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# Social Policy and the Welfare State

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## Abstract

The developments and changes in the social life have led to change in the social needs. Therefore, problems and their solutions also change. The industrial revolution which realized in the eighteenth century had some important impacts not only on the economic life but also on social structure. It was aimed to solve social problems and ensure prosperity through social policies, which is a multidisciplinary field, and consequently, the concept of welfare state emerged. The states, which had liberal concerns and traditional protection functions and reached a powerful position with their internationalist approaches, underwent a transformation period because of the economic and social developments which took place in the last quarter of the twentieth century. It has been subject of criticism that states increased the social expenses to satisfy the social needs and therefore caused an economic crisis in this period when the effects of globalization were discussed. In this study, the change and transformation process in the welfare states and their social policies at the global scale will be handled conceptually and from the historical development perspective. Making determinations about the past and present, as well as having assumptions for future, this study aims to contribute to literature.

**Keywords:** social policy, welfare state, globalization, welfare, social welfare

## 1. Introduction

Social policy is an inclusive disciplinary, which means to provide solutions to address needs of social life. Social problems change based on economic and environmental factors. These changes also differ based on social structure and state policies.

The historical background of social policies is in parallel with important events in the human history. An important cornerstone in the world history, industrial revolution, is an economic revolution on one side, but it increased the social problems on the other side. From industrial perspective, societies can be regarded as preindustrial society, industrial society, and postindustrial society. It is also possible to say that social policies that provided solutions to social problems also changed based on the conditions of the period.

It is seen that traditional methods were used to satisfy social needs, and the groups in need of protection were tried to be protected through social aid and services in the preindustrial period.

The period which began with the industrial revolution caused varied social problems as from the second half of eighteenth century. Seeking solutions to address the poverty and social imbalance, which were caused by the industrialization, social policy tried to make balance between economy and social policies. The migrations to industrialized regions with the impact of industrialization caused new professions, negative life and work conditions, and poverty. In the face of this

change in the demographic structure, states adopted the liberal economic understanding as a solution. Free market economy that emerged as a result of concerns that state interventions would damage economic and social balances helped a part of society to have welfare but caused workers who constituted the majority of society to impoverish. Liberal economy understanding's failure to ensure social welfare resulted in criticisms and the rise of neoliberal approaches.

The fact that liberal state understanding's limited approach caused negative results on social policies led adopting a more interventionist and regulating state model. Because social expectations that the state should meet social needs increased, the state got a new character to solve social problems. Affected by the wars which broke out in the first half of twentieth century and 1929 economic crisis, the concept of state changed in favor of social policies. With Keynesian economic approach, it paved the way for more inclusive interventions and adopted "welfare state" approach. However, also affected by globalization, the interventionist approach of welfare state to ensure economic and social welfare failed to ensure economic growth, and the position of state was discussed again.

In this new period, where the increase of social expenditures and taxes was perceived as a threat, it was suggested that the social responsibilities of the state should be reduced. The crises beginning in 1970s and the problems which increased with the effect of globalization led to a transformation in the welfare state. The crisis of welfare state and the constantly increasing discussion about the role of state to determine social policies caused states to plunge into new quests.

Although the quests for the welfare state of Golden Age were different, it is possible to say that the basic attitudes were neoliberal attitudes like increasing the effectiveness of local administrations, leaving ensuring welfare ton on profit organizations, and leaving social services to private sector. Therefore, the Welfare State mode that emerged with industrial revolution was restructured with the "Information Age" and globalization which emerged in the last quarter of twentieth century. In this period, social policies are determined by civil society, international, and supranational organizations instead of traditional means, and social policy understanding turns into new forms.

In spite of all criticisms, welfare state still regulates and implements social policies today. Exposed to some transformations and to some extent replaced by neoliberal policies as a result of changes caused by the globalization and information age, the welfare state is predicted to continue its existence in new forms and remains as an important power to regulate social policies in future.

In this study which has been made under the light of this information and predictions, first of all, the conceptual foundations, targets, and means of social policy will be explained with the factors which paved the way for its emergence in the historical process. After that, the concept of welfare state and the effects and events, which paved the way for its emergence, will be handled in the historical process. Welfare state crisis and globalization will be explained under different headings and determinations, and predictions will be made about today and future, discussing their impact on the social policy.

## **2. The subject of social policy**

Social policy is referred to as "social policy" in Continental Europe, but it is referred to as "social welfare policy" in the North American literature. Some authors argue that these two concepts have the same meaning but some others argue that social policy is a frame concept which encompasses various policies, including social welfare policy [1].

Differences regarding the definition of social policy also arise from periodic conditions. To Wagner, social policy means the measurements taken by state to protect workers, while to Kessler, it means the movements and struggles of social class and state's attitude against this struggle. To Lauber, social policy is a set of measurements taken at national level in order to change and regulate the financial and cultural life conditions in a definite period of time. Albrecht defines social policy as all measures and institutions that are taken to protect the part of society which is in need of economic protection and to ensure social security and peace [2]. Marshall defines social policy as a set of policies developed by state to ensure welfare in order that it obtains service and income. Hagenbuch asserts that social policy is an effort to make sure that individuals have minimum standards and opportunities.

In narrow sense, social policy is an attitude to address the disputes, imbalances, and conflict of interests between employers and employees and to ensure harmony between classes in capitalist systems [3–5]. In narrow sense, the aim of social policies is to find solutions for the problems emerging in industrial societies. From this perspective, it serves ensuring the social justice for ending the social inequalities that have been caused by the industrial revolution in social policy. In narrow sense, it represents the policies for making a balance between labor and capital because it encompasses only problems of worker and labor classes [6]. These policies also include the provision of social justice.

In narrow sense, political policy approaches the working life as the basic element that can explain the society. In this context, it also deals with issues such as wages, working conditions, trade unionism, and collective bargaining [7].

In a broad sense, the concept of social policy means comprehensive practices which address not only the problems and needs of working class but also those of the other segments of society [8]. With a definition from this perspective, it is possible to say social policy discipline addresses the problems of urbanization, environment, health, and education and those of all segments of society such as workers, the disabled, the elders, children, and immigrants. In a broad sense, social policy emerged together with the concept of welfare state after World War II. Therefore, social policy includes health services, social security, city, environment, and struggling against unemployment and poverty that affect social welfare. In a broad sense, the final target of all these practices is to ensure social peace, social justice, and equality between different groups [9].

Social policy is determined on the basis of redistribution. The regulatory and distributive view of policies serves to ensure that everyone living in society has social freedoms and equal opportunities [10]. Ensuring the welfare of each individual is the main objective of the state and other organizations that are social policy practitioners.

The members of society have such needs as education, social security, health services, and housing. Social policy aims to ensure the welfare of individuals through legislative regulations. Because social policy is affected by social developments, it changes based on the needs of individuals. State makes new regulations based on needs. It is possible to make separate regulations for those who are in need of protection from social policy perspective for children and youth, for the disabled, for families with low income, and for the elders.

The factors which affect and determine social policy are not only the needs of society and individuals but also are ideological movements, crime rates, unemployment, media, politics, industrial groups, and violence, such economic factors as debit and recession and the nature of welfare state (social democratic, liberal, etc.) [11].

Social policy can be defined as an area consisting of decisions taken with the participation of many individuals and parties, which is put in force after the state

determines its basis [12]. There is a mutual interaction between social policy and economic policies [3]. Thus, the development of a country is not possible only through economic growth but also by achieving a fair and balanced growth to solve social problems. From this perspective, the problems in economy and those in social policy need to be handled together.

## 2.1 Principles and concepts of social policy

To achieve its goals, social policy needs to have some principles regarding the policies it will determine.

The social policy, which is put in force by the state and other institutions, affects the welfare of society directly. A state's regulations regarding welfare need to be determined by analyzing its social policies. The subjects and basic principles related with social policies are social needs and social problems, equal rights and social justice, efficiency, equity and choice, altruism, reciprocity and obligation, and division, difference, and exclusion [13].

Welfare state should provide some rights to the people. These are elaborated below.

- **Equality:** Achieving equality underlies social policies. Resources need to be distributed fairly in order to achieve equality. Equality has different types: equal outcome, equal opportunity, or equal treatment.
- **Equal opportunity:** It means that equal groups should be treated equally. Equal opportunity needs to be given to people regardless of their sex or group. Moreover, all people must have the same opportunities in educational system or in the labor market.
- **Need:** Basic needs are food, caring, and housing. Needs are not limited, and it is not certain which needs should be covered by states.
- **Freedom and rights:** There are different types of rights. Civil rights mean the absence of arbitrary arrest and detention but having freedom to discuss any opinion. Social rights mean social welfare and social security, right to education. Political rights include voting and joining political parties and freedom to explain opinion in a democratic way.

All of these rights are provided by welfare state. The individuals who live in society are bound to state through the bond of citizenship. He/she has the right to request the state to which he/she is a citizen to make policies which pave the way to provide him/her the rights he/she has. From this perspective, the citizenship concept plays an important role in determining the state's obligations and rights of individuals as a part of social policies.

The main goal of social policies is to ensure that everyone in society lives in harmony, afar from conflicts. Thus, the target is to ensure social justice, social development, social balance, social integration, and social peace [7].

- Thanks to **social justice**, everyone in society will have equal rights in the face of equal risks. In this way, the inequalities and differences caused by the economic chances are eliminated. All the policies that ensure that everyone has fair opportunities with regard to income, taxes, wages, education, and social security contribute to the development of social justice.



- Ensuring the **social balance** is possible if everyone in society lives in harmony and balance. Therefore, social differences need to be reduced. Especially the differences and inequalities, with regard to opportunities, of the individuals living in different regions cause this balance and harmony to deteriorate. It is one of the main objectives of social policy practitioners to eliminate the differences regarding the development level and to ensure that everyone benefits from the same social services.
- **Social peace** is ensured through policies aimed at eliminating the factors that lead to the deterioration of the balance within the social structure. Especially in the capitalist system, the social differences created by the free market can hinder solidarity throughout the society. For the creation of a society dominated by harmony and reconciliation, policies should be implemented in order to eliminate the negative effects on the psychology of society.
- **Social integration** refers to the minimization of political and economic factors that negatively affect unity and solidarity in society. Education, culture, and moral values are issues that affect social resolution in this sense.
- Achieving the goal of **social democracy**, it is possible to protect the fundamental rights and freedoms of individuals in democratic order with the legal order in the framework of democratic freedoms. The goal of democracy must be achieved in order to protect the individuals' rights to work and participate.

## 2.2 History of social policy

The social policy, which is considered to have emerged as a result of the economic and social developments in the nineteenth century, started to become meaningful with the industrial revolution. As a result of the change in economic relations with the industrial revolution, social changes became inevitable. With the industrial revolution, increased production gave rise to the need for more labor. The dominance of capital owners on the labor market increased even further through the liberalization of trade.

In a period when the liberal market economy approach (*Laissez-faire*) was adopted, the dominant opinion was that government interventions would negatively affect the free market [14]. The belief that a market created without intervention would enrich the people, on the one hand, ensured the enrichment of the owners of capital and, on the other hand, caused the labor sector to become poor. The poverty faced by children and women hurts humanitarian feelings [15]. Increasing poverty during this period when no intervention was made to workers' wages and working conditions caused the social problems to increase and thus the rapid development of social policies.

As a result of liberal approach in the economy, two opposing sections have emerged in society: the bourgeois class who are the capital owners and working class who are the labor holders. The reduced of wages, poor working conditions, and long working hours have led to social problems in the labor class and to class conflicts. In the nineteenth century, social policies were applied to solve the social problems created by the liberal economy understanding of the state. Providing social peace and justice through the intervention of the state in the working life, working relations, and wages is inevitable.

With the social reform movements that began in England and Canada between 1880 and 1920, social policies turned into a descriptive approach from the

prohibitive approach [1]. In this approach, the state was criticized that its role in the work life was limited and rigid, and it was suggested that the state should regulate social conditions in order to eliminate the negativities in the work life. In this period, there was an opinion that the role of the state in social policies should increase, in the capitalist developed countries, such as France, Germany, and the USA.

Consequently, the emergence of social policy in the modern sense is attributed to social conditions created by French Revolution in intellectual-political sphere and those created by industrial revolution in the social and economic spheres [16].

After World War II, liberal economic approaches in developed countries were abandoned, and Keynesian policy approach was adopted with the belief that the state should intervene in social policies. Another important factor in the adoption of this approach is the 1929 economic crisis and its negative consequences. After the industrial revolution, the scope of social policies expanded, and not only the problems of labor sector but also those of the whole society were addressed. All of the issues such as health services, elderly and child care, struggle against unemployment and poverty, participation of women in working life, protection of the environment, and gender discrimination became issues for which the state struggled under social policy.

### **3. Toward welfare state**

The concept of welfare state emerged in 1930s and 1940s. Unlike the concept of state which was adopted during World War II and which aimed for providing sufficient money to cover the need of army in far, welfare state aims at providing social policy, health services and thus providing social needs [17].

Welfare state concept gains different aspects in different countries according to their cultural, social, political, and economic legacies and historical developments. Welfare state aims at providing welfare of the individual citizens. According to the demands of labor market and civil society, welfare state intervenes in the economy.

Although there are many definitions about the welfare state, Asa Briggs defines it as follows: "It is a kind of state in which consciously organized public power is used to reduce the role of market forces." It is accepted within the scope of the role of the welfare state to provide a minimum income guarantee to individuals and families, to facilitate the prevention of certain social risks, and to offer good living conditions to individuals in society through social welfare [18].

Another definition of the welfare state is that "it is a contemporary state understanding that undertakes the duty to ensure a fair income distribution, protect the groups and classes in need of protection, direct the social security practices and employment policies, practice the politicize to meet the basic requirements of society such as education, health, and housing and takes measures for regulating the working life, thanks to the tax and wage policies it follows" [19].

#### **3.1 History of welfare state**

The difficulties were faced with regard to making definition of the welfare state and justifying its historical development. As mentioned above, each and every state has a different national social security system, a different social structure, and thus, different needs. Moreover, welfare state determines the policies that are required by the economic, social, and cultural conditions and put in force the legislative regulations accordingly.

The development process of welfare state can be handled by categorizing in three periods. The first period was between 1870 and 1913, in other words from the

late seventeenth century when the industrial revolution took place to early nineteenth century. The next period was the time between World War I and World War II and the time period between 1950 and 1973 when is referred to as the “Golden Age of Welfare States.” Welfare state changed with the economic crises which realized after 1973. This period is referred to as “Welfare State Crisis” and refers to the period up to today.

The emergence of welfare state dates back to 1601, when Poor Laws were put in force in UK. In this period, most of men were recruited for war. When they turned back home, they lived the rest of their life without any social security or protection but under risks. 1601 Poor Law was the first legislative initiative to protect the elders, patients, and wounded people in the society. However, this legislative regulation was not sufficient because the rest of society was also in need of protection. Another legislative regulation was made in 1834 as a result of economic and social pressure and because of the developments at the time. This is the beginning of the stigmatizing effects of social policy. In the following periods, the effects of Adam Smith’s free market economy started to change the state policies and legislative regulations not only in UK but also in other countries.

Welfare state really emerged after World War II. Along World War I, all countries spent all of their resources for war. After World War I, it was understood that John Maynard Keynes approach was not sufficient for creating job opportunities and reviving public economy. After the war, it was believed that a second war could be prevented by means of creating job opportunities and providing new working and life standards.

With 1942 Social Security report (Social Insurance and Allied Services), Lord William Beveridge aimed at creating a health system, providing minimum income and decreasing employment rates. After the war, Beveridge’s opinions were evaluated together with Keynes approach for creating a national welfare for UK [20]. Distrustfulness of liberalism urged countries for plunging into new quests.

States faced new social risks between 1870 and 1913. These risks were increase of aging population, pension payments, diseases, occupational diseases, and accidents. In 1880s, Bismarck made some efforts in order to provide social security. Reform efforts made by Bismarck aimed at providing a protection through social security against the risks of industrial revolution, low income, and population movements. The long working hours and heavy working conditions increased poverty and socialist movements. With these developments, the regulations covering disease insurance in 1883, work accident insurance in 1884, and old-age and disability insurance in 1889 were put in force.

Bismarck’s reform movement aimed at establishing a system not only under the state but also with support of employers and employees. According to this, the system had three dimensions: employer’s responsibilities, individual investments, and private insurance. This system also accepted the intervention by state. Therefore, it possible to say that the economic and political structures and, consequently, social policies of other countries started the change after Bismarck’s reform.

Following Bismarck’s reform, many legislative regulations were put in force for the diseases and injuries caused by industrialization. No similar regulations and rules had been put in force in Western European Countries until 1913.

Because of industrialization, the changes in social demographic structure, and increasing pressures in nineteenth century in European states, the realization of welfare state gained speed. Public sector and economy had a rapid development in China, Brazil, and Russia. Between 1950 and 1973, when it is known as the golden age of welfare state, the intervention of state gradually increased with the Keynesian approach which was adopted for solving the problems caused by the



free market economy. However, Keynesian policies caused states to go into crises after 1970s. High tax rates, increasing public expenditures, and states' intervening markets were cited as the reasons for the crisis. In this period, when the proportion of social expenditures to public expenditures was gradually increasing, old-age, motherhood, injury, and death insurances were accepted in many countries. In addition, unemployment insurance and family aids were also regulated in more developed countries [21].

The welfare state has been undergoing a transformation since 1975. The state intervention which increased with 1929 economic crisis was replaced with a system in which the state shrined after the oil crisis between 1973 and 1979. In this period, states adopted the opinion that states should be less interventionist with regard to making economic and social policies. It is observed that the budget deficit which was caused by the pressure of social expenditures increased in this period when unemployment became chronic, inflation rate increased, and economic growth decreased especially in Western European countries.

Neoliberal approach which emerged in this period was adopted as a new form of liberalism, a result of solution seeking against Keynesian policies [22]. As a result of fierce competition caused by economic crises, a new period started in late 1970s, and in that period, Keynesian welfare state went through a crisis.

With globalization, welfare state that had stability in economic growth as well as good work conditions and price offers ended, and a new period in which nation states had less authority started. These developments which also affected social policies led to adoption of neoliberal approach for decreasing social expenditures. States started restructuring and new reforms in order to re-start economic growth. In the last 20 years, many countries have made regulations to decrease social expenditures. Yet again, in many countries, public expenditures have not decreased, instead, they have increased. The reasons of this condition are not only economic reasons and developments but also the reasons caused by the change of demographic structure like aging population and the changing family structure. As mentioned above, economic policies and social policies have mutual interactions. It is obvious that the changes in economic policies also affect social policies, and no one is independent of the other.

On the other hand, the economic condition of welfare state is not only related with individual behaviors but also related with social security system to be accepted for labor market and social welfare. The contradiction between labor market and state intervention has yet to be solved [17].

Welfare state continues to develop. State still plays an important role in determining social policies. It is possible to say that not only economic indicators but also the changes taking place in demographic and social structure play role in determining the policies of welfare state.

The welfare state aims at redistributing income and thus plays an interventionist and regulatory role. It takes measures to eliminate negativity in working life. It determines the minimum wage, undertakes social security and welfare services, and intervenes by taxes and other expenditures to eliminate injustices in income distribution [23, 24].

The welfare state is expressed as the deepened and extension of the classic protective state [25]. The welfare state, whose last stage reached has been by the modern state, is no longer a "spectator state," but it is a "player state" [19].

All of the definitions regarding welfare state include the mentality to protect those who have poor economic and social conditions. This protection can be done through social policies. Therefore, welfare state's intervention for the sake of eliminating the negative conditions, which is required to be done by the welfare state and achieve the goals of social policies, is appropriate and required.

Although the duties and scope of each welfare state change based on each country's social, cultural, economic and demographic conditions; basically, they include ensuring the protection of children, the disabled, families, the elders and women, creating jobs, providing education and vocational training, struggling against poverty and low income, and improving the working conditions.

Considering the practices of the welfare state, various distinctions have been made on the basis of services and expenditures to ensure social welfare. The most important study about this issue has been made by Gosta Esping-Andersen. Esping-Andersen classifies welfare state systems as follows:

- Liberal welfare model which is practiced by USA and UK
- Conservative and Continental Europe model which is practiced by Germany, France, and Belgium
- Social Democratic Scandivian Model which is practiced by Sweden and Denmark [26, 27].

The welfare state, emerging as a response to the search for solutions to address the inequalities and negativities created by the industrial revolution, is a new form of the liberal state. Because the liberal approach threatening social interests due to the fact that capital and markets were not interfered and the socialist approach that kept the interests of the working class at the highest level were not sufficient to meet the social needs, the welfare state emerged as a system to overcome the problems of both of these systems.

Regarding the welfare state, it is possible to make the following determinations regarding the period until the beginning of the process of globalization and neoliberalism [28].

- The residual approach evolved and replaced by with an institutional approach.
- Demanding social welfare has turned into a human right arising from being a citizen.
- While it was an understanding of service to meet the needs of only poor, it has turned into universal service to meet the needs of the whole society.
- It left from a limited welfare budge to large welfare expenditures.
- The understanding that such problems as poverty and unemployment are not because of the mistakes done by individuals but because of inadequacy of the state and its institutions.
- Making efforts to take responsibility for providing social welfare has shifted from volunteer individuals and institutions to public institutions.

The economic crises experienced after the 1970s caused problems and criticized the Keynesian welfare state. Budget deficit was one of the problems that were faced due to the increase in unemployment, the decrease in economic growth, and the increase in retirement age and health expenditures due to the aging of the population. The criticism and debate about the welfare state are that all the negative, economic, social, and political problems are caused by the social policy practices of the welfare state.

Long-term consideration of demographic changes and the impact of globalization on the welfare state have opened new avenues for debate and discussion about the welfare state's future development [17]. The important point is providing people welfare for the welfare states.

Criticisms about the welfare state are:

- Poverty and unemployment rates have not been reduced, and social welfare policies have not been successful
- The opportunities provided for welfare cause negative effects on family structure, increase divorce rates, and deteriorate moral values
- It has increased the taxes put on income and capital
- Social expenditures have increased [28, 29].

Welfare states have begun to develop new policies and restructure due to the problems that constitute the source of criticisms of social policy. Although it is claimed that the welfare state has a tendency to go back due to economic and financial pressures, it is possible to say that the welfare state continues to make efforts to adapt with the new conditions.

### **3.2 Globalization**

The transformations which have taken place in social policy and welfare state can be explained under the shade of globalization. In 1990s and 1990s, privatization and marketization had an impact for some of conservative governments. The governments had more liberal approach to civil society and economy policy.

Globalization reveals a free market economy, liberal democracy, and cultural differences in the process leading to a holistic world economy [30]. Globalization process gained momentum after 1980. In this process which was based on economic liberalization, the neoliberal model became dominant and the idea that state should abandon its active role in social policies was adopted. In some developed countries, which had been practicing the neoliberal model, social policy implementations began to lose their importance, and they were completely neglected in less developed countries.

The effects of globalization became more evident at the end of the twentieth century, and the welfare state had less intrusive character with regard to taking measures for social protection due to the pressure caused by social expenditures and increased taxes. With the adoption of the dominant view that social expenditures hampered economic growth, the shrinking of welfare states and reduction of its role on social policies gained momentum. Due to the increasing competition between the welfare states, poverty and unemployment have increased, and injustices have emerged in the distribution of income [21].

The narrowing of social welfare state practices in the process of globalization caused social rights to be restricted. Liberal understanding limits the state's duties with the provision of security, justice, and infrastructure. State shrinks through liberalization. The possibility of the deterioration of the balance between capital and labor, which was tried to be established after the industrial revolution, threatens those who are in need of social protection. The increasing unemployment rate is one of the most important threats.

In the process of globalization, contrary to their liberal philosophy, the states that turned into neoliberal models needed to further develop their social policy

practices. Developments show that, contrary to expectations, the model adopted in the process of globalization deepens the problems of social policies further.

The impacts of globalization on the welfare state model and social policies are evaluated from four different perspectives, which are:

- According to Mishra; globalization eliminates the independence of nation states. Economic growth is the sole target. International wage inequality and poverty increase due to economic pressures, and social protection is weakening. Welfare of nation states decreases with neoliberal policies [31].
- According to Pierson, globalization alone is not the reason for the reduction of the power of welfare states. As an external power, globalization may require renewal in the structuring of states, but this restructuring should not be a reduction of social policies. In this process, states should also take into account the internal effects such as demographic, migration, and social developments and decide on the restructuring process accordingly [32].
- According to Esping-Anderson, nation states should prefer more balanced practices on the axis of globalization. Nation states with strong economic and political structures should prefer the most harmonious practices for their own future while guiding globalization [27].
- According to Rieger and Leibfried, globalization emerged as a result of efforts of the nation states to reduce the negative effects of war with the liberal model. The economies of nation states are independent of the global economy; therefore, the restructuring process and the establishment of relevant policies should be evaluated in this respect [33].

The causes of the crisis of the welfare state in developed countries are globalization which is an external factor and internal variables which are related to the social structures of states. One of these reasons is the demographic structure, which has changed because of the aging population, prolongation of life, and decreasing birth rates. In addition, family structure has changed, divorces have increased, public expenditures, pension and health expenditures, and taxes have increased, and economic growth has declined. The competitive power of the countries in the international arena has decreased due to the increase in the expenditures of the welfare state to ensure social welfare. Having been in search of providing solution for the elimination of the financial pressures caused by the expenditures related to increased welfare, the welfare states have entered into a restructuring process.

In the restructuring and surviving process, the financial pressure was tried to be eased through the privatization of the pension system, raising the retirement age, increasing the premiums, and reducing the financial pressure.

With the shrinkage in the welfare state, the provision of welfare services has also changed. The service provision which had been performed by the state has been given through local administrations at local level, and it has been left to the non-profit organization, which means it has been “privatized” [28].

#### **4. Future of the welfare state and social policy**

It seems hard to foresee the future state of welfare state clearly because of variables. Welfare state changes based on social, economic, cultural, and demographic structures of states. It does not seem possible to provide financing of welfare



statement with traditional methods. Especially 2008 financial crisis, welfare state had a view that a system in which the main player is the state is not sufficient for economic growth. The increasing unemployment is an obstacle for the welfare state growth. Moreover, the population of many states is getting older, and the demographic structure is changing. Labor markets need to be supported, new jobs need to be created, and employment needs to be increased. Therefore, states determined their policies. Public expenditures are increasing due to increasing pension payments with the aging population.

The expectations that welfare state provides welfare are increasing more and more. The approaches for providing welfare are different. Some states adopt liberal approaches, some states adopt corporatist and some others adopt universal approaches. In recent years, the belief that economic policies are not sufficient for achieving a welfare state but that welfare state needs to be achieved through social policies has been increasing.

Although many arguments have been raised in discussions on the future of the welfare state, it is possible to say that the rightist and leftist views are more dominant.

- The rightists argue that the welfare state can overcome the crisis only by shifting to neoliberal policies. They also argue that the obligatory change that took place in the industrial revolution is also valid for the Information Age which emerged in the last quarter of the twentieth century and that social policies need to be developed by the supranational organizations after the change of welfare state.
- For the leftists, they argue that welfare states have the ability to adapt themselves changing conditions; and therefore, they can overcome the crisis through reforms and restructuring. It is suggested that the neo-Keynesian approaches should be adopted instead of the neoliberal approach in the reform process.

As an alternative to these views, neoliberals and conservatives have made new initiatives under the name of “New Right,” and social democrats and social liberals have made new initiatives under the name “The Third Way” [21].

Furthermore, the legitimacy of the welfare state was questioned by both The New Right and The New Left. The New Left criticized the state’s role was too weak compared to the markets, and a reformulation of the state’s role in societal development was needed. The New Right is focused on the role of bureaucracy and pressure groups. According to their opinion, society’s welfare is more important than bureaucracy and pressure groups’ interests [17].

The globalization, which has been cited as a reason for the transformation of the welfare state and social policies, increases its influence with the participation of international organizations such as World Bank, World Health Organization, and International Monetary Fund [13, 34, 35]. Nation states should implement policies in economic and social spheres not based on external processes but based on internal dynamics. As stated above, although they have similar features, each country has different applications for social protection. Here, the main important thing is to determine the impacts of change on demographic and cultural structures of the countries and make intervention properly. In summary, it is the choice of national political authorities to present the effects of globalization as the only reason for their national policies. Instead of this perspective, it would be a more realistic approach to try to benefit from the positive impacts of globalization for reducing problems at the national level. By this way, it would be possible to develop more effective tools to prevent the increasing social problems.

Welfare states are still developing. States are in search for better work and life conditions. They want to have social security systems which cover all social risks. From this perspective, it is possible to say that there is not a real crisis in welfare states, but there are efforts to remove obstacles before the economic growth.

Welfare states need to make regulations to decrease unemployment rates, taxes, and public expenditures because of the decline in economic growth [17]. There seems to be a tendency for narrowing in social policies because the proportion of social expenditures in public expenditures is high.

Reform initiatives to reduce the welfare crises in the welfare states have led to giving more importance to “active social protection” understanding in social policy implementations [36]. These practices, which were put into practice in 1990s and which aimed to be active in the labor market, were based on regulations that encourage working and restricting passive expenditures. In order to reduce the passive expenditures, the period of benefiting from social benefits was shortened, and their conditions were made difficult. When the impact of the reform implementations on social expenditures is evaluated, it is seen that poverty of children has increased and the works for giving family aids and providing vocation education have been insufficient. It is obvious that retirement age and health expenditures will continue to increase due to the aging population. It is possible to say that the increase of passive expenditures due to the aging of the population constitutes an obstacle before realization of active and passive reforms [37].

As a result, welfare states continue to exist in different ways. The developments show that the view that social rights, freedoms, and ideological thoughts are not sufficient to achieve the economic growth. It is possible to say that the welfare states having this view will follow impartial policies about making social expenditures in future years.

## 5. Conclusions

In this study, the social policy and the welfare state are handled with their goals, scopes, types, and problems from their historical development up to today.

Social policy is a set of measures developed to protect workers against the dangers arising as a result of industrialization, in parallel to the historical development, after the industrial revolution. Its emergence in this way has caused the social policies to be defined in a narrow sense. After World War II, the narrow perspective on social policy began to change. The reason of this change was the fact that the measures to protect the interests of the working class were not sufficient to solve social problems. Therefore, it was concluded that social policy should be extended to cover all segments of society. In a broad sense, social policy is a set of measures taken to ensure that all segments of the society live in peace and harmony to prevent unemployment, to improve working conditions, to provide a minimum wage, to provide social security and benefits, to eliminate injustice in income distribution, and to ensure social justice. Social policy refers to all policies that ensure the welfare of the state and individuals and the dynamic practices that constantly change.

The main goal of social policies is to ensure that everyone in society lives in peace and harmony away from conflicts. With social policies, it is aimed to ensure social justice, social development, social balance, social integration, and social peace.

The goal of social justice is to create equality of opportunity for every individual without eliminating the freedoms and to ensure a fair distribution of income. In particular, objective of justice is to provide services such as education, tax, social

security, equal opportunities, and fair and adequate wages. Providing social balance is possible by eliminating social and regional differences. For the establishment of social peace, the factors that hinder social reconciliation must be eliminated. The aim of social integration is to ensure that measures are taken to prevent social disintegration. Social democracy, which has been adopted as the main objective of social policy, refers to the protection of individuals' interests in the environment of democratic freedoms by taking into account the balance of equality.

The industrial revolution played an important role in the historical development of social policies. After the industrial revolution, the increased capital ensured the formation of a powerful and rich bourgeoisie. On the other hand, the need for manpower was met by means of the working class. The gap between these two segments in society gradually increased. With the power from capital, the bourgeoisie class began to impose low wages, poor working conditions, and working hours of up to 16–20 hours on workers. The working class was left totally unprotected with the adoption of a liberal approach which argues that interference with market conditions adversely affects welfare. The increasing social problems led to the formation of social policies. The liberal market economy, which was replaced with Keynesian policies after World War II and 1929 economic crisis, was given up, and thus, the state could interfere with market by means of social policies.

Although there are many definitions of the welfare state, it is possible to say “It is a kind of state in which consciously organized public power is used to reduce the role of market forces.” Shifting from a liberal model to Keynesian model of welfare state, states adopted a more interventionist character from economic, social, and legal points of view. Dating back to 1880s, the welfare state continued to strengthen until the mid-1970s due to the increased unemployment and spread of poverty in all countries.

The concept of welfare state entered into literature with the Beveridge Report, which was created in 1942. Looking at the foundations of the concept of welfare state, it is possible to say that it dates back to social security practices introduced by Bismarck in 1883. Welfare state emerged first in Germany and then in Western Europe, North America, and Australia. The common feature of these countries was that they had industrialization and developed market economies and democratic systems. South Korea, Hong Kong, Singapore, and Taiwan, which underwent a further industrialization process, started to be accepted as welfare states in the 1970s. Japan had completed this process earlier. While there were attempts to become a welfare state in the Soviet Union after the Bolshevik Revolution in 1917, the efforts to become a welfare state began later in China, Cuba, and Eastern Europe but they did not achieve an accomplishment with this regard because they had no industrialization.

Social policy, which emerged as a result of failure of the social problems created by the liberal economy approach, was replaced with the concept of welfare state after the adoption of social security practices introduced by Bismarck in Germany.

The social state developed policies not only in the areas of health, education, social security, distribution of income, and housing but also sought solutions to environmental and urban problems in order to ensure social welfare. The welfare state varies from country to country according to the level of welfare they have. According to the classification made by Esping-Anderson, liberal welfare model belongs to conservative Continental Europe, while the social democratic model belongs to Scandinavians.

It is possible to say that the welfare state, which was developed to eliminate the deficiencies of the liberal and socialist understanding in welfare, is a new form of liberal model. In this sense, it acts with an interventionist approach to solve the problems that may arise in the field of social policy.



The Keynesian welfare state stated to have a tendency to narrow social expenditures due to the decrease of economic growth, unemployment, and increased budget deficits after the economic crises seen in the 1970s.

The criticism that the welfare state's practices for welfare were unsuccessful was justified based on allegations that poverty and unemployment increased, tax and social expenditures constituted a big burden, and the family and moral structure in the society changed unfavorably.

Welfare state's tendency to turn back retrogressively is most likely to have a negative impact on social policies. The financial pressures caused by social expenditures may cause the welfare state to take on a passive character as in the liberal period in the face of social problems and cause social policies to regress.

This retrogression in the welfare is justified with globalization process, which has started to show its effects since the late 1970s. The understanding of globalization which is accompanied by liberalization suggests the limitation of the duties of the state. This situation may cause deeper problems in the social field. Although globalization had an impact on the welfare state as an external factor, it is also necessary to evaluate the internal factors related to the socioeconomic and demographic structures of the states in the emergence of the crisis.

Demographic structure that changed because of the aging of the population, prolongation of life span, and decreasing birth rates can be shown as a reason for the crisis of the welfare state in developed countries. In addition, the family structure changed, public expenditures, pension and health expenditures, and taxes increased, and economic growth decreased. The competitive power of the welfare state decreased due to the increase in expenditures made to ensure social welfare. The welfare states, which are in search of a solution for the elimination of the financial pressures caused by the expenditures related to increased prosperity, have entered into a restructuring process. In the process of restructuring and surviving, the financial pressure was tried to be eased through the privatization of the retirement system, raising the retirement age, and increasing the premiums. During the restructuring process, the privatization initiatives were accelerated by providing the social welfare service through local administrations at local level.

There are many views on the future of the welfare state. Rightists who provide solutions to overcome the crisis argue that the neoliberal approach should be adopted, while leftists argue that neo-Keynesian approaches should be adopted.

In today's world, the concept of welfare state is transforming and the economic pressures created by globalization have a tendency to narrow social policies. Based on the fact that the reason for the transformation in the welfare state is not just globalization, each state should develop policies and tools that are the most appropriate for its social structure to adapt it to the transformation process. In fact, when we look at the practices of the welfare states in the world, it is possible to say that the effects of the crisis differ according to the level of development and welfare. Some of the welfare states continue to undertake initiatives to reduce public expenditures but they fail to satisfy the expectations especially because of the demographic structure. It is impossible to reduce the health and retirement expenditures because of the increasingly aging population.

The reform initiatives to reduce the crisis in the welfare states in the 1990s adopted the "active social protection" understanding, which aimed at activation by keeping the work force in labor market active in social policy practices. In order to reduce the passive expenditures, the period of benefiting from social benefits was shortened, and their conditions were made difficult. Considering OECD data, it is seen that the activation efforts fail short to satisfy the expectations. On the other hand, it is seen that family and care support are not provided enough, and child



poverty increases. Activation of practices is implemented by many countries. It can be said that the time passed is not enough to give a decision whether the activation efforts have positive effects. However, it is clear that retirement and health expenditures will continue to increase due to the aging population.

Inflation, tax, and public expenditures need to be reduced in order that the welfare state continues its existence and economic growth and increases its competitiveness. In Europe, where there is tradition of social solidarity, there is a tendency that the welfare state continues. With the support of international organizations such as IMF, OECD, and World Bank, welfare states transfer the distribution of social services to the private sector. However, welfare services are still planned by the state, and many services are still provided by the state.

Despite all these developments, it is possible to say that the welfare state has an active role on social policies and welfare states are resistant to the economic negativities experienced. In our opinion, reducing social expenditures should be the last resort in the reform initiatives of states to achieve growth in the future periods of transformation of the welfare state. The strategies to be established in this way should be determined in light of the following points:

- Not deviating from the goal of achieving ultimate welfare in the transferring of services to the private sector and preserving the regulatory, descriptive character of the state
- Encouraging the private sector with regard to distribution of social services
- Making use of the increasing of voluntary organizations and local governments with regard to the provision of social services
- Restructuring to reduce expenditures other than social assistance expenditures
- Attaching importance to giving child care money to families and importance to young people's vocational education, considering the obstacles caused by the demographic structure
- Reducing the burden of unemployment in public social spending by producing solutions that can prevent the increasing and deepening unemployment in the world
- Reducing the inflation and tax
- Not considering decreasing the spending on social welfare as a tool for economic growth and determining the economic strategies on this basis
- Utilizing the developments on a global scale in favor of the social welfare state and adopting strategies in line with the positive effects of globalization and making cooperation with international and supranational organizations in this process

In the light of all these points, it is possible to say that in the future, the governments adopting approaches compromising social policies in order to achieve economic growth will lead to the reaction of the society who has the expectation of social welfare. On the other hand, achieving welfare without deviating from the goals of social policy will also vary according to the states' ability to adapt themselves to changes and developments and reconstructing accordingly.

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