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## The Idea of Welfare State vs the Idea of Sustainable Development. The Case for United Kingdom

### ABSTRACT

Within the last decades Great Britain has developed a specific model of welfare state. The “from-cradle-to-grave” model is close to the hearts of Labour Party’s politicians and supporters, on the other hand Conservative Party’s governments have been trying to limit welfare state’s reach since 1979. Cameron’s cabinet introduced a significant reform of the system, depriving many Brits of their benefits and lowering the number of people eligible to claim one. It is advisable to consider if these policies go hand in hand with the idea of sustainable development in the socio-economic context.

### KEY WORDS

welfare state, benefit, sustainable development, reform.

### CYTOWANIE

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### Introduction

“There is no issue that recently has polarized the left and the right wings of the political spectrum more than the idea of welfare state” (Giddens 1999: 239). This statement from Anthony Giddens, one of the most renowned modern sociologists, taken from his famous book “The Third Way. The Renewal of Social Democracy” published in 1998 (1999 is the date of Polish publication) is not-so-surprisingly very much alive today. At the time of economic hardship and financial crisis, the manner in which any state economically supports its citizens is still one of the

main points of public debate between political forces. The left wing usually backs fuller financial commitments of the state towards its people, the right one more often supports limited welfare help. One of the most furiously fought battles within the welfare state environment is the one constantly carried out in the United Kingdom. There, whenever one of the two main parties – the Conservative Party and the Labour Party – is in power, it reframes the system after its own fashion. It means that for any period of time British citizens will pay either higher or lower taxes, the social expenditure of the state will be either higher or lower, and there will be more or fewer poor people within Great Britain.

The following text is an attempt to discuss the idea of welfare state in connection with the idea of sustainable development. The author ponders over this combination trying to establish which type of welfare state provisions are closer to the idea of sustainable development.

### **Welfare state**

One may divide the beginnings of the welfare state into theoretical and practical parts.

The theoretical one is founded on the assumption that the role of the state should be active. By this welfare state founders believed the government and its public institutions should participate in practical shaping of the socio-economic life and through this the state would take care of its citizens from cradle to grave. Such aims were to be achieved by the interventionist policies from the state – ensuring the whole range of public services, at the same time staving the threat of unemployment growing without control off and establishing the universal system of labour insurance system. This interventionism should lead to positive regulation of economic processes, so that financial crises would be easily avoided. All this should lead to the establishment of mixed economy (this idea was especially strong within the New Labour governments of Tony Blair between 1997–2007) basing on more or less harmonious cooperation between public companies and private capital (Sylwestrzak 1995: 424–428). The welfare state as a theory was then an attempt to implement the demands of evolutionary socialism, which accommodated the idea of democratic system of government with the idea of helping the weakest units within the society (Omelan 2011: *passim*).

The practical implementation of welfare state is rather complex. The idea itself seems today to be one of the most important demands of the left-wing parties. However, it is enough to say that the very beginnings of the welfare state stemmed from ideals which were quite far away from the leftist ones (Baranowski 2015). At the end of the 19<sup>th</sup> century

social reforms of the German leader Bismarck (among others introduction of sickness insurance, labour accidents insurance, disability insurance) were included in the legal system not only to help the poor and the struggling, but also to silence the socialist movement who was becoming a threat to the bourgeois government.

### The case for Britain

In Great Britain the take off of social reforms came into being at around the same time – in the 1870s British governments allowed workers to form trade unions, schooling became universal and the health service was heavily reformed. These changes were sped up after the newly established (1901) Labour Party had its first electoral successes. However it was the Liberal Party, which back then was the main political rival to the Conservatives, which around 1910 introduced wide social security schemes, minimum wage programme, and sickness, disability and unemployment insurance. However, again, the welfare of British people was not the only reason behind these reforms – the then government wanted to win wide support of its people for the dominant demands of British imperial policies (Sylwestrzak 1995: 425–426). The most important historical reference in the case of the United Kingdom and this article would however be the Attlee's years as the prime minister. In 1945 the Labour Party won the first post-war elections easily, gaining from the unpopularity of the Conservatives at the time (even the personal considerable standing of Winston Churchill was not enough to help the right-wing party) (Robbins 2000: 240–241). The economic and social conditions of the United Kingdom after the war, the fresh memory of the 1930s crisis, the radicalization of the British people's spirits – all these factors opened the door for the Labour government to carry out deep reforms. The people were not afraid of the programme of social reforms, for it was an antinomy for capitalism, which was associated with unemployment and economic low-point of the pre-war period (Bednarczyk 1995: 94). The most important parts of the reforms was the introduction of the National Health Act (which is called the best British social act of the 20<sup>th</sup> century) (Rintala 2003, *passim*), the introduction of compulsory health and pension contributions and several types of social benefits (among others unemployment, maternity, bereavement, funeral allowances). Moreover, Attlee's government planned to build thousands of new homes and make it possible for poor Brits to rent them from local public housing associations (Omelan 2011: 80–82). All this created the so-called “post-war consensus,” which meant that even the Conservative governments followed the model of welfare state implemented by the Labour Party (Cairncross 1990: 34–35).

It was so until 1979 when Margaret Thatcher came to power and began implementing her no-such-thing-as-society ideas. The major ones were squeezing spending on public services like health and education and weakening trade unions. In both she was quite successful, however average spending within her years in the office (1979–1990) rose by 1,1 per cent each year (falling down only twice – in 1984–1985 and 1989–1990). It was due to the fact that mass unemployment rose dramatically back then and one of the consequences was the increase in spending on benefits, which Thatcher's governments allowed to rise with the rate of inflation. Despite this, spending fell significantly as a share of GDP. When she entered office, total expenditure was 45,1 per cent, later on it peaked to 48,1 per cent, and then fell to 39,2 per cent in 1990 (Eaton 2014). It is to show that in real terms the Conservatives under Lady Thatcher did attack the post-war consensus. More evidence to that comes from a series of articles in British press in 2012 depicting the most unexpected of ideas produced by Ms. Thatcher's governments throughout the 80s., fortunately never implemented. Released Downing Street documents show that Tory cabinets considered compulsory charges for schooling and a massive scaling back of other public services, including National Health Service. Almost all agree that it would have meant dismantling of the welfare state system which had been working for the post-war decades. It was only strong opposition to this kind of ideas from majority of ministers in the cabinet that eventually led to dropping it (Travis 2014).

When Labour Party came to power in the landslide election victory in 1997 it pursued ideas for welfare reforms which were quite different from Attlee's proposals half a century ago. Blair and his Chancellor of the Exchequer, Gordon Brown, with the theoretical base from LSE professor Anthony Giddens, tried to accommodate stable economic growth with the reformed welfare state. As Ralf Dahrendorf, a leading British sociologist at the time, famously stated it was "squaring the circle," for this idea had never been successful, and many had tried. Blair and his associates believed that if one takes a bit of the neoconservative programme, a chunk of the social democratic one, what one will get is the Third Way, a mixed-economy plan to support the ones in need. It was quite successful in electoral terms (the Labour Party won three elections in a row), however less successful in social terms. The idea was criticized for not being economically and socially uniform, for not creating equal chances for all units within the society, and for not introducing new radical solutions (Ronek 2008: 203–208). The proof for the fact that Blair's agenda did not rise to expectations is the fact that right after Labour lost the last elections (2010), all Third Way drums went silent and the new leader of the opposition, Ed Miliband, abandoned the New Labour policies opting for deeper welfare for the British working class.

### Cameron's government - new Thatcher's era?

When the Conservatives came back to power after thirteen years, they quickly set up the agenda that meant attacking the welfare state all over again. The Chancellor cut the top rate of the income tax to 45p, with prospects of cutting it even further to 40p after the Conservatives won the 2015 general election. The rest of the reforms were included in the 2012 Welfare Reform Act.

Right after winning the 2010 general election Cameron's government published a document in title *21<sup>st</sup> Century Welfare*. It contained various proposals for reforming the welfare system and after the period of consultation a White Paper, hierarchically a more important document, called *Universal Credit: welfare that works*. The Paper expressed the government's belief that the welfare system under Labour (the left-wing party governed UK for 13 years between 1997–2010 – G.O.) had been too complex and generous. The new cabinet believed that many people on benefits were afraid to move into work for the risk of losing government help and earning just a little more than the actual benefit. Moreover, any salary gain might be easily consumed by, for example, commuting fares. In general, Cameron's government was aiming at making the benefit system fairer and more affordable, reducing poverty, worklessness and welfare dependency and reducing levels of fraud and error (*Simplifying... 2014*). The Welfare Reform Act, which was the final and the most formal product stemming from the above-mentioned documents and consultations was enacted by the Parliament in March 2012. It contained the following regulations:

- 1) Universal credit, which is a welfare benefit that replaces six other benefits and tax credits. It is designed to suit people who are on low income or looking for a job, as well as the ones who are out of work. As the governmental document states, it "helps claimants and their families to become more independent and will simplify the benefits system by bringing together a range of working-age benefits into a single payment." It replaces: income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support, Child Tax Credits, Working Tax Credits, Housing Benefit. The authors of this idea believe that it simplifies the whole system of welfare in the United Kingdom (for example claimants will receive one monthly payment together with their monthly salaries), gives people more incentive to find and start work (*Simplifying..., 2014*). However the whole idea was heavily criticized even before it was formally introduced. Labour MP, Frank Field, a very experienced politician within the field of welfare state, said in an article that Universal credit was a failure for a number of reasons. First, it merges only 6 benefits and tax credits, while, if it were to be called "universal"

for real, it would have to merge a lot more. He was also afraid the new system would bring chaos for the people on benefits and that the IT system on which UC is based would probably not work. He stated: "The project is heading for disaster (Field 2014)." At the beginning of 2014 it turned out that much of Field's criticism was correct. The government's flagship welfare reform, after four years in power, could gather only about 4000 claimants in limited number of job centres across the UK. People do not see this as a simplification of the welfare system, moreover they are afraid that they will lose money within the scheme (Jee 2014).

2) Under-occupancy penalty, also known as "bedroom tax," under which a social sector tenant faces reduction in benefit if he/she has a room in his/her flat deemed to be 'spare.' This one brought tenants to the streets protesting sharply against it. What turned out is that majority of the people who fell under this reform faced significant rent arrears or even eviction by their landlord. Some of the individuals would be (and actually have been) forced to move into the privately rented sector where rents are higher. One individual case has been described by newspapers – a family, whose child died was deprived of a part of their housing benefit, because the death left them with a "spare bedroom." Another thing to criticize here is the fact that more than 70 per cent of people impacted by the reform are disabled (Jenkins 2014).

3) The Act also introduced the benefit cap, which is a limit of actual money a person may claim as his/her welfare benefits. Although this policy has a strong support from British public and politicians, it was criticized by various people. For example The Guardian stated that because the cap applies no matter the family size, larger families will be disproportionately affected. There even have been court cases in which vulnerable families challenged the government's reform. The families faced immediate eviction because of the cap, some of them experienced return of domestic abuse (Bowcott 2014).

4) These changes have caused the numbers of food banks in the United Kingdom to rise very quickly. Food banks are charitable organizations that distribute food to individuals and families who do not have enough money to avoid hunger. In Great Britain majority of food banks are managed by a Christian charity. Before the financial crisis of 2008, food banks were almost non-existent in UK, at least not many people heard of them. After the crisis began, and especially after the Conservative government started introducing its welfare reforms, the number rose sharply. It is best illustrated by the number of food banks clients – a food bank charity stated officially it had handed out more than 900000 parcels in 2013, in comparison to 350000 it had in 2012. The food bank managers stated that the changes to the welfare system, the temporal suspensions of benefit payments, were behind the rise. Even this did not give the whole picture

of hunger in the UK, for there are people who are too ashamed to come down to a food bank and be given a free bag of fruit and vegetables (Milligan 2014).

5) The Conservative government also introduced higher penalties for benefit fraud and tougher regulations concerning claimants' capability to work. Under this benefits can be reduced or stopped if a claimant is convicted of a benefit fraud. Such individual may not be prosecuted if he/she accepts a fine for the wrongdoing. The change also pertains to the process of assessment of one's ability to work. It means that there will be specialized teams of officials whose job will be to say if an individual is fit to work both as to his/her health and professional skills (*Simplifying...*, 2014). It might be regarded as just another attempt from the side of the government to limit the number of benefit claimants.

## Conclusions

The above-mentioned reforms constitute the whole background behind the Conservative government's idea of how to create fairer society. The base for this idea is the presumption that too many people in the United Kingdom claim welfare benefits. The Tories would like to see more people into work and fewer individuals living on benefits. It is obvious that each government wants its policies to have that result, however the current one, it seems, stops at nothing in trying to achieve that. There have already been dozens of cases of forced evictions from rented flats due to the fact that tenants whose housing benefits have been cut do not have enough money for rent anymore, and a lot of households have fallen into rent arrears, and as a result they face eviction, too (Butler, 2014). There also have been cases of committing suicide presumably because of the so-called "bedroom tax" (Morris, 2014) Not to mention the rallies in which hundreds of people participated, which were to show the government that the implementation of this very policy will be met with strong criticism from the ones who have been hit with it. The Universal Credit was also heavily criticised especially for the fact that it was not a simplification of the whole welfare system as it was announced. Within this reform the disabled were badly hit, some of them lost majority of their benefits for the fact that rules of applicability have changed.

The welfare reform is necessary, no matter if a country provides its people with the social democratic, christian democratic or liberal model of it. However, one cannot reform the welfare system in a way that leads to evictions and suicides, such reforms seem to be counterproductive. Each government should look for solutions that will keep the society together, not tear it apart. The current British government's actions concerning welfare quite often bring negative results, which leave many families

on the brink of falling into poverty. What is highly important here, the gap between the poorest units of the society and the middle class or the richest ones is deepening due to implementation of the above-mentioned policies (Baranowski 2013).

And, what is even more important, such policies are nowhere near the idea of sustainable development. How can they be, if this or that government's decision leads to rallies, evictions and suicides. The idea of sustainable development is to reform our reality in such a way, that our children and grandchildren can live in a better world. It might be achieved with carefully mulled ideas for welfare reforms. The welfare system should help low-paid people to stay in their rented flats, not make them unable to pay the rent.

The idea of sustainable development writes itself beautifully into the idea of fair welfare system. The only requirement is that the welfare system should be designed for people, not against them.

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