

European Welfare State in a Historical Perspective. A Critical Review

George Marian TEFAN

*Bucharest University of Economic Studies, Romania
stefan.george.m@gmail.com*

Abstract

This paper provides an analysis of the historical evolution of the European welfare state, especially after the second half of the nineteenth century. Even if one considers that social protection systems have their origins in the period of German Chancellor Otto von Bismarck, various social problems have been treated in European countries before the Bismarck's social legislation, beginning with the sixteenth century. In this article we presented mainly (i) the origins of social policy systems in Europe, as shown in the literature covered, (ii) the conceptual evolution of the so-called "welfare state" and (iii) the development of social security schemes based on International Labour Organization typology.

Keywords: welfare state; social policy; social security schemes;

JEL Classification: N00; H00; H53

Motto:

"It is not for the economist, but for the moralist and the philosopher to decide what kind of society we should deem desirable. An industrial society has one thing in abundance, and that is material welfare more than is good for it. If, to uphold justice and the freedom restore meaning and unity in life, we should ever be called upon to sacrifice some efficiency in production, economy in consumption, or rationality of administration, an industrial civilization can afford it. The economic historians' message to philosophers today should be: we can afford to be both just and free."

Karl Polanyi (*For a New West: Essays 1919-1958*, 2014)

1. Introduction

This paper provides a detailed analysis of the historical evolution of the European welfare state, especially after the second half of the nineteenth century. Same time, in Europe welfare state development in the last decades could be closely correlated with the development of the European Social Model. A large part of the existent literature (see for more details Titmuss, 1974; Esping-Andersen, 1990; Hay *et al.*, 1999; Scharpf, 2002; Vaughan-Whitehead, 2003) regards the European Union as being currently *made up* of a *mix* of national social security models which may share some institutional and economic (*common*) features, at least in normative terms.

The main pillars on which the European Social Model is based are strongly interrelated with the welfare state and the evolution of welfare state in Europe. These pillars cover items such as: (1) high protection regarding working conditions, mainly by protecting the health and safety at work or offering equal opportunities between women and men; (2) the existence of universal and sustainable social protection systems, embedding all citizens; (3) inclusive labour markets which generate fair wages to all social categories; (4) the existence of functionally and powerful social dialogue, alongside optimal representation of all social partners (employers' associations, trade unions, representatives

of national governments, professionals); (5) public services of general interest; and (6) social inclusion and social cohesion (Vaughan-Whitehead, 2014).

In this article we presented briefly the origins of social policy systems in Europe, as shown in the covered literature, the definitions and conceptual evolution of the so-called "*welfare state*" especially in Germany and United Kingdom and the development of public social expenditures.

2. The Beginning of “Welfare State” in European Context

The *welfare state* is recognized in any developed society as an essential institution which aims to ensure a relatively decent life for its citizens. In Western Europe, the first pillars of social protection developed towards the end of the nineteenth century, but modern welfare state, as it is understood today, originated in the early 1940s and developed especially in the postwar period (about 1950-1970).

Since the end of the XIX century and in the first decades of the XX century, social protection and social tasks undertaken by national governments were gradually expanded to a wider set of risks and services. The coverage of social protection systems was extended to most of the population, while the level of social benefits and social services delivered through national social protection schemes exceeded the threshold of subsistence, according to some authors; consequently, the increase of government intervention caused an increase in the level of taxation (or tax revenue collected by governments), representing now up to a half of the Gross Domestic Product (GDP) of some European countries, sometimes even more (Andersen, 2012).

Even if one considers that social protection systems have their origins in the period of German Chancellor Otto von Bismarck, various social problems have been treated in European countries before the Bismarck's social legislation, beginning with the sixteenth century, especially in UK. It should also be added that the early initiatives - in the form of „*poor laws*”- taken for helping the poor were implemented in a difficult environment, especially during the nineteenth century, when issues of poverty, alongside with the effects of other factors (such as population growth, urbanization and industrialization). Those factors favoured in Western Europe the debate on social problems and emphasized the issue of poverty in large part of the continent, especially, again, in the UK and Germany.

Gradually, traditional methods used to cope social problems, such as philanthropy and „*old poor laws*”, have become inadequate, and the authorities' efforts to improve the living conditions of individuals became insufficient (Marsh, 1980). As Rimlinger (1971) notes, poor laws were modernized in Europe and during the second half of the nineteenth century, two factors have contributed to changing the role and responsibility of the *nation state* to generate welfare for citizens. The first factor identified by the author appeared amid the changes brought by the *Industrial Revolution*, and the second factor came from the new concept of *individual rights* (civil rights), derived from the American Revolution (1776) and the French Revolution (1789).

As modern nation-states began to develop, the problem of the poor has become one that has acquired a meaning with a more pronounced national character, but generally remained in the responsibility and under the administration of local authorities. The latter

were the ones responsible for the implementation of national laws on helping the poor, homeless and beggars (Rimlinger, 1971, Castles *et al.*, 2010).

The industrialization experience has significantly changed the debate on the nature of social problems and poverty perception (Briggs, 1961). As such, there is a new kind of understanding unemployment and the evolution of the business cycle, which led to rethinking the whole notion of welfare and in particular the social consequences of economic developments. Subsequently, increased importance of “*social issues*”, which accompanied the industrialization process was a *momentum* in the direction to social rights (alongside with democratic and political rights), after the workers began to perceive themselves as a “*single body*” and once the labour movements gained an increasingly importance.

At the same time, if we place the emergence of the welfare state in a broader perspective, the literature states that this seems to be intrinsically linked to the other three main elements / phenomena: (1) market economy logic, (2) nation-state formation process and (3) strengthening industrialism, as stated several researchers (see, for example, and Wilensky and Lebaux, 1958).

On the other hand, gradually it began to be considered the state responsibility for the welfare of its citizens, other than by direct cash benefits. In this respect can be offered as examples two early laws: first national Law of Factories (*Factory Act*), in England, in 1802, and Prussian Act (*Prussian law*), in 1839, laws that restricted employment among children.

During the last half of the nineteenth century in Europe were created and developed national statistical offices, which strengthened the state's ability to collect information and monitor socio-economic developments. This national data could be used then to develop more informed and appropriate public policies (Landes, 1972; Castles *et al.*, 2010). Also, during this period appeared another important factor, represented by the various forms of dissemination and exchange of knowledge between specialists - through different international conferences and meetings - that made possible the emergence of a new discourse on the state's role in economy in general and in the domain of social policy in particular.

Table 1. Important events regarding the early welfare legislation

<i>Year</i>	<i>Event</i>
1531	British Law on punishing beggars and vagrants
1601	Elizabethan Act for poor relief
1754	Prussian Civil Code
1802	<i>Factory Act</i> (First law of factories)
1834	New Poor Law
1871	German <i>Kulturkampf</i>
1873	Establishment of the Association for Social Policy (<i>Verein für Socialpolitik</i>)
1881	Imperial Decree of Otto von Bismarck
1884	Establishment of the Fabian Society
1884	Establishment of the first public commission in Scandinavian countries on „social issues” to analyze the German model of social protection
1891	Booth’s Survey on poverty in London
1894	Introduction of first minimum wage in New Zealand
1901	Rowntree’s Study on the causes of poverty in York
1906	Liberal Reforms in UK
1911	National Insurance Act in UK

Source: own processing; Castles et al. (2010)

Various social scientists were concerned at the end of the nineteenth century and early twentieth century on "social issues" in public debates and the knowledge regarding social policy began to circulate internationally not only through government bureaucrats and professionals (Rueschemeyer and Skocpol, 1996), but also through various civil society associations such as the Association for Social Policy (*Verein für socialpolitik*) in Germany, which was founded in 1873 and is still operational. Later, in 1880s, they were created associations with similar objectives in other countries, such as the Fabian Society in the UK, in 1884, or the national associations of economists in Scandinavian countries.

A chronological presentation of the key moments in the emergence of social legislation in Europe was made in **Table 1**, ranging between 1531-1911.

3. The Early Notion of "Welfare State"

Over the time, the meaning of the concept "*welfare state*" varied. The term "welfare state" was strongly associated with United Kingdom, especially in the period after the Second World War (between 1945 and mid 1970's). In this period, Sir William Beveridge had an important role, as author of the *Beveridge Report* (1942)¹ that laid the foundations of postwar social policy in Britain and practically influenced evolution of welfare systems in much of Western European countries.

However, as a result of literature review regarding this issue, it seems that the "founding fathers" of the concept are rather from Germany. Petersen and Petersen (2013) states that the various books and studies that analyzed in depth the history of welfare states in Europe (mainly UK and Germany) assigned the paternity of the term in 1880s, German Chancellor von Papen in the early 1930s or to interwar British intellectuals such as William Temple. The two authors cited above notes that there are some differences in terms of the meanings of the term "welfare state" based on the people who use it in different historical contexts, but its origins date back even the first half of the nineteenth century, the 1840's – around one hundred years before Beveridge.

There is no widely accepted standard definition of "welfare state", but most academic papers associated "*welfare state*" with the state's role in security and social services that are offered through public agencies or, as is evidenced by Oxford Dictionary definition, with a system in which the state seeks to protect the health and welfare of its citizens, especially those in financial or social needs, through various forms of subsidies, pensions or other social benefits. In the same view, Cambridge Dictionary states that "the welfare state is a system that allows the government of a country to provide social services such as healthcare, unemployment benefits, etc., to the people who need them, usually paid through taxes."

Esping-Andersen (1990), one of the most prominent researchers in the field of welfare state, defines "welfare state" as the responsibility of the state to ensure its citizens a certain minimum (basic) welfare. However, according to him, the welfare state can not be understood only in terms of the rights it confers. He argues that it should take into account how state activities are interconnected with the roles of market and family in terms of social benefits provision (Aidukaite, 2007).

¹ W. Beveridge, Report on *Social Insurance and Allied Services*, 1942. The report is available at <http://www.sochealth.co.uk/national-health-service/public-health-and-wellbeing/beveridge-report/>

Other researchers, like Lewis (1993), O'Connor (1996) or Orloff (1993) - whose most important contribution was in the domain of gender inequalities - have argued that the welfare state is not limited just to a state that provide different benefits or social services but at the same time it represents an accumulation of ideas regarding the roles of society, family and women within the "welfare state", both as suppliers and beneficiaries.

Probably the most common definition of welfare state emerged in the early 1960s and belongs to Asa Briggs. Andersen (2012) states that Briggs captured the essence of the concept in an appropriate manner when he said that the welfare state is a state in which organized power is deliberately used (through politics and administration) to change the results of the action of market forces in at least *three directions*:

- (i) ensuring individuals and families minimum income irrespective of the market value of their work and their wealth;
- (ii) reducing insecurity, enabling individuals and families to cover certain "social contingencies", like, invalidity, old age and unemployment;
- (iii) ensuring that all citizens - regardless of status or class - will receive the best available standards in relation to a particular set of social services agreed (Briggs, 1961).

Andersen (2012) added that the welfare state succeed to *alter* the impact of market by providing minimum guarantees (alleviating poverty), covering a set of social risks (security) and providing certain defined social services (health care, childcare and elders, etc.) - to the best standards available at a time.

In a similar way pointed out other scholars (see Berg-Schlosser *et al.*, 1994; Huber and Stephens, 1996). They considered that the so-called "welfare state" should be understood as a deliberate involvement of the state in distributing and redistributing wealth in a given country, adding that democracy and relatively high standard of living is the basis of its existence.

Relatively close to the explanation mentioned above, Korpi (1983) states that an important criterion in determining whether or not a state is a welfare state is the degree of equality or inequality of minimum living conditions, which must be taken into account when someone analyze the welfare within a country. Palme (1990) highlighted the importance of institutions in defining the welfare state responsibility to guarantee their citizens a decent life.

Two other important scholars in the analysis of the welfare state definitions are Richard Titmuss and Harold Wilensky. Titmuss (1974) noted that the existence of the welfare state involves providing a higher welfare to the poor. In his opinion, redistribution achieved amid welfare state is a reallocation - through social policy - of ownership of material and non-material resources from the rich to the poor or from active people to those who are inactive. It appears that, in the view of Titmuss, social policy had a functionalist character, as an instrument of intervention through which the state influences people's choices and behaviour.

In defining the welfare state, Wilensky (2002) take into account minimum standards of living as a social right. From his point of view, social rights are seen as a central point in understanding the concept of welfare state. However, similar to Titmuss, Wilensky looked at the consequences of welfare state. He said that, through welfare state, government should ensure minimum standards of income, nutrition, health, safety, education and living conditions - which are social rights for any citizen.

At the same time, social programs that are implemented in welfare state - social security programs – can be found as "social insurance" that protect individuals from basic risks to which they are exposed in modern times, such as occupational accidents, disability, unemployment, disease, aging, dependences or other unexpected shocks (i.e. war, calamities). Also, he adds that the welfare state is about sharing risk within society, both between generations and between localities, social classes, ethnic and racial groups or levels of education - this is also an important source of social integration in modern society.

In conclusion, Wilensky (1975) claimed that the *welfare state* is just another step in the "process of humanizing industrial society" and it has brought great gains in terms of economic security, on the one hand, but also psychological gains, on the other hand, for the least privileged in society. "In the short run of each generation - says Wilensky - it produces some income redistribution and it was a prime source of consensus and social order in modern society". However, returning to the historical perspective on the evolution of the term "welfare state" seems that the term has undergone some significant changes over time and his currently meaning is slightly inaccurate compared with previous historical and political *circumstances* (Petersen and Petersen, 2013).

In the following table we analyzed this transformation of meaning starting from the first intellectuals who used the term. Thus, it is considered that the term "welfare state" originated in Germany (as "*wohlfahrtsstaat*") being used from the 1840s until 1910. It has gained over the years different meanings from what is understood today. In that period, intellectuals as Lorenz von Stein, Rudolf Gneist, Ferdinand Tönnies and Max Weber contributed to the development and dissemination of the concept.

Table 2. Early meanings offered to the „welfare state” concept in Germany

Author name	Year	Meanings offered to the concept
Karl Nauwerck	1844	State that meets all the needs of society; the individual has an obligation to care for society as a whole and, in return, the society is obliged to care for each individual; "Welfare state" was seen as opposed to "rule of law" state.
Karl von Sparre	1848	While each individual has its own specific purposes, these can be accomplished only in interaction with others in society. The perfect state is composed by three inseparable entities - the welfare state, the rule of law state and a cultural state.
Jager	1856	A certain state can not become a real welfare state if it is not governed by the rule of law, where property rights and justice are respected. In his opinion, welfare state it is integrated into the rule of law.
Lorenz von Stein	1866	State power must be used to promote spiritual and material welfare of citizens by the administrative control of the society. There are an invariable separation between (1) individuals and their rights and (2) the state and administrative body. He believes, however, that "welfare state" is a forced institution that seeks the happiness of citizens, but supporting "social state" as an alternative to the "welfare state".
Rudolf von Gneist	1872	Only the rule of law has force to generate wealth for individuals and society. The rights of individuals are protected by law and independent judicial authority. The term "welfare state" is used pejoratively, as a violation of the rule of law.
Adolph Wagner	1893	The welfare state is an active state, implementing social reforms. Community has a responsibility to the individuals, offering social rights and providing social services.

Sources: Petersen and Petersen (2013), Andersen (2012) and Castles *et al.* (2010)

The only economist in the period 1840-1910 that used the term "*welfare state*" in a sense closer to the current defined above by Asa Briggs was Adolph Wagner. German historian G. Ritter (1991) considers economist Adolph Wagner, as the first German intellectual who uses the term "*wohlfahrtsstaat*". Wagner linked the increase of the welfare state modernization and economic development of states, thus illustrating structuralist approach the emergence of the welfare state. This idea was enshrined in literature as *Wagner's Law*. Thus, in 1893, Wagner argued that the long-term, profound changes in the economy and society will lead to an increase in the level of state intervention, respectively, an increase in public spending (including social).

In this sense, we can say that Wagner's law has been in the *forefront* of transforming the state's role in decades of the nineteenth century and the first half of the twentieth century, namely from the period in which the primary role of the state was as a "*warfare-state*", to the period when he acquires a cultural and welfare role.

In general, in XIX century the state had a prevalent military role (so-called *warfare-state*) and war expenses accounted about 25% of total public expenditure. In comparison, welfare spending accounted for only about 5% of public expenditure or below 1% of GDP in most countries (Lindert, 2004; Cusack, 2007; Castles *et al.*, 2010).

Table 3. Share of Social transfers in GDP in 1880, 1900, 1930 and 1960
(different OECD states)

Selected states	1880	1900	1930	1960
Austria	0	0	1,2	15,88
Belgium	0,17	0,26	0,56	13,14
Denmark	0,96	1,41	3,11	12,26
France	0,46	0,57	1,05	13,42
Germany	0,5	0,59	4,82	18,1
Italy	0	0	0,08	13,1
Norway	1,07	1,24	2,39	7,85
Netherlands	0,29	0,39	1,03	11,7
Portugal	0	0	0	0
Spain	0	0	0,07	-
Sweden	0,72	0,85	2,59	10,83
UK	0,86	1	2,24	10,21
US	0,29	0,55	0,56	7,26

Source: Lindert (2004)

Looking to the UK experience, the following paragraphs analyzed the debate around the ideas of T.H. Green regarding "new liberalism" (or social liberalism) (see Freedon, 2003) and the birth of liberal social reforms of the early twentieth century. At the root of this new perspective over the liberal state rather stayed a critique of the idea of freedom. It is believed that *freedom* – in a political and economic sense - does not refer primarily to the non-intervention of the state, but rather to ensure the best possible conditions for human development. Thus, the state is still interested in the fate of the individual, but that of an individual living within a community and depending on a wider human community.

According to this perspective, it is believed that the individual was not well served by a State that was limited to keeping order and enforcing contracts between individuals. At the same time, the state should offer a sense of common good. Thus, he could and should intervene in the scope of contracts and private property to reallocate chances in a way to ensure a real "equality of opportunities" regardless of the constraints faced by individuals: housing, health, education level and income level, etc. Consequently, the state could and should act to improve these drawbacks (disadvantages considered unnatural) and should

use their resources - obtained through tax systems (usually through progressive taxation) - to achieve this.

Behind social liberal reforms during 1906-1911 in the UK we can notice another factor, in addition to the new conception of social liberalism presented above, namely the impact of two important studies (surveys) conducted at the end of the nineteenth century by *Charles Booth* and *Seebohm Rowntree*, two businessmen from London and York (see for more details Hay (1983): *The Origins of the Liberal Welfare Reforms 1906-1914*).

Booth (1901)'s study, conducted between 1889 and 1903 in London, showed that around 30% of the population was poor and, contrary to prevailing opinion of the time, the poor were not the only to blame for own material deprivation (as was considered in the Victorian era), but poverty can be generated by other factors, as aging, various diseases, unemployment or low wages. The methods used were similar to those used today in terms of determining the relative poverty. Booth built a "poverty line" and used a minimum level of income that was necessary for a family in order to avoid starvation. Based on the results he could divide the population into several classes.² Later, Booth's results were supported by Rowntree (1901)'s study, conducted in York. He based his study on a *poverty line* representing the minimum amount of money that can support a family for a decent life. He said that around 20,000 people were living below this limit, equivalent to a poverty level of 30%. Another result was that wages were so low in York so that even a person employed with a normal contract, on undetermined period, was forced to live at a level close to that of poverty.

He classified poverty into two categories: *primary poverty* (characterized by lack of resources to meet the basic needs of a family) and *secondary poverty* (characterized by the availability of resources to meet basic needs, but that was wasted in various forms of "escapism" such as alcohol and gambling). Also, in his study Rowntree made the proposal to introduce a *minimum wage* of 1.08 pounds per week, a level considered sufficient to support a family with three children.

On this basis, and alongside the historical context of the War against the Dutch settlers in South Africa (the *Boer War*) from 1899 to 1902 - when the British army have difficulty in recruiting soldiers because of health problems of young people - liberal British government has come up with an extensive program of social reforms mainly intended for the elderly, the young, the sick and the unemployed. Also, reforms supported low-wage employees and those working in poor conditions. Legislation included the introduction of an old-age pension (1909), but with various eligibility conditions. For poor children, in 1906, the British government offered (*via* local authorities) free meals in schools and prohibited the sale of cigarettes and alcohol to children less than 16 years.

In 1911 the National Insurance Act was introduced, composed of two parts. The first part introduced compulsory health insurance for workers. The insurance scheme was based on contribution (where most of it was done by the employee, then by the employer and state), and the insured person received benefits in case of illness, free medical treatment

² The classification of social classes was made as follows:

Class A - the lowest standard of living (lazy, beggars and semi-criminals).

Class B contained the very poor, those who worked occasionally with chronic needs.

Classes C and D would include the poor who were working, but getting low incomes because of irregularity of work and / or were underpaid.

Classes E and F comprises employees from working class and were paid correctly.

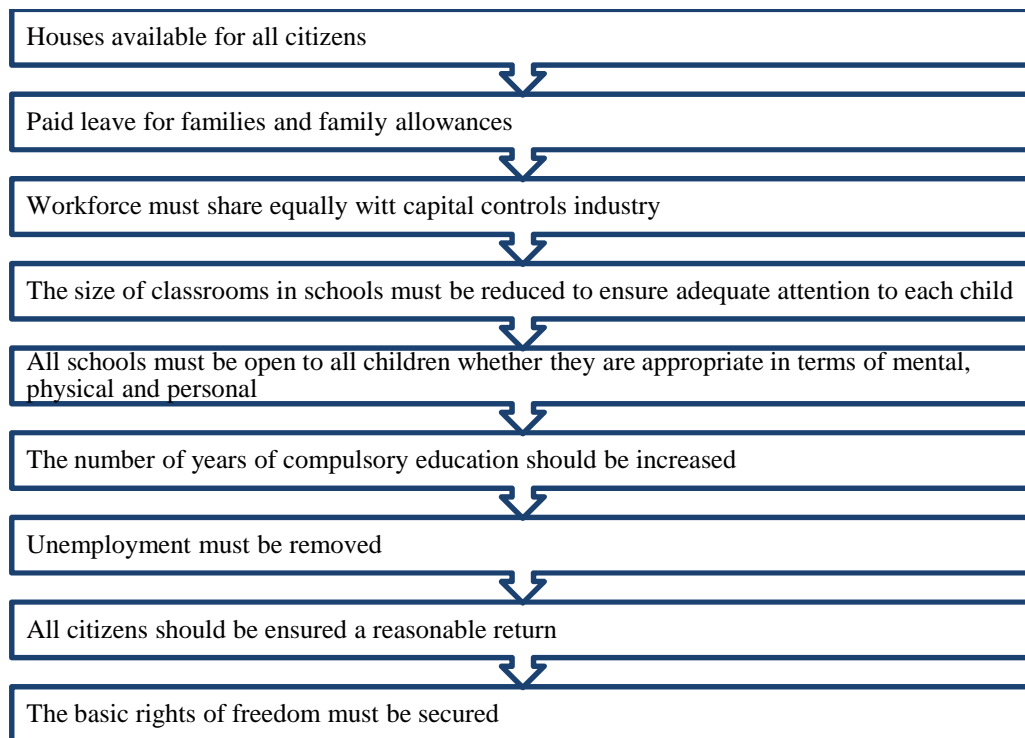
Classes G and H - which were included upper and lower middle class and those who were beyond these levels

and a child-birth allowance. The second part introduced unemployment insurance, under which the person who became unemployed received unemployment benefits up to 15 weeks per year. The unemployment scheme was financed by contributions of employees, but also from the state.

In British literature on the evolution of the welfare state are some evidences of the first use of the term "welfare state" in the interwar period. Its origins are usually attributed to William S. Temple and Alfred Zimmern. In their analysis of literature on the development of British welfare state, Petersen and Petersen (2013) - citing the work of Heidenheimer (1983) – notes that Archbishop William Temple, in a book published in 1941 entitled "*Citizen and Churchman*" should be the first intellectual who first uses the term. Authors added that Temple contribute to the popularization of the term in UK, but in the same time they affirms that, according *Oxford English Dictionary*, the term of „welfare state” can be associated with Alfred Zimmern, in 1930s.

However, it seems that William Temple not used the concept in the sense that it has today, as an extended social security system, but in the context of a own social theology and into a distinction between the state, on the one hand, and community on the other hand. Thus, the Temple’s meaning "welfare state" - observes Petersen and Petersen (2013) - is a state where the government acts as an "*organ of community*", but without specifying the need for government intervention in the form of expanded social security systems with mandatory social insurance.

Figure 1. William Temple vision on „welfare state”



Source: W. Temple (1941b); Petersen and Petersen (2013)

W. Temple analyzed in a comprehensive manner the nature and logic of the relationship between church and state; the state is considered a source of law and it’s guardian, ensuring the legality and legitimacy of individual contracts and serving as an "*organ of community*", thus becoming a "*welfare state*", opposed to "power-state" (or totalitarian-

state) (Temple, 1941a; 1941b). From his vision have emerged several proposals for a proper social policy and social program (see *Figure 1* below). His proposal emphasized the support of family, education and individual freedom.

Finally, Alfred Zimmern used the term "welfare state" in the domain of international relations during the *interwar* period. From the perspective of international relations that characterized the interwar period, Zimmern (1934) classified the dominant powers in two distinct blocks: *welfare states* and *states of power*, being close from this point of view with William Temple's perspective. He classifies countries into two blocs based on several criteria:

1. Law vs. Power; Responsibility vs. Strengths;
2. Constitutional vs. Revolutionary;
3. Decentralization vs. Centralization of power;
4. The state as a necessary tool to establish welfare vs. the state itself as an object to which the people were subordinate.

Zimmern believes that international cooperation can be effective and successful only between welfare states – states in which domestic politics vigorously targeting social welfare, in opposition to totalitarian states (of power). Therefore, Zimmern used the term "welfare state" rather as an alternative to the state of power, as a term synonymous with liberal democracy. He did not use the actual meaning of the term (in the logic of Adolph Wagner) as an active state and extensive system of social security (Petersen and Petersen, 2013).

4. Prioritization of Social Insurance Schemes during Welfare State Expansion

Different types of social insurance schemes prioritization during welfare state expansion were analyzed in other existent studies. Flora and Alber (1981) compared different types of social insurance introduced over time in 32 countries (12 European countries). One conclusion of the two authors was that there was a general trend in Europe, claiming that first form of social security insurances introduced was insurance for industrial accidents, while unemployment insurance be the last. Between these two categories are placed another two types of insurances, respectively for old age and invalidity.

Also, their study notes that countries like Germany (1883), Norway (1909), Great Britain (1911) and the Netherlands (1913) were among the first countries in the world that introduced a compulsory health insurance scheme (Castles *et al.*, 2010). As a conclusion of their research, it seems that, until the end of First World War, just two countries adopted laws that covered all four risks mentioned above - *United Kingdom* and *Denmark*, but with different sequences.

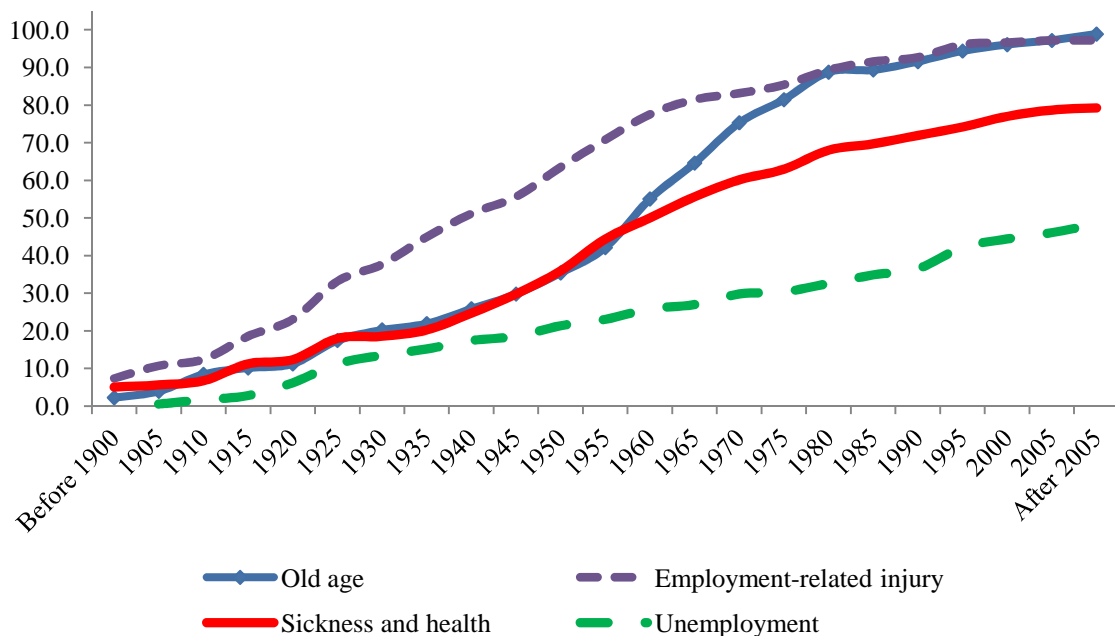
The following paragraphs presented some worldwide evolutions on social protection insurances starting with 1900. International Labour Organization (ILO) classifies social protection spending in eight major categories that respond to 8 risks that people may face: (1) old-age pension; (2) sickness and health; (3) unemployment; (4) accidents; (5) disability; (6) survivors; (7) maternity; and (8) family and children.

Figure 2 and **Figure 3** show the share of states that implemented in national law social security schemes for the eight risk categories mentioned above. Data was provided by ILO, and the covered period was 1900 – 2005. According to ILO data, by the year 1940 over 51% of countries had introduced compulsory social insurance for occupational accidents, this category having the largest expansion compared to other 7 categories of insurance. If at the beginning of the twentieth century, only 7.3% of the states introduced social insurance schemes for work accidents, this share increased by 3 times in 1920s, and by the end of the Second World War it represented more than half of the world's countries (from around 7.3% in 1900, to 23% in 1920, and to 55.6% in 1945). Until 1975, more than 4/5 of the global number of states introduced social insurance for work accidents. Regarding insurance schemes for old age, the expansion until 1945 was much slower, but between 1950 and 1975 - the „Golden Era” of welfare state - the share of states increased rapidly, from 35.4% to 81.5% in 1975, as can be seen graphically (**Figure 2**).

A similar path can be observed in the case of social insurance for sickness and health, except that by 1950 the share of countries that have implemented such insurance increased more slowly, from 36% to 62.9% in 1975.

Finally, the unemployment insurance has the slowest pace of expansion during all the period. Starting with 1905, when only 0.6% of countries implemented in national legislation a social insurance scheme, the share of countries increased in the period of Great Depression and after to 15% in 1935. By 1950 only 21% of countries adopted unemployment insurance schemes and in 1975 that share increased to 30% of analyzed countries.

Figure 2. Share of countries with social protection schemes, by social insurances type



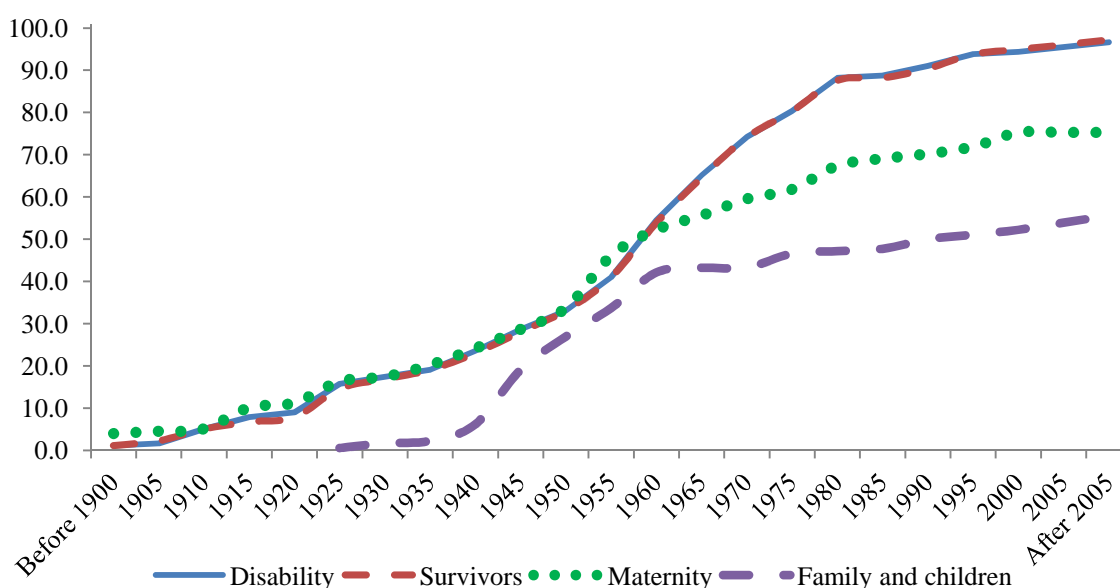
Source: own computations based on ILO data and www.social-protection.org ³

³ <http://www.social-protection.org/gimi/gess/RessourceDownload.action?ressource.ressourceId=36924>

In **Figure 3** is illustrated the share of countries that implemented in national legislation the other four social insurances schemes (disability, survivors, maternity and family and children). According to ILO database, there was a similar trend in the case of disability and survivors social schemes the share of countries increasing almost in the same pace mainly in the postwar period (from 1% before 1900 in both cases to 28% in 1945 and over 80% in 1975).

A lower growth rate was observed for maternity and family and children social protection schemes. Even if maternity social security schemes followed same trend with previous two types (disability and survivors) until 1955 – increasing from 3.9% in 1900 to 46% in 1955 -, then the share of states has a modest expansion to around 62% of countries until 1975 and 75% in the present.

Figure 3. Share of countries with social protection schemes, by social insurances type



Source: own computations based on ILO data and [www. social-protection.org](http://www.social-protection.org)

Finally, the family and children social security schemes expansion was tremendous after 1940, probably due the momentum of Beveridge Report. The percentage of countries with social security schemes regarding family and children anchored in national legislation in 1920s was under 1%. By 1940 the share slowly increased to 6.2% but until 1975 it soared to 46.6% of the analyzed countries, above the share regarding unemployment social security schemes.

5. Conclusions

The welfare state is recognized in any developed society as an essential institution which aims to ensure a relatively decent life for its citizens. In Western Europe, the first pillars of social protection developed towards the end of the nineteenth century, but modern welfare state, as it is understood today, originated in the early 40s and developed especially in the postwar period (about 1950-1970).

There are some differences in terms of the meanings of the term "welfare state" based on the people who use it in different historical contexts, but its origins date back even the first half of the nineteenth century, the 1840's – around one hundred years before William Beveridge. The term has undergone some significant changes over time and his currently meaning is slightly inaccurate compared with historical circumstances and meanings from the past. Also, we can say that *Wagner's Law* has been in the forefront of transforming the state's role in decades of the nineteenth century and the first half of the twentieth century, namely from the period in which the primary role of the state was as a "warfare-state", to the period when he acquires a cultural and welfare role.

During welfare state expansion in XX century there was some prioritization of social insurance schemes anchored in national legislation. The article shows that in the welfare schemes and programs adopted by countries between 1900 – 1975, a bigger importance was offered to employment related accidents and old age social security schemes (over 90% worldwide countries implemented these types of social security schemes), while unemployment and family and children social security schemes received less importance.

References:

- Aidukaite, J. (2007): *Old Welfare State Theories and New Welfare Regimes in Eastern Europe: Challenges or Implications?*. University College of South Stockholm.
- Andersen, J.G. (2012): *Welfare States and Welfare State Theory*. Aalborg: Centre for Comparative Welfare.
- Berg-Schlosser, D., DeMeur, G. (1994): Conditions of Democracy in Interwar Europe: A Boolean Test of Major Hypotheses. *Comparative Politics* 26 (3): 253-279.
- Beveridge, W. (1942): *Report on Social Insurance and Allied Services*. London: HMSO.
- Booth, C. (1901): *Life and Labour of the People in London*. London: Macmillan.
- Briggs A. (1961): The welfare state in historical perspective. *European Journal of Sociology* 2: 221-258.
- Castles, F., Leibfried, S., Lewis, J., Obinger, H., Pierson, C. (2010): *The Oxford Handbook of The Welfare State*, Oxford University Press.
- Cusack, T. (2007): Sinking budgets and ballooning prices: Recent developments connected to military spending, in *The Disappearing State? Retrenchment Realities in an Age of Globalisation*, ed. Francis Castles, Cheltenham: Edward Elgar.
- Esping-Andersen, G. (1990): *The Three Worlds of Welfare Capitalism*, Cambridge: Polity Press.
- Flora, P., Alber, J. (1981): Modernization, democratization and the development of welfare state in Western Europe, in *The Development of Welfare States in Europe and America*, ed. Peter Flora and Arnold Heidenheimer, New Brunswick, NJ: Transaction Books.
- Freeden, M., (2003): The coming of the welfare state, in *The Cambridge History of Twentieth Century Political Thought*, ed. Terence Ball and Richard Bellamy, Cambridge: Cambridge University Press.
- Hay, C., Watson, M., Wincott, D. (1999): *Globalisation, European Integration and the Persistence of European Social Models*. POLSIS, University of Birmingham, UK.
- Hay, J.R. (1983): The Origins of the Liberal Welfare Reforms 1906-1914, *Studies in Economic and Social History*, Macmillan Education.
- Heidenheimer, A.J. (1983): Secularization Patterns and the Westward Spread of the Welfare State: Two Dialogues About How and Why Britain, the Netherlands, and the United States have Differed, *Comparative Social Research*.

- Huber, E., Stephens, J.D. (1996): Internationalisation and the Social Democratic Model: Crisis and Future Prospects, presentation at Third Peder Sarher Symposium: Challenges to Labour: Integration, Employment, and Bargaining in Scandinavia and United States, Berkeley.
- Korpi, W. (1983): *The Democratic Class Struggle*. London: Routledge & Kegan Paul.
- Landes, D. (1972): *Statistics as a source for the history of economic development in Western Europe*, in *The Dimensions of the Past: Materials, Problems and Opportunities for Quantitative Work in History*, Yale University Press.
- Lewis, J. (1993): Introduction: Women, Work, Family and Social Policies in Europe, in Jane Lewis (ed.), *Women and Social Policies in Europe: Work, Family and the State* (Aldershot: Edward Elgar), pp. 1-24.
- Lindert, P. (2004): *Growing Public. Social Spending and Economic Growth since the Eighteenth Century*, 2 volumes. Cambridge: Cambridge University Press.
- Marsh, D. (1980): *The Welfare State*, Longman, London.
- O'Connor, J. (1996): From Welfare State to Gendering Welfare State Regimes. *Current Sociology* 44 (2): 1- 124.
- Orloff, A., (1993): Gender and the Social Rights of Citizenship: The Comparative Analysis of Gender Relations and Welfare States. *American Sociological Review*, 58(3): 303-328.
- Palme, J. (1990): Pension Rights in Welfare Capitalism. Doctoral dissertation series No. 14, Swedish Institute for Social Research, Stockholm University, Stockholm.
- Petersen K., Petersen J., (2013): Confusion and divergence: Origins and meanings of the term 'welfare state' in Germany and Britain, 1840–1940. *Journal of European Social Policy*, February.
- Rimlinger, G., (1971): *Welfare policy and industrialization in Europe, America, and Russia*. New York: Wiley.
- Ritter, G.A. (1991): *Der Sozialstaat. Entstehung und Entwicklung im internationalen Vergleich*. München: Oldenbourg.
- Rowntree, S. (1901): *Poverty, a Study of Town Life*. MacMillan.
- Rueschemeyer, D., Skocpol, T., (1996): *States social knowledge and the origins of modern social policies*, Princeton University Press, Russell Sage Foundation.
- Scharpf, F., (2002): *The European social model: coping with the challenges of diversity*. *Journal of common market studies*, 40(4): 645-670.
- Temple, W. (1941a): *Citizen and Churchman*. London: MacMillan.
- Temple, W. (1941b): *Christianity and the Social Order*. London: Penguin.
- Titmuss, R. M. (1974): *Social Policy*. London: George Allen and Unwin.
- Vaughan-Whitehead, D. (2003): *EU Enlargement versus Social Europe? The Uncertain Future of the European Social Model*. USA: Edward Elgar.
- Vaughan-Whitehead, D. (2014): *Is Europe Losing Its Soul? The European Social Model in Times of Crisis*. International Labour Organization.
- Wilensky, H. (1975): *The Welfare State and Equality: Structural and Ideological Roots of Public Expenditures*. Berkeley, CA: University of California Press.
- Wilensky, H. (2002): The Welfare State Convergence and Divergence, in Harold L. Wilensky (ed.), *Rich Democracies Political Economy, Public Policy and Performance*. Berkeley, CA: University of California Press, pp. 211-251.
- Wilensky, H., Lebeaux, C. (1958): *Industrial Society and Social Welfare*. New York: Russel Sage.
- Zimmern, A.E. (1934): *Quo Vadimus?*. Oxford: Oxford University Press.