economic, political, and social forces that cannot be understood without looking beyond existing distinctions between narrowly defined policy domains.

Recognizing overlaps between policy areas should not prevent us from emphasizing what is distinct about the *social* programs at the center of the modern welfare state. This is why, throughout this book, social policy refers primarily to programs that aim to support the poor, fight inequality and promote citizenship solidarity, reduce market dependency (i.e., de-commodification), and/or protect workers and their families against specific economic risks. Certainly, it would be more elegant to define social policy in relationship to just one of these goals; however, it is better to remain open to what social programs *can* do instead of adopting a narrow definition inspired by our normative preferences (what we think these programs *should* do). As for the welfare state, this term generally refers to the aggregation of social programs that have developed in a specific country. Normative definitions of the welfare state that focus on the appropriate level of economic protection that a state should offer are interesting, but they are not used in this book. The concept of welfare state can mean different things to different people, and adopting a clear definition is important to avoid major analytical confusions (Veit-Wilson 2000; Wincott 2003).

Types of Programs

Social programs at the heart of the modern welfare state can be classified in a number of ways. For example, the social policy literature commonly distinguishes between public and private benefits, although, as discussed more extensively in Chapter 2, the public–private mix is rarely straightforward because public policies such as tax incentives and regulations impact the development of private benefits (Béland and Gran 2008; Hacker 2002; Howard

1997). Another important distinction is between income maintenance and social services, which is not about distributing money to people but about providing them with services, ranging from health-care to training opportunities. This distinction between cash benefits and services is present across social policy areas. For example, unemployment policies can provide insurance benefits to people who have lost their job but they can also offer them the opportunity to improve their occupational skills through subsidized internships and training courses. Often, the provision of health and services requires more staff and a greater involvement of professionals than the allocation of cash benefits, especially when it takes the form of tax credits, which are generally administrated by existing tax agencies.

To this basic distinction between income maintenance and social services, we can add a typology that draws a line between programs according to their eligibility criteria and financing mechanisms. For the sake of clarity, our discussion focuses on three main, and sometimes overlapping, well-known program types: social assistance, social insurance, and universal transfers and services (e.g., O'Connor 2002; Olsen 2002: 27–31; Rice and Prince 2000; see Table 1.1).

Table 1.1 Three types of social program

Type	Financing	Benefits	Example
Social assistance	General revenues	Income and/or means-tested	Temporary Aid for Needy Families (TANF)
Social insurance	Payroll tax (but can be supplemented by general revenues)	Benefits tied to past payroll contributions	US Social Security
Universal transfers and services	General revenues is most common	Benefits available to all residents as a right	British National Health Service (NHS)

Social Assistance

The oldest type of social program within this typology is social assistance, which only targets poorer citizens. There are two main ways for the state to determine who is eligible to receive social assistance transfers and services: means-testing and income-testing, which are sometimes combined.

Means-tested programs are only accessible to unemployed or low-income people whose assets fall under a specific threshold. For example, in some jurisdictions, people who own their house or have significant personal savings are not eligible for social assistance benefits; only people considered truly needy (those without major assets to support themselves) would qualify. Residency criteria can supplement the means test, which may exclude poor immigrants from receiving social assistance benefits. In the United States, a well-known example of means-tested program is the Temporary Aid to Needy Families (TANF).

Pure income-tested programs do not consider assets when determining eligibility. The principal eligibility condition is low income, sometimes supplemented by residency criteria. Canada's Guaranteed Income Supplement (GIS) is a good example of a large-scale income-tested program in North America. In terms of retirement security, the GIS provides a much larger benefit than the American Supplemented Security Income (SSI), at least on a per capita basis (the Canadian population is almost ten times smaller than the American population). The liberal eligibility criteria of the GIS makes it a much more efficient tool for fighting poverty among the elderly than its American counterpart (SSI), which is both means-tested and income-tested. However, the fact that GIS benefits are more generous and accessible to elderly people also means they create a greater fiscal burden for all taxpayers (Wiseman and Yčas 2008). This is true because social assistance programs like the GIS and SSI are typically financed through the state's general revenues. Social assistance programs are explicitly redistributive, in the sense that wealthier taxpayers who may never qualify for benefits contribute to cash payments and services allocated to people who, in some circumstances, are too poor to pay income taxes.

This overt redistribution is a major aspect of the politics of social assistance, in that citizens may object to paying taxes that finance benefits allocated to less well-off people who, in their opinion, do not deserve state support. This aspect points to the traditional distinction between "deserving" and "undeserving" poor, which can be traced back to the debate on the British Poor Law (Castel 2003; Polanyi 2001) and is rooted in the assumption that only some poor people truly deserve social assistance benefits. What makes the poor deserving varies depending on the historical and social context but can include factors such as disability and age (too old or too young). The undeserving poor are seen as lazy, morally inferior individuals who have a tendency to exploit the excessive generosity of taxpayers instead of looking for a job and fending for themselves (Steensland 2007). Frequently tainted by class, gender, ethnic, or racial stereotypes, this type of discourse was constant in the American welfare debate that raged from the late 1960s to 1996, when President Bill Clinton signed legislation ending the controversial Aid to Families with Dependent Children (AFDC) program. In the United States, the term "welfare," as used in the AFDC program and in the Temporary Aid to Needy Families (TANF) program, which replaced it, has become synonymous with social assistance.

But as Christopher Howard (2006) convincingly argues, it would be a mistake to generalize from that welfare debate to depict all programs for the poor as politically vulnerable. Such a generalization (e.g., Skocpol 1990) would imply that political support for social assistance policies is necessarily much lower than support for social insurance schemes like Medicare and Social Security. Instead, as Howard illustrates, a number of major American social assistance programs are both popular and politically sustainable. For example, since the late 1980s, coverage for Medicaid has expanded (Brown and Sparer 2003) without creating a political backlash. Other social assistance programs, such as the Earned Income Tax Credit (EITC) program and the Children's Health Insurance Program (CHIP) are also popular, and their expansion is often seen as legitimate. Both programs target populations that are seen as deserving of state assistance – the working

poor (EITC) and low-income children (CHIP) – and contradict the common wisdom that social assistance programs are necessarily vulnerable from a political standpoint (Howard 2006). To assess the social and political status of an assistance program, it is essential to account for factors such as the perception of its beneficiaries and its relationship to widely shared and historically constructed "categories of worth," such as the dichotomy between the deserving and undeserving poor (Steensland 2007; for a similar perspective see Fraser and Gordon 1994).

Social Insurance

Access to social assistance is need- or income-based, but entitlement to social insurance benefits typically stems from payroll contributions. Under most social insurance arrangements, in order to qualify for benefits, people must have contributed (through the payroll tax) for a minimum time period, which varies from one program to another. In the United States, Social Security is structured in this way. As for unemployment insurance, in the vast majority of American states, only employers pay social insurance contributions. This is a major distinction from Social Security, to which both workers and employers contribute equally.

Most income programs that operate according to social insurance principles are meant to maintain people's standard of living after retirement or during periods of disability or unemployment, and a relationship exists between the wage people earn and the level of cash benefits they receive once they qualify for benefits. In the case of old-age insurance programs such as Social Security, full benefits are only available after a certain age (sixty-six years old as of 2009), while for health insurance schemes, coverage stems from payroll contributions. Sometimes, the term "health insurance" is used misleadingly to refer to universal schemes in which entitlement is tied not to contributions but rather to citizenship or residency. For instance, because health-care entitlement in Canada is based on citizenship and residency, its provincially operated public health-care system is not grounded in strict social insurance principles.[6] The status of the Medicare program in the

United States is different, as some of its key components operate according to social insurance principles, including – payroll – contribution financing (Marmor and Mashaw 2006).

In the field of old-age security, the relationship between contributions and benefits is at the heart of the social insurance logic. This relationship has led to a political discourse according to which workers' payroll contributions create "earned rights," which in turn create entitlements that simply allow retirees to "get back" the money they had previously "put in" during their working years. This discourse is especially prevalent in the United States, where supporters of Social Security have long depicted the program as a source of earned rights, similar to a savings scheme. From a political standpoint, this view has helped shield the program from conservative attacks by depicting it as an institution that is consistent with so-called "American values" like self-reliance and personal responsibility (Béland 2005). Although the metaphor of earned rights is relevant, it is potentially misleading. Social Security is a pay-as-you-go system that essentially transfers money from workers to current retirees, so people who receive Social Security benefits do not actually get "their" money back. Instead, they receive money from active workers who currently pay Social Security contributions. Furthermore, people who live a longer-than-average life sometimes receive far more in Social Security benefits than they ever contributed to the program. In fact, during the post-World War II era, the first cohorts of Social Security beneficiaries received more money than they ever paid in. At the time, favorable demographic conditions related to the Baby Boom (i.e., many younger workers would soon enter the job market and pay contributions) helped make this situation possible (Schieber and Shoven 1999).

Regarding social insurance schemes, if people can get more than what they paid in, the opposite is also true. For instance, people with very stable jobs can pay unemployment insurance contributions during their whole career without ever receiving unemployment benefits, and people who die at age sixty, after having contributed to Social Security for three or four decades, never receive a dime from the program (although their survivors could receive benefits derived from their contributions).

In the end, social insurance is about risk pooling, and some people do get a better deal than others. Still, this does not necessarily weaken the legitimacy of social insurance because it is hard for individuals to predict, decades in advance, how they will fare in terms of their health, employment status, and life expectancy. Unlike personal savings schemes, social insurance programs set benefit levels in advance so people have a better idea of what they should receive in the future. But as with all public policies, social insurance programs are historical constructions that can be transformed, over time, by political decisions. In other words, social insurance is a form of risk management and a genuine source of economic security that is not immune from cutbacks and other political attacks. As authors such as Paul Pierson (1994) have argued, although the relationship between contributions and benefits and the existence of large armies of beneficiaries entitled to benefits can protect these programs from direct political threats, cutbacks and restructurings always remain possible. From a political perspective, citizens should never take social programs for granted – they may have to fight to expand or even to preserve them.

Universal Transfers and Services

In some countries, a number of social programs are universal, in the sense that all citizens and even permanent residents are automatically entitled to certain income transfers and social services as a matter of right. The term "universal" is paradoxical, however, because *national* social programs, including universal transfers and services, typically exclude outsiders – people who do not live in or do not belong to the particular country – from receiving benefits. Thus, many social programs are about political membership and/or residency status, which is partly why, as evidenced in Chapter 5, immigration and social policy intersect.

Universal transfers and services differ from social insurance systems in that they are exclusively or largely financed through general revenues. There are two main types of universal transfers and services: demogrants and universal provisions. Demogrants

are policies that are available to people of a certain age who meet specific citizenship and residency criteria. For example, from 1944 to the 1980s, Canadian parents received family allowances for each of their children, from birth to adulthood. Another Canadian demogrant is Old Age Security (OAS), a modest, flat old-age pension, which was adopted in 1951 and is formally available to all people aged sixty-five and older who meet certain residency criteria. In contrast, universal provisions are available to all people, regardless of age, as long as they meet similar citizenship and residency criteria (Béland and Myles 2005). In Canada, public health-care is universal, which means that any citizen or permanent resident is entitled to a wide range of health services anywhere in the country, despite the fact that each of the ten provinces – and not the federal government – operates the public system (Rice and Prince 2000).

Unlike Canada but also the United Kingdom and Sweden, the United States has not developed universal public social programs that cover its entire population and that are based solely on citizenship and/or residency criteria. Although some components of Medicare are similar to the demogrant logic, the American welfare state centers, for the most part, on the dichotomy between social assistance and social insurance (Fraser and Gordon, 1992). This is partly a historical legacy of the New Deal, whereby President Franklin Roosevelt and others promoted the expansion of Social Security by criticizing social assistance and rejecting proposals for the creation of universal benefits like a flat federal pension (Cates 1983). During the late 1960s and 1970s, an attempt to create a guaranteed income system to replace existing American welfare programs failed because it involved covering different categories of people under what many observers wrongly understood as a new form of "welfare" (Steensland 2007).[7]

Today, there is no truly universal public social program in the United States. Overall, the relative absence of universal transfers and services in the United States points to the lack or, at least, the weakness of social citizenship in the country (Fraser and Gordon 1992). Yet, in that country, the gradual expansion of health insurance coverage central to the 2010 health-care reform

(Chapter 5) may facilitate the advent of a universalistic model of social rights.

A type of social benefit directly related to citizenship, but not a demogrant in the strict sense of the term, are programs to assist current and former military personnel and their families. From pensions to health-care to educational provisions, social policies for the military are a major aspect of the modern welfare state. For example, in the United States, as in many other countries, military pensions emerged long before the advent of comprehensive public pensions for the general population: a striking example is the expansion of Civil War pensions in late nineteenth- and early twentieth-century America (Skocpol 1992). But pensions are only one aspect of the safety net offered to veterans. For instance, the GI Bill (Servicemen's Readjustment Act), which was enacted in 1944, provided returning American veterans with unemployment benefits, low-interest home loans, tuition assistance, and vocational training, among other things. Accessible to all veterans regardless of racial and ethnic background, the GI Bill became a source of citizenship inclusion and social mobility during the post-war era (Mettler 2005). Recently, access to quality health-care for US veterans has become a major political issue. In 2006, for example, veterans' groups accused the Bush administration of potentially depriving thousands of veterans of health coverage through insufficient funding (United States House of Representatives 2006).

Beyond veterans, it is important to keep in mind that, in the United States like in most other countries, the army provides health, housing, and social benefits to military personnel in active service. Frequently excluded from mainstream social policy analysis, this "camouflaged safety net" has recently been depicted as a low-profile yet highly significant component of the American welfare state (Gifford 2006). Overall, given that military service is a key form of citizenship participation and is related to highly symbolic and emotional issues, like patriotism and self-sacrifice, the fate of the safety net for soldiers and veterans is a potentially controversial issue, in the United States and beyond.

Policy Areas

The previous discussion referred to concrete social programs located within specific policy areas, but it is now time to systematically highlight broad differences between these areas. In effect, social programs deal with distinct social and economic problems that shape their structure and character beyond the distinctions between social assistance, social insurance, and universal transfers and services. To give you a good idea of the substantial diversity on the field of social policy, this section compares and contrasts five policy areas at the center of the modern welfare state: (1) work, unemployment, and welfare; (2) pensions; (3) health-care; (4) housing; and (5) family benefits (see Table 1.2). Throughout

Table 1.2 Five social policy areas

Policy area	Possible objectives	Public programs	Private benefits
Work, unemployment, and welfare	Providing cash support and services to jobless people or low-income workers	Unemployment insurance; Earned Income Tax Credit (EITC)	Severance packages offered by employers
Pensions	Providing income support for the disabled, elderly people, and survivors	Social Security; Supplemental Security Income (SSI)	Private pensions and personal savings accounts
Health care	Favoring access to health services and help pay medical bills	Medicare; Medicaid; Children's Health Insurance Program (CHIP)	Employer-sponsored and personal health insurance coverage
Housing	Help people afford a home; preventing homelessness	Public housing facilities; vouchers; mortgage deduction	Employer-sponsored housing and relocation packages
Family benefits	Child welfare; gender equality; education; work–family balance	Publicly funded child-care; parental leave entitlements	Private child-care and employer-sponsored (paid) parental leaves

this discussion, it is crucial to acknowledge the relationship between public and private social programs as well as the role of regulations and tax schemes that shape these private programs. As suggested above, taking public–private interactions into account is especially crucial when we study the United States, a country where these interactions have largely shaped welfare state development (e.g., Hacker 2002; Howard 2006; Klein 2003).

Work, Unemployment, and Welfare

Being out of work or earning low wages is a primary source of poverty and economic insecurity in capitalist societies, and it is why governments enact social insurance and social assistance programs for the unemployed and the poor. Programs can provide cash benefits, job training and educational opportunities, or in-kind provisions such as Food Stamps, a federal social assistance scheme that helps eligible poor people buy food using a special debit card (the actual stamps are long gone).

From a historical standpoint, unemployment is a relatively new policy concept, which crystallized in the late nineteenth and early twentieth century (Topalov 2000; Walters 2000). Unemployment is not only about being jobless – it is about being jobless while actively looking for work. Thus, in general, jobless people who are not seeking employment are not officially considered unemployed. Because official unemployment rates exclude jobless people not currently looking for work, these rates are potentially deceptive. For instance, people who think they cannot find a job due to an economic crisis and decide to stop looking for one will not be added to the list of unemployed people. Moreover, severance packages offered by employers are more likely to make a difference for well-paid employees, including CEOs, who are known for their expensive "golden parachutes."

As a welfare state program, unemployment insurance provides temporary support to the unemployed while they look for work. It is at least partly financed through contributions paid by workers and/or employers, depending on the nature of the scheme. Generally, workers need to be employed for a certain time period

before they are eligible to receive benefits. In the United States, the states run unemployment insurance programs and, as a consequence, benefit levels and eligibility criteria vary from state to state. Most other developed countries have adopted more centralized schemes that are operated at the national level. Interestingly, Canada created a federal unemployment insurance system during World War II (Campeau 2005), and since the late 1970s, the system's eligibility criteria have varied from one region to another, depending on unemployment levels (i.e., people living in regions where unemployment is higher can access federal benefits earlier than those living in other regions).

In most developed countries, including the United States, access to unemployment insurance is restricted, and many unemployed individuals do not qualify for benefits. Moreover, people who are entitled to benefits typically receive them for a limited period of time, depending on their work history and the program's eligibility criteria, and some unemployed people end up on social assistance rolls after they run out of insurance benefits. As a result, during economic downturns, social assistance caseloads are likely to increase alongside unemployment insurance rolls, a situation that raises the fiscal burden stemming from both types of programs.

In the United States, access to social assistance programs is limited to some categories of people, generally through a means test and/or an income test, as discussed above. In the post-war era, the most debated social assistance program in the United States was by far the Aid to Families with Dependent Children (AFDC). Created as part of the 1935 Social Security Act, this program, which aimed at providing funding to state programs that supported single mothers living in poverty, became increasingly controversial in the 1960s, when factors like changing family patterns and the struggle against discriminatory (e.g., racist) entitlement rules favored an increase in AFDC rolls (Weaver 2000: 56). "AFDC rolls expanded from 3 million persons (caretakers and children) in 1960 to 4.3 million in 1965 and to 10.2 million in 1971, while combined federal and state expenditures rose from barely $1 billion to $6.2 billion" (Weaver 2000: 55). After three decades of heated welfare debates centered on "work

ethics," "family values," and, implicitly, gender and race relations, AFDC was replaced by TANF (Temporary Aid to Needy Families). One consequence of that 1996 federal welfare reform (Personal Responsibility and Work Opportunity Reconciliation Act) is that most TANF beneficiaries are now subject to strict time limits (Waddan 2003; Weaver 2000). For instance, most people cannot stay on welfare for more than two years in a row, and people cannot spend more than five years in total on welfare. States must comply with these time limits to receive full federal welfare funding, which takes the form of a block grant – a fixed sum of money allocated every year, which has replaced traditional federal matching funds. And, compared to unemployment insurance, receiving welfare is a potentially greater source of stigma, partly because benefits are not related to previous contributions, although, as stated earlier, the level of stigma varies from program to program and depends on changing economic, historical, and political circumstances. During periods of economic hardship, for example, the public may hold a more sympathetic view of welfare recipients because they think it is harder to find a job. Overall, together with traditional concerns about work ethics and personal responsibility, changing circumstances impact the politics of unemployment insurance and welfare reform.

In addition to these traditional social assistance programs, the modern welfare state can subsidize low-income workers through a number of schemes, including tax credits like the EITC (Earned Income Tax Credit). Enacted in 1975 as a relatively modest scheme, the EITC is a low-profile social program that has significantly expanded since its creation. As opposed to welfare (e.g., AFDC), the EITC is hardly a controversial program, and its main rationale is to help the working poor through the federal tax system.

> Almost all recipients claim the EITC when filling their annual tax return. The credit reduces the amount of income tax owned and in most cases produces a tax refund. The value of the credit depends on the amount of earned income. . . . In 2003, the EITC reduced the income tax of the eligible family to zero and generated a refund check of $1,600. (Howard 2006: 98)

When exploring the welfare state, especially the American one, taking tax credits like the EITC into account is crucial (Myles and Pierson 1997).

Pensions

Although retirement had existed among privileged occupational groups for some time, it was only during the twentieth century that it gradually became a widespread social institution that shapes the life course of most individuals. The development of modern public pension systems covering all workers proved instrumental in this democratization of retirement (Graebner 1980). Today, a number of developed countries still have mandatory retirement policies, which force many people to retire when they reach a certain age (typically, sixty-five). In the United States, Congress banned mandatory retirement in 1986 as part of a broader push to fight age-based discrimination (Ebbinghaus 2006: 210); however, the demise of mandatory retirement has not triggered a decline in retirement as a major institution in American society. As the average life expectancy increases, people tend to rely on retirement pensions for longer than ever before. Partly as a result, pension expenditures have gradually increased over the past decades, a trend that should accelerate in the years to come as Baby Boomers (people born between 1946 and 1964) begin to retire. Annual Social Security expenditures ($585 billion in 2007) are already significantly higher than the US defense budget (Sherman 2008). As discussed in Chapter 5, this increasing fiscal burden is central to the contemporary debate on the future of modern public pension systems.

Public systems rely on different types of pension policy. In developed countries, social insurance pensions financed through employer and/or worker contributions are a prominent type of pension policy. The first modern old-age insurance system emerged in Germany in the late nineteenth century; later, countries like Belgium and France followed this social insurance path by enacting occupationally distinct schemes managed by employers and labor organizations. Thus, instead of having one social insurance program for the working population as a whole, these countries

created separate schemes covering distinct occupational categories like farmers and industrial workers (Baldwin 1990). The United States adopted a more centralized and statist version of the old-age insurance model first developed in Germany. Known as Social Security, this federal old-age insurance program is complemented by social assistance benefits – in the form of Supplemental Security Income (SSI) – for the elderly poor. But social insurance is not the dominant public pension model in all developed countries. In fact, countries like Australia and New Zealand do not operate a comprehensive public old-age insurance program, which does not mean that the state is not a central player in their respective pension system (Ashton and St John 2008).

Pension programs are long-term commitments that are affected by slow-moving demographic transformations. In the United States, actuarial forecasts for Social Security extend over a seventy-five-year period, which is quite long by most public-policy standards. In effect, the politics of pension reform is largely guided by anxieties about the future, as well as by long-term economic and political imperatives. Although elected officials may tend to focus on short-term problems because of obvious electoral constraints (e.g., members of the US House of Representatives face re-election every two years), recent international studies have concluded that, under particular institutional and ideological conditions, elected officials will take political risks to address perceived long-term problems like a projected imbalance in public pension financing scheduled to occur decades ahead (Jacobs 2008; Little 2008).

In many countries, tax-subsidized private pensions play a major role alongside public retirement benefits like Social Security. For instance, in the United Kingdom, Canada, and the United States, voluntary, loosely regulated and tax-subsidized private pension schemes developed alongside the public pension system (Béland and Gran 2008; Shalev 1996), and this complex articulation of public and private pension programs has led a number of journalists, policymakers, politicians, and pension experts to view them as equal, complementary elements (Leimgruber 2008: 186). For instance, the American pension system has been described as a "three-pillar" model, where Social Security, private pensions, and

personal savings complement one another. However, this idea of three pillars, or the related metaphor of the three-legged stool (DeWitt 1996), is misleading because Social Security is not simply one pillar among others but the true foundation of a pension system in which private pensions only cover part of the workforce and personal savings remain limited at best, especially when low-income workers are concerned (apRoberts 2000). Despite this remark, private pension and savings schemes do play a key role in American retirement security, and the federal government has long subsidized these private schemes through massive yet low-profile tax expenditures that disproportionately benefit wealthier people (Hacker 2004; Howard 2006).

In the United States, disability policy is closely related to retirement policy as both Social Security and SSI feature major disability components. Created in 1956 and gradually expanded thereafter, Disability Insurance (DI) is part of the Social Security system and a key aspect of the federal welfare state (more than nine million beneficiaries as of December 2008, out of a total of some fifty-one million Social Security beneficiaries). The disability component of SSI is much larger than its retirement component: in 2008, nearly 90 percent of the seven million SSI beneficiaries were disabled (Social Security Administration 2008: 2). Attempts have been made to control costs by limiting the number of people who were recognized as disabled and, therefore, entitled to benefits (Berkowitz 1987), but assessing whether people applying for DI or SSI benefits are in fact disabled or determining their level of disability is seen as a major challenge. In the end, the politics of disability is largely about defining who is disabled, which means that disability benefits are directly related to health-care issues (Jaeger and Bowman 2005).

Another example of how different components of the welfare state overlap involves workers' compensation schemes, which, to a certain extent, relate to both health and pension issues. In the United States, these schemes were enacted by state legislatures during the first decades of the twentieth century (Moss 1995). The goal was to compensate injured workers, or relatives of workers who died in their workplace, in exchange for the absence of legal

actions on their part against employers. Today as in the past, state workers' compensation programs vary significantly from one jurisdiction to another (Sengupta, Reno, and Burton 2007). These territorial variations in program structure and benefit levels point to the relationship between federalism and social policy analyzed in the next chapter.

Health-Care

Compared to cash benefit programs like Social Security, modern health-care systems are extremely complex (Béland, 2010), which makes it typically harder to assess the possible impact of available policy alternatives (the debate about the "real costs" of the 2010 American health reform illustrates this reality). This complexity of health-care as a policy area reflects the above-mentioned distinction between services and cash benefits. "[T]he issues raised by benefits in kind are genuinely complex, and raise trickier problems of mixed public–private involvement than is the case for most cash benefits" (Barr 1993: 289). This feature of contemporary health-care systems is particularly striking in the United States, where various public and private insurance schemes and state regulations have long interacted to create highly intricate institutions (Hacker 2002). Moreover, in the United States as elsewhere, the role of technological innovation in health-care further increases the complexity of that policy area (McClellan and Kessler 2002).

Like other components of the welfare state, health-care policies vary considerably from one country to another (Street 2008). Take health-care financing, for example. One influential form of financing is the single-payer model, in which the state plays the dominant fiscal role (i.e., it pays for most of the basic health-care costs). The United Kingdom and Canada are examples of single-payer health-care systems. But saying that both the United Kingdom and Canada adopted a single-payer model does not mean that they have developed identical health-care systems. For instance, as opposed to the situation prevailing in the United Kingdom, the Canadian state (in this case, the provinces) does not own hospitals. Furthermore, beyond the single-payer model, complex social insurance schemes

like those developed in Belgium, France, and Germany can provide universal (or quasi-universal) coverage without the level of statism present in the United Kingdom. And, in a country like Switzerland, the prominent role of private hospitals and insurance companies has not prevented the advent of universal coverage (Bertozzi and Gilardi 2008). These examples are important for students of American health-care policy because they suggest that universal coverage is possible without the creation of a single-payer public health-care system. This does not mean that the creation of such a system would be a bad idea; rather, other options are available as far as reaching universal coverage is concerned.

In the United States, private insurance coverage remains dominant, as both employers and insurance companies provide coverage to most workers and their families in a fragmented private system that is both subsidized and regulated by the state – increasing its complexity. Moreover, through programs like Medicare and Medicaid, the state also plays a direct role in health-care policy. For the most part, these two programs cover people who are traditionally excluded from private health-care coverage: the elderly, the disabled, and (some of) the poor. Yet, although the United States spends more proportionately on health-care than any other country, it is the only developed nation without universal health insurance coverage (Street 2008). In the late 2000s, for example, more than forty-five million people were uninsured at any given time and, among the uninsured, young adults and ethnic and racial minorities were overrepresented (Bolduan 2009; Starr and Fernandopulle 2005). Thus, like poverty, the lack of health coverage is not a randomly distributed social and economic risk. This issue is further discussed in Chapter 5, where we turn to recent political efforts to increase insurance coverage in the United States, especially the 2010 health-care reform.

Housing

One of the most basic human needs is access to adequate housing, which is why, in developed societies and beyond, homelessness is considered a radical form of insecurity and deprivation (Polakow

and Guillean 2001). As well as being typically more exposed to violence and criminal activities (Stateman 2008), many homeless people in northern cities die every winter from the cold, despite the availability of a limited number of emergency shelters. Beyond homelessness, even in developed countries like the United States, many low-income individuals and families struggle every month to pay their rent or their mortgage, or they live in unsanitary homes and apartments. These problems can push poor people to the streets, increasing the homeless population.

Developed countries have responded by creating housing policies to support low-income tenants and by stimulating the construction of affordable housing units, among other things. Over the years, the United Kingdom and France, for example, have developed large public-housing systems (Doling 1997). As for the Netherlands, it has created a massive public housing system where more than a third of the population lives. And, unlike the situation in the United Kingdom during the Thatcher years, in the Netherlands, the public housing sector has not declined in recent decades (Brandsen and Helderman 2006). In contrast, in the United States, public housing has long constituted a rather modest policy area. Authorized by the 1937 National Housing Act, public housing has faced a great deal of opposition from conservative leaders who fear "possible competition with the private housing market and the prospect of relocating poor people, especially blacks, to more affluent neighborhoods" (Pierson 1994: 76). In the years following World War II, public housing policy targeted only the poorest citizens, and, as a result, it became increasingly associated with deprived, minority-dominated, inner-city neighborhoods (Popkin et al. 2000; Vale 2000). Although public housing was significantly expanded in the late 1960s and in the 1970s, little more than 1 percent of the American population lived in housing projects by 1980. Additionally, less than 3 percent of the population received allowances for privately rented housing (Pierson 1994: 76). Efforts were made in the 1990s and into the 2000s to improve the quality of life in many housing projects. Another contemporary trend in housing policy is the development of voucher programs aimed at helping poorer Americans to afford a place to live. For example,

the federal Housing Choice Voucher Program provides cash assistance to vulnerable social categories like the disabled, the elderly, and low-income families; the program is administrated by local public housing agencies (US Department of Housing and Urban Development 2009). Overall, compared to other developed countries like France and the Netherlands, the contemporary American public-housing system is limited, underfunded, and politically vulnerable. As for employers, they seldom provide direct housing support to their employees, and moving expenses are usually reserved for better-off workers.

There is, however, another aspect of American housing policy that students of the welfare state should consider: home mortgage interest deduction, which allows many homeowners to reduce their income tax burden proportionally to the interests they pay on their mortgage.[8] Adopted in 1913, this low-profile fiscal scheme has gained greater political support over the years. The rapid expansion of individual income taxes during World War II increased the role of home mortgage interest deduction, affecting many more people, including members of the middle class who had to pay federal income tax for the first time ever. After 1945, this policy reinforced the federal push for private middle-class residential construction and, to a certain extent, constituted a hidden, indirect subsidy to the American construction industry (Glaeser and Shapiro 2002: 2). Typically, well-off citizens disproportionately benefit from the deduction, which, in 1995, accounted for an annual revenue loss for the federal government of more than $50 billion (Howard 1997); at the same time, other fiscal schemes that explicitly promote home ownership (e.g., deferring capital gains on the sale of principal residences) cost the federal treasury billions of dollars annually. Because home ownership can become a major source of economic security for individuals and families (Winter 1999), these policies are "social" in nature, despite being fiscally regressive.

Family Benefits

Family benefits constitute a broad policy area that includes provisions designed to increase the well-being and economic security

of parents and their children, as well as other objectives, such as helping parents find a better balance between their domestic and their professional lives. Such benefits are closely related to gender relations and how they evolve over time. In the past, family benefits in developed societies largely reflected traditional gender roles according to which mothers stayed at home to raise children and perform domestic tasks (Skocpol 1992). Although it remains influential, this model has long been challenged by feminists as well as social and economic transformations that have led to higher levels of labor-market participation for mothers. Today, when properly designed, family benefits can reduce gender inequalities instead of helping reproduce them, as they often did in the past (O'Connor, Orloff, and Shaver 1999).

As discussed here, the term "family benefits" is somewhat narrower than "family policy," a term that may extend well beyond the welfare state (Bogenschneider 2004). Family benefits include policies such as child-care programs, family allowances, and parental leaves. Interestingly, in the post-war era, the United States never developed a large-scale, national family allowance program, unlike Canada and many European countries (O'Connor, Orloff, and Shaver 1999: 120). In most of these countries, the goal of family allowances was twofold: to provide financial support to parents and to boost or at least maintain fertility rates. From this perspective, family allowances were part of the demographic regulation of these countries (King 1998: 33). The comparatively high fertility rates prevailing in the United States (currently, 2.1 children per woman) may have reduced the apparent need for family allowances. But today, American parents can take advantage of the Child Tax Credit (CTC), which is worth up to $1,000 per child. Like most federal tax expenditures, however, the CTC is a regressive provision that disproportionately benefits better-off parents (Huang and Shaw 2009).

At the broadest level, family benefits are a significant aspect of the American welfare state. In the first decades of the twentieth century, mothers' pensions – designed primarily with the welfare of children in mind – became one of the first components of its modern social policy system. Grounded in traditional gender roles

and actively promoted by reformers, women's organizations, and their political allies, these social assistance schemes were adopted by no fewer than forty states between 1911 and 1920. By 1935, all the American states had adopted a mothers' pension program (Skocpol 1992: 446–7). These modest state-level pensions prepared the way for the creation of the Aid for Dependent Children (ADC, later the AFDC) program during the New Deal, while illustrating how family and social assistance benefits have meshed in the United States. Even today, TANF is explicitly defined as "Temporary Assistance for Needy *Families*" and is aimed at supporting poor parents, especially unemployed ones. Consequently, TANF, just like the EITC (Earned Income Tax Credit), can be said to belong to the areas of family benefits and work, unemployment and welfare (O'Connor, Orloff, and Shaver 1999, 120). This example suggests once again that although typologies are useful for mapping the field of social policy, apparently distinct policy areas are somewhat arbitrary constructions that frequently overlap, in one way or another.

Parental leave is another key form of family benefit. Because of the increasing number of women in the job market, parental leave has become a serious social policy issue across the developed world. For many years, the United States lagged behind in that policy area. In fact, before the passage of the 1993 Family and Medical Leave Act (FMLA), it remained one of few developed countries with no national parental leave policy (Haas 2004: 203). Signed by President Bill Clinton, this act grants twelve weeks of unpaid leave to people working for businesses with at least fifty employees (Haas 2004: 203); moreover, "only about 60 percent of all US employees are eligible to take leave under the Family and Medical Leave Act" (Haas 2004: 205). Compared to similar Canadian and European legislation, this act is a modest framework partly because of the unpaid nature of the parental leave enforced by the FMLA. Moreover, as of 2007, only Puerto Rico and five states (California, Hawaii, New Jersey, New York, and Rhode Island) offered paid maternal/parental leaves. Still, employers, even large ones, do not always offer paid leaves to their workers (Lovell, O'Neill, and Olsen,

2007). In general, the United States offers less-comprehensive benefits for parental leave than many other developed countries (O'Connor, Orloff, and Shaver 1999: 4). Finally, it is worth noting that, where parental leaves are concerned, men's take-up rates are typically lower than women's, a situation that reflects at least in part the persistence of traditional gender roles (Kamerman and Gatenio 2002).

Child-care is yet another important form of family benefit in most developed countries. The growing number of women in the formal labor market and the political mobilization of feminist groups have each played a significant role in the expansion of public child-care facilities and programs around the world. Publicly subsidized child-care programs can have several objectives, ranging from economic support for parents to the promotion of gender equality and early childhood education. Since World War II, for example, France and Sweden have created large and widely accessible public systems that explicitly promote gender equality by making it easier for mothers to remain in the labor market. In North America, the French-speaking Canadian province of Quebec has perhaps the most comprehensive public system, with child-care spots in certified facilities available to all parents for just $7 a day (Albanese 2006). The core objectives of this universal scheme are to promote gender equality and to encourage working mothers to have children.

In the United States, comprehensive public child-care for the general population is largely absent, and the state role in child-care policy typically remains limited in scope. But, looking back, we can find some early examples of – limited – state involvement in child-care. For instance, in order to support mothers working in the war industry, "during World War II, the Federal Government sponsored day care for 400,000 preschool children. [Yet] after the war, the Federal Government abdicated all support for day care and instructed women to quit working, go home, and take care of their children" (Boschee and Jacobs 1997). Nonetheless, despite the lack of comprehensive state support since that time, the percentage of working mothers has strongly increased in the United States (as in other developed nations) and, today, most mothers

with children aged between three and five work outside the home (Children's Defense Fund 2005: 60).

Not unexpectedly, "as the number of working mothers has increased dramatically over the past three decades, so has the need for reliable, affordable, quality child care" (Children's Defense Fund 2005: 60). In response to these growing child-care demands, the private child-care industry has expanded over the last four decades, and some employers have created facilities to accommodate their employees' children. Indeed, private child-care is a growing industry, which is indirectly subsidized through several provisions of the tax code. Regarding provisions enacted in the late 1970s and early 1980s, Kimberly Morgan (2006) states that such "tax credits helped propel the growth of a private child care market and thus reinforced the public–private divide in the provision of social welfare" (p. 103). Because many employers do not offer or subsidize child-care services, rising costs are a significant concern for working parents, especially poorer ones:

> The average fee for full-time, center-based child care ranges from $3,400 to $14,600 annually, depending on where the family lives and the age of the child. Without child care assistance, low-income families must bear the significant financial burden of paying the full cost of care on their own, and may be unable to afford the high-quality, stable care they want for their children and that parents need [in order] to work. (Schulman and Blank 2008: 1)

Low-income families spend a greater proportion of their income on child-care than their more affluent counterparts and, partly to address this issue, states operate child-care assistance programs for poorer parents, including those who work or study full-time. However, even though these assistance policies clearly increase the economic autonomy and well-being of many low-income parents, "the large majority of states [have] made little progress in these policies, and some states [have] slid backwards. Moreover, in most of these policies, most states had lost ground or failed to move forward since 2001" (Schulman and Blank 2008: 1).

In terms of early childhood education, the federal government

plays a significant role through the Head Start program. Created in 1965, this program offers preschool education and social services that are aimed at getting low-income children ready for regular school (Head Start Impact Study 2005: iii). More generally, however, compared to other developed nations, the United States offers relatively limited public support for both child-care and early childhood development (O'Connor, Orloff, and Shaver 1999: 4).

Conclusion

This chapter has highlighted the many-sided nature of social policy, which is divided among types of programs and policy areas. At the same time, the broader meaning of social policy and its direct relationship to issues such as citizenship, poverty, inequality, risk pooling, solidarity, de-commodification, and economic insecurity have been discussed. The relationship between the welfare state and each of these issues varies from program to program, and this is precisely why it is crucial to take into account the diverse social programs that have been created over the years to address such issues. In Chapter 2, we take a more systematic look at key social policy differences that exist between the United States and other developed countries; instead of focusing on types of programs and policy areas, we explore international trends and patterns in order to locate the United States within them. Although Chapter 1 gave you some idea of the policy differences and similarities between the United States and other developed countries, to make sense of this cross-national landscape, we must review the comparative literature on social policy and, more specifically, on welfare regimes.

2

The United States in International Context

Being born in a country other than the United States, you would probably have different expectations about the level of social protection available to you. For example, while Britons and Canadians learn from a young age that equal access to health-care is a right of citizenship, in a country like the United States, this very idea is a major source of controversy. This was clear during the 2009–10 debate on health-care reform, where many conservatives openly rejected the idea that health-care should become a right of citizenship. Although the 2010 reform should considerably reduce the number of uninsured in the United States, the fact that the idea of health-care as a right remains contested in that country is a major difference with most other developed societies, where this idea is now widely shared. In general, despite the impact of the 2010 reform (Chapter 5), the American health-care system remains very different from the single-payer model developed in countries like Canada and the United Kingdom, for example. And this is only one of the many social policy differences between the United States and other developed countries (Chapter 1). Considering this, how do we make sense of such social policy differences between countries?

From a comparative standpoint, social policy is a fragmented landscape, where both transnational and intra-country variations abound. The main objective of this chapter is to map the international social policy landscape and position the United States within it. Through a discussion of the concept of welfare regime,

we identify and explain the factors that may distinguish one country's social programs from those of another. To highlight what is specific about the American welfare state in a comparative context, we draw upon the vast international literature on welfare regimes, especially the debate on the work of sociologist Gøsta Esping-Andersen. Despite its limitations, his welfare regime typology remains insightful because it stimulates comparative research and thinking by encouraging us to systematically place our country in its broad international context. For instance, although the United States remains "exceptional" in many respects, it shares a number of trends with other members of the "liberal welfare regime."

This chapter has three main sections. The first section begins by exploring Esping-Andersen's welfare regime typology; it then highlights its possible shortcomings, which leads to a discussion on issues such as gender and race and their relationship to these welfare regimes. If we focus so much on Esping-Andersen's work, it is not because it is the only way to map the international social policy landscape, but because he is one of the most prominent scholars in the field. Even when not agreeing with his typology, many students of social policy engage with his work, and it is useful to know it in order to understand key social science debates about the welfare state. The second section explores the nature of the public–private mix in social policy, which is a key aspect of the liberal welfare regime in which the United States so neatly fits. After exploring differences between countries, welfare regimes, and public–private programs, the third section turns to the territorial logic of social policy within countries, with an emphasis on federalism and the territorial organization of the welfare state, before illustrating how social policy relates to the construction of territorial inequalities and identities.

The Great Welfare Regime Debate

The most common way to take a systematic look at cross-national differences in social policy development is to examine the concept of "welfare regime" as articulated by Gøsta Esping-Andersen

(1990, 1999) and then compare it to the idea of the "welfare state."[1] Traditionally, the welfare state refers explicitly to the role of the state, while the concept of welfare regime has a much broader meaning. For instance, according to Esping-Andersen, a welfare regime is based on a specific relationship between the state, the market, and the family. Inspired by the work of Richard Titmuss (1963a), Esping-Andersen uses his concept of welfare regime to differentiate the ways in which countries organize their social programs in relationship to families and markets. The most important aspect of Esping-Andersen's typology is de-commodification, which, as suggested in Chapter 1, takes place when social transfers and services are granted on the basis of social rights and as a way to make citizens less dependent on the job market for their basic economic security. This focus on de-commodification emphasizes that state-granted social rights should be understood in relationship to market forces. From this perspective, an increase in state-allocated social protection reduces the need for alternative, market-based forms of social policy. The same remark applies to the interaction between the state and the family, as comprehensive public programs are likely to reduce the reliance of individuals on traditional family solidarity. In this domain, the equivalent of de-commodification is labeled "de-familialization." For Esping-Andersen (1990, 1999), public social programs in fields such as employment and family policy can reduce the economic dependence of citizens – and especially women – on their family. In effect, to understand the key differences between how countries allocate welfare, we must not only focus on the public sector but also on the relationship between states, markets, and families.

With its emphasis on the scope and the nature of cross-national differences, Esping-Andersen's typology helps us classify countries into broad categories known as welfare regimes. Each regime is characterized by a unique division of labor between the state, the market, and the family. This division of labor is not just about relative levels of government expenditures (how much money a country allocates to social programs in general); it also considers how each state spends money (what types of benefits and

targeted populations are stressed) and how much room is left for family- and market-based social protection. According to Esping-Andersen (1990, 1999), there are three welfare regimes in developed societies – liberal, conservative, and social democratic – and these regimes consist of clusters of countries that, despite their differences, share major similarities. Esping-Andersen has defined them in this way in order to draw our attention to the "big picture," in this case the dominant institutional configurations that characterize each country, rather than the variations that exist between policy areas in just one country. His topology, then, like all typologies, is an explicit simplification of the sheer complexity that characterizes each national social policy system.

In general, the main goal of a typology featuring "families of nations" (Castles 1993) is simply to map a broad research area (in our case, social policy) – not to replace more detailed analyses centered on concrete programs and policy areas. These analyses remain necessary even when doing comparative research, and welfare regimes are simply analytical tools that can help us develop more informed empirical analyses. Moreover, within a particular policy area, two countries belonging to distinct welfare regimes can have more in common than countries within the same regime. For example, in the field of health-care, the United Kingdom, which belongs to the liberal welfare regime, is more similar to social-democratic Sweden than to the United States, another member of the liberal regime.[2] Given these issues, Esping-Andersen (1990) recognizes that "there is no single pure [national] case" and that exogenous elements (i.e., tendencies associated with the two other welfare regimes) exist within each country and each regime (p. 28). Finally, in his seminal 1990 book, he focuses on the crystallization of the three clusters of countries, also called regimes, during the post-World War II era, not on the transformations that have taken place since the mid-1970s (Esping-Andersen 1990). Thus, it is essential to keep all of these points in mind as we briefly review the key differences between the three welfare regimes at the center of this widely debated typology.

Esping-Andersen (1990) describes the liberal welfare regime as a cluster of countries where "means-tested, assistance, modest

universal transfers, or modest social insurance plans predominate. Benefits cater mainly to a clientele of low-income, usually working-class, state dependents. Entitlement rules are . . . strict and often associated with stigma; benefits are typically modest. In turn, the state encourages the market, either passively – by guaranteeing only a minimum – or actively – by subsidizing private welfare schemes" (p. 26). He uses "liberal" in the European sense of the term to designate market-friendly beliefs and institutions (in contrast, in the United States, "liberal" is tied to statist, left-leaning thinking). In his typology, countries belonging to this welfare regime include Australia, Canada, the United Kingdom, and the United States. Characterized by lower levels of public benefits and a greater reliance on market-based programs than other countries, members of the liberal cluster are implicitly associated with the Anglo-American "liberal tradition," which authors like Louis Hartz (1955) have traced back to the ideas of British political theorist John Locke (1632–1704).

In the conservative welfare regime, market principles are less dominant than in the liberal regime. Instead, the conservative regime centers on a corporatist tradition that promotes the fragmentation of social policy by increasing the number of social insurance schemes that are aimed at offering separate protection to distinct occupational categories. Effectively, in the context of this regime, the state explicitly promotes the reproduction of occupational inequalities. As for the role of purely private benefits, it remains more limited in scope than in the liberal regime. Finally, compared to the liberal and social-democratic regimes, the conservative cluster is characterized by a stronger emphasis on traditional gender roles and family relations: "Social insurance typically excludes non-working wives, and family benefits encourage motherhood. Day care, and similar family services, are conspicuously underdeveloped" (Esping-Andersen 1990: 27). The preservation of both occupational inequalities and traditional gender roles explains why this regime is "conservative." In the context of Esping-Andersen's typology, social conservatism related to occupational fragmentation and traditional family values is distinct from what is known in the United States as

"economic conservatism" (i.e., the pro-market approach tied to the liberal welfare regime). Members of the conservative cluster include Austria, France, Germany, and Italy. As a consequence the focus is not on the Anglo-American world but on continental (Western) Europe, with the notable exception of the Nordic countries belonging to the social-democratic regime.

The social-democratic regime is a cluster of smaller countries – Denmark, Finland, Norway, and Sweden – in which the state plays a bold role by promoting equality, universalism, and de-commodification. Universal services and transfers frequently obviate the need for any strong reliance on private benefits or family support. Thus, the state is by far the dominant actor in social policy, and market providers typically play a much smaller role than in the liberal regime. Moreover, the social-democratic state promotes full employment, rather than maintaining low minimum wages, which is often the case in liberal countries, and socializes the costs of child-care and parenthood through comprehensive, publicly sponsored family benefits. As opposed to the conservative regime, "the idea is not to maximize dependence on the family, but [on] capacities for individual independence. . . . The result is a welfare state that grants transfers directly to children, the aged, and the helpless. It is, accordingly, committed to a heavy social-service burden, not only to service family need but also to allow women to choose work rather than household" (Esping-Andersen 1990: 28). Indeed, social-democratic countries actively promote gender equality through large public programs and universal social services. From a fiscal standpoint, as a direct effect of its reliance on universal, tax-funded social programs, the social-democratic regime is characterized by higher levels of taxation than the liberal regime. Yet, although people living in social-democratic countries pay more income tax than in most other developed societies, citizens in conservative countries tend to face high social insurance contribution rates. As for inhabitants of liberal countries such as Canada, the United Kingdom, and the United States, they pay lower combined (income and payroll) tax rates on average but are likely to spend more on private insurance premiums and other market-related fees (see Tables 2.1 and

Table 2.1 Average tax rate on employment income [income and payroll taxes combined] (2004) single individuals without children earning US$37,500 [CDN$40,000] a year

Canada	25
France	28
Germany	38
Italy	30
Japan	17
Sweden	31
UK	24
USA	24

Source: Adapted from Laurin 2006

Table 2.2 Net public and private social expenditures as a percentage of GDP

	Public	Private
Canada	19.6	4.0
France	29.2	2.1
Germany	28.4	3.0
Italy	24.1	1.3
Japan	18.6	3.5
Sweden	28.0	2.6
UK	23.1	4.2
USA	16.9	9.0

Source: Adapted from Organization for Economic Co-operation and Development (Adema and Ladaique 2005: 32)

2.2). In the end, most citizens end up paying for social policy, in one way or another. Although not its primary focus, the welfare regime typology highlights the respective role of different forms of social policy financing.

Partly because there is no consensus in the international social policy literature about how to classify countries, Esping-Andersen's typology of welfare regimes is the starting point of a lively social science debate on cross-national differences and social policy classifications. This international literature has become a growth industry (e.g., Arts and Gelissen 2006; Bonoli 1997;

Castles and Mitchell 1992; Kasza 2002; Lewis 1992; Merrien 1997; O'Connor 2002; Sainsbury 1999) and summarizing it would require publishing a separate book exclusively on this topic. Here, the goal is simply to highlight several key issues raised in this contemporary debate.

First, scholars have argued that some developed countries do not fit neatly into Esping-Andersen's threefold typology. For example, a fourth type of welfare regime could be added to account for the allegedly distinct nature of social policy in East Asian (Jones 1993) or Southern European (Ferrera 1996) countries. The case of Japan is interesting here, as this country features key elements of both the conservative and the liberal welfare regimes, with recent changes pushing it closer and closer to the liberal cluster (Shinkawa 2008). In general, we may need more than three regimes to adequately map dominant social policy patterns within the developed world (Arts and Gelissen 2006). Moreover, attempts have been made to create an alternative typology that offers a more accurate and complex description of cross-national differences and similarities. For instance, Giuliano Bonoli's (1997) welfare regime typology centers on the relationship between spending levels ("how much") and institutional patterns ("how"); by changing the assumptions about the main sources of cross-national differences and similarities, Bonoli ends up with a slightly different typology than Esping-Andersen's.[3]

Second, and more critical to this introduction to social policy, feminist scholars have extensively criticized Esping-Andersen's typology (e.g., Lewis 1992; Mahon 2001; O'Connor, Orloff, and Shaver 1999; Orloff 1993b; Sainsbury 1999). In particular, feminist scholars claim that his typology neglects a dominant aspect of the social world that is crucial for women: the relationship between paid and unpaid work. This neglect gives a different meaning to the issue of de-commodification at the heart of Esping-Andersen's work. From this gendered perspective, "analysis of de-commodification must be accompanied by analysis of services that facilitate labour market participation, such as childcare and parental leave. It is also important to recognize that the unpaid caring work in the home, generally done by women, facilitates the labour force participation

of others, generally men" (O'Connor 2002: 122). In effect, the status of women within and outside the family is a key structural aspect of welfare regimes, something that Esping-Andersen (1999) has acknowledged in his more recent work.

One particular focus of the feminist push to create gendered welfare regime typologies is the "male breadwinner model," an ideology present to various degrees across countries (Lewis 1992). In its purest form, this ideology states that women should stay at home to take care of the family through unpaid work, while men should remain the sole breadwinner of the household, working outside the home as part of the paid labor market. Because cross-national variations in this ideology can account for significant differences in program design and gender inequality, these variations are at the center of Jane Lewis's (1992) typology of welfare regimes, which draws a line between "weak," "modified," and "strong" male-breadwinner countries. Lewis's work has been criticized by other feminist scholars, who have developed alternative typologies to capture cross-national variations in the relationship between gender and social policy (O'Connor, Orloff, and Shaver 1999; Sainsbury 1999).

Feminist critiques of Esping-Andersen's work have become a central feature of the contemporary debate on the relationship between gender and social policy, drawing our attention to the gendered nature of social programs, which both reflect and impact patterns of inequality between women and men. While Esping-Andersen focuses mainly on class inequality and decommodification, the recent feminist literature on welfare regimes forces us to adopt a broader vision of inequality when comparing countries and even policy areas within a country. To a certain extent, this feminist literature is not so much a repudiation of Esping-Andersen's typology as an attempt to amend it in favor of a more subtle understanding of the inequality–social policy nexus. As stated in the previous chapter, one of the most significant goals of social programs is to reduce inequality and promote citizenship inclusion. What feminist scholars are telling us is that gender is a critical aspect of this task and that some countries and programs are doing a better job than others at fighting gender inequality and

promoting equal citizenship for both women and men (Mettler 1998; O'Connor, Orloff, and Shaver 1999).

A third issue, one that is seldom raised in the existing welfare regime literature, is the impact of race and ethnic relations (Banting and Kymlicka 2007: 22–3).[4] Traditionally, these issues have been less prominent in European than in North American policy debates, which perhaps is why students of race and welfare state development may dismiss the welfare regime literature altogether (Lieberman 2005: 61). One thing is clear, however, at least from an American perspective: those who attempt to gain a comparative understanding of the specific features of the American welfare state should always keep ethnic and race relations in mind. Race, for example, has long been a major factor in American social policy, and even a quick look at American poverty and income-inequality data (Rothenberg 2006) suggests that, despite recent progress, citizenship equality and social inclusion remain works-in-progress. Further, as Robert Lieberman (1998) has argued, depending on their key institutional features, social programs can have different effects on patterns of racial inequality. Thus, any comparative perspective on welfare state development in the United States should stress the central role of racial inequality in American society, an issue that concerns both African Americans whose ancestors came to the United States a long time ago as slaves and other minorities who have recently settled in the country as a result of voluntary immigration. Most immigrant groups are poorer on average than the general population and, as evidenced by the debate surrounding the 1996 welfare reform, their status in relationship to social programs can become a serious political issue. Finally, although Native Americans form only a small percentage of the American population, they face a great deal of economic and social hardship that is directly related to social policy issues. In Australia, Canada, and New Zealand, meanwhile, partly because aboriginal peoples form a larger percentage of the overall population, aboriginal concerns are prominent policy issues (Papillon and Cosentino 2004).

Although ethnic and racial inequality should clearly be at the forefront of many North American social policy debates, it would be a mistake to discard the welfare regime approach simply

because it does not focus on these issues. For instance, understanding the nature of the liberal welfare regime can help explain how its greater reliance on private benefits can exacerbate not only class and gender but also racial and ethnic inequalities. Minorities are often disadvantaged in the labor market, a situation that makes them less likely on average to access social benefits through their employer (Howard 2006; Klein, 2003). The issue of access to benefits through an employer leads us now to the discussion of the role of the public–private mix in the American-liberal-welfare regime.

Private Benefits in the Liberal Welfare Regime

Despite the legitimate criticisms formulated against Esping-Andersen's typology, his approach, like that of Titmuss (1963a), highlights the relationship between capitalism (markets), public policy (states), and social inequality. The recent growth in scholarship on the relationship between public and private social policy in the United States can be placed against the comparative backdrop of the welfare regime literature (Béland and Gran 2008). Although the strong reliance of the United States on private social benefits is spectacular (Ghilarducci 2008; Hacker 2002; Howard 1997; Klein 2003; Quadagno 1988), other countries, especially those associated with the liberal welfare regime, feature the development of massive publicly subsidized, private social benefits. For example, in the United Kingdom and Canada, private pensions and subsidized private savings similar to 401Ks and IRAs (Individual Retirement Accounts) are a major source of economic security for many workers and their families. Like in the United States, these private schemes often benefit middle-class and wealthier citizens rather than the poor, who rely more on social assistance and other direct public provisions (Howard 2006).

This prominent role of private benefits has stimulated the development of a growing comparative literature on the public–private dichotomy in social policy. This literature includes qualitative case studies and large-*N* quantitative analyses (e.g., Rein and

Rainwater 1986; Seeleib-Kaiser 2008; Shalev 1996); it also recognizes the intricate nature of the boundaries between public and private policy arrangements (Béland and Gran 2008; Rein and Schmähl 2004; Stevens 1988). The story about complex public–private boundaries in social policy has two major aspects.

First, the distinction between public and private schemes is frequently blurred because private benefits seldom exist in a legal and fiscal vacuum – the state can actively promote, regulate, and/or limit the expansion of private benefits (Gran 2003; Hacker 2002; Howard 1997; Stevens 1988). Even in policy areas where private institutions play the dominant role, the state generally sets the basic rules according to which these actors must operate. In many circumstances, state regulations are tied to major fiscal incentives that the state uses to subsidize the development of private benefits. This practice is found not only in liberal welfare regime countries such as the United States, Canada, and the United Kingdom but also in countries as different as Germany and even social-democratic Sweden.[5]

Second, private actors can play a key role in the management and distribution of public benefits and services (Gilbert 2002). For example, in recent decades, governments have been increasingly eager to contract out the delivery of a wide range of social services. In addition, private financial institutions can play a significant role in the administration of public retirement savings programs, which allow individuals to invest at least some of their contribution money in equity, a practice found in countries as different as Chile and Sweden (Béland and Gran 2008). The idea of public–private partnerships in a wide range of policy domains has also become increasingly popular since the 1980s, although these explicit partnerships have made it increasingly hard to draw a clear line between public and private social policy (Vaillancourt Rosenau 2000). Finally, non-profit organizations belonging to the community sector are directly involved in the provision of social services, sometimes with the support of public agencies (Jenson 2004).

The typically complex nature of public–private arrangements leads us to adopt a more careful approach to contemporary

debates on welfare state privatization. Although this term is relevant in an era where firms attempt to shift financial risks onto workers and some politicians are tempted to increase the role of private actors in key policy areas (Hacker 2004), students of social policy must define what they mean by privatization. For example, in the United States, the term "privatization" refers to the idea of transforming at least part of the Social Security program into a set of personal savings accounts (Altman 2005; Edwards 2007). But, although this move would favor an individualization of protection while reducing the economic security of future retirees (Hacker 2006), it is the federal government that would provide the basic framework for the creation and the regulation of personal savings accounts (Béland 2005).

Importantly, in developed societies, the state can seldom withdraw entirely from a policy area, which is what the most radical interpretation of privatization would entail. Elected officials face intense pressure from the general public and specific interest groups alike to protect them against economic uncertainty and correct highly visible "market failure" (Jacobs and Teles 2007). But privatization does occur and, in order to understand it, it is necessary to account for the generally complex relationship between public and private interventions in developed societies, where the state plays a role in almost every aspect of economic and social life. From family law to tax policy and financial regulations, the state remains a central figure, even in the context of privatization and public–private partnerships. This does not mean that giving a greater role to the private sector is inconsequential; it only points to the fact that the state can play a major role in operating and regulating this transfer. In other words, the manner in which states decide to regulate private social provisions can shape their impact on economic insecurity and social inequality (Béland and Gran 2008).

In the United States, the strong reliance on publicly subsidized yet loosely regulated private benefits has reinforced, rather than mitigated, existing forms of social inequality (e.g., Hacker 2004; Howard 2006; Klein 2003; Quadagno 2005; Stevens 1988). This is clearly the case in the field of health-care, where disparities

in private insurance coverage are a major source of inequality (Ruggie 1996; Street 2008). Importantly, however, in countries that rely massively on private health insurance, it is still possible to impose universal coverage, through mandates and other forms of state intervention and regulation. For example, as suggested above, in Switzerland, private health insurance remains dominant but coverage is universal (Bertozzi and Gilardi 2008). In the United States, the adoption of insurance mandates as part of the 2010 health-care reform discussed in Chapter 5 should significantly increase the level of health insurance coverage. To assess the impact of private benefits on social inequality, we must look at the level of state regulation. In itself, extensive reliance on private social policy is not necessarily a source of widespread inequality because the state has the power to reduce coverage gaps and other forms of inequality through comprehensive regulation (Gran and Béland 2008).

However, in the American context at least, strong reliance on voluntary, tax-subsidized pensions and savings schemes like IRAs (Individual Retirement Accounts) increases social inequality. As Jacob Hacker (2004) notes: "Tax breaks for private pensions and other retirement savings options heavily favor better paid employees: Two-thirds of the nearly $100 billion in federal tax breaks for subsidized retirement savings options accrue to the top 20% of the population" (p. 255). In the field of old-age security and beyond, the federal government is heavily subsidizing private social benefits that contribute directly to the reproduction of social inequality in terms of class, but also ethnicity, race, and gender. (These benefits are often less accessible to minorities and to the many women who work part-time.) Overall, the reliance of the United States on loosely regulated private benefits and regressive tax subsidies contributes to its higher levels of poverty and income inequality in comparison to most other developed societies (Howard 2006).

Beyond their relationship to social inequality, private benefits and the tax policies promoting them are decades-old political constructions that have created powerful constituencies and institutions, which can make it harder for policymakers to reverse or alter the course of these constructions because so many actors

believe it is in their interest to preserve them (Hacker 2002; Klein, 2003). From employers to private insurance companies, many interest groups are willing to fight to defend and even expand existing tax advantages that promote their perceived short-term economic interests. Additionally, wealthier citizens who benefit from regressive tax incentives are likely to oppose a new course of action that involves more progressive tax and social policies. Finally, poorer citizens and advocacy groups representing them, who might be willing to fight for change, are not necessarily aware of the sheer scope of the regressive components of what has been labeled "the hidden welfare state" (Howard 1997). Although countries like New Zealand have found a way to abolish well-rooted tax subsidies to private social policy schemes (Ashton and St John 2008), this type of fiscal policy typically creates powerful vested interests that can make radical political change affecting that policy less likely (Béland and Gran 2008; Hacker 2002).

In the United States, because many of the tax and regulatory policies that promote the development of private social benefits are relatively little known by the public, politicians have found it easier to expand tax and savings programs that favor wealthier citizens (Hacker 2004). And, because the public–private mix is often complex (Gran 2003), it is more difficult for citizens to learn who is accountable for this development of private but, at the same time, state-subsidized benefits that may only profit a privileged minority of the population. The political dimension of the public–private mix is critical for constructing a more informed debate on private benefits and their relationship to low-profile political decisions that shape their development and related patterns of social inequality.

Federalism and Territorial Inequalities

The distinction between unitary and federal states is a major institutional distinction in the world of social policy. Intriguingly, as opposed to the public–private policy mix, this distinction does not feature prominently in the welfare regime literature, even though

countries belonging to the same welfare regime can have totally different forms of territorial organization. For instance, within the liberal regime, New Zealand is a unitary state, while the United States and Canada are federal systems. Consequently, in terms of the territorial nature of the welfare state, federalism is a crucial factor in North America and, compared to unitary countries such as France and Japan, the United States and Canada are characterized by more decentralized welfare states. Although forms of policy decentralization exist everywhere, federal states are distinct from unitary states due to the very nature of their institutional and constitutional order. In general, as an institutional principle, federalism

> organizes a division of sovereignty by creating several orders of government to coexist within the same political system. The federal principle . . . symbolizes a form of political integration based on a bond at once voluntary and restrictive, between several regional territorial entities, a bond that, in spite of the fragmentation of the political [order], will remain unified on a much larger scale. (Théret 1999: 480)

Under some circumstances, political tensions within federal systems can lead to secessionist attempts, as in the United States during the Civil War (1861–5). More recently, Belgium and Canada, both federal countries, have faced the threat of secession. In 1995, for example, the Canadian province of Quebec held a referendum that could have led to the separation of the French-speaking province from the rest of the country. The separatist movement lost the referendum by a very slight margin. In the United States, the most noteworthy secessionist movements existing today are active in remote parts of the country – Alaska, Hawaii, and, more particularly, Puerto Rico (Barreto 2007).

From a comparative perspective, the most important thing to know about federalism is that its meaning varies a great deal from one federal country to another. In terms of legislative authority over social programs, Canada and, to a lesser extent, the United States are typically more decentralized than federal states such as Australia and Germany. In Germany, the federal government has

the sole power to enact social programs in areas such as healthcare, retirement security, unemployment, and welfare, while the states (*Länder*) are primarily in charge of implementing policies enacted at the federal level. In contrast, in the United States, the states have full legislative control over workers' compensation and play a key institutional role in policy fields ranging from healthcare to unemployment insurance and welfare reform (Obinger, Leibfried, and Castles 2005a: 25). Not only do the states have a great deal of autonomy in setting benefit levels and eligibility criteria for Medicaid and the TANF (Temporary Aid to Needy Families) program – despite the existence of federal mandates – they also run the unemployment insurance programs, which is why benefit levels vary from state to state. In the United States, the field of retirement security is probably the most centralized social policy area, as Social Security and SSI (Supplemental Security Income) are purely federal programs. Consequently, authority over these public pension programs is unified.[6]

Institutional differences between countries and between policy areas within the same country, as well as changes that may take place over time, make it impossible to draw general conclusions about the overall impact of federalism on welfare state development. In other words, "federalism does *not* affect welfare states *uniformly* across time and space" (Obinger, Leibfried, and Castles 2005a: 8). This statement about temporal variations is particularly applicable to the United States (Finegold 2005), where social policy is typically much more centralized today than it was a century ago. Before the 1930s, social policy reform occurred mainly in the states; the federal government did not take a central role in that policy area until the New Deal. During the New Deal years and the post-World War II era, the United States witnessed a gradual yet incomplete process of institutional centralization, which increased the role of the federal government in American society. This process culminated in the 1960s and the early 1970s. For example, in 1972, social assistance for the disabled and the elderly was centralized with the adoption of the above-mentioned SSI program (Berkowitz 1991).

Conservative attempts to decentralize social policy by reducing

the number of federal mandates and regulations (Conlan 1998) have been largely unsuccessful, with the result that the welfare state remains more centralized there than in some other federal countries. For example, the Canadian welfare state is more decentralized on average than its American counterpart, partly because of the strength of political regionalisms and partly because the ten provinces are constantly involved in direct policy discussions with the central government, notably through federal–provincial meetings (Théret 2002). The contrast between Canada and the United States illustrates cross-national institutional differences that characterize the territorial politics of the welfare state (Maioni 1998).

Although, as noted above, such differences make it difficult to generalize about the impact of federalism on the welfare state (Obinger, Leibfried, and Castles 2005b), examining the key features of American federalism that relate to welfare state development is still useful. First, compared to other federal countries, the United States has a stronger emphasis on economic and fiscal competition between the states (Obinger, Leibfried, and Castles 2005a: 10). Unlike both Australia and Canada, the United States, a member of the liberal welfare regime, does not have a large, standalone fiscal equalization program for reducing fiscal disparities between poorer and wealthier states (Théret 1999). The absence of such a program intensifies the fiscal competition between the fifty American states, and it may lead them to participate in a "race to the bottom" as they are under pressure to control or even reduce their social expenditures in order to stay competitive in terms of their tax levels (Finegold 2005; Peterson 1995). In this context, policy decentralization can have conservative consequences, as states push to reduce spending and tax rates to compete with their neighbors for jobs and investments. Although there is no international consensus on the systematic presence of a race to the bottom in decentralized policy areas (Noël 1999), in the United States at least, fiscal competition between states remains fierce, a situation that has negative consequences for state-level policy development. Yet, even in the United States, decentralization can stimulate the diffusion of policy experiments that may subsequently lead to an

expansion of social protection rather than a race to the bottom (Finegold 2005).

A second key feature of American federalism involves racial inequality. For decades, the push to maintain or increase social policy decentralization in the federal system was related to attempts on the part of Southern elites to both control and exclude African Americans living in their states. During the New Deal era, when the federal welfare state began to emerge, Southern Democrats in Congress successfully pushed for more lenient federal standards in the field of social assistance (Lieberman 1998; Quadagno 1988), and the decision to adopt weak federal standards as part of the 1935 Social Security Act allowed Southern states to preserve much of their autonomy in the administration of social assistance programs. Thus, in a context of deeply rooted racism and segregation, state officials could discriminate against African Americans and exclude them from benefits. This overly racist social assistance model only collapsed in the 1960s, as a consequence of the civil rights movement (Quadagno 1994). Overall, from a historical standpoint, there is a close relationship between racial inequality and the politics of federalism in the United States (Lieberman 1998).

A third key feature concerns welfare reform. Although conservatives have generally promoted more limited federal government involvement in social policy, in the United States, as elsewhere, centralization is not always synonymous with welfare state expansion. For example, as mentioned in Chapter 1, the 1996 welfare reform not only limited federal spending by replacing matching federal funds with block grants, it also imposed country-wide time limits that effectively ended welfare as a guaranteed entitlement. In other words, rather than letting state governments set their own basic entitlement standards, American conservatives and their allies used the federal government to impose their vision of "work ethics" across the nation (Waddan 2003; Weaver 2000). This example suggests that welfare state centralization – in this case, the imposition of new federal standards – can have regressive outcomes if it is inspired by conservative ideas. Contrary to a widely held common wisdom, conservatism can promote centralization and even "big government" when these approaches are consistent

with other ideological imperatives like the promotion of specific family or religious values (Béland and Vergniolle de Chantal 2004). Alternatively, in developed societies such as the United States, decentralization can acquire a progressive meaning when principles like local democracy and community empowerment guide policy change. In fact, it is possible to imagine forms of decentralization that help expand social protection (Noël 1999). In the United States, the Office of Economic Opportunity, created in the 1960s and discussed in Chapter 3, is a fine example of decentralized, yet progressive, social policy. Thus, in that country, the use by conservative forces of federalism and the defense of "state's rights" as devices to stimulate fiscal competition between states or, in the past, to preserve racial hierarchies does not mean that decentralization cannot take a progressive meaning. But in order to generate outcomes compatible with citizenship inclusion, decentralization must occur in a general fiscal and institutional context that is unlikely to transform devolution into a race to the bottom (Théret 1999).

This discussion on federalism and decentralization suggests that students of the welfare state should pay direct attention to territorial issues, especially as they relate to social inequality. Understanding the nature of territorial inequalities as they intersect with issues of race, economic development, and political institutions is a primary task of social policy research, both within and beyond federal political systems. Even in unitary states, the territorial aspect of social inequality can become a serious policy concern. For example, in France, a well-known social and territorial gap exists between cities like Paris and poor suburbs where immigrants and their families are overrepresented, and this gap is a source of resentment and violent protest for marginalized suburban youth (Béland and Hansen 2000). This type of territorial inequality between urban and suburban settings takes on a different meaning in the United States, where inner cities tend to be poorer than suburbs. Rural poverty in the United States, as elsewhere, is another major social problem, one that does not currently receive much media attention. But back in the early 1960s, Michael Harrington's influential book *The Other America* (1962) exposed the fact that poverty in rural regions such as

Appalachia represented a huge policy challenge and a source of legitimate moral outrage. Moreover, although policies have been enacted to fight rural poverty, it remains a significant yet lower-profile problem to this day. For instance, the national media have devoted a great deal of attention to the impact of the 1996 welfare reform on the urban poor, while generally neglecting the rural poor. Under most circumstances, poor people living in rural areas face limited access to educational and work opportunities, which makes it particularly difficult for them to improve their living standards (Pickering et al. 2006). The plight of the rural poor is yet another example of why no serious student of the welfare state can or should ignore the fact that social inequality and related policy issues have critical territorial components.

Finally, a noteworthy, yet less-studied, component of the territorial dimension of the welfare state is the construction of national identities (Béland and Lecours 2008; McEwen 2006). As discussed in Chapter 1, social programs, especially universal transfers and services, deal with citizenship and debates on identity, immigration, and membership. In countries such as Canada, the United Kingdom, and Sweden, where universal programs are well developed, the welfare state is explicitly construed as a primary source of political integration and national identity.[7] For instance, since the 1970s, universal health coverage has become a prominent symbol of national identity in Canada, which English-speaking Canadians use to emphasize the differences between their country and their powerful southern neighbor. Concretely, this means that many Canadians see universal health-care coverage as part of their national identity (Boychuk 2008; Brodie 2002). More generally, health and social policy is a major nation-building tool in Canada, a country in which the province of Quebec has created a distinct identity that clashes with the identity developed in English-speaking Canada (Banting 2005). In the United States, although a patriotic discourse at times surrounds Medicare and Social Security, the relationship between national identity and the welfare state is mainly apparent with issues related to military service, such as the GI Bill. The weaker relationship between national identity and the welfare state in the United States is probably related to its traditional lack

of universal transfers and services, as well as to the strength of its constitutional patriotism. Indeed, the American national creed seems more robust than that of territorially divided countries like Belgium, Canada, or even the United Kingdom, where nationalists in places like Scotland emphasize their own national and territorial identity over British identity and the central state (Béland and Lecours 2008; McEwen 2006). Overall, it is important to recognize that, because social programs are often related to issues like citizenship and solidarity, they can play a role in the construction of territorial and national identities.

Conclusion

Through a discussion of the concept of welfare regime that is found in the growing international literature on this topic, this chapter has enhanced our comparative understanding of American social policy. Knowing the nature of the liberal welfare regime as defined by Esping-Andersen is an effective way to place the United States in its international context, even though his welfare regime typology suffers from a number of flaws, especially concerning gender as well as ethnic and race relations. In order to shed some light on social inequality and institutional fragmentation within and beyond the liberal welfare regime, the discussion then turned to the complex and changing relationship between public and private benefits. The final section of the chapter explored another form of policy fragmentation: federalism and territorial inequalities within and between countries. Interestingly, territorial inequalities are related to the public–private dichotomy because both public and private social coverage in fields can vary a great deal from one state or region of the country to another. For example, in the United States in the late 2000s, the percentage of the population living without health insurance was much higher in Texas than in Hawaii or Massachusetts.[8] In the next chapter, we will further locate issues such as health-care coverage in their broad historical and political contexts by discussing theories of welfare state development and their application to the American case.