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Chicken or Egg: Global Economic Crisis or Ideological Retrenchment from Welfare in Three European Countries

Madsen, Aase Mygind; Judd, Dawn; Boeckh, Jürgen

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Introduction: Setting the context

European welfare states are dynamic in that they both respond to social changes while at the same time promoting social progress. Coterminal with other EU countries, the welfare states in the UK, Germany and Denmark have been through hard times in recent years. Within the European Union national states have had to adjust to the fact that they are now “competitive states” (Heinz et al 1999). Although not formally part of common EU regulation increasingly this competition takes place in the sphere of social politics. The organisation of EU integration juxtaposed with how individual countries have dealt with the current economic crisis have clearly affected national welfare systems with implications for social work practice and education. Moreover the global economic crisis (GEC) has had a major impact on social problems across the EU. “The severity and persistence of the poverty and social inclusion impacts of the crisis vary widely across the EU. In general, the poverty impacts are the worst in those countries that have faced the biggest falls in GDP growth rate and the highest unemployment rates. Another important factor is the coverage and generosity of social protection systems.” (Frazer and Marlier 2011: 2)

However when attempting to explore the impact of the crisis there is generally a dearth of pan-European statistical data in relation to the effects of austerity on social exclusion and marginalisation. While the report by Diamond and Lodge (2013) might suggest that the worst impacts of the GEC are very slowly easing as a result of modest economic growth, the findings by Frazer and Marlier (2010) demonstrate that across Europe there are now growing numbers of unemployed and working poor people. Similarly the Austerity European Report (2012) found that disabled people and those with mental health problems have been particularly negatively affected. Juxtaposed xenophobia and racism are rife. While rarely acknowledged within individual European countries there are also wide ranging regional differences generating very different experiences and levels of deprivation. Across Europe social services and social protection measures have been cut and / or are being privatised to varying degrees, yet there are few systematic impact assessments available to either evaluate who is most affected or regarding how these cuts and associated shifts towards privatisation are impacting on the delivery, quality or accessibility of fundamental social support services.

According to most observers the GEC started with the collapse of the American investment bank, Lehman Brothers on September 15th 2008. According to the Eurostat database, the UK at minus 3% had the biggest fall in GDP between 2008 and 2013 and continues to have the highest levels of unemployment in the three countries under discussion. However, when compared to Denmark and Germany, the differences are not that remarkable. In accordance with its universal welfare model Denmark has by far the highest taxation of income and wealth and not surprisingly the biggest difference in the ‘at risk of poverty’ rates before and after social transfers. This is because of much higher spending on cash transfers and considerable subsidies in terms of activation and a continued high level of social service provision. Whichever way the figures are analysed, they fail to capture the ‘cause’ of the variations in austerity measures of the 3 countries being examined. The UK, Germany and Denmark were, and still are, amongst the most powerful countries both in the EU and as global economic players. Thus for the three countries the same question emerges: “what came first ‘the chicken or the egg’?” Is austerity actually a product of the GEC or the result of the creeping neo-liberalism that is influencing national social policy agendas in various forms and degrees? This article concentrates on analysing the roots and different pathways to more deregulated welfare systems. It’s not so much about the day-to-day changes social workers face in their daily working lives but rather it aims to deliver a more comprehensive understanding of what has occurred in three
different EU countries that has led to a growing mistrust in the capacity of welfare states to deliver social justice.

In the context of this discussion it must also be noted that across Europe social policy and social work embrace marked distinctions in definition, scope and delivery arrangements (Kennett 2004) producing methodological and practical challenges in relation to any comparative analysis. Given that social policy and social work have been developed from different national, ideological, historical and cultural contexts then this should not be surprising. However much comparative analysis fails to drill down to the level and diverse nature of social service delivery systems. This article attempts to provide some of this detail.

UK: Recent developments

Neo-liberalism has a long history in the UK. New Labour can be seen to have displayed a moral authoritarianism in its approach to state provision (Goldson 2002). It did little to challenge the ideas (imported from the USA) of the commodification of welfare and dependency by an alleged “underclass” (Jordan and Jordan 2000). The latter being individuals who were long-term unemployed or lone parents living in poor housing on the fringes of Britain’s towns and cities and dependent on welfare benefits (Loshak 2007). Today no group is immune from the claims that they are work shy, idle and feckless. This perception of an underclass has developed into political discourses around the ‘breakdown of society’. Indeed David Cameron talked of ‘Broken Britain’ (Cameron 2011) after the riots in 2011. In various guises the latest ‘austerity measures’ (as they are somewhat innocuously described), are now having a debilitating impact on the lives of dependent and vulnerable adults, children and huge sections of working class people (SWAN 2014).

In the UK neo-liberal ideology, as promoted by Conservative, New Labour and Coalition administrations, and globalisation have produced economic and associated welfare policies that are characterised by the abandonment of state control. Thatcher began this with her government’s ‘rolling back of the state’ processes and the New Right’s associated shift from the state to private provision of services (Lavalette and Pratt (1997); Clarke (2008). Producing in turn a slow but steady collapse in consensus for public welfare services, as such neo-liberalism emerges as a major threat to the UK’s welfare systems and has even given rise to the conjecture that the welfare state is dead (Fook 2002). Clearly this raises questions about the social cohesion of society and the role of the state in supporting those unable to aspire to the objectives of a highly individualised market economy (Jordan and Drakesford 2012). Rather than being offered services and support such individuals are now routinely blamed and shamed by the UK media and in political broadcasts and speeches. Thus the debate has shifted from the banking crisis of 2007-08 and associated global financial crisis to a rationale for the wholesale reform of the welfare state. A welfare state that is conceptualised by much of the media and many politicians as both expensive and incompetent.

There are now very few universal benefits remaining in the UK welfare system. While most education for 5-18 year olds and health services remain free at the point of delivery and there continues to be limited financial support available for those old aged, unemployed and disabled people, generally meeting human need is now de-regulated and the domain of the market (Cardy 2011). Where state funded financial support is available this is premised on conditionality and increasingly the use of draconian
sanctions. Primarily these are the result of the highly maligned Welfare Reform Act 2013.

The influence of the market on UK welfare services is most obvious when one explores who actually delivers welfare services, the arrangements for their financial accountability and even who trains the professionals to work in public services (Lymbery 2012). Welfare is big business (DWP 2010). Today over 50% of the government’s expenditure on services is spent within the private sector (NAO 2013). Austerity measures have impacted on all aspects of state and welfare provision thus nurseries, prisons, the assessments of fitness to work for disabled people, residential care for old and vulnerable people and arrangements for the foster care and adoption of children and even the training of social workers are all now subject to market conditions. Services are increasingly commodified sometimes with disastrous effects (Yeates et al 2011). Where such services are delivered by the voluntary (not-for-profit) sector this is through a highly competitive system of tendering leaving service users with little consistency in who delivers their care and arrives at their home (AgeUK 2014). Juxtaposed is an approach premised on ‘payment by results’ (DCLG/WwTF 2013) in which little acknowledgement is made of the impact of poverty and wider structural factors on people’s lives rather the pressure is on commissioned services to ‘change’ and transform people and families (DCLG/WwTF 2014). Simply, if people cannot be changed then the reasons for their needs are articulated in terms of individual failure and inadequacies (Ferguson and Lavalette 2013). The ‘troubled’ have become redefined as ‘trouble-some’ (Levitas 2012). To support this, the Coalition government conveniently commissioned a raft of research to support their views on the inherent ‘neuro-science’ of neglect and its longer-term intergenerational impacts on welfare dependency, educational failure and delinquency (see Allan Report 2011).

By exploring the ‘history’ of government’s cost cutting measures it can be seen that the reason that cuts have been targeted in these areas is not simply the product of the global economic crisis rather it is the product of ideological and political imperatives. While originally initiated by New Labour, since 2012 benefit payments can be, and are, regularly suspended for a minimum of four weeks and for up to three years where a claimant fails to take sufficient steps to search for work, to prepare themselves for the labour market or where they turn down an offer of employment or leave a job voluntarily. According to the Archbishop of Canterbury (2014) the draconian measures contained in the Coalition government’s Welfare Reform Act 2013 can be seen to have exacerbated the vulnerability and precarious existence of some of Britain’s most vulnerable individuals and families. This is estimated to have left over 1 million children and adults with few options other than using one of the many food banks that can be now found across the UK (Save the Children 2013)

Impact on Social Work

Those working in the public sector, workers who historically have been amongst the lowest paid but who enjoyed reasonable working conditions and job security, now find themselves experiencing conditions of work that lack security, pension rights or employment protection (TUC 2013). Social workers are not immune from the influences of market ideologies. This can be seen in how central government are proactively pioneering the privatisation of child protection services for abused and severely neglected children and promoting the concept of ‘independent social work practices’ albeit ignoring research findings that question their effectiveness (Stanley et al 2012). Similarly the marketisation of social work education marks a shift in their historic role as champions of the oppressed and marginalised (Jones 2014). Implicit in this discussion and associated political directives is a view that UK social workers should be less concerned with social justice and the causes of poverty and more
focused on controlling and regulating the lives of service users (Lavalette 2014). Clarke and Newman (2012 p. 220) have described this process as the “alchemy of austerity”.

Unlike its European counterparts social work in the UK has very little public support. UK social workers have no history of administering state benefits and play a very limited role in work-force activation. Rather their focus is on undertaking statutory interventions and commissioning support services primarily around safeguarding and protection. In Britain the general public generally misunderstands social work. Most social work activity is focused on the poorest and most marginalised sections of UK society, sections that wider society would rather not have to focus on (Wilkinson and Pickett (2009); Jones (2011). The media and right wing politicians frequently vilify the profession especially after child deaths from abuse and neglect; those working in the profession talk of being “damned if you do, and damned if you don’t” (BBC: Protecting Our Children 2012; Jones 2014). While having a very complex and challenging role social workers in the UK are now largely divorced from community-based activities. UK social work services work with individuals from the ‘cradle to the grave’, but operationally adult and children’s social care services are funded and administered by different central and local government departments. They are headed by different Secretaries of State and delivered quite differently resulting in administrative confusion and boundaries that do not reflect citizen’s lives (Loshak 2007; Morris and Featherstone 2010)

Drawing on neo-liberal ideology, albeit triangulated with vague social-democratic principles, New Labour under Tony Blair implemented a modernisation agenda and argued for ‘progressive universalism’ or more simply, managerial solutions to social problems and targeted selectivity (Taylor-Gooby and Stoker 2011). Thus over the past two decades social work has become more competency based and driven by managerial systems and technological imperatives (Featherstone et al 2013). Similarly service users are confronted with the sometimes-confusing language of choice, as services are increasingly required to reflect the principles of self-directed support and ‘personalisation’ in their care arrangements. These are principles that are now enshrined, if unfunded, in recent legislation and policy. While choice is a laudable aspiration it clearly becomes somewhat compromised when there is a lack of funding to meet need and the choices articulated by service users are limited by funding cuts. Moreover it assumes a level playing field and ignores the impact of capacity, education and information on informed choice making. Potentially exacerbating the already massive class, age, gender inequality that exists in the UK (Cooper 2010).

As the UK has shifted to a marketisation of services, the last decade has seen governments promote powerful supervisory and regulatory bodies and prescribe standards, policies and targets against which to measure organisational and individual performance. Juxtaposed social work has witnessed the development of inspection regimes to ensure such objectives are upheld (Jordon 2011). This approach has subsequently been challenged by academics such as Featherstone et al (2013), Munro (2011) and Ferguson and Lavalette (2013) as reductionist and a source of uncritical and even uninformed social work practice.

**Germany: Recent developments**
The German welfare state is decentralised. The federal state is responsible for the social security insurance system based on nationwide Social Code Books (SCB). These embrace unemployment insurance, the pension system, health care and long term care insurance, employment injuries and occupational disease payments. This covers cash benefits (including the unemployment benefit SCB II), infrastructure and benefits in kind. The Bundesländer concentrate their responsibility on education and some specific and overarching aspects of the social assistance schemes. Local Authorities have a guaranteed constitutional right and associated responsibility to provide services for the public and social services (infrastructure and staff). Each municipality has various mandatory duties to fulfil. As there are no mandatory federal state standards for social work or social care these differ in terms of quantity and quality across Germany. Moreover according to the principle of subsidiarity state institutions, regional and local authorities usually do not directly offer social services. Rather this is delegated to six big state independent social service providers and some private companies especially in the health care system.

Social security in Germany is expensive. An examination of social security expenditures demonstrates that between 2000 and 2011 the budget increased from 608 Billion Euros to 767 Billion Euros. (Bundesministerium für Arbeit und Soziales (Hg.), 2012: 7). However, as the financial responsibility for much of the social services (especially the youth welfare system) is based at the level of the municipality, the quantity and quality of these services are strictly related to the financial resources available at this level. As economic prosperity is not equally distributed across Germany a widening gap between poor and rich regions can be seen. There are now growing warning signs of the fragility of this system: the take up rate of the needs-based pension supplement available in old age and in the event of reduced earning capacity is sharply rising, real wages are decreasing and long-term unemployment remains high and is continuing to grow (Bundesministerium für Arbeit und Soziales 2013).

In social science and public debates there is relatively little discussion about the contextual factors associated with social politics or the effects of austerity measures on the distribution of welfare and social services. The loss of such an overview has produced an associated loss of political and economic analysis in German social sciences (Vobruba 2014). This becomes obvious when it is recognised that the government fails to point out the contradiction between increasing private welfare on the one hand and increasing public poverty (especially at regional and local levels) on the other. Adopting a neo-liberal approach the German government concentrates on improving economic growth factors (including a restrictive budget policy) without discussing the negative distribution impact of this model and especially the increasing imbalance of wage and wealth distribution within German society. This has produced different social realities within the same picture: a federal state budget without new debts and communities that cannot afford to finance decent housing for refugees or fund new toilets in schools. Within German society we see a growing number of employed people who lack a decent income while private assets have reached their highest levels (Bundesministerium für Arbeit und Soziales 2013).

**Changing philosophy of welfare production: Re-privatisation of social welfare**

Attempts to change welfare philosophy started at the end of the 1990s. Beginning with reforms of labour market politics, welfare state philosophy turned more and more from solidarity to self-responsibility. 'Supporting and demanding' became the new key words. This was not only a neo-liberal strategy driven by conservatives but also very popular in the left wing parties. “The Third Way" published by the former Chancellor Gerhard Schröder and Prime Minister Tony Blair in June 1999 was
expected to be the new guideline to modernise the welfare state. It should become leaner and concentrated on supplying workfare instead of welfare. In support of this position the ideas of Amartya Sen were popularised (see the Federal Poverty and Wealth Reports published every 4 years since 1998). The view articulated was that the welfare state should not focus on providing social rights but rather guarantee equal opportunities upon (labour market) participation.

Today in Germany the current discussion about the welfare state is not so much about a general lack of resources, it is more a question about what, who and how to focus. The current government concentrates on introducing minimum wage schemes and improving the pension system for specific target groups. While this is definitely important it is not a strategy to cover the challenges ahead. These reforms cannot solve the problem of a Bismarckian insurance-based, social security system where decent work is the key factor to social integration. What we see is that the ‘success’ of the current labour market policy is now producing new poverty groups for the future, namely growing numbers of people ‘employed’ under restricted working conditions in terms of payment and job security.

Scientific research made it obvious that the mixture of cash benefits and infrastructure of social services becomes more and more important to break poverty cycles and to support social mobility. The point being that while the German social security system offers possibilities to improve economic, social and cultural capital – as articulated by Bourdieu (1983), it does not fully address the structural problems that undermine the capabilities of the target groups to really incorporate these offers. In short, instead of asking what is wrong on the ‘production’ side of services, the victims are blamed for not being successfully integrated. Rather than address the underlying causes of German social problems, social policy initiatives are concentrating on specific targeted groups who are largely deemed capable of being integrated, while for others the social security system operates as a middle class instrument to enforce values and social/political power co-terminous with this group (Schütte 2013). In short the victims are blamed for not taking up the helping hands of society and the welfare system. This is entirely consistent with neo-liberal philosophy.

**Impact on social work**

Recent changes in welfare state philosophy not only affect the state itself but also social service providers. Here there are at least two important influences. On the one side social welfare providers are forced to act more and more like private enterprises (premised on the principles of New Public Management). But as the ‘welfare market’ does not work like a common market for services, financial cutbacks (in particular at local level) show negative impacts on both clients and professionals. Working conditions as well as the quality of services are often under pressure (Authors Own 2007). On the other side, political discussion seems to promote a general mistrust regarding the capabilities of the social security system to cover the life risks and to provide decent benefits in cash and kind. State regulation is accused of being ineffective and no longer affordable (Die Welt 2014). People are told they will be better off being self-responsible for their lives and by investing in private precaution. Political stakeholders try to deconstruct the social insurance system (especially pension insurance) and introduce a private market based on an individual insurance system. Self-responsibility in an activated civil society is the new paradigm, but at the same time the most vulnerable groups have problems in highlighting their interests in the political process (Zimmermann and Authors Own 2012) and in paying privatised social security.
There is an on-going discussion regarding social work, which is accused of becoming more and more a two-class project. On the one side it is said that resources are concentrated on those clients who demonstrate positive outcomes in relation to social integration (‘creaming the poor’) and on the other providing only the most basic support for the remaining groups of needy people (e.g. public soup kitchens, food banks, clothing banks) (Lutz 2008). By concentrating high priced social services on the ‘good’ social risks the door is opened around discussions in which vulnerable people such as some migrant groups (especially refugees), disabled people, homeless people, drug addicts and other people who are living at the edge of society turn out to be no longer the victims of the economic system but the reason for the loss of welfare. Ignoring xenophobia and racism, poverty becomes defined as an individual problem, as a lack of effort by the poor, as a lost chance to make profit out of the equal opportunities supposedly shared by all (Zick et. al. 2010).

Lastly turning to the so-called ‘debt brake’ in the public budgets which will also affect social service providers. Especially in poor and weakly developed municipalities it will become harder and harder to guarantee the constitutional right and responsibility for delivering public and social services (both in terms of infrastructure and staff). It is quite obvious that the lack of financial resources at the local level will affect the mandatory provision (e.g. youth welfare services, child care facilities (SGB VIII), unemployment benefit) as well as optional social services (e.g. youth centres, information centres). Due to financial reasons the municipalities will concentrate only on their core tasks. The quantity as well as the quality of social services they can offer will follow the regional stratification of economic strength between different regions and municipalities. The economically strong regions will be better off than the weaker ones. Allowing debts to reduce social inequality between the regions will no longer be a permitted political option. In the end the duty of the German constitution (Grundgesetz) to provide comparable living conditions all over Germany is increasingly being eroded. In this sense access to high quality social services will become more and more a post-code lottery.

**Denmark: Background and context**

When Denmark joined the EU in 1972 the majority of its population identified less with other EU countries than with its Scandinavian neighbours with whom it shared common history, similar language and especially throughout the latter part of the last century, a successful welfare state model. The universal Scandinavian welfare state model was remarkable in mainstream economic theory because the three countries (Denmark, Sweden and Norway) had managed simultaneously to provide both economic growth and a high degree of social security to their people. Throughout the latter part of the 20th century these three countries also figured at the top of the United Nations Development Programme’s list of the world’s most equal countries in terms of income and gender.

According to Gösta Esping Andersen the universal Scandinavian welfare states owe their origin to an alliance of a strong small farmers and a strong working class movement. (Esping Andersen 1990). The vision of their founding fathers was to create social justice through the state (Juul 2014) and thereby cut the personal dependency ties of the needy to casual philanthropic paternalism (Karlsen and Villadsen 2012). Through the construction of a system that offered generous universal allowances and services, the aim was to avoid further stigmatisation of the poor and ultimately lift them out of poverty. In that process what remained of the former distinction between deserving and undeserving poor was abolished. The system, which was funded through progressive taxation, had a considerable redistributive impact.
For Anthony Giddens (2007), the Scandinavian countries have been role models for his writings about the social investment state. However the original rationality of the welfare state was not social investment, but a belief in care and solidarity, in the sense that if a social event occurred it was the duty of the state to assist the person to return to ‘normality’ (Rold Andersen 1971: 54; Jonasen 1998:137). As the Finnish sociologist Erik Allardt has pointed out, the models were need based. Material needs had to be met before a good relationship and a sound identity could be established (Allardt 1975). They were further tied to the early Social Democratic slogan that the citizen had a duty, where-ever possible, to contribute to society alongside the right to receive when in need.

Given that the welfare state for a long period was believed to be crucial for the social cohesion of society, the recent reductions in the Danish welfare state under a Social Democratically led government are surprising. The GEC has been used to legitimise the changes, but key economic data did not support the necessity of the cuts. The growth rate decreased during the first decade of the 21st century, but at no point in time was there either a deficit in the trade balance or in the public budget. Similarly unemployment figures were not alarming. According to most observers this was not in spite of, but thanks to Denmark’s welfare arrangements, especially the many publicly supported jobs in the private sector and good educational opportunities. (Goul Andersen 2013)

**Welfare changes**

For decades tax funded social expenses (not including health and education expenses) have comprised a little more than one third of the Danish GNP of which cash transfers have comprised two thirds and services a third. During the first decade of the 21st Century and definitely with the reforms from 2010-2014, tax funded benefits including unemployment benefit, social assistance, disability and old age pensions have been significantly reduced.

According to Danish media reports and complaints made on social media the cuts in unemployment allowances, sickness allowances and minimum income have had devastating impacts on the target groups. Further, as the unions have been vocal in arguing, these changes have left people with jobs in a state of fear for their future and reduced the security they used to enjoy.

The reductions of the minimum income and old age pension are theoretically interesting, as the two often have been presented as the flagships of the universal Danish welfare system. These are the two benefits that in textbooks are highlighted as the allowances, which definitely placed the Danish welfare model on a different track than the Bismarkian, insurance-based system almost simultaneously introduced in Germany during the latter part of the 19th Century. Whereas cuts in unemployment allowances took place under the Liberal-Conservative government (2001-11), the cuts in sickness benefit and minimum income have been decided and implemented under the Social Democratic-Social Liberal coalition government (2011-2015). If one wants to explain why these changes have taken place the finger, as in the case of the UK and Germany, points at the changing value base of the Social Democratic Party in terms of at least two issues. Firstly, the balance between caring for the poor and the duty to work and secondly, the changed role assigned to the state as the ‘best’ welfare provider.

The argument that the client is better off if he or she takes a job rather than passively receiving money from the state was first posited by a Social Democratic Minister in 1980. Since then the pressure to work has become intensified until the present
situation, where even disabled and sick people have to utilise their albeit limited capacity to work if they want to receive financial support from the state. As in the UK and Germany the rhetoric around work or taking an education in return for receiving benefit has increasingly been propagated in moral terms as a duty.

As such the dominant Social Democratic philosophy of not asking anything of the client in need to now making the client morally responsible for his or her own life project can be seen in most of the reforms since the 1990s. Jørn Henrik Pedersen has called it moving “from something for nothing to something for something” (Pedersen 2014: 73). Tine Egelund (2010) describes the reforms as ‘projects of the selves' seeing them as a return to the distinction between the deserving (now 'the responsible’) client and the undeserving (now ‘the irresponsible’) client.

As for the role assigned to the state as the best welfare provider, the Danish party is inspired by Ferdinand Lasalle, who believe the state to be the vehicle through which the working class could gain and exercise power (Dybdal 2014). This fits well with the idea that the democratic state through tax funding is the best entity to secure fair and just welfare, because the giver is separated from the receiver. Further, it is seen as the best way to avoid influence by vested interests. Empirical data supports the role the state has had in the Nordic welfare design (Kvist et al 2012). After taking office in 2011, the Social Democrats became increasingly sympathetic towards the market and civil society. Numerous initiatives were introduced to encourage public-private partnerships. The party’s own explanation being that the GEC and pressures arising from globalisation necessitated it.

Compared with most western countries, universalism is still widespread in Denmark, especially in the health and educational sector and with regard to care for old people (Kolstrup 2014). The state sector remains relatively big. In the outsourcing of welfare services, unlike the UK, the state still monitors according to democratically decided quality standards and often funds most of the activity. Apart from the Liberal Alliance party, no party in parliament publically dares to decry the welfare state. However, aggressive neoliberal think-tanks and, to an increasing extent, the media argue for less state and more market.

The system has become less redistributive than it used to be and the country has lost its leading position with regard to equality (Weise 2013). Poverty and homelessness has increased. As Bundesen (2009) has argued the population is increasingly becoming divided into three strata: the richest group has started to draw on private insurance for health, unemployment and sickness. The middle group finds the public allowances sufficient, whereas the bottom group gets allowances close to survival level, but has no alternatives. Both Blue and Red Bloc governments have argued that welfare cuts have been necessary first with reference to the financial crisis, then the argument became premised around increased global competition. On several occasions the Social Democratic Finance Minister Bjarne Corydon stated that it was necessary to change the state into a competition state in order that the welfare state could survive in the long run (Jespersen et al 2013).

**Consequences for social work and social services**

Unlike the UK and Germany, Danish social workers have not only been occupied in social service but also play a key role in the process of distributing cash transfers to citizens. They are required to ‘objectively’ assess the needs of clients and decide which allowances they should receive. Hence cutting welfare allowances has considerably affected the social work profession thus on a daily basis many of them are being exposed to angry and frustrated clients. Moreover, the shift from care to
rehabilitation as the dominant paradigm in social service has affected them, in the sense that they now have to assist people to manage on their own rather than to directly provide care for them.

Social workers also have to manoeuvre in increasingly fragmented administration systems, with more time pressures to do their work and to follow standardised procedures. Following examples inspired by English experiences (Authors Own 2009 and 2011), the Danish Liberal-Conservative government introduced the BUM (Bestiller-Udfører-Modtagen) model implying a split between the function to establish the needs of the client and the function to intervene and solve the problem. This marked the introduction of a purchaser-provider logic in public administration, which fulfilled the aim of better control over municipal budgets and made it possible for private actors and NGOs to bid for social service contracts. For many social workers, however, the changes have meant that it is becoming very difficult to practice using a holistic perspective of the client (Høybye-Mortensen 2011 and Post 2011).

Conclusion

In the UK the situation is presented as a crisis of debt as a result of the New Labour government’s excessive expenditure on welfare provision and as a product of the global economic situation. ‘Austerity’ has generated a marked shift towards neo-liberal ideology. In the UK the “age of austerity” (Cameron 2009) can be seen to be having a devastating impact on people’s lives especially the lives of the poorest. While many of the measures are not new, rather they are part of a long process of initiatives coterminous with the restructuring of the UK’s welfare state. What is new is how ‘austerity’ as a by-product of the GEC is being used to significantly shift public support for state provided welfare, to exacerbate the ideological arguments for privatisation and simultaneously demonise both welfare claimants and public sector employees. The UK remains a very rich but highly unequal industrial country ranking 7th in the G8 league table (Wilkinson and Picket 2009) yet Prime Minister Cameron still talks of the need for ‘permanent austerity’ (Cameron 2011). All three main UK political parties regularly articulate their commitment to long-term austerity and cut backs in welfare provision. Successive UK governments have turned the crisis in the market into attacks on welfare expenditure and its claimants with an associated growth in racism and xenophobia. The solution to social and personal problems now rests with the individual; a position that appears to be fast becoming institutionalised as part of the nation’s psyche. Today ‘austerity’ has become the cover for the retrenchment and transformation of the UK welfare state with massive implications for its education, social care, social housing, and health and benefit services.

Taking the indicators used by Frazer and Marlier (2011) into account it could be argued that there was no negative or critical impact of the GEC on the welfare system in Germany. It appears that the mixture of its labour market policy, economic and financial policy and social policy was quite successful in preserving social peace in Germany. As such the changes in the German welfare system are not so much driven by the GEC but probably follow a more long-term change of philosophy in how to provide social security. The most incisive reforms in the German welfare model were already in place at the end of the 1990s. Between 1997 and 2005 German labour market policy was completely revised. In particular the so-called Hartz legislation (2000) turned out to be ambiguous in terms of social inclusion. Today, on the one hand high employment rates can be seen while on the other an increase in unsecured employment and a growing low wage sector is evident (Authors Own et al 2011). However austerity is also on the German agenda. Most notably, Germany has introduced a so-called ‘debt brake’ on its public budgets. Since the beginning of 2011 the Federal government has aimed to reduce the structural deficits in the budgets. With effect from 2020 the
Bundesländer (regional level) will no longer be allowed to finance public expenditure from new debts. One can only presume how this will affect the German welfare system and especially in those social services in municipalities which are located in economically weak regions.

In Denmark as in the rest of Europe, the GEC of 2008 was not the first and will probably not be the last crash of international financial systems. By the end of the 1970s and again at the end of the 1980s, like many other Western countries, Denmark was hit by financial crises. In keeping with the Danish welfare model and ideology at that time, the chosen solution was to protect Danish citizens against free market forces by enhancing the public sector. During the 1990s Denmark was seen if not as a global economic miracle, at least as an employment miracle that had not only managed the challenge of globalisation, but was predicted to have long term prosperity ahead (Goul Andersen 2002). Many scholars (see Kendal 2001) emphasised that the universal Danish welfare model was better prepared for global competition than other models, due to, and not in spite of, its universality and tight security net. Nowadays, however the dominant Danish discourse is that the solution to the crisis is to shrink the public sector. In other words there has been a movement from a belief in the state sector as a guarantee for both economic growth and security of its people to a disbelief in the state sector.

This article set out to explore what are the ideological, economic, social and political drivers behind the ideas of changing welfare states. The comparison of three European welfare states premised on different ideological platforms makes clear that there is not a simple answer. There is some evidence that welfare ideology has primarily shifted in the direction of neo liberalism in all of the countries. In the UK this is most obvious, but it has been delayed and is less strong in Denmark and probably has had the least impact in Germany. The analysis shows that the neo-liberal welfare state model (as seen in the UK) with a strong centralised and prescribed competency base at the national level, makes it easier to remodel the welfare state along ideological principles rather than in Denmark with a long social democratic tradition or in Germany with its federal structure of shared competencies in a multi-level political system.

In all three countries austerity measures can be found. These were accelerated but definitely not caused by the GEC and it becomes more and more questionable if austerity and cutting public expenditure is really a reasonable answer to the challenges these societies face. It is quite obvious that the neoliberal strategy of refocusing welfare states has led to their decreasing capacity to preserve and stabilise social integration. The xenophobic and anti-welfare claimant focus of the recent election campaigns in the UK and in Denmark and the rise of right-wing parties (e.g. UKIP, Alternative for Germany, AFD) and associated social movements can be seen as signals of the growth of racism, xenophobia and nationalism across Europe. In short scapegoats are being used, rather than political solutions, to solve social problems.

However it is overly simplistic to presume that there is a convergence of welfare ideology. This is not happening simultaneously and definitely will not lead to a complete convergence. Yet the idea of a civil society that has to be liberated from welfare systems that are blamed as paternalistic, ineffective and expensive gains attraction in a situation where national states more and more have to act like competition states. This clearly leads to a reduction of state activity especially in the field of social security. Why? Both those from the left wing and the conservative right agree that we are in global competition. Saving competitiveness is equated with wealth saving. Deregulation of social standards and tax reduction are presented as
the only instruments of choice. This article has attempted to show that the three counties are still economically strong. They are not poor societies. But the instruments of distributing equal opportunities for participation are in crisis at the national level. Beside the market only the state can influence the distribution of living conditions. What has been learnt from this analysis is that if the active welfare state abandons its responsibilities for establishing social work and associated social security it might be successful in the global economy and in increasing private wealth, but without a strong welfare state this will mean at the same time growing social inequality and injustice. The challenge for social work is to develop and deliver alternative paradigms for the undeniable challenges ahead.

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