

German Social Policy 5  
*Edited by Lutz Leisering*



Franz-Xaver Kaufmann

# Variations of the Welfare State

Great Britain, Sweden, France and Germany  
Between Capitalism and Socialism

 Springer

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The 5-volume series “German Social Policy” presents a unique multidisciplinary approach to the history of German social policy and is written by the doyens of their respective disciplines. The volumes expound the contribution of the German tradition to the rise of social policy in the Western world in the 19th and 20th centuries. Germany pioneered modern social policy in the 19th century when Bismarck introduced social insurance. After the Second World War, Germany’s Social Market Economy became a model of social integration. The volumes cover the history of ideas (volume 1), the legal and political history before and after 1945 (volumes 2 and 3), the German Democratic Republic (1949-1990) and the impact of German reunification (1990) (volume 4). Volume 5 embeds the German case in a major comparative study of European welfare states, complemented by a study of the USA and the Soviet Union. The volumes also yield insights into general theoretical issues of social policy beyond the empirical case of Germany. Each volume has an introduction by the editor who summarizes the contribution made by the volumes and looks into the future of German social policy.

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Franz-Xaver Kaufmann

# Variations of the Welfare State

Great Britain, Sweden, France and Germany  
Between Capitalism and Socialism

Translated from the German by Thomas Dunlap

 Springer

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# Preface to the Book Series “German Social Policy”

The welfare state originated as a project of nation states, with roots in the nineteenth century. This book is part of a book series about the German tradition of social policy, which is one of the three paradigmatic European traditions of social policy besides the British and the Swedish traditions. The book series covers modern social policy in Germany from its beginnings under the early modern state to its breakthrough in the nineteenth century to the present day, ranging from poor relief to Bismarckian social insurance to the post World War II “social market economy” and the current crisis. The series provides even more: it also locates Germany in the wider context of a comparative study of European welfare traditions, complemented by a study of the USA and the Soviet Union proposed to be non-welfare states (volume 5). Furthermore, volume 4 contrasts a democratic welfare state with a communist “welfare state”, namely the Federal Republic of Germany with the German Democratic Republic which resided side by side 1949–1990, followed by an analysis of the transition to the new unified Germany in 1990.

Beyond the empirical case of Germany, the work yields insights into general issues of social policy which have been addressed in German discourses in-depth and at an early stage. This includes the distinction “state versus society” which is essential for a theoretical understanding of the welfare state; the meaning of “the social” and the “social question”; the identification of what a “welfare state” is compared to non-welfare states; and social policy issues arising during the transition from communism to democratic capitalism.

The unique quality of the book series derives from its authors. The grand old men of German scholarship on social policy, coming from diverse disciplines, have rendered their legacy to the scientific community and to politics: *Franz-Xaver Kaufmann* (sociology) writes on the history of the idea of “social policy” in German politics since the nineteenth century (volume 1); *Michael Stolleis* (legal history) presents an overview of social policy in Germany from the middle ages to 1945, with an emphasis on the years after 1871 (volume 2); *Hans F. Zacher* (constitutional law) investigates the history of the German post-war welfare state and its normative

foundations (volume 3); *Manfred G. Schmidt* (political science) analyses communist East Germany, the German Democratic Republic (GDR, 1949–1990), followed by *Gerhard A. Ritter*’s study of German unification (1989–1994) (volume 4); and *Franz-Xaver Kaufmann* provides an international comparison of welfare states (and some non-welfare states) (volume 5). All authors take a distinctly historical approach to their subject, elaborating the formative forces of social policy in Germany.

The book series is a translated, revised and up-dated version of the first of the 11 large volumes of the “History of Social Policy in Germany Since 1945”.<sup>1</sup> While two contributions of the first volume have been left out, a study of German unification by Ritter (based on his award-winning study of the subject) has been added to the English version. The 11 volumes of the German work add up to the most ambitious and comprehensive study of the history of German social policy ever published. The work not just displays the state of the art but includes original studies which draw on historical sources that have not been accessible before. Especially for this work the government lifted confidentiality from many documents. Volume 1, which underlies this book series, provides a general framework for the more specific Vols. 2–11 that cover 17 fields of West and East German social policy chronologically. The work was initiated by Chancellor Kohl in 1994. The idea was to take stock of the German social policy tradition at a historical moment: the Iron Curtain over East Europe had fallen, the Treaty of Maastricht had created the “European Union” (1992/1993) and German politics had eventually realized that the “golden years” of the post war welfare state had come to a close. At the same time, the new challenges of globalization and demographic change had become apparent. In the early 1990s, German politics was only just beginning to face up to these challenges while the authors of Vol. 1 of the German work were already sensible of the inherent tensions and uncertainties of the advanced post war welfare state.

Translating, revising and extending the original German “History of Social Policy in Germany Since 1945” was not an easy task. It required a joint and protracted endeavour of a number of persons and a considerable sum of money. I am indebted to Richard Hauser for bringing up the idea of a translation (and joining, with Werner Abelshausen, my application for funding with the Volkswagen Foundation); to Franz-Xaver Kaufmann for continuously supporting the project in many ways and with verve; to Thomas Dunlap, David Antal and Ben Veghte who translated the demanding texts with admirable skill and care; to Günter H. Ast, formerly Federal Ministry of Labour and Social Affairs, who acted as operative editor of the texts with unceasing commitment and patience; to Werner A. Müller, Katharina Wetzel-Vandai, Irene Barrios-Kezic and Kay Stoll from Springer publishers who supported the project with diligence; and, last but not least, to the authors for their support and patience.

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<sup>1</sup>Geschichte der Sozialpolitik in Deutschland seit 1945. Edited by the Federal Ministry of Labour and Social Affairs (*Bundesministerium für Arbeit und Soziales*) and the Federal Archive (*Bundesarchiv*). 11 volumes, Nomos publishers, Baden-Baden. 2001–2008. The book series is based on a translation of the first volume, *Grundlagen der Sozialpolitik*. (See footnote on p. 222).

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Lutz Leisering

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<sup>2</sup>Leisering L (2003) Nation state and welfare state. An intellectual and political history. *Journal of European Social Policy* 13:175–185.





# Contents

<b>Nation State and Social Policy: An Ideational and Political History</b>	
<b>Introduction to the Book Series “German Social Policy”</b> .....	1
<i>Lutz Leisering</i>	
1 The Distinction “State Versus Society” .....	2
2 “The Social” .....	3
3 Variations of Modern Society: Distinguishing Welfare States and Non-Welfare States .....	6
4 Variations of the Welfare State: The Idiosyncrasy of National “State Traditions” .....	9
5 Post-War German Social Policy in Retrospect: The Genesis of a Welfare State .....	12
6 What Future for the Social? .....	14
References .....	20
<b>Variations of the Welfare State: Great Britain, Sweden, France and Germany between Capitalism and Socialism</b> .....	23
<i>Franz-Xaver Kaufmann</i>	
1 Preliminary Methodological Remarks .....	23
2 Theoretical Foundations .....	28
2.1 Previous Theoretical Approaches .....	29
2.2 Normative and Theoretical Orientations .....	31
2.3 Modernization and Welfare State Development .....	40
2.4 The Claim of the Present Study .....	44
3 Welfare State Development between Capitalism and Socialism .....	46
3.1 The Soviet Union .....	47
3.2 The United States of America .....	64
4 Variations on the Welfare State Principle in Europe .....	91
4.1 Great Britain .....	92
4.2 Sweden .....	114
4.3 France .....	143

- 5 And Germany? ..... 169
  - 5.1 State and Society ..... 171
  - 5.2 The Workers' Question as the Guiding Problem  
of German Social Policy ..... 177
  - 5.3 Economic System and Collective Labor Law ..... 187
  - 5.4 State Policy of Income Security ..... 192
  - 5.5 Social Services ..... 198
  - 5.6 Summary ..... 208
- 6 Synoptic Concluding Remarks ..... 211
  - 6.1 A Statistical Comparison: Germany and the Other EU  
and OECD States ..... 211
  - 6.2 European Perspectives ..... 217
- References ..... 222
  
- Index of Persons** ..... 241
  
- Subject Index** ..... 245

# Nation State and Social Policy: An Ideational and Political History

## Introduction to the Book Series “German Social Policy”

Lutz Leisering

Advances in social policy were often related to processes of nation-building, like the introduction of social insurance by Chancellor Bismarck during the years 1883–1889 which contributed to the social integration of the new German Empire. The Empire had been created through the unification of the numerous German states in 1871. Critical periods in a country’s history that went along with a renewal of the national spirit also propelled social reform, like the New Deal during the Great Depression in the 1930s and the creation of the British “welfare state” in the immediate aftermath of World War II. Today, the golden age of the welfare state, the decades after WW II, has passed. Domestic problems combine with the impact of globalisation. Some authors assume that globalisation makes nation states increasingly irrelevant. What, then, is a history of a national welfare state as presented in this book series good for in the contemporary debate?

Western welfare states have proved to be resilient amidst domestic and global crises. While welfare states are undergoing far-reaching change there is no sign that welfare statism is disappearing. To the contrary, the “social” and social policy have been spreading to the global South since the 1990s to become a key issue of global politics – “socialization of global politics” (Deacon 1997). Looking into the intellectual and political history of one of the great traditions of social policy, indeed the pioneer of modern social policy, Germany, may then shed light on key issues of social policy that continue to underlie political debates and conflicts. Stolleis (in volume 2 of the work) argues that the past is still present in current policies and institutions, like layers that have piled up in the course of history, including pre-Bismarckian social policies.

The analysis of the last 130 years of German social policy (plus earlier periods) as presented in this work uncovers key issues of social policy which are relevant beyond the German case: the disjunction “state versus society” to which social policy is seen as a response in the German intellectual tradition; the meaning of “the social”, the “social question” and “social policy”; the meaning of “welfare state” as compared to non-welfare states; and social policy in different societal settings like monarchy, national socialism, communism, democracy and affluent society – and during periods of transition.

## 1 The Distinction “State Versus Society”

The history of social policy has been riddled with debates about individualism versus collectivism, about state versus market and related dichotomies. In current controversies about “globalisation”, free marketeers quarrel with advocates of social and ecological regulation of global markets. While these are world-wide issues, Germany, more than any other country, has developed an intense political discourse on “the state” and on the distinction between “state” and “society” that goes back to the early nineteenth century and is worth looking at.

Franz-Xaver Kaufmann’s *Thinking About Social Policy* (volume 1 of the book series) traces the political history of the concept of social policy. “Social policy” as a political and scholarly concept originated in Germany in the second half of the nineteenth century, to become more prominent only after World War II. In Britain, France and other countries it gained ascendance only in the 1970s. Kaufmann argues that “social policy” has emerged as a response to problems of societal integration which, from the point of view of Hegelian philosophy, arose from a disjunction between “state” and “society”.

Kaufmann’s point – which sets the theme for the whole book series – is that the history of social policy is the history of the changing relationship between state and society and of the ensuing problems of social integration. The German Philosopher Hegel (1770–1831), after first allusions by Montesquieu, diagnosed the disintegration of the ancient and early modern idea of a unitary, politically integrated society – the Lockean “political society” – into two heterogeneous spheres, “state” versus “society” or “public” versus “private”. “It was here [in Hegel’s philosophy – L.L.] that the political and the social appeared for the first time as two separate spheres dominated by *different* legal principles, and the *relationships* between them subsequently became the fundamental issue of ‘social policy’” (Kaufmann, volume 1, p. 29). The problem, as the Hegelians saw it, was that “society”, mainly the economy, was a source of uncontrollable dynamics and social problems.

The diagnosis of separate spheres was further developed in the twentieth century by the sociologists Talcott Parsons and Niklas Luhmann under the name “structural” or “functional” “differentiation” of society (Luhmann 1982). In their view, too, functional differentiation generated a problem, namely the necessity of enabling persons to participate in functional systems. Drawing on T.H. Marshall they referred to this requirement as the problem of “inclusion”.

While Marx (1818–1883), who was a Hegelian, proposed communism as a solution, that is, a fusion of the Societal and the Political, his contemporary Lorenz von Stein (1815–1890), also a Hegelian, proposed a compromise solution (which today could be termed “social-liberal”) which he called “social-policy”. Social-policy was to link the Societal and the Political (through “social administration”) while preserving a basic autonomy of the Societal (in modern terms: to intervene in the economy, family etc. in a non-totalitarian way). Lorenz von Stein, a lawyer and economist, was the intellectual father of the welfare state, precisely 100 years before Beveridge (von Stein 1842) and two years before Marx published

his first concept of communism (not yet termed as such; see Marx 1978, first published in 1844) based on the same diagnosis of class conflict in industrial society as von Stein’s. The distinction between “state” and “society” and the analysis of their precarious relationship has shaped the German tradition of thinking about the state and social policy ever since (Luhmann 1987).

Germany was a latecomer to industrialization and to nation-building but the pioneer of state welfare. Bismarck’s social insurance was a means of integrating the new nation state and securing support by the laboring classes. German liberalism was weak and the “Manchester theory” had eventually fallen in disrepute after the economic crisis of 1873, as Stolleis points out in his *Origins of the German Welfare State – Social Policy in Germany to 1945* (volume 2 of the book series, p. 52). During those years the term social policy started its career in politics. Social policy set out as a comprehensive “workers policy” (*Arbeiterpolitik*) in a society divided by class. During the nineteenth and twentieth centuries the concept of “social policy” changed its meaning several times, mirroring new challenges of societal integration and new ideas of “the social”.

After World War II, social policy expanded in an unprecedented way, connected to two new formulas designed to denote the place of social policy in post-war society. The first formula, “Social Market Economy”, aimed to integrate the economic and the social. The second formula, “social state”, the German version of “welfare state”, was contained in the post-war constitution of the new Federal Republic of Germany 1949, the *Grundgesetz* (1949). (The year before, 1948, had witnessed the creation of the British “welfare state”.) The year 1949 marked a “double state building” (Christoph Klessmann) which reflected the link between social policy and nation building. While the German Constitution of 1919 had already included articles on social welfare regulations, the West German Constitution of 1949 was the first to establish the “social state” as constitutive principle of the German polity, not to be changed even by a majority in Parliament. In the same year, the German Democratic Republic (GDR) was founded in East Germany under the influence of the Soviet Union. The GDR opted for “socialism”, presented as an alternative to the West German social state (see below). The meaning of “Social Market Economy” and “social state” was indeterminate and contested. Political controversies during the 1950s generated some clarification but the two formulas continued to indicate the openness of the idea of the “social” in the development of the Federal Republic of Germany.

## 2 “The Social”

Out of the three components of “democratic welfare capitalism” – “the hyphenated society” (Marshall 1981) – the component “welfare (state)” has remained more contested than the other two, democracy and market. This hints at problems of identifying “the social”. “. . . the systemic character of social policy is not nearly as evident as that of the market economy. What ‘the social’ means in distinction to the

economic and the political . . . – to this day no clarity has emerged on this question” (Kaufmann, volume 1, p. 97f.). Nullmeier, in his political theory of the welfare state (2000, chapter VI, p. 2), points at the inferior legitimacy of social rights as compared to civil and political rights.

Like the distinction between state and society, the term “(the) social” is part of the German tradition. Hans F. Zacher, in his *Social Policy in the Federal Republic of Germany* (volume 3 of the book series): “The social is in a very special way part of Germany’s national identity” (pp. 315). Germans call their welfare state a “social state”. In France, the term “solidarity” has played a comparable role from the nineteenth century and still shapes present-day debates on social policy. The term “social” emanated in the 1830s in Germany, with influences from France, and soon fed into the term “social policy” and other nineteenth century semantics like the “social question”. Unlike British and French usage, the word “social” assumed a strongly normative and critical connotation in the German language: the word was contrasted to “the individualistic” to denote something that was seen to be absent from civil society (*bürgerliche Gesellschaft*; Kaufmann, volume 1, p. 32). After World War II, the “social” became a common element of the political and scholarly language in Germany. In the British community of social policy researchers, the term “the social” figures less though increasingly. Remarkably, the term has recently even reached the global level, as indicated by novel semantics of global social policy like “social pensions”, “social cash transfers”, “corporate social responsibility” and “social sustainability”.

“. . . ‘social’ has something to do with *equality* and *inequality*. ‘Social’ negates a certain measure of *inequality* – or more precisely: certain constellations of inequality. . . . ‘social’ is a mandate to distinguish unreasonable inequalities from reasonable or at least tolerable ones (or less important ones), and to eliminate, compensate for, or at least diminish the unreasonable ones” (Zacher, volume 3, p. 24). This implies that the meaning of the “social” may change, and that it varies across time and between social groups. In politics, the semantic field of the social encompasses ideas like social justice, individual social rights, protection and security. In the British debate, the social is often defined with reference to “need” but need is an equally fluid concept. Despite or rather just because of its vagueness, reference to the “social” may exert considerable political pressure on policy-makers. What appears to be a deficiency in Zacher’s view the very essence of the “social”. He sees the openness and changeability of the “social” as an intrinsic feature of a welfare state in a free and democratic society, a feature that was lacking, e.g., in the German Democratic Republic.

The difficulty to pin down the meaning of social policy and the “social” indicates the compromise character and the historical changeability of social policy: “From the point of view of the great political doctrines of liberalism, socialism and conservatism, ‘social policy’ has evolved as a seemingly heterogeneous sequence of inconsistent compromises. By contrast, this analysis rests on the assumption that the history of social policy in Germany reflects an independent ‘reformist’ strand which developed against the backdrop of the three ‘great ideologies’ but has independent roots and points of view. The social-democratic, Christian-social,

and social-liberal position appear not only as a more or less consistent compromise between liberal, socialist, and conservative ideas, but in many cases also as a productive synthesis with far-reaching positions of its own" (Kaufmann, volume 1, p. 26; for Christian Democracy and the welfare state see van Kersbergen 1995). Therefore, remarkably, unlike British textbooks on social policy, Kaufmann in his *Thinking About Social Policy* (volume 1) pays scant attention to liberal, socialist and conservative thought when tracing the history of the idea of social policy.

The great ideologies do not tell us a lot about questions of social development and institutional design in a complex and changing society. Esping-Andersen has used these ideologies to label two of his three welfare regime types, the liberal and the conservative regime. Kaufmann's alternative approach to comparative welfare state analysis (see below) shows that these labels are inadequate to distinguish between welfare states. In line with Kaufmann's interpretation of social policy as an ideological compromise, Schmidt's (2005) and Obinger and Wagschal's (1998) empirical analyses of the impact of political parties have shown that the German welfare state is more accurately characterised as "centrist" rather than "conservative" (see below).

In the post-war period, the social has been strongly associated with state welfare and the idea of the welfare state. In Germany, the term "social state" is preferred to "welfare state", the latter sounding egalitarian or even totalitarian to German ears, and makes some people think e.g. of Sweden.<sup>1</sup> Zacher (volume 3) challenges the social democratic orthodoxy of equating the social with "social" intervention by the government. Rather, Zacher defines "the social" by a "basic formula" which posits work and family as the primary sources of providing for human needs, with the law enabling, securing and compensating the operation of work and family. "Only the state and society together can adequately bring about the social" (Zacher, volume 3, p. 46). Zacher (volume 3, p. 43) also speaks of a "constant intermingling of private, societal-public, and state activities". In Zacher's view the actual ability of the welfare state to impact on the welfare of individuals is mostly overrated, by advocates and critics of the welfare state alike.

The *doyen* of German post-war social policy thinking, Hans Achinger (1979, first published 1958) also objected to equating the social with the welfare state. In his view, social policy cannot lay claim to representing unique "social" values. Achinger challenged the claim that the social constitutes an independent normative province: "the idea of an autonomous normative sphere of social policy is a delusion. Social policy relies on ideas of order stemming from other social spheres" (Achinger 1979, p. 7; transl. L.L.). In the British debate, Robert Pinker, in his critique of the Titmussian orthodoxy (Pinker 1971, 1979), similarly rejected the notion of a moral superiority

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<sup>1</sup> In addition, "social state" is a term of German constitutional law denoting the "social" obligation of the state. Therefore, Kaufmann and Zacher (volumes 1, 3 and 5) use the term "social state" rather than "welfare state" when they refer to Germany. The other authors of the series mostly use the Anglo-Saxon term "welfare state", which is also used as a theoretical term by German scholars. See Ritter (volume 4, footnote 64) for further explications of the terms.



of the “social market” (Titmuss) over the economic market. Rather, “the social”, “welfare” and social policy are pluralistic concepts. “Welfare state” always means “welfare state in a free society” (“liberal welfare state”; “*freiheitlicher Wohlfahrtsstaat*”; Zacher, volume 3, p. 45), that is, a state in a mixed society in which “the social” is not primarily promoted by the government. State provision is part of a wider welfare mix, and in Germany even “state” often means “intermediary” agencies like social insurance, which in Germany are non-state agencies with separate budgets, or voluntary welfare associations.

### 3 Variations of Modern Society: Distinguishing Welfare States and Non-Welfare States

Studies of the welfare state normally assume that every Western society is a welfare state. Franz-Xaver Kaufmann’s *Variations of the Welfare State* (volume 5 of the series) questions that assumption. Cross-national comparisons which use the typological method, most prominently Esping-Andersen’s work, often cannot distinguish between welfare states and non-welfare states. In Kaufmann’s view, the instability of the classification of countries (noted by many commentators especially with regard to Esping-Andersen’s original classification of 1990) indicates that the dimensions of comparison have been insufficiently worked out in theoretical terms. Esping-Andersen, from a political economy point of view, defines welfare statism by decommodification but his decommodification index has no cut off point that could distinguish between welfare states and non-welfare states. Other authors define “welfare state” in descriptive institutional terms, by a list of social services (common in the Anglo-Saxon literature), but then any country with a range of social services may appear as a welfare state.

By contrast, Kaufmann emphasizes the normative and cultural dimension of the welfare state by distinguishing two sides of the welfare state: the “*welfare sector*” as a range of social services and administrations and *welfare politics* as political action revolving around “social” issues. We can speak of a “welfare state” if and only if social services are linked to normative orientations: if political actors assume a collective responsibility for the well-being of the entire population (Kaufmann, volume 5, p. 35). Kaufmann subscribes to the definition by Harry Girvetz (1968, p. 512) which emphasizes law and normative orientations: “The welfare state is the institutional outcome of the assumption by a society of legal and therefore formal and explicit responsibility for the basic well-being of all of its members. Such a state emerges when a society or its decision-making groups become convinced that the welfare of the individual [...] is too important to be left to custom or to informal arrangements and private understandings and is therefore a concern of government.” The core of a welfare state is the commitment to social rights (inclusion) embedded in a culture of social responsibility.

This ambitious definition of “welfare state” has methodological consequences. It implies a new approach to the comparative study of nation states that emphasizes

norms, culture and history. Kaufmann elaborates such a socio-cultural approach (see the next section). It is a holistic and institutionalist approach which yields rich analyses of the *gestalt* of a welfare state and, if used comparatively, produces accounts of the “idiosyncrasy” (*Eigensinn*; Kaufmann, volume 5, p. 31) of each welfare state (Ginsburg 1992 and Castles 1993 are cited as kindred approaches). In this way, the variety of welfare states is exposed while avoiding a coarse typology.

Moreover, the socio-cultural approach enables Kaufmann to show, based on meticulous secondary studies of the USA and the former Soviet Union, that not all modern nation states are welfare states. Some are just “capitalism” – the USA –, some are “socialism” – the former Soviet Union –, and others, especially countries of the global South, may muster some social services for privileged groups mostly related to government or the military but lack a normative concern that defines a welfare state.

In this light, the (essentially West European) welfare state appears as a third way between capitalism and socialism. Anglo-Saxon researchers easily classify the USA as welfare state or welfare capitalism. The USA has not ratified the International Covenant on Economic, Social and Cultural Rights of 1966. During the war on poverty in the 1960s there “arose – perhaps the only time in US history – a political and public majority opinion that believed in the potential of social policy to shape society” (Kaufmann, volume 5, p. 84). The departure of the 1960s was triggered by a moral and civil crisis, not by an economic crisis as in the case of the New Deal of the 1930s.

In the burgeoning literature on welfare regimes and typologies Kaufmann’s comparative approach that highlights the “idiosyncrasy” of welfare states offers a stimulating new perspective. By including and identifying non-welfare states Kaufmann also contributes to the more general debate on the “varieties of capitalism” opened up by David Soskice and others (for an overview see Hall and Soskice 2001). The “varieties of capitalism” debate concentrates on the economy, on industrial relations and the labor market while Kaufmann adds the fields of social security and personal social services and discusses them in conjunction with the economic fields.

Manfred G. Schmidt’s *Social Policy in the German Democratic Republic* (GDR, communist East Germany; in volume 4 of the series) helps to put the distinction between welfare states and non-welfare states to the test. The welfare of the people was a major promise and source of legitimacy of the GDR. “All power serves the good of the people” (Constitution, article 4). “We are guaranteed social security and safety, full employment, equal educational opportunities for all children of the people” (Honecker in 1986, quoted by Schmidt, volume 4, p. 27). The right to work was seen as the showpiece of the GDR. The status of the GDR as an independent nation state beside the West German Federal Republic was always contested. Social rights and social security were meant to underpin the claim of the GDR to be a genuine socialist nation and the better alternative to West Germany. Again, social policy and nation building were closely linked. Schmidt’s contribution aims to test the claim of the GDR to be superior in “social” terms.

Social policy was not seen as an original field of politics in the GDR till 1961. This was true to the original doctrine of communism, because “social policy” assumes a distinction between “state” and “society” while communism means a fusion of both spheres. The East German leaders opted for Marx, not for Lorenz von Stein. 1961–1971 under Ulbricht, the concept “socialist social policy” emerged though “the social” remained subordinated to the economic. The year 1961 when the Berlin Wall was erected was the true founding date of the GDR. Honecker (1971–1989) made the “unity of economic policy and social policy” a key formula of social development. The strategy was to increase consumption, to raise the motivation of the workers and to boost birth rates.

Social spending was low by international standards (around 15% of gross domestic product (GDP), measured by the International Labour Organization (ILO)) and social services offered not more than bare minimum standards or even less. However, if we take into account the cost of subsidies to basic consumption goods and the cost of securing full employment through unproductive work, social spending figures easily double. But the economy was too weak to sustain that degree of “security and safety”. Schmidt’s key thesis is that there was a grave, in fact excessive imbalance between the moderate economic performance and the high degree of social protection in the GDR. The sociologist M. Rainer Lepsius once remarked that the GDR in 1989 became “the first welfare state to collapse under the burden of its social services”.

But was it really a welfare state? Did the GDR positively grant social rights? Schmidt’s answer is negative. The GDR was “far removed” from all Western welfare regimes (Schmidt, volume 4, p. 131). The right to work, to education, to housing and to protection in case of illness, incapacity and old age was proclaimed but it was substantially qualified in its realisation (and subject to “societal requirements” even in the Constitution, article 24). The gap between the rights and the actual services was wide: the level of services was low (with an estimated 40% of pensioners living in poverty, measured by the 50% income threshold), benefits were increased irregularly by way of political discretion and the rights could not be claimed in court. The GDR was not a welfare state as defined by Kaufmann because the “social” was dominated by the political and the economic. Political considerations were paramount, with substantial legal privileges for state elites, e.g. with regard to old-age pensions, and discrimination of children from “bourgeois” or religious backgrounds in the educational system. In addition, social security was used for economic purpose. The GDR was more of a workfare state than the USA.

The GDR was neither a welfare state as defined by Zacher. A closed, static notion of social needs prevailed: the level of benefits met pre-war standards and provisions were not responsive to changing aspirations in an individualistic society that emerged in the 1980s even in the GDR. This was not an open and pluralistic concept of the social stipulated by Zacher as the core of a welfare state in a free society. The implicit formula of the GDR “social rights without civil and political rights” did not work out because social rights interlock with civil freedom and political participation. But central planning, not freedom, was the overriding

concept of society. “It thus seemed possible even to plan individual and social consumption” (Schmidt, volume 4, p. 30). Work was not seen as a social but as a mere economic issue that had been resolved – the Ministry of Labour was dismantled in 1958, the labor exchanges even earlier (Kahlenberg and Hoffmann 2001, p. 181). Even family policy was reduced to boosting birth rates; the traditional gender arrangement was only half changed, with more women in employment but still doing the house work. This was not a welfare state. It was an “authoritarian, paternalistic work and welfare state” (Schmidt, volume 4, p. 131).

Gerhard A. Ritter’s *The Politics of German Unification. Social, Economic, Financial, Constitutional and International Issues* (in volume 4 of the series) analyses the years from the eve of unification of West and East Germany in 1989 to the aftermath of unification (till 1994). The transition from communism to a new post-communist order in East European countries has been widely studied. East Germany was special since it had a Western counterpart. In this case transition meant merger with the Federal Republic of Germany. In some respects this made things easier compared to other Eastern countries that were left to fend for themselves even if international agencies offered some support. In other respects the transition was more difficult due to problems of making two worlds meet and of integrating a less modernized region into the Federal Republic of Germany.

German unification made the link between nation building and social policy explicit again. The “Social Union”, that is, the integration of the two Germanys in social policy terms, turned out to be a critical strand of unification. The Social Union was initially contested. When planning for unification, three alternative strategies were considered: delaying the Social Union, that is, not (fully) transferring the generous West German social services and rights to the East in order to facilitate economic growth; transferring the West German system topped up by alleged or real “social achievements” of the GDR to be retained; and transferring the West German system without topping up. The latter solution prevailed as a compromise, turning the GDR into a modern welfare state in one day, at least legally. Failure to achieve a viable Social Union might have put the entire process at risk: “. . . in light of the economic problems and constellation of political forces, there was ultimately no alternative to extending the West German welfare state to the East. This is not to deny several grave errors in the social policy of unification” (Ritter, volume 4, p. 204).

#### **4 Variations of the Welfare State: The Idiosyncrasy of National “State Traditions”**

With his holistic cultural approach Kaufmann’s *Variations of the Welfare State* (volume 5) analyses Britain, Sweden, France and Germany (besides the USA and the Soviet Union as non-welfare states). Each country is portrayed as a singular case with an “autonomous cosmology” (Kaufmann, volume 5, p. 33) rooted in history

and culture. While this may sound rather vague and “soft”, Kaufmann’s analyses yield ample new and fascinating insights into the cultural and institutional diversity of a continent (Europe) which is moving towards political unity. Kaufmann also provides analytical categories that can be used by students of comparative politics to move beyond the standard ways of comparing welfare states. All country studies follow the same pattern (which is also applied in the analyses of the non-welfare states), with a focus on three themes:

1. The relationship between “*state*” and “*society*” in a country, that is, the historical “state tradition” (see also Dyson 1980) with regard to institutional patterns (government, public administration, courts; federal vs. unitary systems, central-local government relationships etc.) and ideas (about the proper scope of government, about ways and means of intervening or not intervening in the economy, family and “private” life). Germany, e.g., as explicated earlier, is imbued by the distinction between “state” and “society”. Stolleis specifies the influence of the German state tradition in the historical situation of German unification after 1871. In the face of a weak liberal tradition, the legacy of the autocratic state and of the corporatist or “intermediary” structures of early modernity produced a “mixture of half-authoritarian and autonomous structures” (Stolleis, volume 2, p. 59) typical of German social policy ever since.
2. The *problem definition* prevalent in social politics: “. . . how the ‘social question’ is posed [in a country L.L.], that is, how the guiding problem of the respective social policy was articulated at the beginning of its development, will be postulated as a revealing key for understanding national developments of the welfare state” (Kaufmann, volume 5, p. 32f.). The guiding problem (*Bezugsproblem*, problem of reference) is assumed to influence both discourse and institutional practice even at much later stages in the development of social policy. The original “social question”, the problem that has propelled social politics in Germany, was the “workers question”, that is, the social risks and needs of the industrial worker to which Bismarck’s social insurance was a response. The “workers question” was the key issue of social integration in the new German Empire founded in 1871: “National and social questions came together in a half-finished state structure and necessitated an intensive linkage of domestic and foreign policy” (Stolleis, volume 2, p. 57). By contrast, British social policy remained oriented towards the problem of poverty. The social question which permeates the Swedish system is the issue of inequality, which gave rise to universal services. In France the concern for family and population has been at the heart of social policy. These four different problem definitions (which do not follow a linear order) have left their traces in the institutional design of each welfare state. They define national welfare paths.
3. The *sectoral structure of social services* in a country. Kaufmann looks at three heterogeneous fields of social policy: production (labor law, industrial relations, labor market policy), (re-)distribution (income maintenance) and reproduction (personal social services, benefits in kind). The literature is mostly confined to one or two of these fields or even parts thereof, so balances and imbalances,

similarities and dissimilarities, between the three fields in one country cannot be identified (Esping-Andersen 1990, e.g., operationalizes “decommodification” only on the basis of cash benefits.) The relationship between the fields also reflects political problem definitions, indicating a national profile of a welfare state. Alber (1995) and Mayer (1997) also analyse the question of homogeneity and heterogeneity of social policy fields as a methodological challenge for welfare state analysis. Kaufmann (2012; chapter first published in German in 1982) earlier developed a theory of socio-political intervention that yields a distinction of four heterogeneous types of intervention akin to four policy fields. Similarly, Kasza (2002) diagnoses “a disjointed set of welfare policies” in most countries. As a consequence he rejects the concept of welfare ‘regimes’ altogether and calls for restricting comparative analyses to specific policy areas. But this conclusion is not necessary. Kaufmann takes differences between policy fields as part of the profile of a welfare state.

The German welfare state, e.g., is biased towards income maintenance whereas the British welfare state is stronger on services. Old-age pensions are the “sacred cow” in German politics, a role which in Britain is played by the National Health Service. Labor law is more important in Germany than in Britain. Kaufmann is interested in tracing incongruent normative patterns in different fields of social policy in one country, indicating “package solutions” (Kaufmann, volume 5, p. 32) that have proved viable as a political compromise. The British welfare state, e.g., combines full egalitarian health services with a poverty approach to income security in old age. This is one reason for the difficulty of classifying the British welfare state.

With these three dimensions of welfare states in mind, the profiles of the British, the Swedish and the French welfare states emerge more clearly. For *Britain*, the most basic finding is that the distinction state versus society is not even applicable because it is rooted in the Roman legal distinction between public and private law which is not part of British common law. Since the Glorious Revolution and John Locke, “government” (not “the state”!) has been seen as the trustee of “civil society”, a term that retained the old meaning of *res publica*, of a unitary, politically integrated “political society”: “Thus, the notion of society was *not* depoliticized and was not infused with the derogatory aftertaste it acquired so often in continental political thought as the embodiment of particularist and mostly economic private interests” (Ritter 1964, p. 30, quoted by Kaufmann, volume 5, p. 93). In a paradoxical way, the weak notion of state enabled Britain to develop a system of government with powers that are constitutionally less restricted than in Germany. The British state tradition also includes a late professionalization and bureaucratization of the civil service and a liberal-utilitarian justification of state intervention that follows the logic of Benthamite rational collectivism. British utilitarianism and German Hegelianism have consistently ignored each other. The British labor movement was much more concerned with the idea of self-help than the German labor movement, and it produced a political (Labour) party much later (1900; Germany: 1863/1869/1875) even though Germany was industrialised much later than Britain.

The *Swedish* state-society tradition represents a third, peculiar type. “In Sweden, . . . similar to England, the tension between ‘state’ and ‘society’ hardly played any role, though for very different reasons” (Kaufmann, volume 5, p. 117): While Britain was a latecomer to modern state bureaucracy, Sweden (together with France) was a pioneer, even preceding Prussia, the dominant German state before German unification in 1871. But the evolving civil society in Sweden never really confronted the state as in Germany. On this basis, a modern interventionist state could develop which never became detached from “society” for a number of reasons, such as extensive participation of “societal” interests through associations and political parties, an efficient public administration with relative independence of government, strong local government, pragmatic rationalism, ethnic homogeneity and the tradition of a unitary state church.

*France* represents yet another singular type. The relationship between state and society is ambivalent. There is a tradition of a strong central state and public administration but the unity of the country is projected onto “society” as a whole, e.g. by the early sociologists Comte and Durkheim. The nation (not the state) as a cultural entity and the idea of “solidarity” constitute the social bond in society.

We can conclude that simple distinctions like strong vs. weak state or big vs. small government do not capture the complexity of the state and its role in a given society. This complexity needs to be taken into account in order to understand the diversity of national paths of welfare state development in Europe.

## 5 Post-War German Social Policy in Retrospect: The Genesis of a Welfare State

History is subject to continuity and discontinuity, to stability and change, and so is the history of social policy. National transitions of welfare are “path dependent”, that is, departures from institutional structures established during the formative years require sustained efforts to materialize. Stolleis (volume 2, p. 23, 24f.) speaks of “layers of historical growth”, including pre-Bismarckian sources, that linger in present-day systems of social welfare: “All forms of provisioning against risk and its consequences that we know and practice simultaneously can be assigned to specific chronological stages: from family and neighbourly help to co-operative self-help, the formation of foundations as the bearers of charitable institutions, the emergence of funds that are meant to ensure against conventional risks – all the way to the modern protection systems that encompass nearly the entire population. Some of these institutions go back to the early Middle Ages . . . . Others can be assigned to the period of the emerging cities, to the beginnings of trade, and the formation of the first large fortunes in the fifteenth and sixteenth centuries, such as urban hospitals, charitable foundations, or social housing projects like the ‘Fuggerei’ in Augsburg. Others are the products of the society-shaping powers of the churches in the early modern period and especially of the early-modern

territorial state, which implemented a new notion of ‘work,’ combated ‘idleness,’ and created penitentiaries and workhouses.” At the same time, the future of the historically grown institutional structure is uncertain. Twentieth century advanced Western societies with their extended systems of social protection remain “a historical experiment, in the same way that other cultures of world history have been experiments” (Stolleis, volume 2, p. 151).

Most authors agree that in the German welfare state change is difficult to achieve, due to the veto players in the political system, to the high degree of juridification and due to mentalities grounded in the strong state tradition. There have indeed been few path-breaking reforms in post-war Germany. Even under National Socialism (1933–1945), the institutional structure of public welfare had remained largely intact (Stolleis, volume 2, p. 155: “ruptures and continuity”). Still, there has been change after World War II, but largely in an evolutionary manner – “reformless change” (Czada 1999). The change was obscured by old semantics like “social insurance”, “social state” and “social market economy” which were retained in public discourse despite substantial changes in institutional realities. These terms have become “semantics of continuity” (Leisering 2000a).

If we take stock of the changes in social policy during the post-war decades until the crisis of the welfare state was widely acknowledged in the 1990s, the change has been considerable. It was during that period that “social policy” fully turned into a “welfare state” (Kaufmann, volume 1), and German society became a mixed society, as indicated in T. H. Marshall’s (1981) term “democratic welfare capitalism”. Public welfare expanded dramatically in terms of spending, benefit schemes, levels of benefits, coverage of schemes and legal and bureaucratic apparatuses. New institutions were created which demarcated the sphere of social policy, like a consolidated Statute Book for social legislation (*Sozialgesetzbuch*, from 1976), specialized labor courts (established as independent branch of justice since 1953) and social courts (created in 1954) and mushrooming social reporting since the 1960s. Politically, social policy issues moved to centre stage, turning social policy into the main source of legitimacy of the state. Elections could be won and lost on social policy issues. The institutional structure also changed gradually but markedly. While the Bismarckian core, contribution-based financing of social security, remained, the segmentation of social provisioning typical for conservative welfare states was reduced. Separate institutions of social security were coordinated, integrated or even fused (such as the Statutory Pension Insurances for blue and white collar workers in 2005), and extensions to the core schemes rounded off the architecture of public welfare, resulting in a structured “quasi-universalism” of benefit systems (Leisering 2009).

The “welfare sector” grew, going along with the rise of social professions and semi-professions, of a new labor market sector for public welfare employees and of “welfare industries”, that is, commercial providers which deliver services to public agencies or provide services themselves. The character of social policy changed. Social policy turned from “workers policy” into a growing, though less ambitious redistributive policy for the whole population. The focus of societal integration shifted (Kaufmann, volume 1, pp. 106–113): class politics gave way to politics



geared to individual social rights and “social security”, a term which came to define the welfare state (Kaufmann 2001). Old age insurance, for instance, turned into a question of relations between generations, not classes, and the delivery and implementation of social services became a prime focus of social policy beyond ideological controversies over the orientation of social policy. From the 1970s the emphasis of German social policy on cash transfers began to be gradually supplemented by expanding personal social services.

Regarding outcomes, welfare policies came to shape the every day life of most citizens, advancing the standard of living and promoting socio-cultural individualization but also juridifying and bureaucratizing life. Zacher (volume 3, p. 376) diagnoses a move to more equality, a “process by which inequalities have proliferated”: ever new inequalities were discovered to be addressed by welfare policies. This refers to labor law, to inequalities of gender and between white collar and blue collar workers, to protective rights e.g. for tenants and consumers, and to allowances for various exigencies regarding family, housing, education and special needs. As a result, “welfare state generations” emerged whose lives have been shaped by the experience of extensive social services (Leisering 2000b). Much of the change just described could as well be observed in other Western countries. However, while numerous studies compare social spending or policies and policy outcomes cross-nationally, there is little comparative work on the institutional, social and cultural aspects of the post-war welfare state.

## 6 What Future for the Social?

Is the German welfare state facing up to the new challenges and crises since the 1990s? Is the welfare state changing? While Germany shares some of the challenges faced by other countries, some problems are specific to Germany. Globalization exerts particular pressures on the competitiveness of the German economy since Germany is one of the world’s biggest export economies. Financing social benefits mostly by contributions rather than taxes makes the German benefit systems particularly vulnerable to crises in employment – and to competition by low-wage countries – because half of the contributions are paid by the employers as part of labor costs. Similarly, the design of social insurance as pay-as-you-go-systems rather than capital funding, in conjunction with high (if falling) replacement rates, exposes the system more directly to the effects of the ageing of the population, especially in the context of one of the world’s lowest birth rates. Above all, German unification in 1990 “exacerbated decisively the latent crisis of the German welfare state” (Ritter, volume 4, p. 204): East Germany had a run-down economy with low productivity; unification generated a need for massive redistribution to the East; the cost of unification were largely passed on to the social insurance system (rather than to the tax system which would have spread the cost more widely; see Ritter, in volume 4); and the regional division East-west became a new social cleavage. In the early years after unification, social spending in the

East temporarily soared to two thirds of the Eastern gross domestic product, unprecedented in any country.

Regarding domestic problems, the 1990s confronted the Germans with a new – or newly perceived – world of social heterogeneity and social cleavage. This created new demands on social policy in view of integrating the nation state. First, there is the East/West divide since unification in 1990. Unemployment in the East is still higher than in the West, and economic growth is too slow. More than 20 years after unification, divisive resentments between East and West linger. Some Eastern regions are depopulated and racism has spread. Second, there is a problem of immigration and ethnic conflict. Germany has one of the highest proportions of immigrants in Europe but politicians have been slow in facing up to this fact. Between 1988 and 1996, 2.3 million “settlers” from Eastern Europe and the former Soviet Union (recognized as ethnic Germans) and c. two million asylum seekers came to Germany. The poverty rate among migrants is twice that of native citizens, just as the unemployment rate; some of the settlers are becoming marginalized. Some third generation immigrants are less integrated than their parents, and religious fundamentalism has grown, especially among persons of Turkish origin who are the biggest ethnic minority. For decades, Germany has facilitated the immigration of unskilled workers, without reaching out to highly qualified professionals as other countries have done. Third, a new low pay sector of the economy has produced a group of working poor, a problem hitherto unfamiliar to Germans. Fourth, both higher education and pre-school education are wanting, with a new problem referred to as “educational poverty” (*Bildungsarmut*).

To ascertain if the German welfare state has changed, we need to become clear what the German welfare state is. We discuss three conceptions of the welfare state in view of identifying the German welfare state and its recent changes: concepts from political economy (Esping-Andersen), from political science (M. G. Schmidt) and from sociology (as found in this book series, especially in Kaufmann, volumes 1 and 5, and in the related legal approach by Zacher, volume 3).

Following Esping-Andersen (1990), Germany is the epitome of the *conservative welfare regime*: achieving a medium degree of decommodification (of enabling people to live independently of the market) by regulating labor markets and containing labor market participation; basing entitlements on occupational and social status, producing structured inequality; and upholding a conservative concept of society emphasizing family, traditional gender roles and intermediate social bodies such as churches, voluntary welfare associations and status groups. The conservative welfare regime contrasts with the Anglo-Saxon liberal regime and the Scandinavian social democratic regime. Studies agree that conservative or “*Bismarckian*” welfare regimes – Austria, France, the Netherlands, Luxembourg, Italy, Spain, Belgium, The Czech Republic, Poland, Slovakia and Hungary also come near this ideal-type (Palier 2010, p. 24) – are changing but they do not agree in which way (see Palier and Martin 2007; Palier 2010). Bismarckian regimes have adopted some of the new policies also found in other regimes, such as “activating” policies, deregulating labor markets and raising labor market participation (reducing “labor shedding”), cuts in benefits and social services, and marketization.