Philanthropy and the Diversification of the Western European Welfare State Model
Schuyt, T.N.M.

published in
European Journal of Social Work
2001

DOI (link to publisher)
10.1080/714889941

document version
Publisher's PDF, also known as Version of record

Link to publication in VU Research Portal

citation for published version (APA)

General rights
Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

• Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
• You may not further distribute the material or use it for any profit-making activity or commercial gain
• You may freely distribute the URL identifying the publication in the public portal

Take down policy
If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

E-mail address:
vuresearchportal.ub@vu.nl

Download date: 29. Sep. 2023
Philanthropy and the diversification of the western European 'welfare state' model

TNM Schuyt

Online publication date: 28 June 2010

To cite this Article Schuyt, TNM(2001) 'Philanthropy and the diversification of the western European 'welfare state' model', European Journal of Social Work, 4: 1, 39 — 44

To link to this Article DOI: 10.1080/714889941
URL: http://dx.doi.org/10.1080/714889941
Philanthropy and the diversification of the western European ‘welfare state’ model

by Theo N.M. Schuyt

Discussions about the future of most western European welfare states usually concern two alternatives: the government and the market. Government represents collective solidarity, an overall welfare package. The market is associated with inequality. Our first question is indeed whether the discussion about future social policy must always lead to the opposing poles of government versus marketplace and collective solidarity versus inequality. Is the market not in a position to create collective solidarity and does state social welfare not also promote, or at any rate, perpetuate inequality? The second question is whether there is not more to the welfare state debate than only the roles of government and the market. Are kinship and philanthropy not also social mechanisms that can create solidarity? One can, in any case, confirm that in the Netherlands, as in other western European countries, philanthropy has made a comeback.

This paper focuses on the diversification of the welfare state model, rather than its polarization. To that end, four new models have been added to the existing welfare state model. They are: the insurance model, the occupational welfare model, the primary network model and the philanthropy model, the last of which is discussed in more detail. We conclude with notes on the implicit theoretical presuppositions underlying this diversification, and in particular, on the functionalist premise that the welfare facilities currently being divested by government will in fact be taken over by other parties.

The ‘welfare state’

A welfare state can be defined as a form of social structure whereby a free market economy and a pluralistic democratic political structure guarantee a certain welfare for the population (Mishra 1986, p. 31; De Swaan 1988). The term ‘certain welfare’ implies a given minimum in (financial) security. Education is usually also guaranteed by law in welfare states, and health care frequently is as well. In some countries, housing (for certain target groups) may also be covered by government regulation.

The crux of the welfare state structure lies in political intervention (through government) in the market (decommodification: Esping-Andersen 1990). The market and government are alternative mechanisms through which primary human needs (food, education, health, housing) can be provided. Welfare states are the result of collective responses to setbacks and calamities (De Swaan 1988). Under government leadership and by way of payment of taxes, citizens save up to protect themselves against potential disaster. The real significance of the welfare state lies primarily in its potential for social integration (Mishra 1981; Offe 1984), in the sense that a secure existence is offered to all citizens. The strength of the welfare state does not depend on the reduction of social stratification and inequality, because lower income groups benefit, middle income groups benefit more and high income groups benefit most (Mishra 1981). Absolute poverty is reduced, but relative poverty remains or is increased. The strength of the welfare state is precisely that it does not redistribute, but instead ensures a high degree of social peace (Offe 1984; Mishra 1981).

Reconstruction of the welfare state

The welfare state is by no means a closed chapter in social policy theory on developments in western European countries. On the one hand—and primarily by British authors—the objectives of the welfare state ‘before the dismantling of (welfare state) facilities’
are being strongly championed (Leonard 1997; George and Taylor-Gooby 1996; Hill 1993). On the other side, authors point out the problems that will accompany the further integration of the EU (Hill 1996, p. 318; Clasen 1999; George and Taylor-Gooby 1996). One is hereby warned of the general lowering of standards if the European labour market is thrown open while the social structures of individual member states still differ in level, quality and degree. Both groups of writers share a common fear of adverse market effects on social services. The market is posed as the opposite to government. The question is whether the theory here does justice to the reality. The market—as the past has proven—has produced many counter-movements that have realized social security for specific collective target groups. Is it actually the case that only government is in a position to realize collective solidarity? The market—as the past has proven—has produced many counter-movements that have realized social security for specific collective target groups. Is it actually the case that only government is in a position to realize collective solidarity? Have not market forces in the past been just as capable of creating solidarity? Until the crisis of the 1930s, for example, the English labour movement strongly opposed every form of state assistance (Krätke 1982, p. 107). They feared that by handing over responsibility for social welfare to the government, the labour movement would lose its power, keeping in mind the motto: ‘If you feed a lion cooked meat, he’ll stop growling’.

Belief in the state is being defended with tremendous tenacity, despite the fact that the state continues to emerge as a more and more unreliable employer and financier. A new perspective for welfare services, and for other collective facilities, can be created if one begins with two thoughts: 1) the state and collective solidarity are not identical and 2) collective solidarity does exist outside government.

Paradigm shift

A welfare state is financed by levied taxes. For taxpaying citizens and businesses, this is an indirect means of establishing security, because the final appropriation of the available tax moneys takes place by way of political decision-making, a process in which the taxpayer has only little influence. One of the major points of criticism of the welfare state has been, and is, that the lines of responsibility are too long or too obscure. Because citizens and businesses put their tax moneys into a ‘big pot’, a situation develops, unnoticed, whereby it becomes fairly simple to ascribe potential debits to the public account (the ‘big pot’) while potential profits can be privately appropriated. ‘Boss in your own home, but the home is at the expense of the public’ (Van Doorn 1978, p. 29). This tendency to shift or downside, combined with other criticisms, has led to a fundamental reassessment of the welfare state and the relationships created within the welfare state between government, citizen, private initiative and industry.

In reviewing the welfare state, responsibilities are being explicitly identified and redefined. Lines are drawn between financial contributions and the objectives they have envisioned. The citizen becomes more of a contributor to an insurance policy than a taxpayer, and/or pays the premiums himself in the form of personal contributions. Business and industry is now increasingly involved in countless social aspects of economic activity (employee training and health care, community responsibility and community investment in living environments). To realize collective objectives, private institutions, churches and foundations are increasingly taking responsibility for collective affairs (van der Ploeg et al. 1995).

Given that highly industrialized societies cannot exist without active government involvement, the welfare state will not disappear. But the central values and paradigms will change, as will the nature and the contribution of those involved, as well as the institutionalized form they take.

New models

In short, in new developments in the ‘welfare state’, the private domain of the citizen, the non-profit sector and the market sector are taking on greater importance, alongside the government sector. In the future, welfare will, in the first instance, depend on each individual citizen. When others are called upon for help, that help and support will have to come from the traditional triumvirate of family, church and state, plus private organizations and industry. To put it in diagram form:
Models of the welfare state:

1. Government model (social services and ‘fiscal welfare’)
2. Insurance model
3. Occupational welfare model
4. Primary network model
5. Philanthropy model

We will briefly explain each of these models. The shift away from the paradigm of the ‘welfare state’ means that other models are being added to the government model. Government continues to guarantee a number of fundamental (welfare) services. The Dutch government, in pulling back to these basic services within this framework, is now concentrating on formulating policy objectives, on developing policy frameworks and maintaining their supervision of the game rules (Osborne and Gaebler, 1993). Wherever possible, the task of executing these policies is divested or contracted out.

The responsible citizen becomes the cornerstone of the welfare state. For a time, the ‘calculating citizen’, has been able to profit from government benefits or facilities, but he is now receiving the bill in the form of personal premiums. The government, moreover, still foots the bill with its own contribution for the new independence by making collective participation—in some cases—tax deductible. Training, education, family member care, childcare, specific (gift) benefits, and so on, within bounds, can be deducted. The English language literature here refers to ‘fiscal welfare’, or the ‘hidden welfare state’ (Mishra 1981).

The most prominently advancing model is the insurance model. As saving under government administration is reduced, citizens find other means of protecting themselves against risks, by way of individual and/or collective insurance. They include insurance in the areas of income maintenance, health and education.

The third model is occupational welfare, including the facilities and services provided by business and industry. In the market sector, company responsibility for the welfare of its personnel has long been known as occupational welfare. Training facilities, working conditions, housing, childcare and policies for older employees are included in the occupational welfare category. Occupational welfare is based on the idea that care that is important for work, production and distribution will be guaranteed by those directly involved in the process: the employers and employees. It is in the company’s own interest that its personnel receive the level of care that keeps them capable of performing the work. In Marxist terms, this care facilitates the ‘reproduction of the workforce’. It is sometimes advantageous for industry to find ways to bind their personnel to the company, perhaps in cases of competition when employees are scarce. In Japan, such treatment of the work force is called ‘familism’. In the Netherlands, with or without pressure from government, increasing attention is also being paid to occupational welfare.

A fourth model, which is also increasing rapidly, can be called the primary network model. When individuals are not capable of ‘self-care’, as a rule they first fall back on their primary network of partner, family, relatives, friends and neighbours. One can consider, amongst other things, the help of a partner or a family member, for example, in the growing role of the family in child care, in financial aid for education, care for the elderly, housekeeping, in intergenerational task exchange and the rising contribution of networks of friends in providing all kinds of support. Government and industry have both already created the possibility for maternal/paternal leave, and in the Netherlands, care leave (to care for aging parents) will soon be standard (as is already the case in Sweden). In terms of primary social relationships within individual households and networks of friends, the concept of ‘care work’ is becoming generally accepted for cases involving the redistribution of paid labour and unpaid work in the home.

As the fifth model, the efforts of individuals, the social midfield and the market sector are distinguished as the philanthropy model. Where solidarity towards others is concerned, the term ‘citizenship’ has come to the centre of academic and social interest. The citizen no longer simply has rights (Marshall 1963), but is also appealed to in terms of his social obligations. Dekker speaks of the ‘civil society’
The citizen gives money (in the role of money-giver he is a philanthropist) and/or time (in which case he is a volunteer). In addition, citizens donate considerable sums (in money and/or goods) to social objectives through bequests (Schuyt 1997; 1999). Society’s midfield includes the philanthropical financial resources and activities of churches, private organizations and foundations. In the market sector in the Netherlands, companies are more and more often seen as ‘corporate citizens’, expected to live up to their responsibilities towards social objectives by way of ‘corporate philanthropy’ and ‘social sponsoring’.

The new term ‘social entrepreneurship’ has developed to cover the borderline between profit and non-profit circumstances. Social entrepreneurs are defined as ‘individuals or groups who, from a sense of duty as citizens, develop their own initiatives to tackle social problems or realize social goals, without the incentive of either profit or subsidized funding and without passing responsibility on to government’ (de Waal et al. 1994, p. 4).

We are not using the usual term ‘private initiative’ here because it could easily be seen to refer to the specific Dutch situation of subsidized social institutions that are privately managed but financed with public funds. By introducing the term ‘social enterprise’, we emphasize that social entrepreneurs are more closely related to the open market than to (public) structures of subsidized services. In short, social entrepreneurship stands for realizing non-profit objectives through ‘profit’ methods.

To summarize, the philanthropy model can be diagrammatically shown as follows:

<table>
<thead>
<tr>
<th>The philanthropy model:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Midfield</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Industry</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Summary and discussion

Now that government is in the process of pulling back, we have here concerned ourselves with whether solidarity exists outside government forces. We, ‘in the first instance’ confirm that it does. Solidarity, or mutual support, is present in every era and varies from one society to another according to economic development and the nature of social relationships (Mishra 1981). In evolutionary analysis, family and tribal bonds are called on to provide help in primitive societies. In more highly differentiated societies, churches and private organizations also come into the picture, alongside family bonds, while in highly developed societies, government programmes play a dominant role (Luhmann 1973). The solidarity of the welfare state has certainly not made the contribution of family, church and private organizations redundant.1 As the welfare state changes, the relationships amongst government, primary social relationships (family, relatives and friends), the social midfield (churches, private organizations and foundations) and the marketplace (industry) take on a different light. New forms of solidarity arise and old forms come back to life.

Indeed, we did use the term ‘in the first instance’ when stating that solidarity exists outside government. The development of ‘less government’ on the one hand and ‘more private’ and ‘more midfield’ on the other is very easily associated with an hourglass effect. The reduction of the level of matter in one glass is coupled to the rise of matter in the other. The amount of matter (in this case, security, services and facilities) remains the same. It merely moves to another location. This train of thought correlates with social analysis known in cultural anthropology and sociology as ‘structural functionalism’. Social services are those functions of the society that are essential for the continued existence of that society (so-called functional prerequisites), from which follows that these functions will always be fulfilled (Parsons 1951). The care and security function can be realized by different social contexts: by households, by family, by informal networks of friends, by professional aid organizations, by churches, by government, by industry, etc. When one social context
is no longer capable of carrying out the function, others will come into action. Merton has introduced the term ‘functional alternative’ to describe the shift. It is actually preferable to speak of ‘structural alternatives’, because it is not the function that changes, but the structure that fulfils the function (Merton 1968, p. 106).

Functionalism studies societies as though they were biological organisms. In other words, functionalism is based on an organic analogy, ‘the analogy between societies and organisms’ (Rex 1961, p. 61). In just the same way that a biological organism does, social contexts contribute to the maintenance, adaptation and continued existence of the society. In terms of function shifts, functionalism has found solutions in the theory of structural alternatives and in the concept of ‘substitution’. A variation of this is the possibility that different social contexts will perform complimentary tasks to fulfil the single function. Functionalism, in fact, does not in theory recognize the ‘non-function’ possibility, namely the possibility that no social contexts whatever will spring into action if a service is cancelled or revoked.

In his criticism of functionalism, Rex states that the function concept has ‘teleological overtones’ (Rex 1961, p. 66). People presume that the activities of the individual are always at the service of the whole, the overall society. Rex and Mishra do not see the society as an organic whole (which is to say without fundamental conflicts of interests between individuals or groups), but as an an-organic whole. They accuse functionalism of glancing over the fact that societies, in contrast to organic or mechanical structures, are made and maintained by groups with conflicting values and interests. The introduction of the terms ‘philanthropy’ and ‘citizenship’ runs the risk that the teleological—the desired objective—can be confused with that which is actually taking place as government services and facilities are reduced, namely that given groups in the society are deprived of those services.

Notes

References
Krätke, M. (1982) Deze verzorgingsstaat is de onze niet?! Het linkse onbehagen over de verzorgingsstaat in crisis. (This isn’t our welfare state! The uneasiness of the left concerning the welfare state in crisis), Kommun, jrg. 3, nr. 3, pp. 103–126.


Author’s address:
Theo N.M. Schuyt, Center for the Study of Philanthropy and Voluntary Organisations, Vrije Universiteit Amsterdam, Faculty of Social and Cultural Sciences, De Boelelaan 1081, 1081 HV Amsterdam, The Netherlands E-mail: thnm.schuyt@scw.vu.nl