Welfare Policy: Governance
History and Political Philosophy

Bernard Cadogan, D.Phil (Oxon)

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AUTHOR
Bernard Cadogan, D.Phil (Oxon)
1 Hill View Road
Oxford
United Kingdom
Email cadogan@numa.net.nz

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Abstract

New Zealand is a veteran welfare provision state. This paper places New Zealand in the historical, ideological and political philosophy movements that have developed welfare policy in OECD European and New World nations as they have transformed from agrarian to industrial and then from industrial to post-industrial economies over the past 200 years. On this shifting map of welfare changes, New Zealand has successfully converted its mid-20th century universalist welfare system into one that emphasizes social investment, enablement and responsibilisation. This is expected to continue, reinforced by a Rawlsian construction of intergenerational equity and by reinvigorated citizenship concepts.

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Executive Summary

New Zealand is not an isolate when it comes to welfare policy. It has been a leader-state and it has been a follower, since the 19th century. What has been less well understood, however, are New Zealand’s international and ideological contexts—a deficiency which this paper seeks to remedy. A critical review follows of the histories and ideologies of those forms of public provision against poverty and income insecurity that came to be referred to as “welfare” or “social security” by the 1930s-1960s period. These histories and ideologies are those of western OECD nations, arising from the Graeco-Roman concepts of citizenship and Judea-Christian identification with, and compassion for, the poor.

The Industrial revolution of the early 19th century promoted many Western polities to attempt regulatory intervention, social insurance or pay-as-you-go welfare programmes. Such programmes had become universal by the 1930s-1960s period, and mandatory, in that it became mandatory to contribute either through social insurance or taxation, and mandatory to accept benefits. These policies were closely associated with the late industrial Keynesian state.

The golden age of welfare that ensued reached crisis point with the oil shocks of the 1970s. This policy sector has been in retreat since and has undergone extensive ideological re-evaluation, which this paper examines from the point of view of the literature and thought on welfare policy from several nations.

This paper also reconsiders the Esping-Andersen classifications of welfare states, 30 years after they were first proposed. The mid-20th century entitlement state has become the early-21st century enablement and self-empowerment state for economies that emphasize work activation instead of universal entitlement. This change is a response to the replacement of mid-20th century industrial manual labour economies by service economies deploying higher technologies and higher educational resources.

This paper also discusses the question of intergenerational equity with reference to the resources that leading political philosophers may contribute to resolve it. The status of citizenship, which had fallen into abeyance in the welfare state, is now undergoing revival and reconsideration as the corollary of the state’s own redefinition and retrenchment. Welfare remains a significant domestic output of government, but as the reorganized and reconceptualised social investment of the new liberal state.
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Welfare Policy: Governance History and Political Philosophy

1 Introduction

“For ye have the poor always with you,” Jesus said to his disciples (Matthew 26:11). Our concern in welfare policy is which poor, where, when and why. The 21st century Western OECD welfare state has a dual origination 2000 years ago, from:

- Graeco-Roman city states and civic humanist philosophy, and
- the Abrahamic faiths—whether Judeo-Christian or Muslim.

That archaic base is worth identifying. Archaic does not imply irrelevancy, as rather a structural, foundational relationship, with original sources that keep welling to the surface of the present, in either prophetic protest, or hopes of civic fulfilment.

Nor has Western civilisation been unique in its concern for the poor. Emerging from 5th century BC India, Buddhism spread all over Asia to inculcate attitudes of identification with the poor, of compassion, that led to practical poor relief. The purpose of this review, however, is not to assess how “sorry” states and governments and cultures have been. It is rather to create a map over time of the governance responses to the problem of poverty—a map that covers the kind of humane western liberal democracy that New Zealand is.

Islam is included under “Abrahamic” above, even though Jews and Christians both originally developed prophetic and radical attitudes towards the poor. The Prophet taught the necessity of alms-giving, and as Muslim populations consolidate their position in European nations, their doctrine on welfare and alms may supplement or reinforce weakening Judeo-Christian impulses.

The purpose of giving this millennial time-depth is not to propose a long account of welfare practices from 3000 BC to arrive at the modern welfare state, which in any case appeared only at 5 minutes to midnight on some notional clock. Agrarian society with all those ancient memories persisted until very recently. Rather, the industrial revolution was underway just 200 years ago in Britain, while Māori and Pākehā traders and then missionaries developed an economy and a modus vivendi with one another on New Zealand's coasts. The longues durées of the pastoral and agrarian civilisations and the ancient stock of ideas from them that had persisted over the ages dissolved only about 200 years ago. The 19th century then provides the catchment for welfare language and attitudes for all previous time.
The agricultural and industrial revolutions brought labour relations and the crises of deprivation to a head. In an age of governance revolution, whereby government found it could control more and more, the working poor, political thinkers and activists correspondingly found that they could mobilise the masses and public opinion to bring about interventions that ranged from statutory reform to outright revolution.

We have lived through constant technological and economically-driven change since. Living as we do in a world that is no longer “time out of mind,” the only thing we experience that is time out of mind is the redundancy of ideas and practices and skills that were regarded exemplary, earlier in our lives. Our longevity is enabling us to see around corners down our own pasts, and to stare into technologist futures that may well mingle exponential empowerment and catastrophe alike. Previous generations contemplated futurescapes as well; the difference is that it is not apparent to us that there are any alternatives to the capitalist economy. A very different attitude prevailed during the formative age of modern welfare systems between the late19th century and mid-20th century. The presumption then was that state socialism would provide the new rational order, or that at least highly statist forms of liberal capitalism would be necessary to make capitalist economies work.

We do no longer think like that, though we largely find ourselves committed to a state role for making up for shortfalls and mishaps in the market economy. This, in turn, has long been factored into production costs whether through insurance premiums or pay-as-you-go systems. The state no longer drives nor builds a state economy as a distributionist instrument for equity. It nonetheless provides a social ambulance service, manages virtual asylums for income protection, and intervenes for the young of the poor. We have turned our backs on the totalising gnostic state.

Welfare is a response of the liberal state to modernising industrial capitalist economies. The 19th century, when nation states developed the first poor relief schemes for an agrarian capitalist and industrial economy, looked out at the different pasts all in the present as if out at the stars on a starry night. In some respects, the nearer planets, neighbouring countries, shone less brightly than paradigms 300 years in the past. It did not seem to matter what the French were doing; it was thought the Continent was best ignored. In other respects, ideals and dire warnings from 2000 years before shone bright blue or catastrophically red in that night sky. All the yesterdays for the welfare pioneer polities arrived at once from all of recorded human time, and it was then in the 19th century that the star-light was captured, so to speak, from all of the deep past.

Traditions and families of welfare provision developed polity by polity, each with their own inherent values and purposes. Classificatory schemes devised in the late 20th century insist on their persistent differences, yet fail to capture the anomalousness of many states, among which is New Zealand itself. One of the aims of this paper is to identify and assess properly New Zealand as a welfare provider for the convenience of our own public policy and democracy and not for the convenience of academic commentators.

Those 19th century reactions to the Industrial revolution were transformed into the mid-20th century welfare state. The brutal Poor Laws system became the late Victorian and Edwardian pension or social insurance state, which in turn became the mid-20th century welfare state. The welfare state, in turn, came under review from the late 1970s in all OECD polities. The “Golden age of Welfare” in the 1960s and 1970s was brief,

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1 Michael Oakeshott, review of Eric Voegelin’s *The Science of Politics*, in the *Times Literary Supplement*, 7 August 1953, p. 504, for use of the word “gnostic.”
barely a high-latitude summer. That summer was overtaken by the sudden onslaught of an autumn of de-industrialisation and has now been succeeded by a long winter of hollowing out as the domestic economies and the societies of nation states are restructured in the wake of computerisation and the export of manufacturing sectors to the cheaper labour markets of developing nations.

The welfare systems have been made to do what they were arguably not set up to do: to provide long-term living standards support for large, unproductive sectors of the population and to subsidise the active economy. Instead of providing social safety nets to support the poor, the disabled and dependent, welfare states have been converted into routine and universalised mechanisms of domestic economics. As infrastructure, they have become the support systems for normal capitalist production. The result has been competition for welfare resources between the poor and working poor and the middle classes. The elderly are invested with reverence and absolute entitlement to basic New Zealand Superannuation, without any means-testing. The outright poor and unemployed and single mothers have been in constant hazard of stigmatisation. This may have increased since the Global Financial Crisis began in 2008.

These tendencies, though, have always been there. It is now agreed that the poor should work, or be in training for work. The reactivation “turn” began in the mid-1900s. The question now is whether an executive or manager out of work or a student going on the dole for the summer are in fact “poor,” as the really poor are, or is the welfare actually still subsidising the middle class life cycle, while still trying to support the truly poor?

21st century welfare provision raises questions of inter-class and inter-generational equity, to take two categories that would have to be statistically defined.

The basic regime changes in welfare can be briefly described as follows. The *laissez-faire* liberal state can be identified as existing from its 1770s inceptions until the 1870s before another paradigm began to modify it, that of the *dirigiste* liberal state, which sought to “correct” capitalism, through regulatory instruments, and by establishing Government-Owned Companies (GOCs) and State Owned Enterprises (SOEs). The main period of this post-classical liberalism in setting up the “enterprise state” and social provision state lay between the 1870s and the 1910s in countries ranging from the United Kingdom, to New Zealand, Germany, Austro-Hungary, United States state governments and Italy.

Such a polity was not at all anti-capitalist, but the interwar and wartime welfare states set up in response to the Depression and World War during the 1930s and 1940s did range from being critical of capitalism to outright anti-capitalist. The prevalence of Marxist and fascist ideology among the returned servicemen from the First World War in many countries was a game-changer. The liberal bourgeois state had to compete for the loyalty of the workingman and woman.

None of this was pro-Soviet; rather, these governments tried to do what the USSR claimed to do, but better, and in property-owning capitalist economies that were becoming increasingly “mixed” economies for many countries. Capitalism was to be chastened and tamed. The liberal origins of western democracy had become “historical.” The universalising social democrat or welfare state had become the mid-20th century norm. Even the United States and Canada finally had their welfare moments under Lyndon Baines Johnson and Pierre Trudeau.
The 1970s oil shock crises precipitated a profound review of the mixed economy state that brought about the emancipation of capital and of the markets that we know as neoliberalism. Prometheus was unbound. Thirty years on, the distinctive feature of the “new liberal state,” now that the dust has died down, is that a liberal state is now providing welfare, that is, not a mixed economy enterprise state that manages a national economy through GOCs and SOEs, or mid-20th century social democracy. Rather, a state that has withdrawn and restored itself to a regulatory role in a market economy is the welfare provider and enabler. Welfare is provided on very different terms. The purpose of this paper, then, is to account for these ideological formations in the history of welfare provision that were relevant intellectually and imaginatively to the founders of the modern welfare systems from the 19th century onwards.

A marked shift has also occurred from the more utopian and therapeutic and “social engineering” aspirations of the mid-20th century towards the new governance and regulation of “responsibilisation.” Although a prolonged crisis has beset welfare provision in OECD nations since the financial crisis of 2008, the turn towards responsibilisation is much older, dating from around 1990. The quiet consolidation of the new welfare paradigm early last decade has become a victory parade in the current environment. The sustainability and morality of publicly supported welfare systems are being debated pro and con at an intensity never experienced before. Opinion polls arguably show the greatest scepticism of welfare and antipathy to welfare recipients since the welfare state commenced.

2 Paradigms and golden ages

In this section of this review of welfare provision, the emphasis will be on the apparent paradigms, exemplars and golden ages of welfare, that have synchronically defined best welfare practice. In post-modern times, we must not fall into the trap of thinking that the mid-20th century welfare systems of modernist states were somehow a benchmark from which we have fallen. Rather those states were responding to the demands of the late industrial economies, to relatively protectionist and heavily regulated economies, and to an international order devastated by World War and then characterised by the Cold War.

2.1 The welfare families of modern nation states

As Frank Castles argued in 1993, families of nations have “shared geographical, linguistic, cultural and/or historical attributes” that may lead to “distinctive patterns of policy outcomes.”

Insulated and insular nations outside a multilingual and multicultural continental environment might well persist with national policy dialects and welfare assumptions that account for persistent variations in provision.

Classifications have been attempted of the welfare state. The exercise can feel like collecting postage stamps, country by country, or thematically. It is certainly not like a Linnaean table for classifying life forms. Welfare systems had multiple origins out of

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shared economic and historical crises. States as we shall see are retentive of their welfare habits. Poverty is its own “Princess and the Pea,” transmitting an original impulse through time that can become acculturated within a polity. That said, there is, as with stamp-collecting, almost a futility with organising welfare states by categories. Those categories do not hold fast. Moreover, just as postal services have been privatised since the 1980s, so have these families of welfare states converged since the 1990s, in their decommodification strategies, and public-private partnerships. Far from being the entire welfare horizon, the state has now reconfigured itself with welfare constellations.

The most influential classification is that which the Danish sociologist Gøsta Esping-Andersen (b. 1947) offered in 1990, in The Three Worlds of Welfare Capitalism, when he divided welfare states into three historical families, to which a fourth is now usually added:

- The Bismarckian welfare state
- The liberal welfare state
- The social democrat welfare state
- The Mediterranean welfare state.

2.2 The Iron Chancellor and his “white” welfare revolution

The Bismarckian welfare states are those states which developed mandatory social insurance for health, sickness, unemployment and old age pensions. Germany, France, and the Netherlands are usually accounted core Bismarckian states. The funds would be actuarially managed by employers’ associations, administration costs to be shared by the government on a pro rata basis. The system was initiated by three major statutes of the newly unified German Kaiserreich during the 1880s.

The “Iron Chancellor” Otto von Bismarck (1815-1898), who ruled Germany as Chancellor 1871-90, and was the Prussian Prime Minister (1862-73, 1873-90) and Foreign Minister (1862-90), was their instigator. His intention was to pre-empt “Red” revolutionary socialism in the allegiances of the working class. The Paris Commune of 1870-71 had put European regimes on notice that a communist republic was possible. He therefore instigated a “white” revolution that was characterised as “monarchical socialist” to buy workers into the newly formed German state. The Austro-Hungarian Empire and its successor states in Eastern Europe also adopted Bismarckian systems.

France and the Netherlands are usually included in the Bismarckian category, along with Italy and Ireland, to produce a super-group of “conservative” corporatist states, usually with strong Catholic backgrounds. Certainly the Germany of Bismarck was a Protestant majority state with a significant Catholic minority. As a monarchist and conservative Lutheran, Bismarck nonetheless held a corporatist view of German society. His was an idiom of government that corresponded to the values and practices of the Catholic states in Germany as well as Protestant patrimonial states.

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2.3 Dutch civic republicanism

The Netherlands is nominally a monarchy. That should not stop us from regarding the Netherlands as a nation-state profoundly characterised by the civic republican experience of the Dutch Republic—the Republic of the Seven United Netherlands, which existed 1581-1795, and by the French client states, the Batavian Republic (1795-1806) and the Napoleonic Kingdom of the Netherlands (1806-10). The result of such a mix of influences was that the Dutch were as influenced by a philosopher taken up by the French Revolution such as Jean Jacques Rousseau (1712-1778) as their own civic republican Benedict Spinoza (1632-1677). The Netherlands operated as a “pillarised” state with up to four “pillars” (or dare one say “millets” or “communes”? )—Protestants, Catholics, Liberals and Socialists—between the 1870s and 1970s. Depillarisation took place between the 1940s and 1970s, though Dutch Muslims are now considering repillarisation, to protect their rights, at least.

The reason for discussing the Netherlands is that in many respects it is, as a mature advanced capitalist scientific global economy, and as a jurisdiction, a counterfactual to the United Kingdom. Citizenship—always a vague concept in the United Kingdom—was successfully developed and defended in the Netherlands. It was a concept that the British world developed only in its settler colonies.

Dutch Reform has, indeed, been ongoing since the 1970s, note Mara Yerkes and Romke van der Veen, and it started by making disability and sickness benefits sustainable, after they had been the most generous in the world. 4 Responsibilitisation, or “personalisation” as the Dutch can call it, arguably grew out of the sickness and disability entitlement debates, and not just out of work activation.

The Netherlands has also made some of the most interesting and less ideologically punitive transitions to workfare of any nation. The Flexibility and Security Act 1999 brought about much-needed liberalisation in the labour market. The Structure of the Implementation of the Labour and Income Act (SUWI) 2002 supplemented it. Prime Minister Wim Kok, a social democrat and no iron neo-liberal, declared the Dutch welfare focus was “Jobs, Jobs, Jobs” and “Work before Income.” Adrianus Melkert, his welfare minister, was responsible for the 40,000 “Melkert jobs” of 1996—whereby the Government placed the long-term unemployed in jobs ranging from tram conducting to cleaning.

Dutch ideology is so influenced by Rousseau (and perhaps also by Spinoza), however, it insists that the SUWI system and that CWI, the Work and Income Service exists to fulfil the human right that everyone has to work. The ideological emphasis is on self-fulfilment rather than compulsion and punishment, unlike the United Kingdom. Work is regarded as self-actualisation which unemployment deprives people of, rather than as a duty or as penalty for idleness. The text to read on “personalisation” of welfare Dutch-style is Rik van Berk el’s Making it Personal. 5 It is worth noting how even “responsibilisation” has been client-customised, side-stepped and vamp ed up to the personal level in this reinterpretation of the welfare relationship.

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5 Rik Van Berkel, Making it Personal: Individualising Activation Services in the EU Polity, Bristol, 2007.
British and Australasian workfare ideology tries to achieve the same result contractually and de-ontologically. The Austral-British language of joblessness is premised on a balance of rights and duties—the British language relying more on compulsion and sanctions than providing transfers or social investment. The Dutch, however, cannot be merely accused of being Orwellian in their public language of welfare. The SUWI system is effective at labour market integration and emphasises the positives of work, rather than the negatives of social control over the unemployed. The language of “duty” is evidently perceived as archaic.

The Dutch make a rare and positive use of much-talked about “human rights” in their welfare policy that does not stigmatise those who lack qualifications or are at a loss for employment. “Human rights” are much talked about in public law as the foundation of any modern civilised state, and yet the impression on the ground is that they are so abstract and generic controls, legal remedy, so hard to obtain, that “rights” have just become the bathroom tiling of the modern political order. This review has found references to “rights,” in fact, rare in global welfare literature. That is because welfare has increasingly become part of the internal “police” of a country, to use that word in its 18th century meaning. Ferdinand Mount in *The New Few or a Very British Oligarchy* (2012) has indeed proposed that Britain lost the Empire only to domesticate and incorporate imperial governance controls within its own jurisdiction. Rights to work might in fact be more genuinely “liberal” and pro-capitalist than the enforced obligation to work (even if it amounts to the same thing in the end). Such inclusive language may better meet Acemoglu and Robinson’s recommendation that genuine economic inclusion and participation are the keys to virtuous feedback loops in a national economy. The Netherlands Government, indeed, prides itself on being the “flexicurity” state par excellence.

2.4 Bonapartes and mutual benefit: The French transition from welfare enablement to Bismarck

France is an odd one out in the Bismarckian grouping. Catholic historically, France has also been a revolutionary secular society since the 1790s. France does indeed show corporatist features, as it is pre-eminently a “statist” state, but the Catholic or Christian element is not as prominent as in the other “conservative” or Bismarckian states, even though “Social” Catholicism was a strong impetus in the late 19th and early 20th centuries towards developing national schemes. What has to be emphasised with France is that with the passing of the Combes Laws of 1905—the anti-clerical legislation of premier Emile Combes (1835-1921) and of Aristide Briand (1862-1932)—not only neutralised the French State and installed “laïcité” as a basic principle of the French constitution, but also rendered it impossible for the Church to operate as a collaborator or partner of government, or to be funded for services. So deep was the effect of the French Revolution, that even under the Restoration monarchy (1814, 1815-48) it was impossible for the French state to fund Church schools. Only under the presidency of Prince Louis Napoleon with the *loi Falloux* of 1851 did this become possible. By 1905, French radical governments had entirely cut off and removed that Church salient from the public sphere. France, therefore, during the 20th century did not

6 Ferdinand Mount is David Cameron’s alienated maternal first cousin, once removed.
go the way of Ireland or Italy, the Netherlands or Quebec to fund Catholic social and educational sectors.

Yet what France lacked for major corporate partnerships, it possessed at the grassroots level. What distinguished the French welfare system is that it is in fact a welfare enabler state from Napoleonic times that subsequently became Bismarckian.

Robespierre's Jacobin government passed the laws establishing the world's first modern welfare system at the height of the French Revolution. The nation was at war, however, and had lost control of large parts of its territory to revolts or foreign armies, and lacked the fisc to support such a policy even in peacetime conditions. Wiser from this experience, Napoleon Bonaparte (who ruled from 1799 to 1815) dedicated himself to establishing the statutory framework to encourage and protect mutual-benefit societies. His controversial "Continental System" was an attempt to protect a high-wage economy for a well-fed workforce of savers. His regulatory mechanisms were a response to working-class culture.

So deeply embedded were these institutions that after the emperor's overthrow, mutuellisme became a common term of the 1820s to the 1840s for a variety of French movements and ideologies, ranging from the Lyons labour unions, to Charles Fourier's utopian communes, to Pierre-Joseph Proudhon's anarchist theories. Napoleon had reset the political language for self-help. Mutuellisme was almost a unifying notion, sufficiently so to allow his nephew, the adventurer Louis Napoleon Bonaparte to glide into office in 1848. The regime of Napoleon III, between 1848 and 1870, first as president and then as emperor, re-emphasised the voluntarist institution-building of the original Bonapartist state. It is with France of the Bonapartes that social provision first becomes part of the legitimacy and sovereignty of the modern nation-state.

Bismarckian Germany was of considerable influence in Third French Republic from 1890 onwards. The radical republic was anxious not to be outclassed by a reactionary militarist enemy over the border. The Bismarckian feature about modern French national schemes is the involvement of employers. The French system is actually a quitch grass network of social insurance, pensions and national schemes, side by side with mutual benefit and friendly societies. The very ideology of provision and contribution is different as the word solidarité indicates. It has the very Orwellian meaning of "solidarity" between workers and employers, instead of industrial strife. It refers also to the insertion or inclusion of persons perceived to be excluded. It is civic republican in ideology. "Active insertion" is now expected of the unemployed, for example. The basic benefit is in fact called the RMI, le Revenu Minimum d'Insertion. The concept of "solidarity" also involves the risks and responsibilities as well as the benefits that the nation shares.

France has an expensive welfare system to administer, perhaps the most expensive and cost-laden administration of any comprehensive welfare state. The national schemes do not appear in the public accounts, yet the French Government has an unspecified power of regulation and intervention in the system. In a nation supposedly of administrative order and rationality and clarity, the welfare sector at least is rhizomatic. That for a great part is to do with great disjunctions in welfare policy from the 19th century onwards that nonetheless have gone on building new paradigms on top of previous networks and structures. Welfare is arguably where France is most fractured, where it has most improvised solutions, where it most resembles respectively an archaeological site and a no man’s land of vehemently fought-over ideologies.
Fuelling this is the long-held belief that French people of various backgrounds share that their state exists for their conception of the good life, for their happiness and freedom. This is a very different attitude from British expectations, and perhaps closer to what many New Zealanders though in the 1970s.

2.5 Socialism and the lands of the free: the Anglo-American polities

To resume the fourfold Esping-Andersen classification, the liberal welfare state refers to the Anglo-American model. It is a category that apparently includes everything and everyone from New Zealand’s Social Security Act 1938, to Sir William Beveridge’s Report of 1942 in the United Kingdom, and its operationalisation by the Attlee Government, to President Franklin Roosevelt’s Social Security Act 1935 and President Lyndon Johnson’s “Great Society” programmes of the 1960s.

The category refers to systems ranging from pay-as-you-go, to social insurance schemes, from mixed economies with powerful state economic participators to states as “capitalist” as national economies could possibly be. In no case do unions administer funds, as in the Scandinavian social democracies, though in some cases employers are involved, such as in New Zealand’s Accident Compensation scheme. Apart from the fact that most of these states use English as an official language, it is difficult to assess why they ended up in the same basket, since they have all responded very differently to their common historic welfare origins in the British Isles. Reactions against the British past and the British social order have characterised the ideological foundations of these schemes. Unlike the continental states of the Bismarckian systems, we find great diversity.

Yet having said that, we are not to attribute differences to some “genetic” taxonomy. We must not apply some historical family tree of the late British Empire and classify Anglo-American welfare practices as if they belong to some stage on a phylogenetic tree. True, the American colonies “broke away” in the 17th century, and most of them attained independence in the 18th century, having brought the Elizabethan Poor Laws with them, in so far as the poor just did not take up subsistence farming, or keep migrating westwards. However, there was no cut-off. That did not mean that they did not adopt versions of Britain’s “New Poor Laws” of 1834, or that polities as distant and diverse as New Zealand and Wisconsin were not influencing each other at the turn of the 20th century.

What historically distinguishes these states is whether or not they eventually had Labour governments, and whether or not they operated mixed economies. The United States, Canada and Ireland have not had Socialist or Social Democrat governments. Great Britain, Australia and New Zealand have had them. The first Australian Labor ministry was one in Queensland in 1899. By 1904, Australia had a first federal Labor government. The first British Labour Government was that of Ramsay MacDonald came to office in 1924. The first Labour Government came to office in New Zealand in 1935.

Although New Zealand was later electing a Labour government, it was in fact more progressive for social provision and as an enterprise state. There had in fact been less apparent need for New Zealand electorates to elect a Labour government because the New Zealand Government had been providing voluntary insurance from 1869 and had fast become an enterprise state, with a an extensive portfolio of GOCs and SOEs. Out
of the conditions of war and colonisation, the New Zealand Government not only directed the New Zealand economy, it had also forged that economy out of a patchwork of far-flung settlements about an archipelago of no small extent.

The Liberal Government between 1891 and 1912 consolidated and greatly expanded the operation of that original enterprise state. Whenever discussing the New Zealand anomaly in relation to the other Anglo-American polities, we must always keep in mind that New Zealand made itself into a world-leader progressivist state by the 1890s, as an alternate development model. It belonged to a small family of such states that included Wisconsin, which became a “Progressive Republican” state under the influence of Robert La Follette, who was governor (1901-6) and senator (1906-25); and even Uruguay, under the presidencies of Jose Battle y Ordonez (1903-7, 1911-15). As is obvious from these dates, this family “peaked” under what New Zealanders would call the Seddon era, after Prime Minister Richard John Seddon (1893-1906).

2.6 Wallander or the Nordic myth of the welfare polity

The social democrat state is properly speaking a north-European state, Sweden, Norway, Denmark, Finland, and Iceland, which is characterised by high taxation and high transfers and marked defamilialisation, extensive union involvement, historic ethnic and cultural homogeneity, all in the context of regulatory and bureaucratic and juridical systems that protect the right to welfare services at all levels of provision. It is worth discussing these societies at length, because they became par excellence the paradigmatic polities of the “golden age of welfare,” the very exemplars of utopia. Total welfare was perceived to be the Scandinavian contribution to do-able utopias.

Special circumstances, though, absent elsewhere, brought about their much-vaunted welfare systems. These apparent utopias have made tremendous economic and industrial and cultural achievements out of unbelievable poverty in the 1890s-1910s. They remain very brittle, vulnerable and perhaps even compensatory societies. It is worth telling their story for its own sake, because it is very much the exemplary epic of modern welfare.

The Scandinavian states of Denmark, Norway, Iceland, Sweden, and Finland have until recently been largely ethnically and religiously homogenous, managing to combine monarchical states, with strong egalitarian societies. Only in the 1970s and 1980s did foreign immigration commence. With the exceptions of Norway and Iceland, these societies traditionally had aristocratic and gentry elites that remained significant into the 20th century. Business and manufacturing elites remained close to government. Finland, alone its independence from Russia, manifested a bilingual nation—Swedish and Finnish, for half of Helsinki spoke Swedish, the language of the pre-Russian occupying power, 100 years ago. Swedish-speakers dramatically declined afterwards. Both cultures, though, were bound by the same Lutheran faith, and by the same strategies of nationalist affirmation within the context of Russian suzerainty between 1809 and 1917.

Though an exemplary and egalitarian republic, Finland has an executive presidency which continues many of the functions and habits of monarchy into the modern age. This presidency is in many respects the monarchy of Gustav III of Sweden translated into a modern constitution, not of the Romanov Tzars who were Finland’s “Grand Princes” between 1809 and 1917.
The monarchies of Denmark and Sweden, and the Grand Principality of Finland, which Sweden and Russia possessed alternately, were all absolutist monarchies 200 years ago, even when they ruled with legislatures. Each of them, apart from Iceland, manifested strong haut bourgeois culture; indeed, the cultural fluorescence of Norwegian and Finnish music (Grieg and Sibelius) at the turn of the 20th century, of Norwegian and Swedish drama (Ibsen and Strindberg), of painters in Denmark and Norway (Hammershoi and Munch), and of an influential philosopher such as the Dane Søren Kierkegaard, all depended on such stable discerning elites. Only Iceland lacked kings and queens and professional elites.

The Scandinavian elites were small, compact societies. These were efficient information systems. Their elites were able to fit into the proverbial phone-box, or meet in the same drawing rooms and salons. Despite the fact that old families were able to reproduce themselves in power well, the elites were meritocratic in that able males, at least, were could rise through the Church, the professions, business or the civil service. What this meant in the first place was that these elites were able to combine and create solutions in response to profound crisis. Closely in contact with the best ideas of Europe and America, they were able to bring about information transfers with great efficiency.

All of these countries were implicated in profound social and economic crisis between the late 19th and early 20th centuries. Their very role in the European states system was in doubt. In fact, their condition might best be compared to Ireland at the same time, even though Ireland was part of the United Kingdom. If it were not for these elites, those nations might not have been able to respond. Their futures might even have resembled those of Eastern Europe.

For these countries were all small maritime, marginal, peasant economies about the North Atlantic and Gulf Stream, and the Baltic basin. Like Ireland, many of these countries were under the rule of another—Iceland and Norway had belonged to Denmark, before Norway was forced into a union with Sweden in 1814, while Finland had been transferred from Swedish to Russian rule in 1809. Only Denmark and Sweden had remained independent. Yet these countries were all able to develop their own national life and preserve laws and crucial institutions, even under absolutist monarchies.

What Scandinavia and Ireland also shared in common were the last mass-killer famines in Europe, outside Russia. Nineteenth century Irish, the Swedes and Finns starved to death: one million Irish between 1845-49, over 150,000 Swedes and Finns 1866-1868. Emigration was the consequence: Ireland lost three million people, and Sweden a million between 1870 and 1930. New Zealand was not untouched by this diaspora. The former Danish Prime Minister, Bishop Monrad, who had had to fight the Second Schleswig War against Austria and Prussia in 1864, tried to settle in Levin in the Wellington Province in 1865, before New Zealand’s own wars drove him and most of his community out in 1869. The Scandinavian settlement of the Forty Mile Bush and the foundation of Norsewood and Dannevirke were the result in New Zealand of the 1860s famine.

It was doubtful at that time whether these states were even geopolitically viable. There is a great difference between New Zealand feeling geopolitically remote from world powers, and the Scandinavian nations feeling that they lay in an amphitheatre of state-to-state violence. Denmark lost the duchies of Schleswig and Holstein in the Schleswig-Holstein War of 1864 against Austria and Prussia. Anomalies of monarchical
inheritance rights had brought about a war of succession when a new dynasty, or rather a new branch of the Danish ruling house, succeeded to the throne of Denmark as well as to the dukedoms of the two duchies in contention. Denmark had previously been brutally punished for siding with Napoleon with the British bombardment of Copenhagen in 1807 and by being deprived of Norway, which was then given to Sweden, while Sweden in turn lost Estonia, and Finland in 1809 to Russia, and Pomerania to Prussia in 1815.

In Stockholm one (mad) king was deposed, a prime minister was lynched, Count Fersen, and kicked to death, while a new dynasty, the Bernadottes, was brought to the throne. For the first time since pre-history, Scandinavian powers were no longer able to exclude the great powers from the Baltic and from their Atlantic coast. Unable to develop its tropical colonies, Denmark sold the Danish Gold Coast to Great Britain in 1850, thereby contributing towards the formation of modern Ghana, and sold the Danish Virgin Islands to the United States in 1917 to become the American Virgin Islands.

Finland suffered a grievous civil war over 1917-18, after it became independent of Russia. That turned into a Finnish phase of the Russian Civil War between the “Reds” and the “Whites.” Finland had been a loyal progressive and constitutionalist part of the Romanov Empire that nonetheless welcomed the chance to go it alone in 1917 rather than be caught up in the debris of Nicholas II’s disastrous war with Germany. Eighteen thousand were killed in the fighting during the Civil War alone. Finland then had to fight two wars against the USSR between 1939 and 1944, the Winter War of 1939-40, in which it had to cede 11% of its territory, and the “Continuation War” of 1941-44 when it was a “co-belligerent” with, though not an ally of, Germany. Germany invaded and occupied Denmark and Norway in 1940. Norway suffered the Quisling regime of 1942-45. Only Sweden and Iceland and Denmark’s Faeroe Islands avoided invasion during WWII.

During the Cold War, the Scandinavian nations came under intense pressure from both sides. Finland survived under a Peace Treaty with the USSR that rendered it neutral, in which it ceded even more of its territory and paid reparations amounting to half of its GDP, but these terms saved it from becoming a Soviet satellite. Sweden remained neutral, but its arms sales came under American supervision. Norway joined NATO, and experiences pressure from Russia to this day. NATO membership was a major issue in the Danish General Election of 1988. Iceland is a founding member of NATO to which Russia nevertheless contributed money after its banking crisis of 2008. Greenland as a possession of Denmark was of considerable interest to the United States at all times during the Cold War. Canada and the United States were major sources of Danish military aid until the 1960s. Greenland is now of interest to China, and so the Danes, along with the other Scandinavian states are re-evaluating their places in the new geopolitics of the Arctic Ocean.

The international relations history, then, of Scandinavia from the Napoleonic Wars has been one of life on geopolitical plate tectonics, of repeated occupation, of governments forced to collaborate with aggressors, of transfers of sovereign, of puppet governments, of vulnerability to the moral hazards of dynastic rule, despite the asserted neutrality of these countries. A close link has existed between the geopolitical security needs of these countries and “social security.” SAAB jet fighters, Norwegian oilrig engineering, Lego blocks, Nokia phones and Estonian “Skype” are closely related
to social provision and national security in a region of whispering galleries.\(^8\) Nordic nations compensated by designing institutions and economies that could survive trips down and through the worm-holes of history.

New Zealand for all its would-be emulators of the Nordic example has lacked these dangers. Debt and its own internal colonisation project and race relations, and access to foreign markets, have rather influenced New Zealand’s domestic policy.

It is hardly surprising, with such primitive agrarian bases and primary production and extractive economies and under such instant geopolitical pressure, that Nordic national elites become determined to re-found their nation-states fundamentally in the early 20\(^{th}\) century. If the ancient continuous nations of Denmark and Sweden had had to reinvent themselves, Norway (1905), Finland (1917) and Iceland (1944) were challenged to invent themselves afresh as independent nations. Welfare reform was integral and far from marginal to these national transformation programmes.

Yet as the Swedish experience reveals, friendly engagement with the United States and American universities from the very beginning of the 20\(^{th}\) century was decisive in the Swedish recovery. Swedish “big science,” sociology and behaviourism came out of the American universities, factories and engineering profession of a century ago. The fact that so many Nordic settlers had gone to America and were distinguishing themselves in American life must have been an inspiration. The economist Thorstein Veblen (1857-1929), for example, was a Norwegian American for whom English was a second language. Sweden therefore built its alternative on a respectful and unresentful criticism of American managerialism, science and sociological thought, such as New Zealand has never really been able to do.

Frank Castles (1988) identifies the Scandinavian polities as “wage protection” polities.\(^9\) This is helpful and correct, unlike the Canberra-centric analysis that he proposed for our “Austral” labour protection states. One hundred years ago, the Scandinavian polities were free trade states, bound to the gold standard. They experienced severe fluctuations in economic conditions to which their workforces were extremely vulnerable. Sweden and Denmark were undergoing their first Industrial revolutions at the end of the 19\(^{th}\) century to the beginning of the 20\(^{th}\) century. Finland was the kind of technological backyard to Tzarist Russia that Estonia was to be for the computing and electronics industries of the former Leningrad in the USSR. Engines and other high-tech machines were manufactured there.

What these national elites elected to do was to insulate the wages of their wage-earners. Alliances were made with “big science” and “big industry.” As most industry was small-scale, these elites and major business interests had no compunction about heavily regulating employers so as to provide skilled workforces with insulation. Really powerful manufacturers like the Wallenberg family in Sweden were closely associated with government.

The whole trend of Scandinavian social democrat welfare provisions had been a shift from the relief of stark poverty to what has been regarded as a necessary productive

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economic sector for enhancing workforce security and development and participation. The original pension schemes of these countries were pay-as-you-go, means-tested Old Age pensions, just like in New Zealand. Denmark introduced the world’s first in 1890, followed soon by Sweden.

Despite the proximity of Bismarckian Germany and its welfare model, these nations decided not to follow its example because the needy element of their workforces was predominantly rural, like in New Zealand, or else maritime. It would nonetheless be incorrect to ascribe to the Swedish state some controlling or designing role in the creation of social insurance, as had been the case in New Zealand. In "Voluntary Unemployment Insurance and Trade Union Membership" (2008), J. Clasen and E. Viebrock gave a clear account of the independent origins of these systems.10 New Zealand policy-makers should not ascribe the statism that has characterized New Zealand social policy from the 1860s to Scandinavian states, where networks amongst cooperative leadership groups accomplished the design of social systems more at arm's-length from the state, which nonetheless would provide regulatory frameworks. Our own history is unique and unusual, and despite synchronic resemblances must be subjected to diachronic analysis and to a version of ideology critique to distinguish it.

Influenced by the sociological, political and scientific thought of economist and Nobel laureate Gunnar Myrdal (1898-1987), the ideology of classic Scandinavian Social Democracy may be characterised as derived from behaviouralism. The 21st century is proving as demanding for Scandinavian welfare providers as it is for other Welfare states. These states have had to ideologically rethink themselves, with the redundancy of Behaviouralism. As Lars Trägårdh and Lars Svedberg have argued, the Swedish state was confronted with the necessity of observing human rights only in the early 1990s.11 The reactions of the gay community, drug-users and HIV-infected persons were a shock to the system, corresponding to the financial shocks that Sweden experienced then as well.

The French thinker Auguste Comte (1798-1857) used to account for the development of human society through three phases, a pre-Enlightenment religious theological phase, a human rights and philosophical metaphysical stage that was the Enlightenment, and the positivist stage of modern socialism. It was as if the late 20th century Swedish state thought it too had gone beyond mere Human Rights. Yet now in the early 21st century, Sweden has its problems too: Riots in Husby that rank with those in Paris of 2005, and Tottenham and Birmingham in 2011, extensive gender ghettoisation of women to within the public sector and a policy of constraint on public sector salaries to prevent the tax ceiling bursting, that inhibits the creation of jobs that could conceivably alleviate unemployment. A Netherlands policy of “Melkert” jobs is not possible, then.

2.7 Families and faith, fascism and Franco: Welfare in the post-authoritarian Mediterranean

To conclude the Esping-Andersen classifications, the Mediterranean welfare state is a family-based welfare state. Portugal, Spain Greece, Italy are the member states. They

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have all had marked experiences of 20th century authoritarian regimes. Italy experienced the fascist regime of Benito Mussolini (1922-43) and of the Italian Social Republic (1943-45). Spain experienced the terrible Spanish Civil War (1936-39) and the Franco regime which lasted until 1975. Portugal experienced the *Estado Novo* of Dr Antonio Oliveira da Salazar and his successors between 1932 and 1974. Greece was ruled by the so-called “junta of the colonels” between 1967 and 1974. It had previously experienced the “Regime of the 4th August” of Ioannis Metaxas between 1935 and 1941. All of these had been societies at war—Greece and Spain wracked by civil wars between the revolutionary Left and far Right, Greece and Italy invaded, Italy suffering the brunt of two World Wars, and Portugal occupied with colonial wars.

This group marks the polar opposite to Scandinavian defamilialisation. In Greece and Spain right now, this fourth model is now in profound crisis. In Italy, measures are being taken to ensure the bare viability of the system. Portugal is in crisis. Prime Minister Pedro Passos Coelho has encouraged the young to seek work abroad for the meantime—and so they do—in the EU or in Angola and Mozambique. It is obvious that these states owe a lot to family structures and to the national Churches—the Orthodox and Catholic—that date back to the Roman Empire, which once ruled these countries as core territory.

Spain and Greece were wracked by civil war between Communists, and a radical Left, against conservative land-owners, Armed Forces elites, the Church, professional and capitalist middle classes, and the monarchists. The Spanish Civil War lasted from 1936 to 1939. The Greek Civil War lasted from 1946 to 1949. Portugal has had a significant Communist Party that bore the brunt of Salazarist repression, even though no civil war occurred. The Portuguese Communist Party played a significant role in the establishment of democratic government after the “Carnation Revolution” that overthrew the regime in 1974.

The question that was asked in these countries after Franco died in 1975, after the Greek colonels fell from power in 1974, and after the Carnation Revolution in Lisbon in 1974, was, whether there could be any social compact between Government and these newly emancipated citizens, after such repressive regimes? What would reconcile newly emancipated electorates to their governments? The answer was regrettably—from the perspective of 2012—a lot of welfare, many pensions, and an expansion of the public sector, even while it was being liberalised. The Mediterranean polities, resurrected from repression, tended to go on distributionist sprees, as if to “make up” and modernise. Modernisation, alas, meant welfare in the 1970s and 1980s. Yet, whatever natural impulse towards social provision these countries might have had, if it had not been retarded by the parlous state of public finances and the backwardness of their economic development, had been savagely repressed not only by the militant Right, but also by ideological repression on the Left, as too “bourgeois” or ameliorative.

Italy is as much an anomaly in this group as France is in the Bismarckian club. Its history of one nation that is really two, a progressive north and backward south, its industrial successes, yet its agrarian poverty until the 1960s, the collision of Fascism and Communism, the post-war Communist uprisings, and the repeated failures of parliamentary government, in 1922 and in 2011, make Italy a difficult case to discuss. There are now marked intergenerational ruptures. It is usually classified as a Mediterranean welfare state, and indeed the corporatist dimension that the Lateran

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Treaty between the Holy See and the state signed in 1929 amply qualifies it as that, but such a description is an inadequate account of 21st century Italy. The Bismarckian model was obviously an inspiration—it was in 1898 that invalidity and old age social insurance was introduced, to be made mandatory in 1919. Giovanni Giolitti (1842-1928) had been the Richard Seddon or Lloyd George of Italy in his ministries between 1892-93, 1903-5, 1905-9, 1911-14, 1920-21.

The fascist state was an ambitious welfare provider. The “Beveridge” or Mickey Savage “moment” for Italy had been that of Il Duce. Mussolini introduced unemployment and widows’ benefits in 1939, as well as made a definitive reform in 1938 of the Housing Agencies that were first set up under the Luzzatti Law under Giolitti in 1903. The system survived the war. It had to, because of the Communist Opposition to Christian Democrat governments.

The oil shocks 1970s were a turbulent period in Italy, with a threat of right-wing coups, the violence of the Red Brigades, and a melt-down in traditional social values. From 1978, an overly ambitious universal benefit and Health Service programme attempted to provide a panacea. Such largesse seemed affordable when Italy’s “Second Economic Miracle” of the 1980s occurred, following on from the first of the 1950s. Health and welfare have nonetheless been retrenched from the 1992 onwards—by the Left first of all under the government of Giuliano Amato in 1992. The Italian economy remains a paradox of sophisticated industrial production, of cutting-edge technical expertise, of a smart services economy in the midst of chronically sick public finances.

One cannot escape the conclusion that welfare became an opiate for deeply divided Mediterranean nation states that needed to recover from profound social divisions. They became anti-psychotics for Pan’s Labyrinth, to refer to the Guillermo del Toro film. Welfare and the public sector became “buy-ins” to legitimise the state and establish social peace. As of 2012, these ancient triremes and galleons of state are sinking catastrophically. A distributivist constitution may not replace a sound fiscal constitution.

2.8 Downunder: Welfare by other means

The Esping-Andersen classifications are obviously controversial. They are used au défaut de mieux, for the want of anything better, perhaps. Certainly Frank Castles tried to modify Esping-Andersen’s “Three Worlds of Welfare Policy” with a brilliant insight in 1988 to explain Australia and New Zealand as welfare providers. Castles argued that Australia and New Zealand had developed “welfare by other means” and also “labour protection” polities. He referred to the model of the New Zealand Industrial Conciliation and Arbitration Act 1894, actually first conceived by the larger-than-life South Australian premier Charles Cameron Kingston (1893-99). Among the Anglo-American “liberal grouping,” Australia and New Zealand managed to become their own subset.

Although this is correct, Castles’s insight fails to take into account the originality and leadership of New Zealand in relation to the governments of the Australian colonies, and then the Federal Government. There was a time when Australia was New Zealand-sized. It was in New Zealand that a progressivist ideology was formulated and propagated world-wide. It was never a case of “Australia . . . and New Zealand” or “Australia (and New Zealand).” Far from being an afterthought, New Zealand led, while Australia lagged. It was for long “New Zealand and Australia,” or “New Zealand and Victoria, South Australia, New South Wales, etc.”
The perennially high debt-to-GDP ratio of the Australasian polities should also be emphasised. The turn-of-the-20th-century states that ran mandatory social insurance schemes, such as Germany and its imitators, all maintained low debt-to-GDP ratios. They also had substantial urban working class, whereas Australia and New Zealand, like the Nordic polities, still had substantial rural and provincial workforces.

New Zealand and Australia sought to insulate their trade in primary products with the United Kingdom through the imperial preferential tariff system, and by means of marketing boards. The Nordics were also gold standard economies that were nonetheless unable to insulate themselves by such means. Yet, unlike Australia, New Zealand did not protect its precocious industrial base behind a tariff wall at the turn of the 20th century, but rather relied upon import substitution. Moreover, New Zealand had an established welfare state by 1949, whereas Australia did not, despite the fact that mature Labour (or Labor) governments went out of office that year. Australia and New Zealand had tried to buy into a metallist high wage protectionist British imperial system that used an over-valued pound even when it went off Gold, during WWI and again in 1932.

There are other anomalies to the Esping-Andersen classification. We have seen how France neither really fits into the Mediterranean model, nor is an easy fit with the Bismarckian “conservative corporatist” category. Both France and Great Britain imitated social insurance schemes of Bismarckian Germany between the 1890s and 1910s. Great Britain gradually replaced a Liberal Poor Laws system with a Bismarckian one. Anomalies have ongoing consequences within a fiscal constitution. Lutz Leisering has argued in *The New Regulatory State* (2011) that the reality of the pensions reforms in the United Kingdom and Germany is that the United Kingdom has become a welfare state that suppresses and distorts the pensions market, while Germany, the Bismarckian state, has become more market-based with the Riester pension reforms in the Social Democrat government of Gerhard Schroeder between 1998 and 2005.

### 2.9 Canada: Liberal or corporatist?

Likewise, just where does Canada fit? Is Canada a liberal Anglo-American polity, or is it Bismarckian? Even leaving aside the Catholic-corporatist model of Quebec, now virtually social democratised, Canada appears to be more “Bismarckian” in many respects in social provision than Anglo-American. Income support benefits are available for low income or non-earning people, shared between the provincial and federal governments, but Canada provides national contributory schemes for pensions, unemployment, sickness benefits. Employment Insurance (Unemployment Insurance pre-1995) which was first proposed by Prime Minister Richard Bennett in 1935 was introduced by constitutional amendment in 1940 by William Lyon Mackenzie King, and greatly expanded by Pierre Trudeau in 1971, so as to be more accessible, as well as to provide for maternity leave and other options.

The thrust of this was bipartisan as Bennett was a Conservative, while King and Trudeau were Liberals. Its whole history since has been a ratcheting back, starting in 1971, in fact. So “Bismarckian” is Canada that it does not refer to “welfare” in a generic or systemic sense but rather to “social programmes.” Canada is a miners’ canary economy among the G8 nations. It was highly vulnerable in the late1960s to the down-

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sizing and outsourcing of manufacturing and the conversion to service industries. It developed “golden age” welfare programmes late, then retracted them early. This is a unique record.

2.10 The variants

Kevin Farnsworth proposes another variation on the Anglo-American and Bismarckian states with the Netherlands in *Social versus Corporate Welfare: Competing Needs and Interests within the Welfare State*. What he says deserves to be quoted in full:

In terms of the balance between the two [options between welfare systems], the United States, Ireland and the Netherlands place more emphasis on corporate welfare provision and less on social welfare (if we consider expenditure on social protection as a whole). The social welfare states of Germany, Greece and France lie at the other end of the spectrum. Between these extremes lie the social-corporate welfare states of Sweden, Denmark, Japan and Hungary.

There is, therefore, no Bismarckian grouping in this scheme such as Esping-Andersen proposed. Farnsworth shows then how the deck is split once the role of a state in an economy is factored in. We find the cards are shuffled, and some surprising combinations. The Netherlands strays from its usual associates among the Bismarckian nations. Among OECD nations, the Netherlands and the United States are the provider polities that rely most upon the private sector. Yet the social conditions and values of the Netherlands are entirely different from those of Americans. Jobs have been protected to the extent that dismissal requires a court order. The labour market is less mobile, but highly educated. Such, though, has been the esteem of the social work profession that Queen Juliana (reigned 1948-1980) wished she had been a social worker. The Netherlands is evidently a nation that has redefined what it means to do “welfare by other means,” to use Castles’s category.

Perhaps what does make France, Italy and the Netherlands difficult and uncomfortable bed-mates in the Esping-Andersen categories is that it is perhaps actually Napoleon who is in bed with them. Thanks to Napoleon, these states perhaps matured and gelled early as modern governments, and then had to find out how to do welfare systems. Other states such as New Zealand, and the Nordics, built themselves through their roles as interventionist social-protection states. The Napoleonic civil law state and models of bureaucracy and administration and social “policing” were successfully and permanently introduced into France, and into French regimes in the Netherlands, such as the Republic of Batavia and the Kingdom of Napoleon’s brother Louis, and in the various republics and clients states that Napoleon established from tip to toe of Italy. As they were already Roman Law societies, the Code Napoleon and the first public law revolution in the world marked a decisive revolution in each of these countries. Holland and some Italian territories had their own active republican traditions. The Genoan and Venetian and Dutch republics were abolished only in the 1790s.

It is not that Napoleon operationalised sophisticated welfare systems; what he achieved in education, health and sanitation, fiscal reform, local government and police were impressive enough. What is suggested that these three “difficult” provider states

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15 Farnsworth, ibid, p. 204.
all had this past in common, and that they had mature civil services based on modernised civil law. Such a re-founding made these countries “variable.” The client Kingdom of Westphalia in Germany along the Rhine came under the same regime. What can be said about the fate of the Napoleonic reforms in Germany is that Prussia after its defeat by France in the 1790s and in 1806 underwent its own civil service reform that competed with the French model. Bismarck was a grandson of one of the great reformers of the Prussian 1790s. The result then is that a civic *dirigiste* and bureaucratised state was formed.

Still, even if Napoleon were the pea in this episode of “The Princess and the Pea,” each society had to devise its own welfare system, and these are all variable for these countries. We find France supposedly classified with Germany, but anomalous. Italy is a “Mediterranean” provider that has been Bismarckian. That Bismarckian background perhaps links the experiences of Fascism and Nazism, despite the fact that both countries were on opposing sides of WWI. It is not that anyone would imply that Bismarckian system would “cause” Fascism, or Nazism. But welfare was in the interwar mix of middle European searches for an authoritarian anti-socialist “Third Way.”

The 21st century Netherlands has managed to reconcile an advanced capitalist economy, a liberal open society, a neutrally-secular, yet not a militantly-secular government and a skilled workforce with “realist” welfare provision that is not doctrinally statist, yet also rights-based and humane. Nor is there any sense that a tight ruling elite of the Nordic kind was necessary to do this. The pillarisation of Dutch society and the constitution ensured that close and cozy elites could not form. The historic division of Dutch society into Protestant, Catholic, “liberal” and socialist pillars produced the kind of modern civic polity that the Canadian philosopher Charles Taylor would endorse, even after depillarisation—with the welfare system to match. Such pillars meant that those groups undertook their own welfare provision. It is this that has created the legacy of private and NGO provision.

If the Esping-Andersen model allowed more for Venn diagram overlaps between the main categories, it might preserve its explanatory power better. As it is, whole categories come apart—particularly the Bismarckian and Anglo-American models. That means only the Nordic and Mediterranean models are adequately defined. The lesson, then, is that it does not offer a template for welfare. It has less predictive and explanatory power than has been hoped. It may explain the apparent extremes, Sweden and the United States, but it fails with New Zealand, the United Kingdom, the Netherlands, for instance. We may have to consider giving up a colonial cringe to overseas experts, even if they are Nordic.

The Esping-Andersen model may be regarded as an explanation for the mere provenance of the *Etat-providence* and even then with wariness at its Eurocentric bias, and at its marginalisation of the Anglo-American world into one mega group. Rather, it is more helpful to say that nation states have come up with varying welfare systems with disparate values and institutions, and then consider how these very different vessels respond to common catastrophes and crises, such as Depression, recession, and war, or to euphoric moments, when “welfare” filled the entire future horizon.

2.11 The golden years: Apogee or anomaly?

“Nothing’s gonna touch you in these golden years” - David Bowie, *Golden Years*
It might pay to also be wary also of the concept of a global “golden age of welfare.” This is spoken about in the literature as if it were a “classical” period of welfare. Classical implies a standard, a benchmark, in time. The 1960s-to-1970s period of welfare expansion in the OECD should rather be regarded as a “fartherest” point, not as the exemplary “moment.” They marked an extremity, a summer solstice of welfare, not a mean or an equinox, or some moment of equilibrium.

Classicism is a concept that refers to canonical ideals in some activity, art-form or practice. It usually refers to formal values restraint and understatement. Classicism is closely related to power, because of how art has traditionally responded to the patronage of power. If the 1960s-1970s “golden age” of welfare set all the benchmarks, then how come the basic products of welfare provision, with the exception of the single parents’ benefits (for the non-bereaved), were all established in western democratic states, and even fascist states, between 1935 and 1945?

If a canon were established for welfare in the 1960s and 1970s, then it is very much in contention now across the entire political spectrum. Even for Left-wing parties, welfare is now a floating and relativised sector, even when they most defend it. This has been the case from the 1990s. Defence of beneficiaries, no matter how deserving they may be, is electorally toxic, as would-be governing parties contend for middle class shifting voters. The nature of modern media easily makes unique cases of abuse into exemplars. As for the “golden age” ideals, these either collapsed with the ideologies they were derived from around 1990, or have given way to the pragmatism demanded in the present world crisis.

2.12 The red giant and dark matter: modernist states and behaviouralism

Much welfare thought was premised on the Behaviourism of John Broadus Watson (1878-1958) and Burhus Fredrick Skinner (1904-1990), a school of thought which has now been supplanted by neuroscience and cognitive theory. It would seem that public policy is often as good or bad as the latest scientific paradigm, which raises the questions of equity and human rights as independent third stances. The philosopher Giorgio Agamben (b. 1942) queries whether there even are paradigms in the sense that Thomas Kuhn gave them in *The Structure of Scientific Revolutions* in 1962. No one seriously believes now that behaviours may be changed and adapted from without by “social engineering” reference to psychological and neurological states. It is fundamental to our post-modernist civilisation that we now reject as naïve the disciplines and re-education that modernist regimes—fascist, communist or welfarist imposed between the 1920s and 1980s. Modernism was, in fact, our most recent classicism.

Modernism was also an ideological warzone. Fascists were unsentimental modernists, closely allied to the Italian Futurists. Unlike Nazism, Fascism did not identify with the *Volkisch* roots and customs of a nation state *Volk*. The only history Fascism dabbled in was that of Roman classicism. The past was otherwise an impediment. Nazis had a futurist and technologist dimension but their involvement with the historical past was Tolkienesque and Ossianic. Wagner captured imaginary worlds that ranged from Valhalla to medieval knights.

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The modernist movement for liberal and illiberal states alike was also shared with the Soviet Union. The 1920s was the high point of Soviet modernist art and architecture. Modernist behaviourism had its Soviet equivalents. The Russian scientist Ivan Petrovich Pavlov (1849-1936) was highly influential in the development of Behaviourism even though he may not properly be regarded as a behaviouralist. "Pavlov’s dog" is the (in)famous example of conditioning experiments. He also did a good job on conditioning the Soviet Union and its welfare policies. Although evidently not an OECD polity, the late USSR had a tremendous effect on the western welfare states simply because it existed as an alternative society with utopian aspirations. The Red Giant fascinated the labour movements of many western nations.

Not only did western nation states have to make homes fit for heroes after the world wars, they had to compete with the USSR. Between 1917 and 1989, the Soviet Union was the source of powerful propaganda, as well as the object of devastating counter-propaganda. It is easy to forget in 2012 how much the Soviet Union weighed on western nations as a “counterfactual” or “other world.” The West defined itself not just in polemics against the USSR, but by doing what the Soviet Union claimed to do but better and fairer, and with regard to human rights. The core of the Soviet myth was the primacy it gave the rights of a progressive proletariat. No matter how much the October revolution was deplored and Stalin’s Terror was condemned, the origins of the liberal state had, however, also lain in the French Revolution and in the Robespierrian Terror. 1930s Western liberal elites could be muted by the fact of their own bloody origins. Anglo-American nations attempted “Whig” explanations to argue why sanguinary revolutions were unnecessary, but such arguments did not explain to workers and trade union representatives why they should not have rights and better living standards in the here and now. Although both Liberal “Whig” and Bolshevik ideologues told workers that they would have to wait for an afterlife in history (cf “future generations will have it better”)—Communists offered the prospect of class and solidarist empowerment in the here and now.

2.13 Something must be done—British state socialism

“Something must be done,” declared King Edward VIII about the plight of British workers in 1936. That ephemeral monarch regrettably teetered near the Dark Matter of Fascism for solutions.

Neville Chamberlain’s Contributory Pensions Act 1925 was passed in the shadow of the Soviet influence on a radicalised British trade union movement. The General Strike of 1926 was the pinnacle of 20th century British class-war, not the Thatcher years. The Baldwin government was anxious to get ahead of unrest. As the Chancellor of the Exchequer, Winston Churchill, stated:

The average British workman in good health, full employment and standard wages does not regard himself and his family as an object of compassion. But when exceptional misfortune descends upon the cottage home with the slender margin upon which it is floated, if there is a year of misfortune, distress or unemployment, or above all the loss of the breadwinner, it leaves the happy family in the grip of the greatest calamity. If I may change to a military metaphor, it is not the sturdy marching troops that need extra reward and indulgence; it is the stragglers, the
exhausted, the weak, the wounded, the veterans, the widows and the orphans to whom the ambulances of state aid must be directed. 17

In a liberal western state, welfare had become field ambulance welfare by 1925. A Keynesian Tory such as Churchill could defend contributory pensions as a social emergency service. His language, however, was archaic, picturesque, and almost Burkean and 18th century agrarian in its depiction of working-class patriarchy.

The common man actually wanted the world to be reformed in the image of the mass society and popular values that he knew. He wanted to work but he and his wife/partner wanted the power to make a better and fairer world for themselves and their children. They also wanted free false teeth and medical care.

The USSR had reset the agenda. Terrible stories of the Stalinist purges could be offset by successful crash industrialisation proven by the heroic resistance against Nazi Germany. The USSR even under invasion managed to out-produce Nazi Germany in the materiel of war. There had to be something right about a country that could out-produce an enemy, even when vast swathes of its territory and population lay under occupation and when the industrial base had to be shifted and reassembled away from the invaders. The USSR looked impressive in the newsreels. It steamrollered Hitler. Even in the 1980s, there were many thinking people in Left-wing parties, who deplored the geopolitics of the Reagan and Thatcher administrations, and wished Mikhail Gorbachev all success in liberalising and reforming the Soviet system, much as Nikita Khruschchev had presented himself in the 1960s as the leader of the developing world. The very hope that perestroika and glasnost would finally deliver on the humanitarian promises of the original Bolsheviks, kept the USSR in more “upbeat” news headlines, until the 1989-91 period, when the dream (or rather the nightmare) finally ended.

Perhaps there have been just three new things in power politics over the past 200 years:

- The late 18th century revolutionary liberal state
- The USSR
- Modern China.

These refer to the revolutionary and transformative liberal capitalist state that appeared in the American and French revolutions, the Soviet Union between 1917 and 1991, to which Fascism and Nazism were reactions, and now China and the other emergent giants amongst developing nations. Although 21st century China represents economic opportunities and geopolitical challenges, it does not represent to western OECD nations and the rest of the world (except perhaps the exception of African states) the utopian hopes and cultural beacon that the Soviet Union long did. We coevolved against the Soviet Union. For all its evils, it changed the agenda of the liberal state, which found that it had to get into the same game, or at least provide answers to questions that working populations were asking.

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17 Hansard 5th Series, v. 183 col. 71.
2.14 Dark matter and the Third Way

One set of answers was to turn Fascist—Nazi, or militarist and technocratic. That set of answers was attempted any time between Mussolini and Hitler to Franco, Salazar and Pinochet. Such regimes, however, could be Keynesian or neo-liberal. Mussolini and Hitler had Keynesian finance ministers. Mussolini branded himself in 1922 as “The Third Way” between liberal capitalism and Communism. “Working towards the Duce” meant figuring out what that Third Way might be.

Another set of answers was the liberal version of the Keynesian state—the United States of Franklin Delano Roosevelt, the welfarist United Kingdom of William Beveridge and Clement Attlee, and the Labour Government in New Zealand of Michael Joseph Savage. In Italy, Mussolini had introduced a progressive welfare system before the Second World War. That Keynesian “turn,” however, must be stated with the proviso that the Nazi State under the financial management of Dr Hjalmar Schacht was Keynesian, too. German and Austrian liberals who opposed Hitler and supported liberal democracy were anti-Keynesian. Yet Ludwig von Mises (1881-1973) supported the anti-Nazi austrofascists of Engelbert Dolfuss, while Fredrich Hayek (1899-1992) admired Pinochet’s Chile. Liberal and Keynesian economists alike have shown that they can have their eyes fixed on the fiscal constitution and not on human rights or democratic values.

New Zealand and the Nordics were conspicuous liberal democratic “Third Way” states. The Scandinavian polities in particular had been incentivised to get into the redistributionist game simply because of their adjacency to the Soviet Union. Persons influential in New Zealand Government too were anxious that the dominion should provide a middle-ground solution between liberal capitalism and the USSR. Dr Edward Percy Neale (1894-1961), writing in 1945, noted with great calm the astonishment of many commentators at New Zealand’s public debt, only to then seemingly answer the “fingers of scorn,” with the reply: “. . . there are few other countries outside the USSR where so many different forms of enterprise are undertaken by the central authorities as in New Zealand.”

That was both the praise and the excuse. The implication here is that the United States lay at one extreme, that not all was wrong with the USSR, and that New Zealand might represent a judicious mix of the two contending systems, almost a “Third Way” or an alternate development model. New Zealand and Sweden then formed 1930s welfare states with related visions of the world and geopolitics. The international community through the League of Nations should condemn aggression. The capitalist economy had failed globally between 1929 and 1933. Because the Soviet Union was “interesting,” democratic mixed economy governments decided to get into the same game, or provide better answers in policy than the Soviet Union possibly could. There was a liberal bourgeois state model that could take on the problems of the age. New Zealand was once keen to be such a state.

In New Zealand’s case, that state model and its interventionism dated from before Bismarck had formed Germany and when Napoleon III ruled. It was a mature state, with a clear ideological tradition, that could get around questions about its ropey public

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finances by making propagandistic pronouncements. Its very management of high debt to GDP was “mature” and long-practised. The economic figures that the New Zealand Government supplied for its development remain controversial to this day in the Maddison database.\(^\text{21}\)

About New Zealand’s first Labour Government, a “brains trust” operated of intellectuals like Edward Neale, Colin Aikman, William Sutch, Clarence Beeby, and Jack Hunn, who as a group played similar roles in their fields of expertise to Gunnar and Alva Myrdal, and to Gøsta Rehn and Rudolf Meidner in Sweden. It was Rehn and Meidner who developed the Rehn-Meidner model of low inflation, high productivity welfare and full employment for the Swedish Trade Unions in 1951.

The Soviet Union then operated in infrared on liberal welfare sates just as fascist states operated on them like the “dark matter.” Just what did the Soviet Union itself achieve in welfare? A lot in its own way—free health care, high quality education (an advantage that Russia as a successor state forfeited when Yeltsin lowered the school-leaving age to 15 for cost-cutting in 1996), old age and disability pensions, housing, and industry-based welfare programmes. In turn, the ideological response from Soviet propaganda to the western welfare states in the “golden age” was that the USSR had already had social welfare: workers both worked and kept jobs and yet enjoyed full rights to leisure and industry-based welfare. The most potent lesson after WWI, though, was that militant organised labour led by intellectuals and activists could in fact take over a major nation in a *coup d’état*, win a civil war, to redirect a significant economy and turn it into a superpower. This put governments on notice. Franklin Roosevelt’s New Deal was premised on the fact that it was no longer enough to send in G-men or the FBI after “communists” as Woodrow Wilson or Herbert Hoover had done. Federal policy had in fact to deny agitators a constituency in the American 1930s.

2.15 Social engineering

But what this dire picture of ideological plate tectonics in the 1930s overlooks is what all these modernist political systems shared—American capitalism, Italian fascism, Soviet Communism, and the state-led regimes of Scandinavia, New Zealand, and later Great Britain. They all came to share the same interest in “social engineering.” Social engineering has long become a pejorative term. It means something like brain-washing but *en masse*. It is used by the political Right against the Left with reference to the 1970s. It is also used by the modern Left against the behaviouralist Left of the earlier era. The Tea Party in America wrongly vilifies “social engineering” as the characteristic activity of the Left. The truth is very different, despite how both sides critically use the term, and may be spelled out in four points:

- Social engineering was the buzz-word of the American managerial revolution that took place over the years 1899-1911.
- Social engineering was regarded as the HR adjunct to Taylorist manufacturing and factory discipline.
- Social engineering was the sociological and HR counterpart to the Republican party Progressivism, which Teddy Roosevelt embodied.

\(^{21}\) Matthew C. Klein, “Reinhart and Rogoff were right about New Zealand,” Bloomberg, 30 April 2013.
Social engineering was introduced into Sweden by Swedish academics who had studied in the United States.

Social engineering was a phrase of the second capitalist Industrial revolution that began in the late 19th century. The basic point is that wherever Taylorist manufacturing was introduced, social engineering was practised, whether in Henry Ford’s plants, or to form the “New Soviet Man,” or to form fascists for the “New Italy” or happy citizens for social democrat Scandinavia. Social Engineering was introduced with the last great age of industrial production in Western nations, and with the great Soviet industrialisation. It was in retreat by the 1960s as the West started to de-industrialise, surrendering behaviouralist models.

Social engineering originated in an article about the sociale ingenieur by the Dutch industrialist J.C. van Marken (1845-1906), a methylated spirits manufacturer, who played a role in Holland similar to Robert Owen or Joseph and Seebohm Rowntree in Great Britain as a philanthropic social entrepreneur and activist. His ideas were taken up by the American William H. Tolman, who founded a social engineering journal in 1899, publishing a book on the subject in 1909. Edwin L. Earp published a best-selling book in 1911, The Social Engineer, the same year that Frederick Taylor published The Principles of Scientific Management.

The thrust behind this managerial revolution in the United States was to outmode the plutocratic “Trusts” management of American industry, and its “race to the bottom” for wages, through the rational application of scientific management in alliance with the “social gospel.” 100 years ago, Christianity could be “social Christianity” and yet also liberal capitalist. It was, therefore, an ideological fit with the progressivist politics of the time and American “self-help” religion. The general popularist movement in the United States then was anti-plutocrat and anti-trust but totally pro-capitalist outside the unions. So when “social engineering” is bandied around vituperatively, what it should really be referred to, is not the politics of the Left—for the statist Right of Fascist Italy and American managerial capitalism practised it unashamedly, but the Taylorist modes of manufacture that were becoming redundant by the 1960s.

The actual path of dissemination from the United States to Sweden was one Gosta Bagge, who in 1924 persuaded the Rockefeller Institute to invest US$300,000 in his economics research institute in Sweden on the basis that his country made a perfect social laboratory for statistical and sociological because of its size and homogeneity. New Zealanders will ruefully recognise the “social laboratory” metaphor as triumphalist rhetoric from the Seddon era that modern New Zealand has now grown out of, just as it grew out of the British Empire. Gunnar Myrdal was a graduate of Bagge’s institute. Ideology does matter then, but what we have been considering here are ideological appropriations and reinterpretations between the 1910s and 1930s, from Lenin to Mussolini, Henry Ford and Franklin Roosevelt, and Gunnar Myrdal, of a common management theory. We must therefore not let our current reactions and debates confuse what was really the case in the “modernist” world of 80-100 years ago.

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2.16 The Land of the Free and Canada.

To consider the United States, it may not be a welfare state, has never been one, but at federal, state, and territory level, it does provide welfare programmes. Quantitative analysis proves that it does better than “Euros” like Portugal for welfare provision, and that it is just one standard deviation away from the Netherlands for high NGO participation as alternate or associated providers. Nor is the rhetoric of the Tea Party true that “The American Way” is welfare-free. American eastern states inherited the Poor Laws institutions of Britain, and wondered how to treat the destitute humanely, while incentivising people to work.

Theda Stocpol has identified in Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States (1992) that 40 states ended up making generous and innovative provision for American Civil War veterans and for their families, their widows and orphans after the American Civil War. The Union veterans and their woman and children were eminent examples of “the deserving poor.” Southern States looked after their Confederate veterans and widows, too. Against the tide of the high capitalist “Gilded Epoch,” these programmes survived. Declining though by the 1890s, women and mothers along with Union leaders agitated from the 1890s for the provision or generic social services. Stocpol argues that the near-miss of American history was that that the United States almost became a maternalist welfare state.

Many American states and municipal councils introduced schemes like Julius Vogel’s Government Life Department Act 1869 for New Zealand (though without the massive public debt). Health and old age insurance became mandatory for subsidiary government employees. Companies provided pensions. Some states provided benefits for single mothers pre-WWI, if the mothers were not of “ill repute” (and were white). This was a survival of provision for Civil War widows. Accident Insurance was attempted by the state of New York in 1898, Maryland in 1902, Massachusetts in 1908 and Montana in 1909. These schemes either failed or were extremely limited. Comprehensive worker’s health and accident insurance originated in Robert La Follette’s “Progressive Republican” Wisconsin with the Workmen’s Compensation Act 1911. Nine other states imitated the Wisconsin legislation that year alone.

The Democrat administrations of Franklin Roosevelt and Lyndon Baines Johnson developed a federal American welfare system between the 1930s and the 1960s. The crucial year in welfare retrenchment occurred in 1996, when the Clinton administration placed time-limits on benefit entitlements and emphasised work activation programmes. The Americans did then for a generation embrace a universalist welfare dream that fell short in reality, came quickly under siege, and has since fallen. The United States now represent the most residualist model of the anglophone liberal polities. Yet after the American Civil War, after the Great Depression and in the aftermath of the Second World War, it showed that it was capable of moving from residualism.

Canadians have been more wary than Americans, though less residualist. Canada has undertaken an ongoing review of welfare practices since 1996, under both the Liberal governments of Jean Chrétien (1993-2003) and Paul Martin (2003-6), and the CPOC government of Stephen Harper (2006- ). Paul Martin as Chrétien’s Minister of Finance

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brought about the substantial achievement in Canadian welfare reform so as to reduce the federal systems to affordability and manageability.

The Canadian welfare system was originally “North American” in its family of welfare providers, that is to say, liberal and residualist, relying on very few programmes of means-tested entitlements and relying upon social insurance for other provisions. An Old Age Pension was provided in 1927 by the Liberal Government of William Lyon Mackenzie King during his second term of office (between 1926 and 1930). The reason then given was to relieve the burden that elderly parents from the farms were placing on the newly urbanised industrial workforce who had their own children to raise and pay for. It was therefore like the New Zealand Old Age Pensions Act 1898, a form of non-contributory outdoor relief, in cash, though not in kind. It offered CA$20 a month to persons over 65 who had an income of less than CA$365 a year. Recipients were required to have resided in Canada for 20 years previously, and not be registered as a Status Indian. Building on a tax exemption on children in 1918, Canada provided a Family Benefit win 1945.

The main thrust of Canadian social provision was the Employment and Social Insurance Act 1935 of the Conservative Government of R.B. Bennett. This Act had been declared *ultra vires* as a federal measure by judicial review, and so it was not until the Royal Commission on Dominion-Provincial Relations, or the Rowell-Sirois Commission reported in 1937, that an amendment was sought to the British North American Act 1867, to give the federal government the requisite powers. Unemployment Insurance contributions began in 1941 and payments in 1942.

Canada, in fact, was highly resistant to British models and the Beveridge Report of 1942. Leonard Marsh (1906-83) an LSE graduate and former researcher for Beveridge became the lightning rod for this scepticism, after he emigrated to Canada in 1930. After much resistance from business and university interests, he was able to present the “Marsh Report” on welfare in 1943, or rather, the *Report on Social Security for Canada*. He concentrated on the topics of social insurance, child allowances and national investment. The principles of the report were:

The genius of social insurance is that it enlists the direct support of the classes most likely to benefit; and enlists equally the participation and controlling influence of the state, at the same time as it avoids the evil of pauperisation, and the undemocratic influence of excessive state philanthropy.

Marsh dissented with his erstwhile master, Sir William Beveridge, over the issue of the flat-rate that Beveridge had insisted on his report. Marsh had proposed a wage scale for the Unemployment Insurance and a standard rate for other universal risk benefits. Marsh’s report of 1943 was released the same year as the Heagerty Report on Health Insurance and the year before the Curtis Report on Housing and Community Planning. In such timing, we may discern Canadian responses not just to the war (not the references to “enlistment” in the quote above) but to the Great Depression. James J. Rice and Michael J. Price propose in *Changing Politics of Canadian Social Policy* that the fundamental attitudes behind these reports was that the capitalist economy would invariably collapse at

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a great human cost if left to itself, that self-reliance and individualism were archaic frontier virtues, less appropriate to modern, urban, collectivised life.

Only Lyndon Johnson’s “Great Society” welfare reforms in the American 1960s, brought about a brief, intense, golden age summer of welfare. The Marsh, Heagerty and Curtis reports were eventually implemented, even if in part, and piecemeal. Such perhaps was the ideological polarization that that brief social insurance moment caused between 1935 and 1944, that these initiatives took a long while to eventuate and almost immediately came under retreat. That summer was over by 1975, when the oil shocks scuppered Pierre Trudeau’s working wage supplement.

Both the Left and the Right placed the system under intense scrutiny. A signal Left critique was Angela Wei Djao’s article, “The Welfare State and its Ideology,” of 1979, which criticized the provisions for stigmatisation, and ineffectiveness and lack of responsiveness to women and minorities. James O’Connor, for his part, identified corporate welfare as a habit of the Canadian Government in *The Fiscal Crisis of the State*. O’Connor was followed in this analysis by Leo Panitch and Allan Moscovitch.

The Canadian federal welfare system has been in retraction ever since. Lateness in starting may well have made it easier to rescind. Entrenchment of welfare systems in Europe and Australasia makes them harder to reform. Canada was one of the last countries to undertake extensive welfare programmes and one of the first to retrench. Undertaking in the late 1960s what New Zealand and Britain and the Nordics started in the inter-war or immediate post-war period, they commenced the claw-back that most countries started in the 1990s in the 1970s.

Yet this has been an argued and considered process, just as the initial proposals of social insurance were in the 1930s and 1940s. Canada is not only a benchmark polity for good governance, but an intellectual rich source for ideas in governmentality, constitutional thought and jurisprudence. Lacking the Socialist traditions of the United Kingdom, Australia and New Zealand, it has nonetheless practised exemplary public reason. It is not to be thought that some intergenerational “Tea Party” laid siege and laid waste to the welfare insurance “high moment.”

Revision has been extensive and progressive from 1996. If welfare itself had a brief “high latitude,” then Canada was one of the highest latitude polities that went into welfare and promptly back out of it again. The anomaly, of course, is the province of Québec, the ruling parties of which are in fact welfarist parties.

The Canadians currently operate a two-tier unemployment system:

- Federal Employment Insurance which runs out after 42 weeks and reduces by points week by week so as to encourage seasonal workers back into work. Canada still has a substantial primary production sector based on seasonal fishing (in the Maritimes) and logging, and trapping. The emphasis is on work resumption.

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- Provincial schemes that range from the comparatively “generous” Québec scheme to the more severe Manitoba programmes that are receipt, or voucher-based, targeted to cover specific costs such as food, accommodation, clothing, heating and electricity, and job searches. The emphasis again is on return to work. In all the provinces the language is that such benefits are available as a last resort.

- Claw-backs from earned income vary. In Ontario, 50 cents is taken from the benefit for every dollar earned. In Québec, up to $200 can be earned before a basic rate single adult benefit of $540 a month is affected.

Modern Canada demonstrates how to achieve retrenchment, social insurance and targeting without accumulating the drag of large public debt, and without rolling social unrest. Even so, Québec obtained many welfare concessions from Ottawa during Canada’s brief welfare golden age of the late 1960s, which the government of Lester Pearson hoped would placate Québec nationalists and buy them back into Canada.

2.17 Welcraft: 21st century welfare statecraft and its theorists

“Realist” explanations have been offered for the development of welfare in public policy. Some may almost speak of “Welcraft” to describe welfare statecraft. State “Welcraft” welfare can be regarded as the result of certain trajectories of developing nation-state bureaucratic systems. This was very much Max Weber’s theory about Kaiserreich corporatist welfare, though he indignantly linked Bismarckian social insurance to the “patrimonial state.” This is a suggestive comment, linking the old monarchies to the emergent solidarist orders. The patrimonial state is an inherited princely state that is the property of a sovereign. It is the opposite of a republic because a Res Publica is for “the public good,” not the benefit of one individual. It is possible surely to imagine, though, conditions in which a nation might regard its resources as a patrimony in solidarist and collectivist conditions. A settler state could be such a society, so could an “ethnic” state in an exclusive sense.

New Zealand of the mid-to-late 19th century could be described as an expansionist power state of the small nation kind. Expansionist and irredentist states abounded in the mid-19th century. Irredentism in when a nation state conducts foreign policy and military policy on the basis of a claim to territory that is considered integral to that state that has been lost from it. Expansionism is territorial growth for its own sake, without any inherent entitlement from the territories to be acquired. The United States acquired large portions of Mexico after the Mexican War of 1846. Italian Unification was one great irredentist movement that sought to unite all Italians. German Unification produced an irredentist legacy. Latin American states fought for their claims: Paraguay trying to annex Uruguay in 1864 and failing, and Chile talking away Bolivia’s Pacific coast in the War of the Pacific between 1879 and 1881.

In New Zealand’s case, the original “patrimony” from the monarchical imperial constitution of the Crown agents and governors became analogously the legacy of settler elites and a virtual “Ascendancy” which was then supplanted by the tumultuous and formative 1880s by an incipient “White Dominion” New Zealand that regarded New Zealand as a “patrimony” for a British race in the South Pacific. Did welfare then become part and parcel of that white dominion “patrimony”? If so, we encounter the
attitude that regards the fisc as a commons, as David Thomson has proposed in *Selfish Generations? How Welfare States Grow Old*. \(^{31}\)

The French philosopher Michel Foucault (1926-1984) concurred with the theory of the *realpolitik* of welfare by identifying it as a “biopolitical” management instrument for the modern sovereign state. Sovereignty, in fact, needs welfare, he argued. \(^{32}\) This has two dimensions:

- The state needs to compete against other states as a military and economy power.
- The state needs to exercise biopolitical control over its own population, to be “sovereign” domestically.

To amplify the second point, Carl Schmitt defined the sovereign as the one that could identify and declare the exception. \(^{33}\) The state could identify who is the enemy, or the enemy within. This analysis has been seconded by living philosophers such as Giorgio Agamben (b. 1942) whose vision of sovereignty is premised on the “bare life” of the concentration camp and on the need for the sovereign power to prove itself such by declaring who might occupy a state of exception, outside the normal law, or law as such. \(^{34}\) The fact that Foucault’s disciple François Ewald is the leading “Right” Foucaultian and an insurance expert has added to the currency of these ideas. \(^{35}\) The current prevalence of Foucaultian thought on state sovereignty has brought about a revival of thought that regards welfare as a form of statecraft—“Welfare Statecraft,” as Jack Hayward terms it. \(^{36}\) It would seem to fit in with the modern fascination with the power “realist” thought of Leo Strauss (1899-1973) and Carl Schmitt (1888-1985).

François Ewald has identified the origins of the *Etat–providence* in insurance practices of the mid- and late-19th century, and as his mentor Foucault did, in the *raison-d’état* of national governments. France had to get working citizens on side, if it were to resist Germany. The no-fault Accident Compensation Loi du 9 avril 1898 was the result, modelled on Bismarck’s legislation.

When Lloyd George was Chancellor of the Exchequer in the Asquith Government a decade later, paying for the naval arms race against Germany, while imitating the German social insurance system, were his pre-occupations. Again, even before the USSR was created in 1917, we find that the factor of a rival power’s social provision is significant in welfare development. Welfare can be linked to the international personality and policy of a country. By 1911, when George’s National Insurance Act was passed, Britain was emerging from its most turbulent decade since the 1819-33 period. Ireland was on the verge of war. Ulster Volunteers and the Irish Republican Brotherhood were drilling their respective militias as the Irish Home Rule Bill went through its readings and was passed on the eve of the First World War. Anarchists and suffragettes resorted to violence. The young Harold Laski blew up the men’s toilets of a railway station. Troops

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33 Carl Schmitt, *Political Theology*.
were set on strikers, while unions were fast becoming extremely militant. Social insurance and old age pensions would add to social cohesion, especially as Britain’s rival on the continent had looked after its workers.

In this same vein, Anthony de Jasay in *The State*[^37] argues that we must cease regarding welfare from the recipient’s or client’s or social insurance contributor’s perspective, but from the perspective of the state itself. That would seem to be a bee- or fly-eyed faceted vision of such power. Nor need the state be a great power to think like this. As we have seen with the reinvention of the Scandinavian states a century ago, the re-founding of Sweden and Denmark, the launchings of Norway, Finland and Iceland (and perhaps now with Estonia, which is so culturally close to Finland and religiously close to Lutheran Scandinavia), welfare was factored in as a security dimension. These states tried to survive German and Russian/Soviet aggression, and re-make capitalism to suit their own developmental agendas. Despite the continuing security vicissitudes of the Nordic states since the Napoleonic Wars, they have at least managed to institutionally develop themselves so as to survive the worm-hole rides that super-power violence can take them on.

### 2.18 Theories and models for welfare

So for what other reasons do states provide welfare than national security, or a domestic security compact? Why do demands for welfare usually accompany economic development? Below is a review of current theories:

- **“Barbarians at/within the Gates” theory.** This is the theory that welfare developed as a form of tribute or pay-off to placate the poor, especially the solidarist and communal working poor, so as to render them porous and quiescent enough to submit to education, health and law, and either contribute to the economy or at least not impede economic production. This is a theory back in currency after the August 2011 riots in the United Kingdom. In this view, a deeply divided society by race, class or nationality might well seek to accommodate differences by providing welfare. This view perhaps relates more to the Britain of 1911 than 2011, however. It is wrong to mistake commodity riots as organised mass unrest, such as western nations faced from their proletariats 100 years ago. Canada has managed constant retrenchment of the welfare sector from the 1990s without suffering social unrest.

- **Marxist theory.** Capitalism according to Marxist theory is so contradictory that it needs welfare as a form of social control and to indirectly subsidise business. Such is the Marxist functionalist theory that appeared in the 1960s, arguing that welfare was a structural necessity for modern capitalism, and even a strategy to break up the proletariat.

- **Modernisation theory.** When economies retool and modernise, welfare is a necessary “labour pool” to sustain unemployed populations until they can be retrained. Welfare is a necessary part of a modern economy.

- **Mobilisation theory.** This is a more modern theory that justifies welfare in an age of retrenchment that accounts for how modern retrenched welfare systems prepare recipients for the workforce. They also have the effect of obtain legitimacy for the government and polity. Welfare is a necessary part of a welfare economy according to this theory.

• Legitimacy Theory. States are incentivised to provide welfare programmes to legitimise, and thereby secure, their rule. Such were definitely motives for Napoleon III and Bismarck. Ottawa and Québec staged a welfare auction between them in the mid-to-late1960s as a price for Québec's deferral of a nationalist agenda. Modern Scottish politics are arguably a welfare auction at times between the Scottish Nationalist Party and Labour. While it may seem not to work at times, it is hard to see how the absence of it would help either. Northern Ireland, for example, exploded into communal violence at the height of welfarism. Welfare did not buy in Irish Nationalists even though the welfare system of the Irish Republic at that time was far from as generous as Britain's. The absence of Beveridgean welfare, however, would not have improved the situation. As provision was a statutory requirement, the contending communes felt no obligation to keep the peace at times. Money still appeared in bank accounts. Although there was no way the British Government could not provide welfare, the provision of it was necessary to its profile as the legitimate government in Northern Ireland. Northern Ireland Social Development Minister Alex Attwood recently argued against an introduction of Coalition welfare cuts to Northern Ireland to Lord Freud in such localist terms. 38

• Policy transfer theory. This is wealth distribution, pure and simple.

• Neo-liberal theory. This is a broad term that can encompass a broad critique of welfare from a Centre-Right perspective. Neo-liberals proper were inspired by Friedrich Hayek and Milton Friedman to apply rational choice theory to welfare provision. Their emphasis was entirely opposed to economic protectionism, state economic dirigisme and the state subvention of non-productive dependent populations.

• The New Right is led by Charles Murray39 who attacked welfare on the basis of moral hazard. This was followed up by the controversial book he wrote with Richard J. Herrnstein, The Bell Curve: Intelligence and Class Structure in American Life, which has been criticised for its correlations of race to IQ and poor life outcomes. 40 Murray has gone on to call the modern United Kingdom a “custodial democracy,” not as a criticism, but as a fact of life. 41

• Post-materialists such as Ulrich Beck have argued that welfare undermined individual autonomy and civil society.42 Meanwhile, Assar Lindbeck43 and Christian Larsen and Jørgen Goul Andersen44 are typical of Scandinavian neo-Keynesians who shifted towards a restrained neo-liberalism and monetarism in the 1980s and 1990s, rethinking the ideological foundations of the Swedish and Danish welfare states. Possibly the German philosopher Peter Sloterdijk (b.1947) now leads the thrust behind this movement with his Spheres futurological project and such writings as his article Der Revolution der gebenden Hand (The Revolution of the Giving Hand)…
How welfare systems are explained has usually involved contestable ideologies and contentious history, to explain path dependency, bureaucratic inertia, electorate demand and apparent failure. Leaving aside diachronic analyses of the welfare state, Derek Fraser proposes in *The Evolution of the British Welfare State* several coexisting and competing models to explain at least the development of the British welfare state; and perhaps by extension, our own. These explanations can be applied both retrospectively and currently. These are different explanations from the previous list. Fraser’s list is more governance-focused, less macro, and more applicable to British-type polities. He identifies these as:

1. The Whig Interpretation: The Whig Interpretation is closely related to the Whig Interpretation of the British Constitution, that the development of these systems of government are the result of on-going progress from confusion and darkness and injustice towards Enlightenment, reasonableness and efficiency. This teleological approach judges past social policy, governance and public policy not on their own terms but with reference to later, often unanticipated developments. It sees connections or “railway lines” and roads from the past when in fact there are not any. Or else, it retrofits an institution originally for one purpose to serve an entirely different one. The errors of Whig teleology, as Quentin Skinner has identified, are anachronism, seeing things in the past that are not there, and prolepsis, reading meanings and developments in arguments from a period that were just not present.

2. The Pragmatic Model: In this model, change is driven by reviews, Select Committee Reports, position papers of various colours, and by marked disjunctures. Perhaps this is policy conducted like the navigation of a ship in variable conditions. This is closely related to the following.

3. The Bureaucratic Model: This is very much the model that the civil service are a “Magic Mountain” of experts who know best, operationalising policies to subaltern agencies and to the public interface on a dirigiste “command” structure basis. Fraser typifies this as “the Whitehall knows best” approach.

4. The Ideological Model: This model appears to offer a construct that we may not find counter-intuitive, but rather we find it in neo-liberal and Socialist models combined. Margaret Thatcher and the “die-hard” Left are combined. This model then refers to those who apply ideological constructs of social and economic thought to welfare policy, regardless of their political orientation.

5. The Conspiratorial Model: Michel Foucault (1926-1984), as has already been discussed, was the French philosopher was the proponent of the conspiracy theory of welfare. Obsessed with power, Foucault was a phenomenologist who shifted to structuralism. His critique of power appeals to the Left, his structuralist articulations

48 Fraser, pp 3-4.
49 Fraser, p. 5.
50 Fraser, p. 6.
51 Fraser, p. 8.
appeal to neo-liberals. He regarded the State as a pure power project, as an exercise in raison d’etat, in pure sovereignty thought, and that welfare was negotiated with publics to stave off unrest and buy subjects back into compliance with the power system.

6. The Capitalist Theory: This model argues that a successful capitalist economy requires a welfare system to operate effectively. The Dutch theorist Piet Thoenes (1921-1995) elaborated this theory in his book of 1966, The Elite in the Welfare State. This is naturally a Keynesian explanation of the welfare system, based very much in 1930s and post-WWII reconstruction experiences.

7. The Democratic Theory: In this view the welfare state is explained as the demand by democratic participants within a polity for transfers to subsidise sectors of that society. This certainly makes some sense of democratic Greece as we shall see in 350 BC, and of Greece in crisis in 2012 AD, but as it ignores the profound economic and social changes that befall advanced societies, it can be regarded as lacking in explanatory power. Most democratic nations have not bankrupted themselves through state sectors largesse and potlatch, in response to electoral demand. There is no comparison between the Greek economy 2,350 years ago and now. Having said that, there are arguably periods when electorates do just help themselves in massive outbursts of apparent self-entitlement, such as in the golden age of welfare of the 1960s and 1970s.

Are these the prisoners’ dilemmas that John Rawls argued that modern societies can get themselves into? “My neighbour is getting x. Shouldn’t I be in on x as well?” Can keeping up with the Joneses convert into cashing in on the system because your neighbour is doing so? When welfare opting out and alternate lifestyling are destigmatised and all the rage, why not have a go yourself? These outbursts, however, are the results of profound social upheavals that the behaviour is perhaps concealing. Surely only developing economies with a preponderance of manual or routine and unfulfilling office work are susceptible to such welfare “feeding frenzies”? When and why do electorates feel there is a limitless supply of state commodified welfare products? Do economies without sophisticated and qualified jobs through which people may fulfil themselves professionally, fall prey to such nostalgia for idleness? Was the New Zealand of Norman Kirk and Robert Muldoon like this?

8. Mixed Economy Model: This model does not quite mean what it sounds like. It does not refer to the state-private sector mix in a nation-state economy, such as New Zealand practised between 1869 and the 1980s. It refers to the more modern 1990s onwards review of welfare systems that have introduced a mix of voluntary-private sector and state sector partnerships in services provision, with the result that the voluntary carer has had to be officially re-recognised as a provider all over again, after effacement during the golden age of welfare.

Rather than regard the explanations on Fraser’s list as singular exclusive entities, it might be best to arrange them like Lego blocks into clusters, or break them up.

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52 Fraser, p. 9.
54 Fraser, p. 10.
55 Fraser, p. 13.
Academics and commentators may derive kudos from identifying singular approaches to a problem, but officials and policy-makers have to work with multiple approaches and variables, and do them in combination.

So for instance, let us accept that there is a Whig interpretation of welfare, and let us just dismiss it as ideology or as a copy of the Whig fallacy proper in constitutional thought. The Ideological and Whig approaches are the same then. “Whig” is an ideological subset. Similarly the pragmatic and bureaucratic approaches are very similar and what is dissimilar in the bureaucratic model is the ideological element that “experts” in specialist fields apply, who are not neutral professional civil servants. Similarly, the “capitalist” explanation and the mixed economy models are related. As we have seen the mixed economy model really refers to private partnerships in welfare provision, not the Government-owned companies economy of the early-and-mid-20th century. Both explanations are insisting that welfare is a structural necessity to capitalism.

Social democrat and more “liberal” polities like the United States will seek different means to provide this support to the economy and to varying degrees, but in principle, the explanations cover the same ground. Finally, both the Foucaultian and Democratic theories are appropriation and distribution theories. Foucault thought welfare an elite conspiracy. The Democracy theory is about the public at large selling its votes for a welfare auction, or being perceived to do so. In nations from Scotland to Zimbabwe, political elites make the choices to make appropriations to meet a perceived electoral demand for state services and for appropriations. It is just that in Scotland, farms are not confiscated.

So we may say than that Fraser’s explanations amount to four families, not eight explanations:

- Whig-Ideological theory, for there are no ideological approaches that are pro-welfare that are not also “Whig” and developmental unless they are founded on revolutionary ideology.
- Pragmatic-Bureaucratic theory.
- Capitalism-partnership theory.
- Appropriation and distribution theory.

The further reduction that can be made is to propose that there are just two: a pragmatic-bureaucratic approach that supplements the capitalist economy, and an ideological appropriative model. Modern Centre-Left parties may cover both of these categories, though they will emphasise the latter. Modern Centre-Right parties will remain at the pole of the pragmatic-bureaucratic approach. Welfare is a prosthetic for the Centre-Right, but it is both a prosthetic and therapy for the Centre-Left. The crutch that modern thinkers beat them with, ranging from Foucault to Sloterdijk, is that welfare is just state sovereignty’s modern form, and that government can just not help itself.

For all these classifications both in time and retrospectively over time, there have been four relevant phases of social provision in western nations.

- Subsidised citizenship: The “annona,” or the corn wine and pork doles of ancient Rome (c 400 BC to 500 AD).
Charity and the medieval Church’s love of the poor (early Christian era and later Roman Empire until 16th century.

Punitive correctional and deterrent Poor Relief between the early 16th to the early 20th centuries in the UK was originally instigated by civic humanist Renaissance Catholics, not by Protestants.

The “Public Trust” state and social insurance—the 19th century dirigiste state and the 20th century welfare state.

This last phase has led to regulatory adjustments, from the 1990s in many OECD polities, the emphasis shifting as Bengt Larsson and Håkon Thorn (2012) have suggested, from mid-20th century “social engineering” to “governance.” It has been proposed by Lutz Leisering that we have moved from the welfare state to the new regulatory state.57

The modern period of state social provision can be divided into:

- The Public Trust Liberal State (1870s-1930s)
- The Social Democrat or State Economy Welfare State (1930s-1980s)
- The New Liberal State that is a welfare provider (1980s- ).

3 History of welfare—the longue durée of welfare and its 19th century catchments

3.1 Buddhism and Christianity: Soteriology and the poor

What were the deep ideological foundations of welfare ideologies and practices in Western Civilisation? Compassion for, and identification with the poor were deep revolutionary values in Buddhism that spread from India to East China. Gautama Siddharta, the Buddha, (5th century BC) was one of humanity’s great innovators. Such views and practices violated ritual purity and the caste system of ancient India. His teachings formed the state ideology of the the Mauryan Empire of Asoka, in the 3rd century BC, and still strongly influences Bhutan and the modern South East Asian nation states.

Pre-modern Japanese governments such as the Bakufu of the Tokugawa dynasty of Shoguns (1600-1868) did accumulate public rice stores, under the paternalist impulse of Confucian ideology. Some Zen masters of that period, such as Gocho Kankai (1749-1835) ran kitchens for the poor, bringing Buddhism back to origins in poverty and mendicancy. The West then not only lacks a monopoly on welfare, it did not even originate it. Still, what is unique about Western states is how extensively since the 16th century they have ideologised poor relief and managed the population of the poor as a direct output of domestic policy. Control of entire populations through social provision has characterised Western states since the ancien régime.

The ancient Middle East manifested a parallel revolution to the Buddhist one. Jesus of Nazareth had the same disruptive effect on the Jewish Law, as the Buddha did on Hindu Law. Jesus nonetheless invoked a powerful prophetic tradition that insisted on justice to the widows and orphans and identification with the poor. Jesus’ association with lepers and moral outcasts such as sex workers and tax collectors and collaborators with Roman rule, was a game-changer. Christianity broke with Judaism to permeate the Graeco-Roman world.

Martti Muukonen has argued that Greece and ancient Israel exemplify contrasting attitudes towards poor relief in antiquity that still affect present debates. On the one hand, the gods of the ancient Middle East approved of those who supported the poor. The gods of Greece, however, reinforced the social bonds of friends and family, and disregarded the extremities of poverty. When Odysseus, for example, disguises himself as a beggar and associates with the swineherd Eumaeus on Ithaca, he is not “identifying with the poor,” as Guatama Siddharta, the Hebrew prophets, or Jesus did. Odysseus was carrying out an undercover operation to recruit followers still loyal to him, to recover his kingdom, his marriage and his family.

Western European states though have made the fusion of values that they derived from the ancient Middle East and the Graeco-Roman world fundamental to their constitutional and social order. That “mix” of ideas from these very different ancient cultures produced ideological turbulence between the 1790s-1890s that produced in the early social provision states.

3.2 British welfare worlds

In summary, the Graeco-Roman world gave us the concept of subsidised citizenship. Citizens, as members of the body politic, were entitled to a share of the state’s resources. The Christian Church’s identification with the outcasts and the poor was in fact a critique of the Roman power state that had grown out of the polis, or city-state. The Renaissance Poor Laws, on the other hand, were a “civic humanist” critique of the Church’s identification with the poor. The poor were to be reclaimed for society and rendered productive. It was a similar process to the reducions (leading back) of apparent “savages” in the New World to “civilised” existence. The Jesuits used to operate mission stations among the Guarani in what is now Paraguay to bring about a reducion. They can be called the “Renaissance” Poor Laws because, although they have been associated with protestant capitalism, reform-minded Catholics were in fact the ideologues and policy developers of an ideology that Catholics, Protestants (and Machiavellians) could all agree upon.

One of the ironies of the modern world is that Margaret Thatcher or David Cameron as Protestant Centre-Right British politicians, represent the welfare values of Catholic Renaissance reformers. Cameron is the heir of Cardinal Wolsey and Sir Thomas More. The Jesuit Argentine pope, Francis I, however, is more the heir of Jean Jacques Rousseau—the Protestant from Geneva—in his identification with the rights of the poor, and less the heir of his Renaissance predecessors. Property systems for Rousseau carry the perpetual possibility of alienation and deprivation of human rights and potentiality. That does not invalidate property institutions, but rather places distributionist burdens on the state. Arguably what distinguishes those British prime

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ministers and the Pope is not the Falklands Islands, but the fact that Britain—for a few years a haven for Rousseau in the late 1760s—is the classic liberal capitalist polity, while Argentina is the heir of the Jacobin state and its civic aspirations. There is even a Phrygian cap on its state device to prove it.

If this is the case, then the current British Coalition Government is a reversion to the classic liberal form of British polity after a long journey over the past century through the public trust state of Lloyd George and the Beveridgean social democracy. States can revert to core values. If the base line is as Esping-Andersen proposed—liberal residualism—then a country like the United Kingdom will revert towards that at times. The “public trust” or “state socialist” state of the late 19th—early 20th century was a state that proposed the conversion of passive “subjects” into active “citizens.” Localised deterrence and punishment were replaced with nationalised no-fault schemes, whether PAYG or social insurance. Poor relief was nationalised and de-territorialised, ceasing to provide mere subsistence.

British polities have lived with welfare a long time. Such ancient states as England and Scotland have been and as the United Kingdom is sustain equally ancient attitudes and habits regarding poor relief.

Larry Patriquin in Agrarian Capitalism and Poor Relief in England, 1500-1860: Rethinking the Origins of the Welfare State (Palgrave Macmillan, Basingstoke, 2007) argues not only for the operation of real welfare systems in agrarian England but for their 19th century transformation into state-instituted and -managed welfare systems. The origins of New Zealand’s welfare system arise from the transformation of the pre-Poor Laws Amendment Act 1834, localised parish–based outdoor poor relief practices, that were almost or just within the living memory of 1890s New Zealanders, into a colonial state institution such as the Old Age Pensions Act 1898. Patriquin presents us with an ancient continuum from the Tudor period, that was then nationalised and fully monetarised, bureaucratised, and de-localised at the turn of the 20th century. Let us not then be isolationist or parochially nationalist about New Zealand's relationship to the political ideas that were current among all classes of British people 200 years ago. Many settlers came to New Zealand, simply to “get on” in life, while many others desired a better Britain, a better and more just social order. As the poet Arthur Clough concludes his poem The Bothie of Tober-na-Vuolich (1848) about the Chartist movement: “There will be Democracy upon New Zealand,” declares a prophetic grandsire.

3.3 Our relationship to the deep past

The following is a review of welfare provisions during the longues durées of occidental and Middle Eastern agrarian societies until the Industrial revolution. Welfare did not begin in the 20th century. The welfare state was only one appropriation of age-old poor relief customs and systems, and that was done for various ideological reasons in later industrial, and in agricultural revolution societies.

The reasons for doing this are not merely antiquarian, or merely doing history for the sake of the record, but to identify the following live influences, formative of the modern global and New Zealand welfare debates, as modern OECD nations approach the demographic bubble of “age” by the 2020s. The following points may make the case:

- Human beings and human societies operate using verbal language. Persons and communities are language-based. People do not usually experience themselves,
politics and welfare primarily through numerical language and quantitative skills. Quantitative arguments feature within rhetorical encodings of ideological constructs in politics.

- Political languages can have the effect of limiting what might be thought or even perceived. Just as the evidence of cognitive psychology and of neurology abundantly proves that a person with an altered or stroke-ridden brain may simply not perceive or be able to express something apparent to other persons, so may ideologies and political languages act as obstructive and opaque structures, that limit or else control the flow of information or govern the process of analysis. For example, the sheer dominance of the New Zealand state in the New Zealand economy in 1975 prevented successful educative dissensus and exercises of public reason necessary to establish a mandatory contributory social insurance for old age. It took a devolved and downsized New Zealand state to establish the KiwiSaver scheme.

- New Zealand society's welfare values and welfare languages have ancient roots, whether in Polynesian communalism, or in the state power practices of Europe or in the values of the universal Christian Church. Only a limited number of ideological building blocks is ever in play at any given time.

- Though these political languages may have ancient and perennial elements, it would be wrong to regard them as “tradition” or in some determinist light. These languages are all live and adaptive, adjusting to new technologies and governance instruments, influencing one another, even across the husting or the barricades.

- Similarly, it is merely an ideological trick of the mind to think that some necessary teleological development occurs of ideas and concepts and institutions over time. It is also a trick of the mind to make ideas and policies sound the same, when in fact they have been greatly changed, and vice versa. Rhetorical repackaging in an ancient business. Anachronism and prolepsis are as much the enemy of the public policy expert as they are of the historian. The real history of welfare and the real array of ideas and values in play in 2013 amount to what is relevant now.

- “Welfare” is one of the most dogged and stubborn languages games that a political community may play within itself. It presents so many conservative and anomalous features country by country, that even when the policy objectives are the same, the methods and institutions and remedies may vary greatly, polity by polity, for reasons that seem irrational or merely antiquarian or accidental to the economist or public policy expert. In some countries at some periods, “education” was part of the social provision package. In others, free healthcare is the core of it. That is not so in other polities. Welfare systems are not like public utilities. They come to us in the present, age, warped and biased, over-layered, more than a little bent and twisted. These unique features do not prevent intervention and innovation. They do rather oblige new public policy idioms to engage collaboratively, rhetorically, or critically with existing welfare languages. They have become an infrastructure—like the 19th century railway system of an advanced, heavily-populated OECD nation—the timeout-of-mind life-trails of an urbanised people, that can in part fall into desuetude, undergo renovation, be converted to alternate purposes or goals, but never done away with.

- An historical analysis of the development of welfare provides explanations of persistent features in welfare provision and welfare debate. It is not the time depth of welfare provision that matters, so much as the active co-presence of the
memories and practices from previous millennia in the minds of 19th century policy formulators. Late 19th century governments “captured” the star-light from previous centuries and even millennia. They “photographed” the ideas that long been current about state management of poverty; and for the first time had the governance system to be able to do something comprehensive and effective about the problem. It is out of that “capture” between just 100-130 years ago that we make welfare policy with in the early-21st century. Short of attempting blue skies futurology, it is hard to get beyond the habit of welfare, except to prevent it from distorting economic development. Welfare is a problem in the “ecology” of an economy, a constituent part of the modern polity, an aspect of the fiscal constitution.

What we get from the ancient world in welfare policy are two trends:

- Judeo-Christian values
- Graeco-Roman civic humanism.

The secular modern state only arrived at a minute to midnight by comparison in the 1780s-1790s, and modernist secularity was only attained for the state in the 20th century, half a minute before midnight. The social-provision state arose in the late 19th century in response to the failure of Poor Laws legislation and the ill-success of Enlightenment-era methods of managing poor relief, in fast-industrialising Western nations, that underwent dramatic population increase.

3.4 Genesis: Pharoah and the Jews

Provision for the poor was instituted in many ancient Middle Eastern, and occidental societies. The granaries and food doles mentioned in the Book of Genesis that Joseph administered for Pharoah have been corroborated in official archives, records and by archaeology. The First Intermediate period of Ancient Egypt (2181 BC to 2055 BC) is now attributed to a massive ecological disaster, not just to political chaos, when the rains failed in Ethiopia and the Nile failed to inundate adequately. The state granary storage systems entirely failed after successive years of crop failure. Naturally such provision by what we now know as a Bronze Age state entered the religious consciousness of many Christian Europeans over two millennia. Pharoah’s “Welfare” Minister “Yosef” (“Joseph” or “Yusuf”) is known to Jews, Christians and Muslims alike, from the Book of Genesis and the Qu’ran.

The Hebrews were the first people not just to record history, but to discern “meaning” hermeneutically into historical processes, a process entirely different from making annals or practising divination and consultation with oracles, such as other ancient societies practised. The Bible is a testimony to a remarkable nation-building process in which prophecy assumed the role of law-making, law-keeping, social criticism, condemnation of injustice, a demand for fair “holdings” and shares in the resources of Jewish society for the poor and weak and vulnerable. This is as true of the Pentateuch, as it is of the stream of writings and social teachings from Isaiah and Jeremiah to Jesus. The message of the Gospel demands a radical identification with, and “giving” to, the poor, in what sounds like a radical counter-economy. In this, Jesus of Nazareth was emphasising a radical stream that had developed in Jewish thought for over 1000 years.

The following societies of Greece, Rome and early modern England will be briefly discussed, not merely by way of filling in the record, nor by way of being antiquarian,
nor to argue for some teleological development over time, but to provide real life thought experiments about cultural attitudes to welfare, and to demonstrate the disparate elements in New Zealand cultures about welfare.

As an agrarian society, Tudor England between 1485 and 1603 was a little more advanced in some technological outputs than Rome (as it possessed gunpowder, the compass, printing press and clocks), while the Graeco-Roman world had had superior engineering, hydraulics, astronomical computing devices and even possessed experimental steam engines. Commercially though, Renaissance Europe was better at propagating and projecting its technological leads at great distances, in relation to ancient and current civilisations. That 16th century commercial projection was possible by means of marine navigation skills and naval power. Western civilisation between the 16th and 20th centuries was oceanic and maritime. Roman-era merchant vessels had extensive trade with India, and could sail to China, but deep sea navigation and exploration were rare, or else accidental. Graeco-Roman society required constant supplies of slave labour. So did New World colonisation between the 16th and 19th centuries. It was European control of the Americas and domination of Asian global markets that gave Europe the edge between the 16th and 20th centuries.

3.5 Athens: Subsidised democracy

The ancient world of Greece and Rome provides modern New Zealand and many other OECD Western polities with the basic concept of equal “citizenship” under a common law in an urban site, and with the values of participatory politics that are assumed as foundational. We may discover a general trend in Western societies to regard political participation as a social good in itself, as a school for developing martial and civic virtues, and as the best means to acquire political consent, so long as we acknowledge that these practices were present also in many tribal societies, and are aware that the Church and legal profession in the Middle Ages, and the civic humanist revival of these civic values in the Renaissance did a thorough job of hybridising the classical civic, the theological Hebraic and customary traditions of local rights in many countries.

To demonstrate the counterfactual, just what was the “citizen” or “subject” in the traditional Sinitic civilisations? What we find are scribal bureaucratic elites existing in uneasy and at times violent relations with military elites, the latter “civilianising” and assuming courtly arts and pleasures. Whereas from ancient Israel and Greece, war was considered as a natural and even necessary part of civic existence right down to arguments about military service and the ballot in mid 20th century New Zealand. Nor were there “citizens” in ancient India—there were castes and family groups—yet these provided platforms and sites for often intense participation in what were still palace politics. States in India often endured for the length of a single dynasty. Yet there is no doubt that, despite social divisions, India was able to produce effective economic and military systems. There were fewer inhibitions to a government being interested in commerce, for example.

Commercial policy is one reason why the ancient Indian model of development spread into Indonesia and South East Asia by means of usually (though not always) peaceful colonisation. Hindu, Buddhist and Muslim beliefs were borne to those countries on the sails of Indian merchant, and occasionally war, fleets. India had its thalassocracies,

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59 The Antikythera mechanism from c. 87 BC recovered from a shipwreck in 1900 is unparalleled as a geared computational mechanism until the early 19th century.
reaching out to Java and Cambodia, and into the Indian Ocean, such as the Chola Empire. The Cholas flourished between the 3rd and 13th centuries, reaching a height in the 11th century, when it dominated Sri Lanka, Sumatra, Java and Borneo.

In Sinitic civilisations, the state rhetoric was resolutely anti-commercial. The businessman was lower than the farmer. Yet Tokugawa Japan developed a prosperous and sophisticated merchant class that was able to provide financial services for a bullion-rich economy at the time of the Meiji Restoration. The disgust of scholarly classes at business elites in so many unrelated countries from China to Rome has always involved “double-think” and double-dealing and compromises. Graeco-Roman elites affected disdain for commerce and trade, valorising rather genteel (and allegedly philosophic) leisure, while in reality investing in the commodity, food, and manufacturing and property markets. Farming was idealised. The non-elite urban dweller, from a trade or commercial or freeman backyard was regraded ambiguously, as a potential citizen to co-opt, or as a nuisance who let the side of ideal civic life down. Such Mediterranean “civic” societies were unable to let go of a primitive vision of martial republican agrarian virtue.

Nor was this peculiar to Greece and Rome. Through the Renaissance revival of those civic values, through long exposure to the ancient Jewish polity in the Bible, through a British sense of “custom,” New Zealand’s settlers and settler leaders brought agrarian ideas with them that were extremely influential over New Zealand’s first century of existence. Edward Gibbon Wakefield, Sir George Grey, William Pember Reeves, John McKenzie, and Gordon Coates all had their agrarian dreams for New Zealand and carried out policy to suit those ideals. It is more than scenery that has made New Zealand a receptive site for Peter Jackson’s Lord of the Rings films. Jackson’s version of Tolkien is the “last hurrah” in New Zealand of an ancient British agrarianism and Georgianism.

Islam provided for membership of the community of the faithful, the Ummah. This was to be both a religious and political community. It incorporated any believers, regardless of whether they were Arabs or spoke Arabic or not. It was a form of globalised “belonging” that competed with Eastern Roman notions of citizenship. Non-Muslims were able to, or else had to, find participation and support and government in what became by Ottoman times the “millet” system: institutionalised de-territorialised communes of Muslims of sects, not deemed to be orthodox, Jews, and various denominations of Christians. Or rather such millets could in reality have a territory such as the Armenians, but they remained under their millet, regardless of where they lived in the Ottoman realms.

The basic point to make is that because the ancient world of Greece and Rome was premised on a concept of the “citizen” and of the citizen-body city state, and because ancient economies relied extensively upon slavery, it was possible for these societies to contemplate generous welfare and dole provision in surprisingly ambitious schemes with some creative accounting that even drove their geopolitics. Poor citizens used to insist on their distinction from slaves. The link between citizenship and subsidised citizenship was therefore made. This is the link that revived in 20th century OECD welfare polities that causes concern now. Welfare went from “field ambulance” social provision in just the period of a generation to a cradle-to-grave way of life, that inhibited economic development and life opportunities.
3.6 The wise men of Greece: Solon, Eubolos and the Athenian welfare system

Ancient Athenians had a tradition of constitution intervention on the side of poorer citizens, for developing their democracy and sustaining their military manpower and government. The baseline of misery was freedom as distinct from slavery.

Solon of Athens was one of the canonical “Seven Wise Men” of early Ancient Greece. From 594/3 BC, Solon was appointed to liberate poor Athenians who had been required by Draco’s laws of 631 BC to become the slaves of their creditors if they could not pay their debts. Draco’s drastic measures were a result of a first generation metallist economy, reliant upon an easily portable circulating medium, not lumps of iron bars such the Spartans kept using. Money was invented in 7th century BC Lydia, in what is now South West Turkey. Solon achieved this liberation by means of a mass emancipation from bondage, debt cancellation and by a depreciation of the currency. Right at the beginning of historical Athens, poor relief, intervention and subsidised citizenship are the themes. How could Athens sustain itself militarily if it lost infantrymen to bondage?

240 years later, Eubulos established a “theoric” fund c 350 BC to fund the attendance of poorer citizens at theatrical performances and other events. It must be appreciated that Athenian drama was as much a religious as a dramatic event. It was the equivalent of paying people to go to ANZAC dawn ceremonies or to watch Rugby test matches. This extended to subsidising poorer citizens to perform their civic duties on the boards and juries that they had to serve on, in a permanent lottery. The Theorika was developed as Athens tried and failed to revive the Delian League that had made it so powerful a century before, and to build a second Athenian Empire. Eubulos wanted to get the minds of poorer citizens of the “Demos” away from geopolitics and colonial ventures. The Theorika was also a means of de-territorialising poor relief. Poor citizens could vote and become a political liability. Empires gave poor citizens an interest in property abroad. During the first Athenian Empire Pericles had given poor citizens land on conquered or rebellious islands and territories. They did not as in usual Greek practice become the citizens of a new “polis” or city state. Rather they became “Kleruchs,” or military settlers of Athens, retaining their political rights at home. The Romans adopted such a system for the Roman Plebs as well, so that the imperial ventures of Roman grandees fed back in a loop into the desire of the landless and poor for their own property. Back in Athens, however, Eubulos wanted to get the minds of the poor “off” imperial adventures by means of a de-territorialised cash dole that would replace subsistence agriculture. Athens had the silver mines to pay for this. Rome never had a Eubulos.

This was a feel-good, guilt-free dole, intended to subsidise an active citizenship body of males who were expected to perform military service, perform public and official services, and would share in the proceeds of successful policy. Athens then offers a disturbing link between democracy and welfare. That link can be attributed to “human nature” or to game theory.

The game theory thesis might propose that a democracy might be inclined to subsidise individuals in mass society. That, though, might well only hold in economic conditions of unskilled to low skill labour existing in asymmetries with a more developed economy, where welfare becomes possible and where leisure is a prized cultural value that comes under demands for democratisation. In a more developed economy, however,
welfare is decommodified, while socially meaningful and status-enhancing leisure is increasingly commodified within the private sector. The new opportunities for leisure participation should, in turn, become a system of incentives for employment participation. “Doing nothing” was a social value, when labourers had to work literally like navvies. Recreation in modern New Zealand is about social participation, and culturally valuable forms of play and networking.

The Theoric Fund in reality became a government within a government. Or rather, it became a real professional government within a ramshackle amateur citizen government. Starting at reserves between 10 and 100 talents, it blew out from 150 talents to 400 talents by the height of Demosthenes’ political career the 320s BC, which was the last period when Athens was an independent polity. The fund ran silver mines, owned vast numbers of slaves, owned great estates and productive resources, and became the business arm of the Athenian state. It infiltrated the Athenian constitution and managed voting and procedure in its own interest. Ironically the accountants and clerks were often slaves or freedmen. However, it is important when making comparisons to identify the points of difference between modern welfare practices and Athenian. The main difference is not just that of technology and agricultural differences. Tudor England from which our ancestral paradigms came, which haunted and stimulated welfare reform into the 20th century, was only a little more advanced. The great difference is that the Athenians owned slaves, privately, corporately and publicly. There were even state slaves. As the demands of civic life and civic participation presented considerable opportunity costs, in a democracy that operated on the basis of a mass jury system under the Cleisthenic constitution, citizens sought to subsidise themselves as an active ruling group.

The French Liberal thinker Benjamin Constant (1767-1830) was the first to critique the claims made for the ancient civic and democratic state. In a lecture that he gave in 1819, he observed that it was no wonder that ancient city state people were so much into politics: they had nothing else to do in their state of civilisation. The Paris of 1819, on the other hand, offered the pleasure and diversions of a high metropolitan civilisation—restaurants, opera and the like—and the pleasures of a purely private life.60

For the first time, a link was established between citizenship and subsidised citizenship and de-territorialisation of poor relief by means of the dole. A link had been made been between “Who’s country is it?” and “I fought for my country” and the sense of entitlement. Greece is suffering from these attitudes of entitlement to this day. The proof, though, that Athenians were making a strategic choice in subsidising citizens is that they had the comparison of Sparta, their military rival, before them. Full Spartan citizenship declined between 500 and 300 BC. It depended on a property qualification and exclusive background in a defensive society. The number of citizens declined from 10,000 to just 1000. They had gone from an infantry army to just an aristocracy. As we have seen with Eubulos, the Athenian dole distracted poor citizens’ mind from imperial and colonising adventures. Military capabilities lay at the heart of the ancient city state. The Theorika marked a radical departure from the hoplite infantryman polis. A market city, an emporium city required different strategies.

Ancient Rome, however, drew very different conclusions.

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60 Benjamin Constant, *Religion and the Case for Ancient Liberty*, Lecture to the Athenee Royal, Paris, 1819.
3.7 Rome is your friend: Civic entitlement, civic distributivism

The Romans operated a constitutional republic with democratic elements. Otherwise office-holding was confined to the patrician nobility and the class of citizens known as "eques" or "knights." Roman government was a turbulent and often lethal political market place where oligarchies and clientalia systems contended. Plebeians were supposed to have a veto-player role through the tribune-ships, and by virtue of their membership in two assemblies: the comitia centuriata and the comitia tributa. The first was the Roman adult male “people” in military formation. The second assembly consisted of 35 tribes, 31 for those who resided outside of the city, four for the urban tribes. The 31 tribes were for all the allies, colonists and citizens from other cultures and nations who had acquired Roman citizenship. These two bodies were the legislatures proper of the Roman constitution. Voting was carried out tribe by tribe, a majority of tribes, not of aggregate persons, deciding the outcome. The Senate was a deliberative chamber that combined the functions of an Executive Council, of a cabinet and of a genuinely deliberative House of Lords. It was not a legislature.

As the republic dissolved into terminal civil war over the first century BC, patricians even dropped their caste and managed politics as plebeians. No mass democracy, however, existed as had done in Athens, warranting a public dole to meet the opportunity costs of sharing in government. Government was the profession of educated amateurs (to be oxymoronic), who learned warfare, military command and constitutional, legal and administrative systems on the job.

The Roman Republic had struggled to find land to compensate its urban poor and soldiery. Land redistributions, then increasingly alimentary provisions, such as the annona, as well as colonisation of conquered territories, featured among its remedies. Under the Empire, accounting was sophisticated enough for interest on public loans to major industrial and agri-business debtors to be dedicated to welfare relief. Cumbersome as their numbering system was, they did use abacuses effectively. The grain dole was a very ancient institution, its officers referred to in records as early as 440 BC. After exporting warfare about Europe, the Middle East and Africa, the Empire used the proceeds of its conquests and capture of global markets to provide a permanent grain dole to the plebians. This lasted until the mid-5th century AD.

The very nature of the Roman constitution incentivised bidding wars amongst grandees for the votes of the free urban poor. There was not just a welfare auction but a power auction for conquests, the spoils of which were then distributed through “bread and circuses,” though the circulation of specie and of slaves in the slave markets. Concerns were always expressed at the lack of civic spirit and want of military fitness amongst this relatively idle urban population, yet the truth was that only a professional army could provide the military services the Empire needed. The Western Roman Empire collapsed in the 5th century because of its inefficient fisc, not because it lacked an effective army. Nor did it ever seem counter-intuitive that the spoils of empire should be shared with the citizen body through occasional spectacles of great extravagance, but also through day-to-day distributionist mechanisms. The annona, the games and the spectacles gave ordinary Romans the feeling that they all shared in the spoils of Empire, that they all ruled the world. The poorest person in Rome could share the emperor’s enjoyment of power.
Because of the conservative and ideally “static” nature of Roman society, the political languages they used often had a time-lag to describe what went on under their noses. City-dwellers in the Empire had little interest in wearing muscle-armour, doing military service and becoming civic heroes. Edward Gibbon complained that the youth of Rome did nothing when Alaric lay siege to it in 410 AD. When St Augustine died in Hippo, in modern Algeria, the city was on the verge of falling to a siege by the Vandals in 432 AD, while the youth of the city were enjoying the gladiatorial games, as if nothing would ever change. Indeed, the young people were right; the Vandals kept things just as they had been. There was no need to resist them.

The *annona* developed with Caius Gracchus in 123 BC as a subsidisation of grain prices. A free dole was established by the infamous and dissolute Clodius Pulcher in 58 BC, and then targeted to feed just 50,000, in a city that had just reached a population of one million. The *annona* had not entirely lost the character of the internal security measure for the city that it had originally been in 440 BC. By the time of Julius Caesar’s dictatorship (47-44 BC) the number of recipients had become 100,000. For political reasons a blow-out in the number of recipients had occurred. Roman government simply had to put on spectacles, concerts, games and provide subsidisation of the means of life, just to stay alive in its own city. They may not have had television, twitter, or Facebook, but all of Rome was a theatre and TV stage-set, or a chatroom. A million people lived in mass intimacy.

Julius Caesar (100-44 BC), though leader of the *Populares* party, did dare to try and retrench the dole. Augustus his grand-nephew, the first “emperor” (31 BC-14 AD), also tried to retrench the *annona* and revive the real economy of the city, but he is recorded as only succeeding at reducing the number or recipients to 200,000, a quarter of the population. In just a generation, then, the recipients had increased four-fold. Such spoils were demanded by right, as the prerogative of the free Roman citizen population, as their stake in imperial domination. Like “the games” and other expensive public displays, the *annona* were plebeian demands that Roman government converted into forms of social control over the turbulent urban population. The city administration ran public water mills feeding off the aqueducts to grind the corn. Yet all of this was a precarious balancing act. The frequent murders of emperors often punctuate when it did not work.

The public also emulated the ruling class. The ruling class prized *otium*, or leisure. *Otium* was supposed to be a life of philosophic calm and rural ease. The ruling class left their leisure to command and rule, only to return back to it. The reality was intrigue and idleness. The public only saw the base-line of idleness and untroubled ease. It was tantalising living in such a public society with people on display living at ease like the gods. The public wanted the same commodity, leisured time. So many of the riots and coups and uprisings were, in fact, commodity riots for leisure.

Nor were the Romans the only imperial people to praise idleness. Spaniards of the golden age, between 1492 and 1665 came to think that work was beneath them, and that they were all gentlemen and ladies, because of their world empire on which the sun never set. Their economy, however, was unable to provide an *annona*.

Keeping the army paid and manned and trained was the priority of Roman imperial policy, and it was to that end that the Emperor Nerva (96-98 AD) established a scheme based on revenues from public lands to pay for the care of orphans until the age of 16, if they were boys, and 14 if they were girls, while military service and marriage
supposedly awaited them. Funding came from interest payments. The imperial treasury was a major lender to land owners who were told they could pay their 5% interest to orphanages in their own municipalities.

The alimentary programme only developed as the Empire grew older and the economy more rigid after great inflation of the mid-3rd century AD. Free olive oil was introduced in the reign of Septimius Severus (193-211), while free pork and wine was available from the reign of Aurelian (270-275). The scale of this alimentary welfare in kind was immense. The annual amount of grain bought and transported for the Roman *annona* was 540 million litres. Even after Vandals conquered North Africa in the 430s, the Roman pork dole continued right into the 6th century, even after the Western Empire had supposedly “fallen.” Pigs, however, lived closer to hand in the Campania.

The sombre lesson here is that welfare cultures can even outlast the state and economy that created them. It is the isolated mechanisms of state that can go on, while the larger structures collapse.

Welfare habits die hard. Societies can collapse, just as ecosystems do, mass extinctions can befall societies premised upon unproductive and subsidised lifestyles. In 410 AD, Rome still had a population of 800,000, even though it had not effectively been the capital for well over a century and a quarter. Only 400,000 remained after Alaric sacked the city that year. After Genseric’s sacking in 455, just 200,000 remained. The population was 100,000 still in the 530s. These were still considerable populations. It was the Byzantine attempts to “liberate” the city between the 530s and 550s that reduced the city to the 30,000 people it more or less remained until the Renaissance.

Welfare remains both popular in (relatively) advanced societies; it becomes a major structural component, like debt itself. “Civic” societies premised on full political and legal rights and on participatory citizenship can find themselves tempted to obtain social peace by distributing the global goods that elites and governments control. Edward Gibbon and the French Enlightenment rationalists use the word “police” to describe the entire domestic policy of a government. Ancient Rome had a sophisticated police force—even its marble street maps survive—but the entire domestic policy for the city, including the *annona*, was one of a generalised police in the 18th century meaning of that word.

So essential, however, was welfare to the Romans, that even when the empire in the West was breaking down by 468 AD, the strategy devised to revive it was to recapture Africa from the Vandals, and revive the *annona*, so as to repopulate Rome, which then had only a quarter of the population it had had 60 years before. Ironically, the emperor who attempted this tried to escape the city after a coup disguised as a beggar, but was recognised and cut down.

Romans, however, distinguished between citizens of modest means, and beggars, the poor proper, whom they regarded as excluded from civil life, as useless and pernicious to it. The Romans then regarded the *annona* as a necessity for urban life, but distinguished between the poor populace and the beggars proper. They groused about it, however, as a symptom of their own decadence, lacking the guilt-free attitude of the Greeks.

Other great ancient cities such as the great Greek colonial cities of Alexandria and Antioch operated *annona* systems, as did ambitious copy-cat municipalities. The whole purpose of considering the West’s ancient world is to apply the thought experiment of welfare systems in an alien civilisation, with very different assumptions about it. No matter
how grudging they were, Romans considered poor relief a necessary aspect of any civilised urban environment, and the more successful and powerful the city the more idleness and subsidisation it had. What was the purpose of being a denizen of the most powerful city in the known world if you could not just live off the empire? The poor were getting “proceeds” just like the political and landowning classes were.

Ancient dole systems were intended to preserve the myth of civicism, a role that British mid-20th century sociologists such as T.H. Marshall and David Donnison were to affirm. This paper will in fact later consider whether citizenship can in fact be an organising concept for welfare in the 21st century.

In fact, the Western Roman Empire collapsed because it could no longer manage the fiscal balance between paying off the poor of the city inside the gates and paying to fight or render tribute to the barbarians at the gates from outside. The so-called “barbarians” were far from strangers who broke in and ravaged the Empire. They were a rural poor, organised into nations and tribes, often long known to the Empire as allies or enemies, from the borderlands. The weakness of the fisc arose from the unfairness and unevenness of the tax base, from the exemption of entire classes of moneyed and propertied people. Unsustainable public finances, not military ineptitude nor barbarian prowess, destroyed the Western Empire.

3.8 The age of the Church: the Dark and Middle Ages.

The Middle Ages for Europe were a One Party State ruling through a myriad of small ramshackle kingdoms. The ruling “Party” was “the Church” which had so triumphed over the pagan Roman Empire. Just as Communist parties ruled over several nations in the late 20th century, so did the Church rule with and through the local feudal jurisdictions of medieval Europe. Only the Church possessed the education systems and the ideology to know how to rule and want to rule at the local and macro levels. Its values imbued Western society.

To resume the story of welfare at the fall of the Roman Empire, the Church became the major permanent institution of Western Europe and South-Western Mediterranean for the next 800 years. Only by the 13th century were states strong and coherent enough to consistently take it on. Only when Philip IV of France humiliated Boniface VIII in 1303, thereafter creating the Avignon Papacy, did the early state first demonstrate that it could bend the Church to its will. And that was after two centuries of fighting and disputes between popes and Holy Roman emperors.

The ancient Christian Church of the Empire had propagated a critique of the Roman power state from at least the 2nd century AD and of civic humanism, from the word go, while using classical learning when it suited to argue against the authorities. To counter the civil authorities’ dis-esteem of the poor proper—beggars and the ill—the Church insisted on the concept of “charity,” which in its original sense meant a disinterested love of the poor, an identification with them as if they were Christ himself. In 258, one of the most famous martyrs of the Roman Church, the almoner Lawrence, took the Prefect of Rome to the beggars, to whom he distributed alms, when it was demanded that he render up the “treasures of the Church.”

Tensions persisted between the civil humanist traditions of state power, and Christianity, after the religion became legal, in fact became the state religion over the 4th century. Just because Constantine converted to Christianity, the Church did not
cease its activism and criticism. It therefore fell to the protest movement within the Christian protest movement, monasticism, to institute poor relief for their communities, much to the disgust of the diminishing civic-minded humanities-trained ruling class, even when they had conformed to the new religion. Monks and friars provided soup kitchen religion.

The medieval Church between 500 and 1500 took up a tremendous burden of poor relief on a local level. Church land and cash resources were often sufficient to maintain poor relief in normal times outside of famine or epidemics. The revolutionary attitude of the Catholic and Orthodox Churches was their insistence to “love the poor” for their own sake regardless of how difficult those people were, in imitation of Christ. In the careers of saints such as Francis of Assisi, “love of the poor” became an ultimate identification with Christ and a powerful alternate moral system. Members of religious orders became mendicants themselves. The civil and feudal authorities might chastise beggars but the Church would at least maintain food distribution or soup kitchens or alms giving, despite clerical abuses and extravagant lifestyles of some clergy and (many) prelates.

Thus a purely humanitarian post-civic dimension was finally introduced to poor relief practices. It did not “solve” poverty, and it has been accused of inhibiting economic development. Compassion, however, towards mutilated soldiers, “widows” and orphans, and the ill, coexisted with exclusion, contempt, disgust and fear. Not everyone joined Francis of Assisi’s example to “hug a leper.” Yet religions with monasticism and religious mendicants, such as Buddhism and the Catholic and Orthodox Churches, have sustained identification between a begging and alms-dependent “clergy,” and mendicant founders who identified with the poor, with constant and practical charity and an insistence on humanitarianism. The ideals of both Buddhist and Catholic alms-giving and poor relief tended to avoid social control of the poor, tended to be more disinterested, regardless of what happened in practice. The poor were supposedly valued as “the poor,” not because they might combine and become a politically dangerous mob of plebs that might overthrow a government. The relationship of monastic movements with mendicancy, regardless of the religion, had spread all over Eurasia by 1000 AD, then spread to the America with the Spanish and Portuguese in the 16th century.

3.9 Braveheart and Gotterdammerung: Tribal Europe

Not all of Europe had been “civilised” by Rome, the Church and feudal monarchs. Tribal agrarian societies in Europe outside of the Empire, had long been obliged to institute laws and remedies regarding the poor. Tribal custom was not resourceless with respect to poverty. Ancient and medieval Ireland and Scandinavia, for example, were caste and rank societies. Compensation was paid according to one’s rank, for injury, accident and murder. The fate for those who could not pay due compensation was to become a bondsman. Thraldom and homestead-based slavery were the fate of the unfree. In Norse law, it was permissible to castrate male beggars to prevent their proliferation. Compensation between individuals for specific events and actions was the basis of customary welfare. Transfers were enforced by Brehon Law in Ireland and Norse Law among the Vikings. Similar practices prevailed among the Anglo-Saxons. At their best, these were rational, deliberative, procedural adjudications, dependent on deep oral memory. At their worst, practices such as trial by ordeal were just torture dressed up as divination. Such societies existed until the 18th century on the Celtic
fringe, and into the 20th century among peoples as far apart as the Saami of Scandinavia and the Albanians.

3.10 The Tudors: The Catholic Reformation and 16th century poor law revolution

It is now necessary to consider “our” ancestral poor relief system, that of the British Poor Laws. By “ancestral” is meant mean the practices of the ancestors of British-origin New Zealanders, against which our own welfare idiom of welfare developed, in deep aversion. New Zealand’s utopian pretensions as a “Pharos”-like social laboratory were premised on a reaction against the practices and attitudes of 19th century Britain. As a “Better Britain,” New Zealand would set the benchmark for humane policy of civic inclusion and overcome the ills of the British class system.

What New Zealand settlers were rejecting had begun during the Tudor Government between 1486-1603. The Church’s monopoly on the provision of poor relief was indeed ended in the early 16th century at the time of the Reformation, but NOT by Protestants. The Poor Laws paradigm of Poor Law did not originate with Protestants but with reforming civic humanist Catholics. It was in fact Catholic humanists of the Northern Renaissance, such as Desiderius Erasmus (1466-1536), Thomas More (1478-1535) and Juan Luis Vives (1490-1540), and great ministers like Cardinal Wolsey (1473-1530) who promoted a punitive, deterrent-based policy towards the poor, distinguishing between the “idle” poor on the one hand, and “deserving” and impotent poor on the other hand. Thomas More’s *Utopia* of 1516 contains grim reading on the subject. Juan Luis Vives, an exiled Spaniard at Oxford and Henry VIII’s court, published a de *Subventione Pauperum, Sive de Humanis Necessitatibus* in 1526: “On Poor Relief, or on Human Necessities,” the first book exclusively dedicated to welfare theory.

It is necessary to emphasise these Catholic origins of Poor Relief reform for two reasons:

- In the first place the myth is that the Poor Laws and the development of capitalism were the result of the Protestant Reformation. Max Weber (1864-1920) in *The Protestant Ethic and the Spirit of Capitalism* (1905) and R.H. Tawney (1880-1962) in *Religion and the Rise of Capitalism* (1926) argued for the link between the Capitalist economy and Protestantism. While undoubtedly Protestantism did facilitate initial capital accumulation (although it could be backward and agrarian in backward and agrarian countries like those about the Baltic), it was Catholic Reformers and not Protestants who were the ideological originators and drivers of the Poor Law revolution. One has to beware of some of historical myths that notable modern commentators such as Niall Fergusson and Francis Fukuyama purvey. Fukuyama, however, is a sophisticated Straussian and the original Straussian power states were late 15th early 16th century Catholic states: Spain, France, Burgundy, the Netherlands, Venice, and the Hapsburg imperial state based on Vienna. The “New Monarchy” of Henry VIII had had a Catholic phase from 1509 until the early 1530s.

- These Catholic reformers had turned on the standard teachings and “spirit” of the Church’s “love of the poor,” to promote castigation, punishment and deterrence. The new ideological component that they introduced was the civic humanist complaint against inactive and non-participatory persons in the community. Renaissance England lacked a concept of “citizenship”; its language was rather one of “subjecthood” to the king. Nonetheless, the critiques from the literature of the ancient polities was applied. Niccolo Machiavelli (1469-1527) had written a version
of *The Prince* by 1513, for a Latin text of it was in circulation that year, along with manuscript copies in the vernacular. *The Prince* was not to be published until 1532. Both *The Prince* and *Utopia* sought to make the people of a polity into active participants by means of legal and regulatory disciplines. Machiavelli aimed to create the citizen body that could readily and successfully do military service. More aimed to end indigence and promote and industrious Christian society.

These policies become those of Henry VIII’s Reformation government. Thomas Cromwell drafted and supervised the passage of the Poor Law 1536. This legislation became the model for the Poor Law 1601, the (in) famous “43rd of Elizabeth I,” which, despite amendments and the Poor Law Amendment Act 1834, continued to provide the paradigm for poor relief in the United Kingdom until these Acts were finally repealed in the 1920s. More was a Victorian before the fact, while the whole system and ideology was derived from a Spaniard, Juan Luis Vives, who had supported Catherine of Aragon and educated Mary Tudor. History is never as tidy as ideology makes it out to be. The Protestant ideology of the American Tea Party is in fact Renaissance Catholic, while the policy on poverty of Pope Francis I may possibly owe more to a Geneva Protestant and Enlightenment thinker, Jean Jacques Rousseau, and less to his Jesuit Renaissance predecessors than on the reducciones of what is now Paraguay.

The English Poor Laws, however, became ancestral to British-descent white New Zealanders because they became the standing British Isles paradigm and practice from the 1520s to 1929. The government of Cardinal Wolsey, as is evident from Book I of Thomas More’s *Utopia*, passed legislation and regulations to deal with the menace of beggars and vagrants. Two apparently contradictory attitudes marked thinking at that time; they distinguished between moving the poor on to another district, and rendering them immobile and under surveillance.

The immobility of the poor was the preferred condition; mobility even for purposes of trade or “job-seeking” was thought to render them very dangerous. It was difficult even for skilled tradesmen to get the right to practice their craft in another town, because of the guild system and borough privileges. Another town could literally be a “closed shop” to even an enterprising Dick Whittington. The 1490s to the 1510s was a period when discharged soldiers caused considerable fear and had become a social nuisance, compounded when it was revealed they were carriers of the syphilis epidemic and were found dying on the roads from it. The Vagabonds and Beggars Act 1495 first expressed the new attitude. The Wars of the Roses had finished just 10 years before, the French capture of Naples, from which syphilis was rumoured to have spread, just the previous year. The principle that emerged was that parishes and local authorities should look after their “own,” while needy strangers were discouraged from remaining.

Vagabonds were to be placed in stocks, fed bread and water for three days, and then moved on. Even before the dissolution of the monasteries then, the principle was developing that the authorities of a locality could protect and manage the poor relief of their own territory, subject to a national regulatory framework. Instead of the Church’s network of great religious houses, England became a vast grid-work of pauper management and compulsion based on the parish system. Catholic civic humanists had in fact revived the old Graeco-Roman antipathy for the unlovely poor and idle. They had invented the perspective from their civic humanist reading into the Greek and Latin classics that government should proactively improve its citizens, so that they could be militarily, economically and reproductively successful.
After Henry VIII had broken with Rome, Thomas Cromwell prepared for him the first Poor Law in 1536, which attempted to localise to parishes care of the “impotent poor.” An Act of 1535 funded public works for which the poor were to be drafted as corvee labour. This was an attempt to replace the poor relief provision of the religious houses that had been abolished. Whipping of vagrants entered the statute books in 1536.

The irony of the situation is that the policy was not “Protestant,” even though it definitely eventually became imbued with “Protestant” values. It originated as a civil humanist critique among loyal Catholics against the Church’s open-handed subvention of the poor. Christ taught, feed the hungry, clothe the naked, while the three Thomases—Wolsey, More and Cromwell—were determined to govern and discipline the poor as well and put them to work and corporal chastisement and to make a public exhibition of the process. Deterrence for the first time was introduced as a principle of welfare provision.

One can only guess at the profound fear and unease that drove these measures that gave “the New Monarchy” the pretext to build a proper state at last, subjugate the nobility to its service and create a nation-wide coverage of regulatory authorities. But the early 16th century period was a time that looked back onto a recent past of depopulation, plague, and warfare all throughout Europe. Statesmen were keen to encourage revival, but all the more they sought to stabilise the fortunes of their states, to obtain a balance or “rest” for their states from wearisome vicissitudes. It was out of this desire for “security” for example that the much admired Venetian republic, which was the first state to provide social housing and to govern from statistical information, was named La Serenissima. Serenity meant invulnerability to the shocks of time.

In England, however, the Poor Law 1601, also later known as “the Old Poor Law” or the “Elizabethan Poor Law” or the “43rd of Elizabeth I,” was the one classic legislation before Lloyd George’s Old Age Pensions Act 1908 and his National Insurance Act 1911. Even the Poor Law Amendment Act 1834 built on its original principles, for Utilitarian ideology. In fact, it took Neville Chamberlain’s Widows, Orphans and Old Age Pensions Act 1925 to abolish the English Poor Laws entirely. For three centuries the 43rd of Elizabeth provided the basic paradigm, which subsequent Acts or practices referred to, whether appropriating it, reinforcing it, modifying it, or emphasising aspects of it. The Poor Law 1601 used the 1536 Poor Law and a 1597 Act as model. This regulatory framework was spread to Ireland and the Americas.

The English Poor Law Act 1601 was closely related conceptually to the Charities Act 1602, an Act that had a longer life in the United Kingdom and New Zealand than even the Poor Law. The Charities Act 1602 was supposed to ensure that an institutional base existed among the boroughs and counties to complement the Poor Law. The principles that composed the original Poor Law, then, were:

- Localisation. Parishes were the unit of government, vestries the managing committee.
- Local rates funded parish relief.
- Famialisation. Families in the first instance, where possible, were to look after their aged, ill, infirm and poor.
- Outdoor relief for the “impotent poor” was provided in the forms of alimentary relief or clothing.
• Alms houses as custodial asylums. Some extremely aged and incapable persons could be placed in parish alms houses and other private “hospitals” usually converted from Catholic orders and religious houses. This is why the Charities Act 1602 was the twin piece of legislation to the Poor Law. The Tudor government sensibly desired to establish viable NGO partnerships at local level to assist in parish relief.

• Punishment. The able-bodied who refused to work were to be placed in “Houses of Correction.” By 1607, each county was to have a “House of Correction.” These were in fact penal institutions by another name.

The Act sought to distinguish between “the settled poor” of a parish, who were suffering from an agricultural or economic down-turn, from vagrants, who in 1601 just as much as in 1495, were regarded as a serious domestic security issue.

3.11 Bum-tax and Scotland’s Poor Law

“Gin a body meet a body, Coming thro’ the rye.”

Many New Zealanders are of Scottish descent. Our Scottish ancestors were subjected to a sexualised form of poor relief in an entirely separate system. For Scotland had a “Bum Tax.” The Scottish Parliament in 1579 established an inquisitorial form of poor relief that means-tested and inquired who might look after infirm or impoverished persons. Under James VI, Buttock Mail was first levied in 1595, a tax imposed by the Presbyterian Church courts for fornication, or illicit sexual intercourse, “buttock” referring somewhat metonymically to the entire person of a prostitute, the word “mail” referring to a tax. The revenue thus raised from fornication paid for parish Poor Relief. Pity the parish with virtuous and continent youth! Such a parish—such was the folk wisdom of the time—would have had few poor people.

Shakespeare might well have been referring to this Scottish practice in his play Measure for Measure (written over 1603/04), after James VI ascended the English throne as James I in 1603. Shakespeare imagines the viceroy Antonio making fornication a criminal offence in Vienna. This system from James VI’s reign remained in force until Scotland came under a separate Poor Law Act in 1845, separate from the Poor Law Amendment Act 1834 of England and Wales. Our first Scottish forebears were fleeing, then, a sex tax, an enormity that even the Inquisition never resorted to. New Zealand was affected by the Scottish sexualisation of poverty in that the Scottish “Bridewells” exported “fallen” young women and alleged and actual prostitutes to Otago during the Vogelite immigration. Something of this latent past may have passed down to demonise and sexualise single mothers in 1970s and 1980s New Zealand.

3.12 The Poor Laws (plural)

The Poor Law 1601 was subsequently amended in the following ways:

• Settlement Act 1662 which permitted relief only to residents of a given parish. This had the effect of targeting relief, but also of reducing labour mobility. Labour contracts were drafted to last for short periods such as 364 days, a day less than the year of work and residence that gave entitlement. If a pauper could not then

61 Robert Burns, Comin’ Thro’ the Rye, 1782.
prove a “settlement”, they were moved on. The Act was contradictory in that it was supposed to make a parish look after its own poor, preventing them from dumping their poor on neighbouring parishes, or on a county town, but the tight definitions of what constituted a “settlement” on a local pauper meant that in reality, parishes had the discretion to move inconvenient persons on.

- Workhouse Test Act 1723 of Sir Edward Knatchbull (4th Baronet c. 1674–1730). Local bodies had been building and operating workhouses from at least 1636. The Bristol Corporation of the Poor which had been founded by Act of Parliament in 1696, sought to house, employ the poor, and “correct” offenders and delinquents. From the 1710s evangelicals took up the cause of the workhouse when the Society for the Promotion of Christian Knowledge promoted them. The parish of Olney in Buckinghamshire in 1714 started a fashion for small towns and parishes to found workhouses, without Parliamentary authorisation. This was DIY local government. This practice particularly caught on in towns that had established forms of industry-lace-making, an onerous and eye-damaging occupation was significant in the Olney economy, for instance. Towns had to provide for themselves if they lacked a local MP who would put up a Bill. Knatchbull’s Act of 1723 provided the legislative framework for parochial workhouses, to be operated either as single parish institutions or between unions of parishes. This created another unit of coverage than just the county level with its House of Correction. In reality, workhouses turned into all-purpose welfare centres providing services from child-care to geriatric care, for the poor. By 1776 1,912 workhouses had been set up in England and Wales, responsible for about 100,000 paupers. It would be too much to say that these poor houses became “one-stop shops” for poverty, but they became the institutional building blocks of a new culture of poverty-management. They were, rather, a fusion of what the Poor Law 1601 and the Charities Act 1602 intended.

- Poor Law Amendment Act 1782 of Thomas Gilbert (1720-1798) established dedicated poor houses for the old and infirm and provided outdoor relief for the able-bodied poor and unemployed. Thus the shift towards outdoor relief began. The economic down-turn of the 1780s had increased the number of unemployed. Landowners and politicians were prepared to consider alternatives such as Gilbert’s genuine attempts at “humane” poor relief. An activist for the poor, as Wilberforce was for slavery abolition, Gilbert was the first to realise that the large urban centres of the incipient Industrial revolution would require new responses. Outdoor relief had always been an option under the 1601 Act, but by now the Agricultural Revolution with its Enclosure Acts that privatised village commons, was placing pressure on the rural poor.

3.13 The ghosts of Speenhamland 1795-2013

The Speenhamland System began at a conference of Berkshire magistrates and landowners at the Pelican Inn at Speenhamland in 1795. The Speenhamland System was a shift entirely towards outdoor relief. So deep and protracted was the poverty crisis in rural England that parishes by this time were improvising as best they could so as to cope with the demand for relief. No nation-wide system existed, apart from the ancient regulatory statutes. It was each parish for itself.

A critic then emerged in the form of Sir Frederick Eden (1766-1809), the great-grandfather of Prime Minister Sir Anthony Eden (1897-1977). Frederick Eden’s book, The State of the Poor, published in 1797, was a state-of-the-art, statistical investigation of
poverty in England, in three volumes, that used questionnaires and provided tables, to acquire and organise information. Like Gilbert, Eden was a poverty activist, not a Malthusian or Utilitarian “poor-basher.” What Eden contributed to the question of poor relief for the first time was the power of mathematics. Not only was he a mathematician, but he was a founder of the Globe Insurance Company of which he became the chairman in 1803. He therefore had the skills to assess the potential of Mutual Benefit Societies, and to compute sliding scales.

The Speenhamland system subsidised wages through a sliding scale of wage supplements. Eden was able to critique the peck loaf subsidy table that the Speenhamland magistrates had compiled and were propagating among parishes. Sliding scales were a popular governance tool in the early age of the Political Economy Revolution of the late 18th and early 19th centuries, as members of elites like Eden started to attain economic literacy and numeracy. Eden as a disciple of Adam Smith was very much the benign face of Smithian classical economics, and not at all what the Tea Party would understand of their idol. Even Karl Marx was to praise Eden as Smith’s best disciple.

Slide-rules were used by this time to calculate sliding scales. Poor relief was necessary because of the high cost of bread. Wheat was in fact protected by the Com Laws tariffs between 1815 and 1846. The Revolutionary and then the Napoleonic Wars in Europe shut off cheap continental and East European sources of wheat. What the Speenhamland system did, as it became popular in southern England, was place the workforce of the poor at the disposal of landowners, whose wages to those labourers were therefore subsidised by parish rate-payers. Wages then became artificially low. There were, in fact, minimum wages for each locality. Receipt of that wage reduced landless labourers to a corvee workforce. Rate-payers were therefore subsidising their local landowners, who were reaping a tremendous accumulation of capital with the grain prices so high. The very constitution of the vestries locked this in: anyone with £100 worth of property had one vote, then another vote for every £50 more until one reached a cap of six votes. Shopkeepers and tradesmen and middle class people in the boroughs and villages were therefore subsidising the great landowners of their district.

The eminent Dutch sociologist Abram De Swaan (b. 1942) has analysed Speenhamland as a security compact amongst the landed gentry for the control of the poor and of the labouring class. 62

Britain was almost continually at war with France between 1793 and 1815. Landowners compacted with one another to form networks to contain and control the poor. The system relied on the broadest and most thorough coverage possible. It, therefore, proliferated, not least that was one of the conditions of its promised success. Modest middle class ratepayers submitted to it, because they too believed that they benefited from the “protection.”

To give an idea of the social conditions in which Speenhamland operated, Patriquin demonstrates that 22% of the Sussex population in 1819 was on poor relief, 17% alone on outdoor relief. This was on the eve of the “Captain Swing” agricultural insurgency. There was a strong correlation between Speenhamland system counties and “Captain Swing,” the latter was a revolt then against the system. There was also a strong

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correlation with the Corn Laws that protected British-grown wheat against foreign imports. Speenhamland can be seen as a desperate attempt to make the patrician rural economy and the pastoral and agrarian idylls intact. Parliamentary enclosures created a rural proletariat. Speenhamland provided subsidised labour pools. Decaying land-owning elites do tend to idealise the countryside and rural life and seek economically irrational insulation and protections, amounting even to transfers of wealth and subsidies. The Russian gentry did no less after the Emancipation of the Serfs in 1862.

Speenhamland and Sir Frederick Eden are of more than academic interest to New Zealand debate. Keith Rankin has discussed Speenhamland in his critique of Sir Roger Douglas’s minimum wage. Rollo Arnold discussed Speenhamland and the “Revolt of the Field” under Joseph Arch in the early 1870s as important experiences for formative New Zealand political values. Both Keith Joseph and Norman Fowler warned during both the Heath and Thatcher governments about the Speenhamland consequences of modern welfare. Yet current Welfare Secretary Ian Duncan Smith has been accused by Left-wing bloggers of creating a “New Speenhamland” and of corporate welfare and corporate subsidisation. The ghosts of that Berkshire village still walk the British welfare imagination at least.

3.14 An epistemological warning on the uses and misuses of history

We have to be careful of applying Speenhamland to the 2010s. History does not happen the same way twice. Tescos, Coffee Republic and modern factory owners are not landed gentry. Economics, however, is reductive to empirical truth content as history or any hermeneutical discipline is usually not. Economics uses mathematical languages, and has developed languages for laws, and analysis, that permit a greater propositional rigour than historical analysis can produce. The logical empiricist philosopher Carl Gustav Hempel (1905-1997) devised the deductive-de-ontological method of scientific explanation. His article *The Function of General Laws in History* has been of decisive importance in historical and economic epistemology. Hempel may be characterised as a causalist who was a reductionist; that is, he believed that historical truth could be reducible epistemologically to more scientific and mathematical propositions. The analytical philosopher, Donald Davidson (1917-2003) and the hermeneutical philosopher Paul Ricoeur (1913-2005) by contrast were causalists who were non-reductionists. History would not have the same kind of truth as maths or science, say. R.G. Collingwood (1889-1943) was a non-reductionist who was a non-causalist. There are no reductionists who are non-causalists. In any case, Hempel’s argument surely works for economics and economic arguments, even if thinkers who try to explain the “truth” of history disagree with Hempel on history.

Therefore, it is the critique of Speenhamland that may have power of explanation in 2013, not the historical analogy of Speenhamland. And the critique made between 1797 and 1834 of Speenhamland was closer to Hayek and market capitalism, coming

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as it did from the Utilitarians and the Manchester School. That is why a Left critique of modern workfare activation is wrong to make “2013” synonymous with “Speenhamland.” What is really the case is that there is a classic liberal economic case against Speenhamland that may now be an applicable critique against using tax-payer moneys to subsidise the corporate employment of the labour of the poor entrapped in labour pools. Anything more is rhetoric.

3.15 Rural slums and backblocks

Such analyses identified Speenhamland as a rural poverty trap, despite the genteel paternalism behind it. The reality of the “Georgian” England of Constable and Turner paintings is that it was a rural slum, policed by gamekeepers. People often drank and washed out of picturesque yet stagnant duck-ponds. The Berkshire system then may be seen then as the Corn Laws’ correlative welfare system, while those statutes were in force between 1815 and 1846. Protecting British wheat-growers from foreign competition, the Corn Laws engrossed the landowning class.

For the immediate founders of settler New Zealand, however, Speenhamland was far from a bane in the old country. Wakefield wanted to reproduce cross-sections of rural society. Archbishop Whately (1787-1863) and his disciple Sir George Grey were far from considering it unfavourably. They were inclined to support Outdoor Relief, and were more favourably disposed towards Speenhamland than the Poor Law Amendment Act 1834. The fecundity of the poor in British parishes meant that there were all the more immigrants for settler colonies. New Zealand’s Old Age Pensions Act 1898 adopted the outdoor relief principle.

We need not think that because New Zealand was a New World country, outdoor relief was the obvious option in 1898. Not a few American counties ran poorhouses on the British model. New York passed An Act for the establishment of County Poor-Houses in 1824. In many states and counties, children and adults alike could be sold by auction into indentureship by the selectmen of a local body. While this reminds us that there was a form of white slavery in the British colonial 18th century, it is not too far removed from the orphans’ scheme in ancient Rome, that we have seen, of the Emperor Nerva that gave girls dowries and put the boys into the legions or some trade. The world had not moved that far on between slave-empire Rome and slavery-era America. It was thought in labour-scarce colonies that labour had to be captured and compelled, one way or the other. Many American counties ran Poor Farms. The indigent the aged and the disabled alike were kept alike in these institutions. Poor farms declined in number after the passage of Roosevelt’s Social Security Act 1935, but only ceased to operate in the early 1950s.

So what were the practical results of the well-intentioned Speenhamland minimum wage system?

- Labour pools: It created vast pools of paupers in rural slums in a stagnant economy.
- Emigration: It incentivised the emigration of the poor, either to the industrial cities or to America or the colonies.
- Insurgency: Although functioning as a security compact, it in fact provoked serious revolt as landless labourers organised to resist the broad coverage of the scheme.
Idle and irresponsible and unproductive elites: It created an unsustainable wealth class of leisured landowners.

Elite subsidisation by the middle class: The tax burden disproportionately fell on the middle class, whose poor rates were effectively subsidising corvee labour for the local landowners.

Vicious feed-back loops: It violated the norms that Acemoglu and Robinson propose in *Why Nations Fail* for creating inclusive economic systems through virtuous economic cycles. As far as the poor were concerned it was an irrational and excluding system. As far as agrarianist elites were concerned, such as promoted the settlement of New Zealand, it was better than the Poor Law Amendment Act 1834 that followed, and provided colonies with population.

### 3.16 The best of times, and the worst of times: the Poor Law Amendment Act 1834

The economic boom and wealth accumulation of the Industrial revolution were “the best of times, and the worst of times” to quote from Charles Dickens’s *A Tale of Two Cities*. If Speenhamland was an Agricultural Revolution and wartime repression measure that complemented the Corn Laws, then the Poor Law Amendment Act represented the interests of the Industrial revolution economy, of untrammelled Capitalism, and of emergent civil organisation and bureaucracy within the United Kingdom. The Poor Law Commissioners’ *Report* of 1834 had described Speenhamland as a “universal system of pauperism.” They were building on the original critique of Frederick Eden, though ideologising poor relief through a Malthusian “turn.”

The fact that Speenhamland needed as total coverage as possible, in De Swaan’s analysis, is what made it “universal.” A generation’s experiment of the system had resulted in massive labour pools of the rural poor. The Poor Law Amendment Act paradigm was also influenced by Thomas Malthus (1766-1834), though Malthusian propaganda better explained the support and propaganda for the 1834 Act rather than the attitudes of the promoters of the Amendment Act. Malthus had demonstrated that unless checked, human reproduction would exceed the food supply. The “lower orders” should therefore not reproduce beyond their means. Nassau William Senior (1790-1864), for example, who was one of the Poor Law Commissioners, was in fact an “anti-classical” economist, and a critic of Malthus and an ally of Richard Whately (1787-1863), who became the Church of Ireland Archbishop of Dublin. Senior and Whately used the Drummond Chair of Political Economy at Oxford University to argue that Malthus had no scientific or logical grounds for the inductions he drew. The Speenhamland system, however, was roundly accused of encouraging the poor to propagate, beyond the means of their subsistence. Before the shocks of Darwin and “Social Darwinism” impacted, there had already been Malthus and Political Economy, two generations previously. The “shock” was that Nature was so cruel, intentionally so by “the Author of the Universe” (aka “God”), according to the Rev. Malthus, or without God, according to Darwin. The shock came from realising that humankind did not just have to suffer because of the penalty of the Fall, but from a supposedly good God programming Nature with such harsh autonomous laws. The shock was all the more intense for the “physicalist” and “vitalist” view of Nature that many members of Enlightenment elites held. Natural organisms and organic systems had not yet lost their “magic,” when Malthus intervened.
Both William Nassau Senior and Edwin Chadwick (1800-1890) were the thinkers behind the Poor Law Amendment Act 1834. Chadwick was also the proponent of the General Health Board and of sanitation reform. With these reforms the British Government was attempting to do two things: manage the consequences of the Industrial revolution and catch up with the Civil Organisation that Napoleonic France and various Absolutist regimes of the Enlightenment had bequeathed to Europe. Although Britain had the most powerful economy in the world, its government was backward, weak and fitful, compared with continental systems. The Napoleonic and Prussian states were technically far more advanced as governance systems. Laissez-faire, decisionism, improvisation, deering-do, muddling along or outright twittishness made for a powerful economic engine with weak regulatory controls.

The haphazard patchwork and hierarchies of thousands of local authorities, regulatory boards, trusts, had to be brought into coordination. We may learn from Napoleon, our former enemy, Dr Thomas Arnold of Rugby taught Oxford students in 1841 in his lectures on Modern History. Leading Britons dedicated themselves to devising modern coordinated government for the United Kingdom, in place of the parishes, the corrupt local boroughs tied up in "red tape" and the turbulent republics of county gentry and aristocracy that passed for county government.

The Poor Law Amendment Act 1834 was also a catch-up with Absolutist Europe previous to the Revolution. Britain’s take up was both forward-looking towards industrial capitalism but also retro and ancien régime. Various Enlightenment states had attempted drastic poor control measures. Perhaps the most chilling still stands in ruins in modern Belgium, formerly the Austrian Netherlands. Emperor Joseph II (reigned 1765-90) erected a poorhouse at Vilvoorde in Brabant that could house 12,000 inmates. Beggars and prostitutes were housed in close conditions, much like what we see at Salieri’s asylum in the film Amadeus. A poorhouse on this scale was a concentration camp by any other name. The philosopher Giorgio Agamben (b. 1942) argues in his book Homo Sacer (1995) that camps reduce people to “bare life.” Certainly there was a dark side of the Enlightenment State, wherein Hitler’s Jewish ghetto camp of Theresienstadt was prefigured. The Austrians also had introduced a register of birth deaths and marriages to break up old corporate and feudal identities to substitute them for individuals and families. If one was not entered on the register one simply did not exist as a civic entity. The Hapsburg Government was trying to modernise and regulate a largely feudal agrarian society in which serfdom was still an institution in some of its realms. Although backward compared with Britain at industrial technology, the Austrian domains contained an extensive workshop and factory economy for which it required a labour force. As a mercantilist economy and military power, the power that was known as “Austria” was incentivised to produce manufactures, and hoard specie from exports, while otherwise aiming at self-sufficiency.

By adopting the Poor Law Amendment Act 1834, Britain was belatedly catching up with the sovereignty systems of a recent feudal absolutist Europe, and yet having a bet both ways. It was both seeking to control the countryside, and well as develop the labour force for an industrial economy. Speenhamland had become synonymous with landowner subsidisation and mass pauperisation. The problem with the 1834 Act is that it had the correct economic critique for Speenhamland, but that its remedy was just a punitive retrogressive set of policies, from the age of the Tudors and from absolutist Enlightenment Europe. On the one hand, it was trying to engage with technologically

progressive capitalism and the new social and economic conditions, yet on the other, it
was resorting to the policies of continental absolutist states. One of the great debates that
educated Englishmen had at that time was the *Libertas v imperium* debate. *Libertas*
was the freedom of Englishmen. *Imperium*—rule over the Empire—was thought to be
inconsistent with English liberty, at “Home.”67 It was because of such notions that
English Law ruled that a slave became free as soon as he breathed the air of England. It
was subsequently found that transportation to Australia violated *Magna Carta*. It was to
prevent British liberty from being compromised by, or shared with, American colonists
that Britons went to war with the American colonies in the American War of
Independence. Yet in the land of the free existed an entire population of paupers who
were deemed fit live only under a species of domestic *imperium*.

The Poor Law Amendment Act 1834 reset the Poor Law paradigm by enacting the
following:

- An independent stand-alone administration. The Act created a Poor Law
  Commission based at Somerset House with Poor Law Commissioners supervising a
  nation-wide network.

- Workhouse indoor relief became the norm—though did not absolutely abolish outdoor
  relief.

- Parish Unions were to be formed. It obliged parishes to form parish unions and build
  workhouses in common.

- Deterrence was built into the system. Workhouses were to be punitive last resorts
  and were intended to deter the poor from seeking relief in them.

- The Maintenance of the Labour supply. The intention was to transfer rural workers
  to urban centres to ensure labour market mobility and low wages.

- Reduction of urban subsidisation. The intention was to prevent urban rate-payers
  from being burdened more than necessary from the necessitous presence of the
  poor in cities. The poor were to be encouraged to work or else put to work in the
  workhouses, and contribute to their keep, punitively.

The Act of 1834 of course immediately ran into difficulties. Gilbert Act 1782 parish unions
resisted conversion to the new system. There were legal difficulties over control of
vestries. A protest movement developed, of which Charles Dickens *Oliver Twist*
remains a monument. In the manufacturing North of England, workhouses simply did not “work.”
The industrial labour force of the North was accustomed to being laid off when demand
for production was low. These periods, once the depression after the Napoleonic Wars
ended, had become brief, almost “seasonal” rather than cyclical. Northern workers
objected to entering punitive institutions with their families, when such down-turns
resulted from normal economic “seasons,” and were no result of “idleness.” They,
therefore, tended to avoid the workhouse, and seek mutual benefit solutions. In that
respect the Poor Laws had worked. Yet parishes existed in which workhouses became
wasteful and unproductive and merely “seasonal” institutions, their “deterrence” staff
largely idle themselves, until a town’s factory population was laid off. In other words, the
Poor Law Amendment Act required significant resources, infrastructure and human
capital (sic) of beadles and the like, to operate.

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3.17 Screen memories for workhouse horrors

The workhouse became the nightmare scenario that 19th century British colonists brought with them to colonies. To the mind of its inmates, the workhouse or the poor house was a form of internal domestic “transportation” and punishment. The old age or infirmity of otherwise active working people was haunted by the prospect of the workhouse if their families could or would not look after them. This dread entered the “Modern” era. Local authorities in states of the United States operated poor houses. In Eugene O’Neill’s play *A Long Day’s Journey into Night*, set in 1912, the family patriarch is economical with the household light-bulbs and is obsessed with switching off the lights, out of fear of impoverishment, although he is a wealthy retired actor, and of being sent to the “poorhouse.”

Poor houses of the 1834 Poor Law variety did indeed survive into the age of electric lights, cinema and radio. They were the most degrading institutions outside of prisons or concentration camps that the Anglo-American polities ever devised for the torment and humiliation of vulnerable working populations. The workhouse regime was public and humiliating as well, for if it were not, how else would it have deterred? Poverty was choreographed and drilled and even corporally punished.

Folk memories are now weak about them. Yet they entered pop music and film and discography of the age of *The Great Gatsby*: Ma Rainey and Papa Charlie Jackson sang the “Poor House Blues” in 1928. Such music though did not survive into the golden age of welfare despite the 1960s and 1970s musical retrospective on country music, popular ballads, Victorian and “Jazz Age” themes. In Eugene O’Neill’s great play, *Long Day’s Journey into Night*, set in 1912, the following lines and stage instructions are for James Tyrone, a successful retired actor:

> Tyrone: No, stay where you are. Let it burn. (He stands up abruptly—and a bit drunkenly—and begins turning on the three bulbs in the chandelier with a childish dramatic self-pity.) We'll have them all on! Let them burn! To hell with them! The poorhouse is the end of the road, and it might as well be sooner as later! (He finishes turning on the light).  

So in a play filled with drug addiction, unemployment, invalids, and quarrels over the price of electricity, the poorhouse looms. That no one knew what a poor house was 40 years on from that blues song is definitely part of the story, even in its absence; the whole story is that the awful memory had been censored out of popular culture and memory, and only relayed through school literature and Dickensian films, such as *Oliver Twist*. Even then it was disassociated from broken down, ill and ageing adults and applied to children. County poor farms only finally wound down in the United States in the early 1950s. Perhaps it may be worthwhile to overlay the 1950s-80s with another kind of map: the closure of custodial institutions and custodial care, concluding with the closure of the psychiatric Gulags in many countries. Custodial detention was definitely renounced as a routine welfare intervention.

Ballads and songs died out before mentioning the workhouse. Folk singers of the 1930s to the 1960s such as *The Animals* and Bob Dylan who collected and revived such songs as *The House of the Rising Sun* did not collect workhouse songs. The memory was so awful that it was blacked out. It was easier and less threatening in the 1960s to allude to prostitution and syphilis in *The House of the Rising Sun*. Charles

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Dickens’s *Oliver Twist* set in the 1820s and 1830s served as the screen memory for what existed into modern times in liberal residualist polities.

### 3.18 A new mutualism against a new Speenhamland?

The Poor Law Act 1834 system gradually declined in Great Britain and then was slowly killed off by government policy. The number of people availing themselves of poorhouses declined from the 1870s onwards. It became like an expensive “Department of Corrections” Service, with not enough inmates to fill the prisons. Mutual Benefit societies and trade unions provided much social assistance to working people as membership of formal social solidarities of churches, union, and lodges and clubs reached a peak among the working class. On this theme, Hakim Bey aka Peter Lambourne Wilson (b. 1945), the American anarchist theoretician, has extolled the 19th century and early 20th century Chinese “tong” as a mutual self-help and self-empowerment organisation for the poor and vulnerable, against an indifferent or hostile government, proposing it as a model for America’s modern poor, who lack basic health insurance and other social services.

Workers of Britain’s industrial North responded similarly with mutual defence institutions. Certainly, 19th century Chinese and 19th century European and American working people all responded similarly to the crises that the Industrial revolution, poverty and displacement and powerlessness afflicted them with. The mystery is why the 21st century poor in OECD nations, despite IT and communications technologies, are unable to do more than associate with sterile and unproductive crime gangs that are unable to provide mutual benefit services to the communities or communes they derive a living from. An established crime gang is a war machine that only reliably (at best) provides social insurance to its initiates and their families. Rioters in the August 2011 Riots in London and Birmingham were able to convey information about police movements by cellphone. Yet the modern poor—armed with cellphones as they are—are unable to combine as 19th-century proletariats could for sustained purposes of self-help, who in conditions of mass illiteracy only had word of mouth, chapels, corresponding societies, and newspapers to inform them.

Daron Acemoglu and James A. Robinson warn in *Why Nations Fail: The Origins of Power, Prosperity and Poverty* that there have to be absolute economic rationality and total transparency in induction of workforces into the economy and into virtuous economic cycles. That is their constant message, an otherwise pro-capital and pro-business one. Opacity would result from over-determination of goals and outcomes. This might well be a critique that applies to both the Speenhamland “minimum wage” model, and to the current British practice of compelling youth to take up unpaid junk jobs, by treating jobs-seekers’ allowance as a “community wage.” Such unpaid “stewards” worked at the Royal Diamond Jubilee Facilities in June 2012. It is basically corvée labour. It would not be unfair to say that many young and/or unskilled workers in the modern British system feel that they are undergoing wash-cycles of junk-jobs, with no prospect of self-improvement. While economic activity is better than non-participation, “inclusion” can feel like compulsion. Local Education Authorities that may be responsible for poor educational outcomes en masse are unaccountable for their performance before the markets and other governance entities.

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Poor Britain languishes in a New Speenhamland, not the same the old one, but just as unfree and hopeless for many. Social and educational transfers and investments are simply not being affected to supplement workfare activation. Bridget Anderson argues that migrant controls in the United Kingdom actually grant employers disciplinary powers, which they may not use over native British labour and over workforces from most EU nations. That renders unskilled British labour less competitive. She further argues that the current British Government’s strategy is to keep separate the “failed citizen” (the criminal, the beneficiary, the prostitute) from the non-citizen. The Jobcentre system one may well imagine is the internal counterpart of the UK Border Agency. Many non-citizens, however, tend to become “failed citizens” from gaining the right of abode. Her conclusion is:

Immigrant controls may not function as a means of protecting jobs for citizens, but effectively creates a group that are more desirable as employees through enforcing atypical employment relations such as fixed-term contracts (and self-employment) and direct dependence on employers for legal status.

Yet the corrective to Speenhamland that was attempted in the 19th century under the Poor Law Amendment Act 1834 was also baneful, which was to deny anyone the economic benefit of labour, so that local economies and businesses and authorities did not become dependent on the labour of the unemployed. During the Irish Famine, men were made to dig vast holes and fill them up again under Sir Charles Trevelyan’s poor relief. Just as Plato remarked that Sparta operated on the basis of “unwealth,” so did the new Poor Laws create the misery of “unwork.” At least under Speenhamland, one could be made to mend a bridge, bring in the harvest or rake the squire’s driveway.

Deterrence was supposed to work two ways:

- towards the worker, by making their working lives a nonsense, and
- towards local businesses and local authorities, lest they should regard the local poor, as they did in the Speenhamland system, a source of cheap labour to hand.

3.19 O Captain! My Captain!—A new liberal state and state intervention

The laissez faire liberal state is usually termed the nightwatchman state. That much misunderstood phrase defines the state from the security perspective. Foreign powers and law-breakers would not jeopardise property (and life). Many 19th century people rather wished to appreciate the leaders of their governments in the words of Walt Whitman, referring to President Lincoln: “O Captain! My Captain!”

People sought rather a “captain on the bridge,” who would keep them safe and allow them to get on with their lives. Napoleon, Napoleon III, Abraham Lincoln, William Ewart Gladstone, Otto von Bismarck were thought at times to be that kind of leader, and not just the ordinary statesman or diplomat immersed in power play.

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72 Bridget Anderson, ibid, p. 197.
73 Walt Whitman, *O Captain! My Captain!*1865.
Two trends later in the 19th century revisited the Poor Law Act 1834—first of all new impulses from the continent, the examples of Second Empire France and of the new Germany, but also the movement of the Oxford neo-idealists who became the core of the group of “New Liberals.” 19th century workers did do their best to help themselves, through mutual benefit societies, but a shift in governance thought had occurred by the 1860s in favour of government intervention and economic participation. Dirigisme, or increasing state direction and participation in the national economy, became the fashion, even though the word was only devised in the French language only in 1931. The idea was that government was like a steerable airship, rather than a balloon blown and buffeted by winds. For long though, the new statist liberalism dared not declare its name, or fall under a “brand.” The Americans called it “progressivism” as they tried to correct the excesses of the Gilded Age. William Pember Reeves called it state socialism. Napoleon III, however, considered himself a Saint-Simonian socialist, in opposition to the economic theory of Jean Baptiste Say (1767-1832). Henri de Saint-Simon (1760-1825) was a French sociologist who inspired Auguste Comte, John Stuart Mill and Karl Marx, alike.

Oxford don Thomas Hill Green (1836-1882) and his followers have been called “social liberals” or “new liberals.” They were a group of neo-Hegelian idealists, who founded a movement known as “The New Liberals.” A Fellow of Balliol College, Green’s main works were a *Prolegomena to Ethics* and *Lectures of the Principles of Political Obligation*. As Green argued, how was it possible for people to be free when the economy did not enable them to live? Other new liberals were L.T. Hobhouse, Bernard Bosanquet, the author of *The Philosophical Theory of the State* (1899), A.C. Bradley, F.D. Bradley and R.L. Nettleship. R.H. Tawney claimed Green as an “ethical socialist” and as the font of a British Labour Party tradition that has included Clement Atlee and Tony Blair. Yet as no Labour Party existed in 1882 for Green to join, it is to the Liberal Party of Gladstone and Asquith and Lloyd George, to a reforming liberalism that we must look for the political context for the new liberals. John Offer has argued that philosophical Idealism was the framework in which social activism was proposed. The Christian counterpart was “social Christianity.” Like now, there were two clear opponents for such a movement to define itself again—a *laissez faire* utilitarianism, and positivism, a compound of empirical science and social Darwinism led by such thinkers as Herbert Spencer (1820-1903), or Francis Galton (1822-1911), who were hostile to the poor in “the survival of the fittest.”

Parishes are a church institution—the civil parishes of the modern United Kingdom were only established under the *Local Government Act 1894*—yet the churches later that century increasingly rejected “Political Economy” and started to promote forms of Christian socialism or affirm workers’ rights in ways that repudiated the Poor Laws. New Zealand’s Bishop George Augustus Selwyn, in fact, became one of the earliest leading Anglican proponents in Britain of workers’ rights when he became Bishop of Lichfield, which is a diocese that then lay in mining country. This ongoing religious protest led to Archbishop Temple’s “invention” of the term “welfare state” in his book *Christianity and Social Order* of 1942, in response to the Beveridge Report that year. As the Anglican Church is the oldest Pākehā institution on shore in New Zealand (possibly only the Navy as the Royal Navy or the RNZN are older), it is telling that one

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of its founding churchmen was a leading social activist. It was not just the New Zealand State that demanded social justice for working men.

3.20 A new liberalism: Birmingham governance model and Lloyd George

Joseph Chamberlain (1836-1914), the Mayor of Birmingham, then MP and Secretary of state for the Colonies, introduced a paradigm shift in local government, through his model of municipal civicism, of public ownership of sanitation, water and gas utilities, and through his management of unemployment relief through work projects. The inspiration was again, the France of Napoleon III—in the 1860s thought by many to be the best policed, best administered and most advanced state on Earth, before it came crashing down in the Franco-Prussian War of 1870-71 and in the workers’ revolt of the Commune in 1871. The propaganda was the emperor was the social conciliator, ruling in the interest of all classes. Chamberlain not only found that image appealing, as Birmingham’s political “boss,” he “Hausmannised” that city with massive slum clearances, sewer construction and reconfigurations of the street system, just as Napoleon III had commissioned Baron Hausmann to do in Paris.

The Unemployed Workers Act 1905 was the culmination of Joseph Chamberlain’s efforts to assist the unemployed. He was a lifelong opponent of workhouses. This statute established “Distress” committees that gave grants to businesses and factories to take on more hands, though convicted criminals were ineligible for employment under the scheme. Chamberlain, “The Screw King,” would have approved of such a scheme because he himself had been one of the city’s leading industrialists, owning and running the world’s largest screw factory. We thus see Industry entitling itself to the same subsidisation that the gentry under pressure gave themselves a century before under the Speenhamland system.

The Royal Commission on the Poor Laws in 1905 reported with contrasting and conflicting reports. A circuit-breaking new political language was required for poor relief, because the old ones had become deadlocked. It was not just because of ideological deadlock, that this happened, but because political languages and governance discourses had simply run out of explanatory power—a situation that any wise government should watch out for.

The Liberal Government of Herbert Asquith between 1908 and 1916 wanted to be such a wise government, deciding to shift the paradigm, under Lloyd George, the Chancellor of the Exchequer (1863-1945). The new model this time was Germany—for its Bismarckian system of social insurance. Bismarck though like Chamberlain had studied Second Empire France with great care in the 1860s, and held lengthy discussions with German Socialist leaders such as Ferdinand Lassalle. Bismarck imposed mandatory contributions to employer-administered schemes, for sickness insurance and Old Age pension social insurance. The German government contributed to the employers’ administration of the schemes on a pro rata basis. Bismarck entrusted the schemes to employers’ associations.

Anxious to catch up with Germany in both the naval arms race, and in social insurance, Lloyd George’s pay-as-you-go Old Age Pensions Act 1908 was passed. In 1911, his National Insurance Act was passed. Then according to Lynn Hollen Lees, the Poor Laws
system was left “to die by attrition and surgical removal of essential organs.” Social Insurance was an appealing option to George by 1910-1911. Great Britain was caught in an expensive arms race with Germany. The trend in public finances then to run a low debt-to-GDP ratio, unless a country had a war on, or was attempting some crash-start development programme, as Canada had done with the construction of the Canadian-Pacific Railway in the 1880s, or as New Zealand was doing with its seemingly perpetual demand for loans. Lloyd George, though, had no mandate to subvert the fiscal constitution of the United Kingdom by converting it into a galleon of debt. Social Insurance was thought to be the best means of supporting life risks while not compromising Britain’s Great Power status. In fact it was to secure that status that the British Government thought it necessary to compete with Germany in social provision as well in the dock-yards.

The system though that Nassau Senior and Edwin Chadwick had established in 1834 was not abolished overnight. It still existed to cover those who had not been included under Lloyd George’s legislation. It was, however, by then like the decaying canal system. Poor houses were finally abolished by the Local Government Act 1929. The statutory remnants were only repealed by 1948 with the National Insurance Act 1946 and the National Assistance Act 1948. Such was the unlamented end of an institution that had served Great Britain for over 400 years, from the reign of Henry VIII.

It is obvious then that by the 1910s a new poor relief paradigm was “nosing” in on the draconian Poor Law Amendment Act 1834 model. It was a no-fault nationalised system. No imputation of blame was to be made on the poor. The French (again) had undertaken ground-breaking legislation with the Loi du 9 avril 1898 sur l’indemnisation des accidents de travail. This law was passed in the wake of the judgment in the Teffaine case of 1896. Once a no-fault regime was set up in welfare provision, the stigmatisation of the poor could at least be mitigated. It became difficult, when blame could no longer be attributed, to deny those in receipt of poor relief, the franchise. Yet thinkers as liberal and radical as John Stuart Mill had insisted on pauper disenfranchisement in his book On Representative Government of 1861. The distinction between the “deserving” and “idle” poor was no longer made, though persons with convictions and custodial sentences were ineligible for the Old Age Pension. Pensioners were also ineligible at first to vote. No one had wanted the poor to become a vested interest in the fiscal constitution. Perhaps the examples of the Theoric Fund and Annona of ancient Athens and Rome worried the classically educated statesmen of the period. As in New Zealand and Denmark, the basic idea behind PAYG Old Age Pensions was “outdoor relief” provided by the general taxpayer, and not a parish rate. The original attitude at least in Britain was that pensioners “virtually” occupied the social and civic equivalent of an almshouse.

It is also obvious that the 1834 Poor Law created widespread protest in “thoughtful” and social activist circles of British society as well as cultural and customary forms of dogged working class resistance. Many New Zealanders are descendants of people who emigrated in the Vogelite emigration to avoid ever coming under the Poor Laws. Yet it took over 70 years for a new paradigm to be established, and between 95 and 114 years for the entire system to be utterly abolished.

3.21 Rousseau, Robespierre and reaction: the influence of the Continent

New languages for poor relief developed on the Continent between the 1760s and 1860s. They were more humane than the British systems. Yet these continental systems were operationalised by contrasting regime types. They could be closely connected to human rights and civic republicanism. Or they could be the policy of a patrimonial or realpolitik regime with a modicum of representative government and a powerful state, under a power-monopolising ruler. These new systems were either revolutionary in origin, or else were “reactionary,” that is to say, they were policies intended by old monarchical regime to pre-empt workers’ unrest and protect the domestic security of the state.

The new paradigms had the following sources:

- The examples of “civil organisation” in Napoleonic and Second Empire France.
- Bismarckian Germany’s Social Insurance programmes in the 1880s.
- Joseph Chamberlain’s governance programmes inspired by Unitarian Church teaching and by Second Empire France.
- Settler colony examples from 1890s New Zealand and Australia, though it would not pay to overrate these. London elites were relatively ignorant or dismissive of them. We may have to surrender some of our New Zealand progressivist myths. In fact perhaps our most attentive admirers were in France or state governments of the United States. G.K. Chesterton’s essay, The Fallacy of the Young Nation, is scathing about the “feminist and socialist democracies” of Australasia. In The Woman at the Store, Katherine Mansfield is at least very ambivalent about the Seddonian Liberal state.

3.22 What did Napoleon ever do for us?

What all these influences combined did achieve was a transformation in the language of welfare. The Tudor language of deterrence and punishment, reinforced as they were by Utilitarian doctrine of the “iron law of wages,” was finally replaced by genuinely civic and humanitarian models. France under Napoleon I provided models for both the Prussian Government from 1806 and British authorities by the 1830s, for the extension of broad national coverage through civil organisation, of health and sanitation control, education, police, poor relief and other services, and set the example of how important consistent legislative rhythm and bureaucratic cycles were for modern liberal government. The framework and the mechanisms of modern government and of a modern fisc therefore became available. Although It was the Napoleonic regime that replaced church institutions with work houses, which in French were termed dépôts de mendacité, their focus was on vagrants, not the local poor.

Napoleon’s regime and client states sought, however, to assist the “deserving poor” such as orphans, widows and the infirm, through localised charity commissions and NGOs. Napoleon was in fact the last, the most effective and the most controversial of the Enlightenment despots, in the league of Joseph II of Austria, Catherine the Great of

79 Katherine Mansfield, aka Lili Heron, “The Woman at the Store,” Rhythm, 1912.
Russia and Friedrich the Great of Prussia, and of great ministers like the Marquis de Pombal in Portugal. The only difference between Napoleon and these monarchical leaders in domestic policy was that he was not an hereditary head of state (though nor was Catherine II, who obtained power by coup d’état)—that he was considered the breaker of international peace, and that he and his regime were more thorough-going in their quest for the most perfect and comprehensive civil organisation.

3.23 The legacy of Jean-Jacques

The continental revolution in welfare attitudes was brought about Jean-Jacques Rousseau (1712-1778). The curious feature about his truly revolutionary paradigm shift was that it was less drastic in Europe, and only absolutely revolutionary in Britain (or Petrine Russia and Eastern Europe with their brutal serfdoms). Rousseau, a Genevan, was nominally a Protestant for most of his life, yet his proposals are closer to the spirit of Catholic Caritas or “Charity” than were the British Poor Laws and their Catholic humanist origins. Between the Catholic priest Ludovico Antonio Muratori’s “della Carita Christiana” (Modena, 1723) and Rousseau’s Du Contrat Social (1762), there is a far narrower gap than with Juan Luis Vives and Thomas More on the other in 1520s England. Yet Rousseau was originally a Calvinist, committed to believing in the radical depravity of humanity, and in a partial atonement of humankind, not a universal atonement.

Rousseau remains to this day the conspicuous exponent of the argument that human beings are born radically good, and that humankind is naturally altruistic. This remains a topical argument in 2011 after the publication of Richard Dawkins’s 1976 book The Selfish Gene. In that work, Dawkins did not argue that human beings are selfish. He rather argued that altruism should increase with the amount of genetic information that is shared between individuals. He argued that societies use cultural means (memes) to reinforce this altruism, and seek stable “evolutionarily stabilising strategies,” or ESSes, such as were first argued for by John Maynard Smith and George R. Price in Nature in 1973 when they applied Nash game theory to evolutionary strategies and states. There are of course those who argue that human beings are inherently selfish, as the philosopher Bernard Mandeville (1670-1733) argued, or even violent, as social Darwinists, Nazis and fascists did.

Rousseau’s teaching has a pronounced inclination towards welfare, once it is broken down. Every human being has a drive to preserve him or herself. Rousseau calls this amour de soi, the love of one’s self, but he relates it immediately to the concept of pitié or compassion towards other human beings, through identification with their sufferings and misfortunes. Human society consists of “the General Will.” The social contract which gave the title to Rousseau’s classic work of 1762, obliges us to submit to that General Will, even if it means we must be taught to be free or made to be free:

As an individual, every one of us contributes his goods, his person, his life, to the common stock under the supreme direction of the general will; while as a body we receive each other as an individual part of the whole.

In the Discourse on Inequality, Rousseau argues that there are two irreconcilable human conditions, the man who can buy another, and the man who would sell himself. The principle to be maintained is equality, the remedy is legislative:

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Such equality, we are told, is a speculative chimaera which cannot exist in practice. But if abuses are inevitable, does it not follow that we should not at least make regulations concerning it? It is precisely because the force of circumstances tends constantly to destroy equality that the force of legislation should always tend to its maintenance.

The Western welfare state then inherits attitudes from two policy traditions: the punitive deterrent system of the Catholic humanists and thereafter of the Protestant patrimonial states of Northern Europe, which was especially the British and American tradition, and then from Rousseau, who nonetheless proposed a positive attitude to welfare as a *dette sociale* owed to the unfortunate, who nonetheless should be regarded as fellow citizens.

The Jacobin government (1793-94) during the French Revolution first tried to practise’s doctrines. Maximilien Robespierre was a son of Machiavelli as far as the Terror went, yet a son of Rousseau for social policy. Book Three of Rousseau’s *Du Contrat Social*, however, proves that there was no Manichean divide between the *raison d’état* power state and Rousseau’s therapeutic and humanitarian model. Rousseau was rather involved in a profound dialogue with the great Florentine, for it is Machiavelli who is the opponent he is answering in those sections on whether “might is right” and on slavery.

It was the fate, then, of Robespierre to inaugurate the first scheme of public welfare under nation-state supervision, for the aged and infirm, and orphans, and to manage the problems of beggary and indigence. The Jacobins adopted a positive Rousseauean ideology of poor relief, not a punitive deterrent one. It seemed evident to them that “Nature” did not always produce results for individuals as expected, that an attrition of lives and accidents occurred, and that the economy of a nation state was not always able to provide for its people. For a ruling group that had drafted the entire nation that it was not guillotining and liquidating into a revolutionary war of survival, it seemed fair and natural to provide for poor relief. Robespierre personally out-lived the torturous dichotomy between Machiavellian *raison d’état* and Rousseauean domestic policy. Arguably the “Terror” and Robespierreran “Assistance” were not so much contradictions as policies with a profound “connect” with one another, as France became a nation in arms defending the Revolution. France, however, lacked the economy at that time to afford such an ambitious poor relief scheme. No country could afford then to maintain such systems. The economy was still largely agrarian, not adding enough value to afford the Jacobin’s policies, in peacetime, let alone in the extremities of wartime, when the government had lost control at times of entire regions of the country and was unable to levy taxes in them. The best features of Jacobin domestic policy and ideology persisted under Napoleon, however, as that regime tried to embed such progressive reforms in the fisc. The young Napoleon had been a Robespierreran officer.

3.24 Comparisons of the British Poor Law with Rousseau’s ideas

- The British system was based on theological doctrines about sin and personal and civic failure.

- Rousseau’s secular thought was premised on radical human goodness and on altruism.

- Rousseau’s system was premised on both duties and human rights. Rousseau and Robespierre were the first to equate human rights with welfare entitlements.

- The British system was premised on duties and penalties.
• The Robespierrian version of Rousseau welfare principles was the genuine production of a state, not just the result of a legislative framework imposed by a state.

• The Rousseauean-Robespierrian poor relief model was premised on the civic inclusion and security for citizens who had worked fought and suffered “for France.” While it had no illusions about the idle poor, it had no illusions either about the natural outcomes in life or economic down-turns. The non-vagrant poor were de-stigmatised, particularly widows and orphans, the infirm and veterans. It was nonetheless the earliest secular example of ideologised poor relief—of ameliorative and therapeutic poor relief carried out to improve the lot of the poor, not just one the grounds of compassion or perceived utility and security, but as part of an entire ideologisation of a society.

• The British Poor Law system was one of civic and social “exclusion” from the local community to which one belonged and identified with. Reformers of the British class and welfare systems were to emphasise civic inclusion—do so, to this day, as a priority. Yet arguably, generous and magnanimous British attempts to prosthetically “include” beneficiaries through welfare instruments in the 1960s-80s period have largely failed, despite social inclusion being a major goal of social reformers ranging from T.H. Marshall, Richard Titmuss and David Donnison.

• The British Poor Law system placed a burden of stigmatisation and blame on the poor for their condition. No rights, only duties, to God, one’s self, one’s family and to the community motivated the anti-pauper resentment. If Max Weber’s insight is correct on the how Protestantism became successful, these attitudes arose from the original ascetic accumulative stage of Protestantism, before that turned irrevocably into conspicuous consumption. But the attitude that “my” money was supporting the “undeserving” ill, the wanton and the indigent persisted in British culture, unless narratives of “deservingness” invested individual poor persons with a protecting mantle.

• Napoleon’s policy was to found dépôts de mendacité for vagrants and beggars while seeking NGO solutions through local “committees of beneficence” for ordinary poor relief. These systems were a little less negative and judgmental in theory than the British alternatives—for the trace element of Rousseau’s thought had persisted into the Consulate and 1st Empire. Napoleon was popular among French workers, even though he required them to carry passes, because they were the beneficiaries of a high wage economy. To his mind, workers who were in receipt of higher wages, would able to contribute to mutual benefit societies—thus giving rise to the modern French system of solidarité. He abhorred the British capitalist equivalent of a “race to the bottom” in wages. So did the ancestors of many British-descent New Zealanders, who nonetheless had fought against him.

3.25 The Shire?

In New Zealand, British settlers did not only establish a state, they also brought over memories of ancient practices and of poor relief provision, and built a state welfare system. The ancestral institutions that late 19th and early 20th century British New Zealanders remembered were those of the church at parish level, and of the patrimonial Tudor state, updated for the Industrial revolution and the Age of Political Economy. The state provided a legislative framework for the relief of the poor, imposing
a statutory obligation on parishes from Henry VIII’s and Elizabeth I’s reigns until the interwar period.

Before the Political Economy and Industrial revolutions, a “fit” more or less persisted in Britain between the state as a legislator and parish communities as providers, so long as the agrarian economy predominated in the lives of the workforce and so long as property remained the main source of wealth and status. That “fit” came undone, first of all while the Agricultural Revolution gathered momentum over the 18th century, pauperising farm labourers who formerly had some claim to land tenure and customary rights in village “commons.” Civil unrest broke out under the pressures of almost incessant wars with Revolutionary and Napoleonic France and of Industrialisation and urbanisation. Machine wrecking and agrarian agitation erupted among factory and farm workers after the Napoleonic Wars. Workers’ radicalism became increasingly articulate and well-organised. The ancestors of Pākehā New Zealanders sailed out to re-found the agrarian Shire that had come undone in Britain, on fairer terms.

3.26 Champagne Socialism: Insurance and interventionism

Napoleon III and William Ewart Gladstone began the mid-20th century governance revolution that got government into utilities and commodification of social provision. The origin of state social insurance then belongs to a convergence between a boom in private insurance providers throughout Europe and North America in the mid-19th century, between the fact that some absolutist regimes owned and ran GOCs. The 1850s was a period in continental Europe of “neo-absolutism.” Neo-absolutist regimes provided the capital for the German railway boom for states and for investors warned off by the hazards of stock market bubbles in British railway shares. Such states formed GOCs for a variety of strategic enterprises. To give a comparison, the British and Americans relied on the laissez-faire company. The “Gilded Epoch” of Napoleon III’s Second Empire did not depend on GOCs: rather, it supported private businesses through state patronage and protection, concessions and charters. It did establish savings banks and accumulated vast pools of money which it then brought into circulation. Bismarck realised that Prussian state railroad and primary extraction companies provided him vast assets to fund his wars of German unification.

Theory was not unimportant to the social tinkerings of the Second Empire. Henri de Saint-Simon (1760-1825) was a French philosopher of society, who published Le Nouveau Christianisme as a new perspective on the poor and the problem of poverty. He was an early Socialist. His erstwhile disciple, Auguste Comte (1798-1857), who became the founder of modern sociology and of the philosophy of science, had a profound influence on the political philosophy of the British thinker John Stuart Mill (1806-73). Napoleon III professed to be a Saint-Simonian. Mill was vastly influential in promoting a new perspective on the state in Great Britain.

Although Bismarck was later to defeat Napoleon III in the Franco-Prussian War, declaring that he had studied him for 18 years and found him a “Sphinx without a riddle,” Bismarck learned much from the emperor, just as Joseph Chamberlain was to for 1860s-1880s Birmingham, about poor relief and “the labour question,” and the management of proletarian dissent in a capitalist industrial economy. Napoleon III was the first world leader of a major state to programmatically encourage and support workers’ private social insurance, as distinct from his uncle’s encouragement of mutual benefit societies.
The Second Empire came about in the first great boom of the insurance industry. A strange, opaque, pleasure-loving man, the emperor was nonetheless influenced by the teachings of the French socialistic thinker, Saint-Simon. He may, therefore, amidst the can-cans, the operas, the race-courses, the ballets, the balls, the glitter of the Second Empire, be accounted the original champagne socialist. How could one manage an industrial capitalist regime without provoking a proletarian backlash? was the question that he attempted to answer, by fair means (and foul).

It is in the context, then, of Saint-Simonian and Comtean thought that “state socialism,” a socialism before Marx, or without Marx, seemed possible in the mid-19th century; that is to say, a socialism by the existing state. Cosmetic though it may have been, it was a lustre for their regimes that Napoleon III and Bismarck liked to have.

To this day the French welfare system is an expensive decentralised mixture of state provision and private or corporate provision and NGOs, built about the concepts of mutualité, solidarisme and subsidiarité. Broadly speaking, the emperor’s principles still guide the ramshackle and extensively built-over French system—the most expensive on earth to run.

3.27 Back in Britain....

Napoleon III from the 1850s had been founding savings banks in rural areas to capture agrarian wealth and make it available to French commerce and industry. In 1861, as Chancellor of the Exchequer in the Palmerston Government, Gladstone not only founded the Post Office Savings Bank, but he lowered income tax, because of the assets such a resort brought the British Government. The British Government was not to have the means to get into expensive adventures. To many commentators in the 1850s, France was the best governed and the most innovative on earth for liberal governance reforms. The Second Empire provided persuasive models for William Ewart Gladstone, Sir Julius Vogel and Joseph Chamberlain, the radical industrialist Mayor of Birmingham and promoter of public ownership and of alternate poor Relief to the Poor Law Amendment Act 1834.

A link could be posited between income tax and infrastructure as primary elements for modern welfare schemes. Although the French were the first to impose modern taxes on revenue and rents, it was William Pitt who first introduced an income tax in 1799 to pay for the war against Napoleon. Graduated, it taxed at 2 pence in the pound for over £60 worth of income and 2 shillings in the pound for incomes over £200. It yielded less than Pitt hoped, just £6 million a year, instead of the anticipated £10 million.

Income tax was abolished in 1816, when Napoleon had been doubly overthrown, only to be reintroduced by Sir Robert Peel in 1842. The Corn Laws that had remained in force in 1816 were abolished, by Peel, while the income tax that had ended with the Napoleonic Wars, was reimposed just as trade protection went “out.” Gladstone had hoped to achieve the abolition of income tax over 1872-73, but that never eventuated.

The 19th century income tax was levied through five schedules in 1842, and then six:

- Schedule A: on landed income
- Schedule B: on income from commercial occupation of land
- Schedule C: public securities
Schedule D: trade and commercial and professional income
Schedule E: employment income, and
Schedule F: dividends.

Combine the ability to extract tax like this with a Post Office and Post Office Savings Bank infrastructure, and everything was in place by 1861 for a British-type polity to provide pay-as-you-go or social insurance benefits. Congruence between the fiscal system and programmes has often been argued. Beveridge, for instance, argued for flat tax and universal benefits without a means test in 1942.

3.28 Blood and iron: Blame Bismarck

The Bismarckian social insurance system is the oldest continuous welfare system in the world. Welfare systems are tough then, as suggested with the Roman *annona*, because the German system has managed to survive the Kaiser, the Weimar Republic, the Nazis, Occupation and the DDR and Reunification. Beginning in the 1880s, outlasting the *Kaiserreich*, the Great Inflation, the Nazis and the Second World War, the Cold War and German Reunification, and now even the Eurozone crisis, it now rebuffs non-qualified migrant labour within the EU, as the British Income Support system cannot. The British need welfare vetos in the EU, because their domestic institutions lack the design to veto for themselves. Yet the weakness of the contributory German system is that it necessarily impoverishes migrants and their families, who lack the histories of contribution, to draw down from the charmed circle of the German welfare system.

Bruno Palier has published *A Long Goodbye to Bismarck? The Politics of Welfare Reforms in Continental Europe.* It contains a substantial discussion of modern Bismarckian systems. As their contributory rates rise, the demand for skilled labour diminishes. They create, or rather exacerbate, dual economies, between the unskilled and semi-skilled protected on minimum protection benefits and the skilled “tenured” economy that can make contributions. If the attitude of New Zealanders in 1975 was to regard the fisc as a commons, the attitude of Germans with the Bismarckian system has been to regard their contributions as a Swiss Deposit Box. It has consequently proven to be a very expensive system by the early 21st century, retrofitted with supply-side instruments, as it is now.

Bismarckian social insurance was the policy thrust of a government that was aggressively shifting the tax base to indirect taxes. The Iron Chancellor for his part practised a fiscal policy after Unification in 1871 that sought to enhance the power of the Reich against the constituent states, and sensibly shifted revenue from income tax, which the member states levied, onto goods and services taxes and other indirect imposts. At a time of rural agitation, he aimed to relieve the agricultural sector and small farmers from unpopular taxation in the princely states. His social insurance schemes were possible because he had allowed workers more disposable income, who would presumably have cause to be grateful to the Reich for their pensions, their lower income taxes and the ability to choose how to pay the equivalent of GST. Federal governments in the 19th and early 20th

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centuries from Canada to Germany to Australia tended to be protectionist and live off customs and sales taxes.

Bismarck began his career as a German ruler, as distinct from a Prussian one, by proposing a radical universalisation of Germans' rights. He had decided on universal (though unequal) suffrage as early as 1852 as a response to the 1848 revolutions. In 1863 he insisted on universal franchise for all of Germany, thereby destroying Austria’s plan to form a project of unification among just the princes and kings. In the 1880s, he passed significant social insurance to head off the influence of the socialists, whom he had banned from politics, and the Catholic Church.

Although Bismarck learned much from his rival and enemy, Napoleon III, he perhaps learned nothing more important than his downfall. Present at the siege of Paris over 1870-71, Bismarck witnessed first-hand the communistic Paris Commune, which filled the power-vacuum in the city, after the fall of the Second Empire. The French provisional government had the task of managing the siege against the Germans, while crushing the Commune. Such events gave Bismarck notice of what well-led, working-class disaffection could lead to. Germany would be no different, if he did not ensure otherwise.

The legislative programme Bismarck undertook consisted of:

- The Health Insurance Act 1883 (Das Gesetz betreffend die Krankenversicherung der Arbeiter).
- The Accident Insurance Act 1884 (Das Unfallsversicherungsgesetz)
- The Old Age and Disability Insurance Act 1889 (Das Gesetz über Invalidtats—und Altersversicherung für Arbeiter, Gehilfe und Lehrlinge.)

Bismarck’s was a federal scheme. The day-to-day government of Germans was conducted by the constituent princely and Freistadt states of Germany and municipal governments. The actual federal civil service was tiny: the Chancellor could dispose of a few thousand civil servants to coordinate and monitor the governments of 27 states for 41.2 million people. He therefore decided to avoid municipal provision or outsourcing and decided to make employers’ organisations his partners in social insurance, so as to overcome the constitutional morass of Germany, with its fragmented administrations and massive Prussia amid it all. The Old Age and Disability Act 1889 then was confided to “Die Arbeitgeberverband in den beruflichen Korporationen” (Employer’s Associations in Occupational Corporations). The German government shared the costs of administration with these organisations on a pro-rata-ed basis. The emphasis was on social discipline and on the incentivisation of the workforce, since actuarial principles were used to manage the scheme.

Such discipline and restraint became a feature of Bismarckian social insurance in the penumbra of even the more liberal nations about Germany. None of this is ancient history: Norway with its proportional representation politics managed to establish an old age social insurance scheme in 1967, for which the first generation had to wait until 2007 to benefit.

Why did Bismarck, a patrimonial Conservative East Prussian Junker, introduce such programmes? In the first place, he made his political name as an anti-liberal. Liberals remained political opponents throughout his career, except when he once briefly flirted with free-trade ideas around 1883. Liberals in the German context were utilitarian. He was appointed to office as a reliable conservative, to govern in the Hohenzollern dynastic
interest. Except for tactical political reasons, he remained indifferent to the ideology as such of liberalism and of classical political economy. For him, *Manchestertum* (the Manchester school of politician and economic thinker John Bright) was how NOT to do economic and domestic policy.

Secondly, Bismarck long had an interest in socialist movements, though he was totally opposed to them. As soon as he was appointed Chancellor in 1862, he opened talks with the brilliant socialist leader Ferdinand Lassalle, before the latter was killed in a duel in 1864. They drank champagne and smoked cigars together. Lassalle, who was an important influence on the New Zealand politician William Pember Reeves, had founded the *Allgemeiner Deutscher Arbeiterverein*, in 1863, the precursor of the Social Democrat Party. Witnessing the Paris Commune during the Prussian-led siege of Paris in 1871 was an indelible lesson to Bismarck of the dangers of revolutionary radical Socialism. Lassalle was a socialist who nonetheless accepted David Ricardo’s classical political economy doctrine of “the Iron Law of Wages.” The remedy for him was state intervention.

Bismarck was also greatly influenced by an historical economic school of nationalist economists known as the *Sozialpolitiker*. These ranged from Georg Friedrich List (1789-1846) who has been blamed (or credited) for everything from the EU to the Third Reich, was in fact an anti-classical industrial protectionist economist who relied on Alexander Hamilton’s protectionist doctrine, to Max Weber (1864-1920) who was totally opposed to welfare provision, and to Joseph Schumpeter (1883-1950).

Furthermore the task of building a German nation in the 1870s had placed Bismarck on a collision course with elements that he considered unpatriotic. Catholics were the victims of the “Kulturkampf.” Socialist political activity was steadily repressed from 1878. The Iron Chancellor found himself incentivised to pre-empt socialist policy. He was removed from office, however, in 1890, dispirited and grumpy, despairing at the huge number of Socialist and Catholic deputies in the Reichstag, considering that he had entirely failed. Little did he realise how enduring his legacy would be, and what harsh tests of survival it underwent between 1914 and the 1990s.

What Bismarck’s legislative programme achieved was to replace the harsh Enlightenment Absolutist regime poor relief systems of Prussia and Saxony that had provided models for Britain’s Poor Law Amendment Act 1834. From the 1790s, states such as Bavaria, Prussia and Saxony had been also experimenting with health and accident insurance through mutual benefit societies and occupational associations, and with occupation-based and municipal relief. One Prussian debate that expressed the transformation from an agrarian to an industrial economy was whether paupers could only obtain relief at their place of registered domicile or whether they were eligible in places they had migrated to. The Prussian scheme was placing a great burden on municipalities by the 1840s and 1850s, some spending half to a 2/3rds of their budgets on poor relief. Just as Canadian provinces, and states of the United States discovered in the Great Depression, local authorities just did not have the resources from their own revenue base, to meet extraordinary circumstances brought about by sudden urbanisation or down-turns. The same was the case with the New Zealand provincial governments.
3.29 Blame ourselves: Sir Julius Vogel and the New Zealand origins of the welfare state

The New Zealand Government was a very early social provider. It has been in the game for as long as France almost, and as long as Britain. Sir Julius Vogel was a contemporary in power of Napoleon III, Gladstone and Bismarck. The Colonial Treasurer of the small war-wracked colony learned much from the emperor and the British Prime Minister, just as the Iron Chancellor and the Mayor of Birmingham, Joseph Chamberlain, were to.

Benefits as such though in New Zealand were long thin on the ground, despite Vogel’s innovations and the Liberals’ measures. If a British worker were making a choice between welfare options in Britain and New Zealand in 1911 to decide whether to emigrate, the United Kingdom by then provided more, through Lloyd George’s legislation. People, though, emigrated to work, and obtain property and a better life, not to become “welfare tourists” about the British Empire. Welfare in New Zealand, therefore, has to be defined globally as the aggregate of programmes that a government might devise to provide social security for its people.

New Zealand’s first “welfare” project was Julius Vogel’s Government Life Department Act 1869. This was an institution related to Second Empire rural banks and to Gladstone’s Post Office Savings Bank. The origins of Government Life, and of the New Zealand Government’s interventionist habits lie in:

- War. New Zealand was at war with a revived Māori resistance in 1869. British settler morale had collapsed, British troops had pulled out, and relations between the New Zealand and British Government reached the worst level that relations between Britain and a settler colony were to reach between 1774 (Massachusetts) and 1965 (Rhodesia). William Pember Reeves in his article on New Zealand Government insurance schemes in the *North American* (1906) called 1869 the year of “New Zealand’s darkest hour.” Reeves regarded Vogel’s scheme as a turning point. No other British settler colony had such a war to fight at this time with its own resources. The war in fact should not have been fought. New Zealand had to think innovatively at this “darkest hour” (which was more of a dark hour for Māori, to be honest).

- Life Insurance. It was proving extremely difficult to get life insurance coverage in New Zealand from British and Australian providers. It took so long because of travel distances and long communications to prove an insurance claim. Misunderstandings or incorrect decisions could be made, that were difficult for logistics and costs to reverse. Insurance policies and annuities were a common middle class means of funding retirement and old age. The state then decided to found a GOC or public utility of the Second Empire, Gladstonian, or German kind.

- Economic development ambitions and “people-catching.” New Zealand was carrying tremendous debts because of the wars, although these were reduced after tense negotiations with the British Government, the Vogel Budget increased overall debt immensely. The New Zealand Government had become the major credit provider to the colony. The business model at that time encouraged ambitious state financiers to increase the state assets by owning lucrative GOCs. The low population and tax-base encouraged this response as well. Government Life soon went into the

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business of providing affordable credit for mortgages. “People-catching” was an important strategic objective as well. New Zealand had to compete with other settler colonies, as well as the United States for immigrants. The New Zealand brand had to be effective to induce selected people to emigrate from Great Britain in what was the largest assisted-passage scheme that had ever been attempted with public funds. The sub-imperial moment of the Raupatu and of the entrapment of Māori within the New Zealand Government had its correspondence for white settlers in the Vogelite immigration, which involved new colonists in New Zealand burning and smouldering race relations.

Between French savings banks of the 1850s, the British Post Office Savings Bank of 1861 and the GOCs from the 1850s that Bismarck managed as war assets, Julius Vogel had plenty of examples in the 1860s for new-fangled state businesses. When he became Mayor of Birmingham in 1873, Joseph Chamberlain innovatively developed the public ownership model for municipal governments. Councils were to run water and gas and other utilities in the public interest. The attraction of expanding governments’ asset bases was a great attraction for politicians otherwise enthralled at achieving progress in health and sanitation and public well-being outcomes. Vogel then was “up with the paradigm.” The remarkable thing is that he introduced public social insurance across a large archipelago with a predominantly rural economy, districts of which were still in a state of insurgency.

An important lesson about the development of New Zealand welfare is that we must not consider programmes or clusters of social assistance programmes by themselves. They cannot be regarded separately from the repertoire of mid-to-late 19th century state provision.

For instance, the landmark Old Age Pensions Act 1898 could be regarded as an isolate, as the beginning of what we call “welfare.” But modern welfare literature includes healthcare systems as part of welfare provision. Welfare, then, is not just about “benefits and pensions.” It also includes a variety of services and interventions that began with the 19th century state.

To the mind of Gladstone, Bismarck, Cavour, or Vogel, the provision of compulsory education was an intervention of much the same kind as owning railways or savings banks. We need to see social provision through the eyes of the contemporaries that first proposed, opposed and experienced it, not from our own perspective, which often reorganises policy sectors differently. Seddon’s Old Age Pension Act was just one aspect of a social policy that included Accident Compensation Insurance (1899), Fire Insurance (1903), and the Industrial Conciliation and Arbitration Act 1894. 21st century commentators include health as a welfare category, for example. Their 19th century counterparts would have included education. Insofar as the 21st century welfare system targets early childhood education, we have reverted to that understanding of education.

The pervasive horizon to the 1890s New Zealand that provided the Old Age Pension Act 1898 was public debt, thanks to Sir Julius Vogel’s loan-financing in the 1870s. Public debt quadrupled in the 1870-1880 period as the government funded infrastructure development. Rising agricultural export prices in the 1870s resulted in future return to farming being capitalised in the market price of land. Pastoral finance companies dominated institutional lending to the mortgage market, financed by debentures, raised mainly in Scotland. Interest rates were high—the debentures yielded 5-6%, the mortgages 8-9%. Private mortgages between British lenders and New Zealand borrowers
were at 10%. By comparison the yield on British assets was just 2%-3%. New Zealand from the 1860s was far more attractive.

Thus began the City of London’s chronic under-investment in British industrial and scientific development in preference to colonial investments and in states that offered high margins. Charles Dickens’s novel *Our Mutual Friend* (1865) is littered with Venezuelan bonds. Greece, Mexico, the Ottoman Empire, Venezuela all went bankrupt about that time. In such a climate, New Zealand was an attractive proposition, even though the yield from premiums was not so exhilarating.

Chris Hunt has argued that Vogelite borrowing constituted an exogenous shock displacement in the Kindleberger-Minsky model. Back in 1915, Bedford argued that financial agents increased their gearing to take advantage of the apparent profit opportunities that Vogelite infrastructure investment caused.

New Zealand then experienced the long 1880s depression, after the Bank of Glasgow Crash in October 1878 affected the debentures market. After initial credit tightening, the pastoral finance companies contracting and collapsing, major New Zealand banks such as the National Bank and Bank of New Zealand wrote off losses from 1885, until the New Zealand Government recapitalised the BNZ in 1895 by means of shareholder double liability and £500,000 from the Government. Deflationary pressures reduced farm prices and made it harder for farmers to repay debt. Great run-holder estates were purchased by the Government and broken up into smaller farms. In 1894, the Government had guaranteed a portion of the BNZ’s liabilities with £2 million of preference shares in London. An Asset Realisation Board existed between 1895 and 1906 disposing of £1.5 million of bad assets. The BNZ assumed the liabilities of the collapsed Colonial Bank in 1895. The basic problem with the international banking system at this time was that London banks matched short-term liabilities with short-term assets. They had yet to learn how to transform short-term liabilities into long term assets, argued Hunt.

It was in this economic environment of government intervention in New Zealand’s banking industry that welfare measures began. It is surely impossible to separate the Old Age Pensions Act 1898 from the foundation of the Government Advances for Settlers Department in 1894, the origin of the State Advances Department which became the State Advances Corporation in 1936 and the Housing Corporation through the restructurings of 1992, which partitioned it, and then the consolidation of 2001 to form the Housing Corporation of New Zealand.

Between 1869 and 1894, then, we find the New Zealand Government not only providing life insurance, but providing mortgage finance through the Government Life Department, and then direct financing for mortgages through the State Advances Department.

To demonstrate how welfare might be truly assessed, in ideological terms, both New Zealand and Germany relied on NGOs that were countenanced and encouraged by state ideology. In New Zealand’s case, the eugenics ideology of Sir Truby King created both the Plunkett Society in 1906 and the Karitane Nurses movement in 1929, who were trained at Karitane Hospital at Whanganui. *Kaiserreich*, and Weimar Republic Germany

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85 Chris Hunt, op. cit., p. 32.
had a wealth of parastatal NGOs that the Nazi Party perverted into instruments of dictatorial control.

A prominent British example is the Boy Scout Movement of Robert Baden-Powell. It was a youth-focused movement, aimed at preventing juvenile delinquency and "race degeneration," that resorted to British imperial nationalism for its validation. In New Zealand the state sanction and promotion of public sports were a form of "welfare" written in invisible ink in the annual budget statements.

The first "benefit" system then appeared in the context of widespread state intervention. It was an innovation, with just one global precedent, Denmark’s Old Age Pension Act 1891. The New Zealand Old Age Pensions Act 1898 did not, however, come out of the blue. Innovative though it was, it was only one remedy amongst a family of remedies that the Liberal Government was introducing as it attained a pronounced legislative rhythm for its legislative programme. It was merely a national monetarised form of what had been provided locally in “outdoor relief.” It covered the poor, defined as those who had been unable to acquire an asset base in life. The first such remedy as we have seen was founded in 1869, nearly 30 years before. The old age pension was a programme in a society in which aspirational New Zealanders who were keen “to get on,” as Jamie Belich has noted, sought annuities and other products such as life insurance from private providers. Only the working poor, the unfortunate or the widowed, and those who could never build an asset base, required old age pensions.

What is now appreciated is that mid-19th century financial institutions ranging from insurance companies, to friendly societies, were providing an increasingly sophisticated range of products. Poor relief and benefits were for those who could not acquire asset bases, or who had exhausted them. The strange feature of the post-WWII period is that it was so statist and so universalist, even totalitarian, in its welfare systems, at a time when social mobility was greatly increased, educational opportunities expanded, and the old proletariats gave way to a services-based and “knowledge” economies. Why, then, when the number of people increased who were able to have jobs that provided for private social insurance investment did the market for it decline? Had the state not made an entire industry unviable?

No mass collapses of private social insurance firms occurred. The friendly societies dwindled, but rarely became extinct—at the worst they became tontine-like backwaters. They changed their operations, their products and investment patterns, as new age cohorts of young people entered the job market without the acculturation to private insurance. The state would provide. The “futurology” of the period through pervasive media accentuated the role of the state through propaganda as persistent as newsreels, early television, and radio. What was lost was the sense that welfare was there for just the poor, or for the many when a Great Depression occurred. What was lost were the huge accumulations of capital that so attracted 19th century states into GOCs and into social insurance. Income tax could perhaps be reduced for those providing for their own private social insurance. Real estate would not overheat so much, if money had to go towards regular private social insurance contributions.

Each state has its own welfare idiom. The New Zealand Government began social programmes between 1869 and the early 20th century by stressing social insurance provision, by either making it available for poorer New Zealanders when the premiums

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were unaffordable, or by creating markets when the markets would not come to New Zealand, as in the case of life insurance. Benefit provision was slow to increase. The unemployment benefit was granted in the Unemployment Benefit Act 1930 at the height of the Great Depression. The Social Security Act 1938 of the Savage Government was a pay-as-you-go, non-actuarial scheme that provided for unemployment, and sickness benefits and old age pensions without means-testing.

Then in the post-war period came the Beveridgean universalisation of welfare into most spheres of life. Domestically-targeted welfare also appeared to empower, or at least benefit, women. The patriarchal 19th century private insurance companies perhaps had an image that they were the preserve of male heads of households. Leslie Lipson in the classic Politics of Equality (1948) was anxious to appropriate the philosophy of the 1938 Act as a precursor of the Beveridgean “welfare state” model.

Questions arise. Why did Labour not introduce social insurance as Franklin Delano Roosevelt did with the Social Security Act 1935? Why were the old age pensions not means-tested for over-65s? Why was the disincentive for middle class persons to save for old age introduced?

The answers may be:

- The war against equality required a masking of the poor amidst the civic body. The appearances of poverty were to be removed so as to prevent inequality between citizens. It was not enough to subsidise the poor alone. The entire citizen body was made complicit.

- New Zealand was a small intimate society reliant upon trade protection and “social insulation.” The economy was primary production extractive and processing. There was not a vast industrial proletariat in heavy industry. The employment rate was high; therefore, a small intimate polity decided not to require social insurance. It was seen as inefficient to set up an insurance system for a stable, protected workforce, tautologous even.

- Existing social controls and customs and values were apparently sufficient in 1938 to deal with the equivalents of moral hazard and adverse selection for a non-contributory benefit system. Community values would police the shirkers. New Zealand arguably did have a political language of welfare critique, which was pushed down the social register scale to become the nasty 1970s-era complaints at “dole-bludgers” and “solo mums.” The attitudes may have been coarse, and the stigmatisation was unfair and unjust. Our civil society seemed unable to sustain such a debate on the rights and wrongs of welfare, on the one hand, and on the virtues of switching to social insurance for working-age benefits, on the other hand, when the welfare system was at its height. With the social changes of the 1960s and early 1970s, patriarchal male wage-earner union culture and pubs and clubs, forms of social censure were no longer able to “police” many women, the young, and Māori, and others who had appeared to “opt out.”
3.30 “She’ll be Right”: Austral polity and “Welfare by other means”

Welfare experts such as Frank Castles have distinguished between two sets of small nation states that began welfare schemes 100 years ago:

- Labour compensation welfare polities
- Labour defence polities.

The labour compensation polities were small central and north European states that had open economies and consequently vulnerable workforces. Historically these states had low public debt 100 years ago. In an age of “Red” revolution and totalitarian states, generous welfare schemes were implemented to compensate for market and geopolitical conditions. To this day, these states contribute over 30% of GDP to welfare, the world’s highest proportion. Another feature of Scandinavian systems was that they were ruled by close-knit, well-educated, multi-party political elites in what were increasingly proportional representation systems.

The labour defence colonies were the Australasian polities of New Zealand and the Australian governments before federation, and then of the Commonwealth of Australia. They carried very high public debt. A federal Old Age Pensions Act was passed in 1908, providing a welfare structure for all of Australia for the first time, building on the New South Wales Act of 1899. The key feature of these systems, as Francis Castles has noted, is that they provided “welfare by other means.” Wage levels could be set by Industrial Conciliation and Arbitration (IC&A) legislation. The convulsions of divisive maritime strikes in Australia and New Zealand in the 1890s and of a shearsers’ strike in Australia incentivised governments to seek industrial arbitration solutions. New Zealand was the first to pass an IC&A Act in 1894. Frank Castles identified this in 1985 in The Working Class and Welfare: Reflections on the Political Development of the Welfare State in Australia and New Zealand 1890-1980.88

Such a remedy was only possible in a protected market. New Zealand in 1894 was nominally still a free-trade colony as it had been when in the 1840s at the height of Whig laissez-faire. Certainly the country had an industrial base manufacturing refrigerator units and gold dredges for all over the world. The British markets for New Zealand wool, meat and dairy products possessed characteristics of stability and permanence. Richard Seddon supported Joseph Chamberlain’s protectionist measures and supported Chamberlain’s demands for an imperial tariff system. That was not to occur until the Ottawa Conference of 1932, and yet the Ottawa system re-instituted permanent trade relationships in Keynesian terms that had already developed under the Gold Standard system, before sterling went off Gold in 1932. In such a trade system, of low tariffs between “Empire” nations and high tariffs towards the rest of the

world, “welfare by other means” was possible just as it had been when Britain had become a reliable primary protein market in the 1880s and 1890s.

The debt profiles of the labour compensation states 100 years ago and of the labour defence states were very different. In 1910, in 1910 Gold Standard values, New Zealand had a public net debt of £71.7 million. That represented almost 100% of GDP. Denmark’s debts for an open economy amounted before WWI to 40% of GDP.

Australia was a high borrower as well. The newly founded Commonwealth of Australia was carrying 100% of GDP in 1901. New Zealand and Australia 100 years ago were in a class of states that was able to offer high interest rates to British lenders without political disruptions at levels that Italy and Spain found impeded their late 19th century economic development and political stability. Spain was carrying almost 130% in 1910, while Italy was carrying 106% in the 1890s. They lapsed into fiascos and fascism. New Zealand and Australia did not. But Spain and Italy had also successfully developed a sophisticated industrial base of the second Industrial revolution kind. Arguably the industrial militancy these enterprises experienced exacerbated the political instability of those countries.

The contrast with Canada is glaring. Canada had barely 20% of debt to GDP in 1910, getting to as low as almost 10% on the eve of World War I. It had previously got only as high as just under 40% during massive infrastructure development during the 1880s. Unlike Australia and New Zealand, Canada has a long tradition of low public debt-to-GDP ratios. World War II and the mid-1990s saw peaks of 160% and 70% that were quickly overcome. Even the welfare-beneficent Trudeau years saw the ratio at 20%. Another respect in which a federated (or rather “con-federal”) Canada resembled Germany at that time is that as both systems were federal, the federal governments were reliant on tariffs and indirect taxation and anxious to shift the burden to them. Canadian industrial protectionism relied on a tariff wall against Britain. Just as in Kaiserreich Germany, it was the subsidiary governments that levied the highly unpopular income tax to fund basic services.

The contrast with the social insurance Bismarckian systems is also glaring. Bismarckian Germany under Bismarck carried 4% debt-to-GDP ratio when the Iron Chancellor was removed from office in 1890. Sweden remained consistently at around 15% through 1895-1920. The Netherlands was a more indebted country than Germany or the Nordics, but even so its debt to-GDP ratio was 50% in 1910. The comparison with Great Britain at the time of Lloyd George’s National Insurance Act 1911 is instructive. Britain’s debt-to-GDP ratio was about 30%.

It is evident then that the social insurance polities had lower debt-to-GDP ratios. It was not because Australia and New Zealand were liberal residualist in Gøsta Esping-Andersen’s classification system that they operated pay-as-you-go, non-contributory schemes, but because their public debts were so high, unlike those of Great Britain and Canada.

It is evident that a heavy borrower like New Zealand was incentivised to stabilise industrial relations, and seek trade protection to protect its access to credit in the London markets and ensure that it could service its debts. The IC&A system, as a system of

“welfare by other means,” was a device to keep benefit payments residualist. The Danes too were deeply dependent on a fixed exchange rate. Their confidence in sterling was shaken by the 1967 devaluation, and by the collapse of the Bretton Woods system. They went on the European “Snake” in 1972 and then on the European Exchange Mechanism in 1979 until they joined the Euro in 1999.

New Zealand and the Australian colonies and Commonwealth of Australia were not just exceptional because they were “liberal residualist,” for they differed so much from North American polities and from Great Britain, nor were they just unusual because they were “labour defence” colonies in Castles’s valuable definition.

New Zealand and Australia have older welfare traditions than the classic Beveridgean “welfare state” of the “golden age of welfare”; these were premised, however, upon a particular kind of dirigiste state. A dirigiste state is a state in which the state intervenes in the economy and seeks to direct the economy and social development of its country. Australasian dirigisme was in advance of the liberal Idealist theory associated with Oxford University of the 1870s and 1880s, with T.H. Green (1836-1882) and others. John Stuart Mill had endorsed moderate state intervention in 1848, with the words: “When a government provides means of fulfilling a certain end, leaving individuals free to avail themselves of different means if in their opinion preferable, there is no infringement of liberty, no irksome or degrading restraint.”

Liberal leaders in these colonies may have found corroboration and development in such ideas, yet as we have seen with Sir Julius Vogel, a new governance model was available by the 1860s, a new conception of the state and its citizens, and so it is unsurprising that a colony like New Zealand undertook ambitious recruitment of immigrants and assumed such a debt burden. British dirigiste liberalism of the 1870s and 1880s does not explain the debt-carrying. New Zealand was a “Pied Piper” colonial state that had to entice money and settlers to undertake distant and risky voyages, when America was closer. New Zealand and Australia rather presented what we would now call alternate development models, as one might now say in the discipline of modern development studies.

New Zealand, in particular, was the innovator, took the lead, and developed the ideology, bringing into self-consciousness a new conception of the state. If one views the dates for Australasian innovation of this kind, Australian colonies were always a year or so behind New Zealand innovations. The only respect in which Australia was ahead was when a Labor Party was formed, briefly came to office in Queensland in 1899, and formed a federal government under a former New Zealander John Christian Watson in 1904. By the 1930s and 40s, the “Pharos” or “lighthouse” state of New Zealand (even more heavily indebted) was articulating at home and abroad its alternative to Western liberal states, to fascism, and to the USSR. In 1949, when the Labor Government left office in Canberra and the Fraser Government left office in Wellington, New Zealand was already a “welfare state.” Australia did not even have the makings of one.

90 Dirigiste in the sense of a dirigiste state is attested in French in 1930. It comes from the verb diriger to direct or manage or control. However, the word has a subtle distinction from the late 17th century; it is the word used for the spiritual direction or mentoring of a person. It can have an invasive meaning to it. The members of the five-man Directorate that ruled France 1795-99 were called the directeurs which is the substantive for the verb. Les directeurs dirigeaient la Republique. Since they invented hot-air balloons and airships, the French call airships “dirigibles” because they were balloons that could be both powered and steered. The analogy with government is evident.

Such was “the nations’ van” which the 1876 lyrics of “God Defend New Zealand” piously hope New Zealand would always belong to. Yet the Australasian polities were not alone. Between the 1870s-1890s, American states such as California and Wisconsin, and briefly, a Canadian province like British Columbia, were experimenting with the same radical liberal ideologies as New Zealand and Victoria and South Australia were. In Wisconsin, in particular, Robert La Follette, governor of, and then senator for, the state, developed and articulated a Progressive Republican political alternative that lasted until the 1940s, owing much to Australasian examples, just as the Australasian states learned much from radical California in the 1870s.

The reason why this paper has concentrated so much on establishing a complete context for New Zealand’s welfare origins is that such traditions and institutions have affected public discussion, precluded alternatives such as social insurance, and pre-empted the debate. The nature of the New Zealand state also provided a context in which welfare debates took place, that was “formative,” just as the nature of Bismarckian Germany, with its low public debt, military conscription, emphasis on social order, universal but unequal franchise, produced social insurance schemes to get ahead of the “Red Terror,” such as the Paris Commune manifested in 1871, after Germans had besieged the city.

To understand decisions the New Zealand public made in 1975 in a sense rejecting structural changes to its retirement income scheme, it is necessary to consider the nature and extent of the “structuralist” or “constructivist” New Zealand Government at that time. Not to put too fine a point on it, New Zealand was not Canada, and it already had a long heritage of policy and policy debate of its own. It is unwise, as some recent commentators have done, to regret a missed opportunity in 1975, considering National Superannuation in isolation from the nature of New Zealand Government at that time, before it became “deconstructivist” or post-structuralist from 1984 onwards. People in 1975 made decisions on the basis of state paradigms that had been developing in this country for over a century. The electorate had never been exposed to an alternative for New Zealand. The choices in 1975 were basically between one statist model and another. The effect of New Zealand’s previous debates on social provision from the 1860s onwards had arguably precluded a first attempt at discussing an actuarial national superannuation scheme in 1975, such as Norway founded in 1967, to come to maturity and start paying on time in 2007. Norway belongs to those “labour compensation” states in the penumbra of Bismarckian Germany, and the influence of its institutions. New Zealand does not.

3.31 The rise and catastrophic fall of Beveridgean Britain

The Welfare Report of William Beveridge’s (1879-1963) Interdepartmental Committee on Social Insurance and Allied Services was released in 1942. It has became the locus classicus, the primary text of the welfare state, influencing even more advanced welfare states, such as the Nordic nations and New Zealand. As the date indicates, the wartime British Government was anxious to assure the British population, before any turn of the tide on the World War, that victory would reward them with an inclusive and more just and equal United Kingdom, by reviewing social insurance. Months before the United States entered the War, 12 days before the USSR was invaded, an interdepartmental committee was set up to review Britain’s social insurance. It reported to Cabinet in November 1942, and the report was published the next month, by when the battles of Stalingrad and El Alamein were changing the outcomes of the War.
Beveridge was not a Labour Party supporter. He was in fact to sit in Parliament as a Liberal MP, and then as a Liberal peer.

Also, to repeat what has been previously mentioned, Archbishop William Temple (1881-1944) wrote *Christianity and the Social Order*, which was published in 1942 when he became Archbishop of Canterbury, desideratively inventing and popularising the expression “the welfare state.”

The policy paradigm was very much at that time in favour of state control. There was also as Andrew Marr proposes an atmosphere of “religious socialism” in 1940s Britain. The liberal bourgeois state seemed discredited and “Victorian” when Britain was at war against fascist regimes with the USSR as an ally. “The state”, its planning mechanisms, its management of (wo)manpower occupied the futurological horizon.

Richard Titmuss (1907-73) and T.H Marshall (1893-1981) attributed a decisive effect to the War. As the Beveridge Report declared, “A time of revolution is the time for revolution.” Titmuss referred to a “locomotive of change.” Certainly, the Conservative Party in the 1945 Election campaigned and lost on its most statist and welfare-accommodating manifesto. The Labour Party of Clement Attlee won the 1945 Election, because more Britons were assured that Labour would implement the report in full. Indeed, it did, right down to the foundation of the *National Health Service*. But there is no need to impute “religious socialism” to that trend. The fact that Britain suffered 400,000 Armed Forces personnel and civilians wounded in that war alone was a strong impetus for ensuring that Britons could live with disability and changed life outcomes.

The Beveridge Report was to have tremendous influence outside the United Kingdom. Sweden’s ambitious welfarism took off in the 1950s under the influence of the Beveridge Report. All of Norway’s political parties, after five years of German occupation and the three years of the Quisling regime, endorsed the Beveridge Report as an instrument for social peace in 1945. New Zealand was already shifting towards a Beveridgean paradigm by the time of the Social Security Act 1938.

The following points need to be considered about the Beveridge model:

- Beveridge was endorsing a social insurance model not a pay-as-you-go non-contributory model. It was none the less a gravely comprised model.
- Lloyd George had been the founder of such schemes before any World Wars with the National Insurance Act 1911.
- The Beveridge Report was implemented with the National Insurance Act 1946.
- The Beveridge Report was greatly influenced by the principles of the 1911 Act and by President Roosevelt’s Social Security Act 1935, which established a contributory, but weak actuarial model.
- Britain was in 1945 a heavy industrial economy with strong solidarities of class and commune, and profound social divisions based on these solidarities.

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Any actuarial basis to the *National Insurance Act 1946* had been compromised by the 1960s. Sir Kingsley Wood identified the Achilles heel of the Beveridgean scheme to the British Cabinet in 1942 as “the deficiency grant” that would have to be made to make up for the short-fall from contributions.

Cabinet anticipated that deficiency grant would increase. Beveridge assured critics in Cabinet that living standards would rise, that there would therefore be fewer poor, and that extended compulsory education would add value to the workforce and economy. He had also defended social insurance as a social compact on the argument that benefits and pensions would thereby be an earned right and not a gift of the state.\textsuperscript{95} There was also no limit set to expenditure as in a proper actuarial scheme.\textsuperscript{96} The great popularity of the Beveridge scheme among working people in fact arose from the abolition of the means test. The United Kingdom has tried to restore the actuarial principle by starting new pensions schemes from the 1970s onwards. Most benefits, however, have functioned as pay-as-you-go, non-contributory schemes and lost any reference to social insurance especially for classes of beneficiary who have now been unemployed or state/local body dependent for generations.

Ideologists of the Beveridgean model such as T. H. Marshall and David Donnison (b. 1926) not only considered the welfare state as a current civic necessity, but regarded it as the teleological culmination of the centuries of development of the British state and citizenship. This is the “Whig Fallacy” of the welfare state. Marshall developed the analogy, that as citizenship had developed from the 17\textsuperscript{th} century, from civic, to political to social rights, the life path development of citizens as citizens should develop the same way, much as an embryo replicates more primitive forms of life as it develops. Citizenship has been a tenacious concept in British welfare thought regarding the poor. Thatcher may have denied that there was such a thing as society, but citizenship is a weaker concept in Britain than in New Zealand. In the United States, even that social compact is being revised, as rhetoric overruns even that trench. The linkage of welfare with citizenship was being insisted on at a time of warfare, when Britain was most insisting upon its modernist inclusivist renovation into a modern state. New Zealand offers proof that there was no need for Beveridge to distinguish between social insurance and PAYG benefits. New Zealand beneficiaries had no trouble rationalising their situation as one in which their entitlement arose from the payment of taxes, or the desiderative wish to do so, if provided work. The fisc had become its own distributivist myth in the popular mind, reinforced by the extensive public ownership that the New Zealand Government had been involved in from 1869. Significant sectors of the New Zealand economy were also seasonal, such as the freezing works, whose employees remained a special class of unemployment recipient until the revamps of both the meat industry and Department of Social Welfare in the 1980s and early 1990s. Seasonal workers could not be expected to provide regular social welfare contributions.

As we know from Thomas Kuhn’s model of paradigm shift, paradigms fall out of date by losing power of explanation, until they are replaced by a paradigm with greater explanatory power. The Beveridgean paradigm fast became dysfunctional during the deindustrialisation of the British economy in the 1960s to the 1980s. In retrospect,


Beveridge’s analysis was an explanation and cure for the ills of Edwardian, not mid-20th century Britain. Donnison’s prescriptions in “The Politics of Poverty” 97 for the rights of the unemployed are not without their pathos, for he imagined as late as 1982, a male working-class householder, with newspaper subscriptions and lodge and club subscriptions and church or chapel plan-giving to keep up while on benefit, along with television and radio. He was utterly unresponsive to youth unemployment, single mothers and ethnic issues. It is not only the case that that model is dysfunctional in the United Kingdom of the August 2011 youth riots, it was profoundly dysfunctional by even 1982.

“The working class,” then, was not immune to purely social and cultural changes from the 1960s, as women demanded rights and required welfare and reproductive and family lifestyle choices on terms other than those the patriarchal family provided, and as non-white migrants demanded the same rights and benefits as the white working class from the 1950s onwards without racism or segregation. The gender contracts, the family contract and the age contract changed as women demanded economic and reproductive rights, and freedom from abuse, the patriarchal family broke up and youth not in education employment or training (NEETs) began to live on benefits. As in many modern developed economies, there were migrant groups who brought mutual help organisations with them that could have replicated the services that friendly societies, lodges and churches provided the 19th century white working class, but there were also migrant groups who entirely lacked such institutions.

In New Zealand’s case, the Social Security Act 1938 had abandoned the means-testing model as the Beveridgean model was to in 1942. In both New Zealand and the United Kingdom, it was argued that flat tax rates were preferable because the marginal tax rates brought about by means testing created poverty traps. At this juncture we encounter the ghosts of Speenhamland that haunt the modern Britain of workfare. The Speenhamland system created vast labour pools in rural slums that could be called upon for corvee labour or cheap short-term assignments. Anatole Kaletsky, to take a modern commentator, proposes as an answer to Beveridge that means-testing is sustainable, so long as taxation is progressive. 98

New Zealand, however, was a primary production extraction and processing economy, not an economy reliant upon heavy industry and with ancient social divisions based upon social class. Race was the age-old situation in New Zealand, rather than class, arguably handled in ways that were also a form of Castles’s “welfare by other means.” The Treaty settlements process from 1984 onwards is not without a “welfare by other means” dimension, as Māori economically empower themselves and operate within regulatory frameworks. To be more subtle, Treaty settlements effect transfers of capital, and not just monetary capital, that empower Māori. The very effort to make a claim and obtain a settlement develops extraordinary political and social capital, and has provided a stimulus to the acquisition of educational capital.

3.32 Animal Farm and the spectres of Speenhamland: British welfare paradigms in the 21st century

Britain became paradigmatic for New Zealand. It still keeps doing so, one way or the other. New Zealand once had had the confidence to forge its own way in social

98 Anatole Kaletsky, The Times, 29 September 2005
provision between 1869 and 1938. Our original insurance-based social provision was akin to mid-to-late 19th century public interventions that Second Empire France, Bismarckian Germany and progressivist American states and municipalities were providing. Little though was done in the United Kingdom between Gladstone’s Post Office Savings Bank in 1861 and Joseph Chamberlain’s Unemployment Act of 1905. Only with Lloyd George in 1911 did Britain join this “wave.”

Curiously, the more the formal ties between New Zealand and Great Britain unravelled, the more New Zealand re-colonised in welfare policy, with the exception of Owen Woodhouse’s Accident Compensation system. When New Zealand was formally bound to the British Empire and used sterling, it showed great innovation, looking to continental and American models. Yet despite the assumption of the Statute of Westminster in 1948, and the naturalisation of the Crown to New Zealand, New Zealand turned into a synchronised swimmer of British welfare ideology, as it had never been before. The explanation for this is perhaps that Britain had the tertiary education institutions, the policy cultures and the English-language world publishing dominance, to “explain” what the “golden age of welfare” would achieve. The men and women who devised New Zealand’s welfare provision between 1869 and 1938 were largely self-educated. A tertiary educated politician like William Pember Reeves or Sir Robert Stout was rare. The First Labour Government found collaborators in the few tertiary-educated economists to hand. A reliance on experts and on the ideologies of bureaucratic cultures replaced the autodidactism and self-help of the first generations of politicians.

Elaborate theories have been devised to explain, who and what a citizen was, and why, and to what extent and in which order rights might ensue. Thomas Marshall (1893-1981) published “Citizenship and Social Class” in 1950 in which he argued that rights unfolded and developed in the following order: civic, political and social. In other words in the conditions of the British 1950s, he could not imagine youth unemployment. Marshall was in fact Britain’s last neo-Hegelian of the T.H. Green school. His mentor had in fact been Leonard Trelawney Hobhouse (1864-1929) one of the leading second generation “New Liberals.”

To his mind, young people went to work in factories and shops or on farms or went to sea when they left school, if they did not become students or enter into formal training as apprentices or articles clerks. Yet just in over 20 years time, by the 1970s, youth school-leaver unemployment had become a major problem in the United Kingdom and in other Anglo-American nations. In the United Kingdom, Australia and New Zealand, debates erupted in the 1970s over the fitness of secondary schools. The reality is that education radically demoticised and became an opportunity for non-elites, while economies overall shifted from processing and manufacturing sectors into service industries. Meritocracies of the kind that produced T.H. Marshall collapsed. Education markets no longer produced mandarins, closed castes of professionals and isolated pundits. Entry from school into the workforce ceased to be linear by the 1980s for non-TEI youth. Full-time job opportunities declined.

What this meant was that in a very short time, Marshall’s teleological progression of citizenship was outmoded. People no longer “graduated” into levels of citizenship, first of all possessing civic rights, qualifying to vote at 21 after young males had done or were doing National Service, and then applying for “social” rights when they fell in-between jobs or fell ill or became unfit or redundant in middle age, and receiving the full bloom and reward for citizenship in the form of the universal old age pension.
Several features are worth identifying in these presumptions: first of all, welfare is regarded as a mode or right of citizenship. Citizenship was not just taken for granted, as it was in Australian and New Zealand debates, but insisted on with some anxiety. Marshall was old enough to recall that poor workers were disenfranchised when they ended up in the poorhouse. Secondly, a no-fault welfare and social insurance system imputed merit and virtue and educational worth and moral development to citizenship and welfare entitlement. Victorian “sin” was replaced with modernist “Eudaimonism,” the evaluation of social, political, economic systems to produce happiness. What had happened with these Edwardian British thinkers was that they had experienced an uncharacteristic engagement with the Continent, for leading British academics, they had become interested in Jean-Jacques Rousseau as well as Hegel. Bernard Bosanquet’s *Philosophical Theory of the State* (1899) combined these influences.

21st century thinkers are re-evaluating Marshallian citizenship for modern labour activation policies. This reference is to Håkan Johansson and Bjørn Hvinden’s article in the volume *Social Policy and Citizenship* (2013), edited by Adalbert Evers and Anne-Marie Guillemard.

Marshall arguably conflated a rare and unusual ideal of citizenship for the United Kingdom with a progressivist radical teleological myth locked into British history and values. He saw British citizenship developing with, and against, a maturing capitalism from the 17th century. Compared with Americans, Australians and New Zealanders and many continental peoples, many British people do not in the first instance tend to identify as citizens, but as British. There have not been the national experiences of revolution and dislocation caused by settlement. Citizenship is something citizens understand they have made for themselves as a new situation. British citizenship, like New Zealand “independence” has been so gradual in its development, that it impossible to say when or even how subjects were converted to citizens. When did New Zealand become “independent”? New Zealanders though have a distinctly active notion of New Zealand citizenship. Johansson and Hvinden have proposed that Marshall’s error lay in regarding citizenship as a status, as a static concept bound up with entitlements. They propose rather that citizenship should be rethought as an agency-based, participatory role, suitable for an activationist labour policy.

Marshall’s doctrines inadvertently created the dumping grounds and labour pools for the labour shedding polices of the 1970s and 1980s. By 1980, youth, who had just attained the right to vote, were obtaining unemployment benefits in large numbers. By the 2010s, these same youth have been converted from “have-nots” into “NEETS.” 18-year-olds by the late 1970s were in fact simultaneously exercising civic, political and social rights, not progressively.

The days of the Andy Cap workman or of the “Giles” cartoon patriarchal working class households ended in the 1960s and 1970s. Unemployment had been premised on the patriarchal male with a household or on the singleton between jobs. As Marshall presumed, such a person would have been contributing to social insurance or PAYG social security for a few years or even decades before they needed to apply for benefit. The values of working class society, as elites understood them, were supposed to eliminate and censor out moral hazard and provide “welfare by other means.” The vast social transitions, however, of the 1960s and 1970s destroyed the secure though

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repressive and gender-restrictive “street” and “pub” societies, sentimentalised by “Coronation Street,” that could exercise that kind of social control.

By the 1970s, the benefit system as being resorted to by waves of youth, single mothers and unemployed young women and men. Such a thing was never envisaged in Marshall’s three-fold theory of the flowering of rights and entitlements into civic, social and political rights. The very social controls that sociologists thought would mitigate moral hazard dissolved, along with the myth of some essentialist working-class collectivity. Conceived as a status, citizenship, if anything, had become a hereditary peerage, the deposit of all of British time, consisting of entitlements, not responsibilities. The British debate missed out on the agency-based civic republican thought of Spinoza, Rousseau, and Hannah Arendt (1906-1975) that influenced North America and the Continent. However, with George Orwell’s great classic *Animal Farm* and Nicholas Bradbury’s *Market Farm*, rueful and Swiftian satires on the failures of State and markets alike have been possible.

Some British Labour commentators, though, sought to think about welfare in terms beyond the proletariat and the poor. Anthony Crosland (1918-1977) published *The Future of Socialism* in 1956 in which he proposed that egalitarianism and the overcoming of the class system were the goals of welfare, and not just social mobility or subvention of the working class and the wars on Beveridge’s “Five Giants.”

Affordability was a separate issue from the social and inter-generational and justice system costs of universal welfare. What happens is that affordability and social sustainability of long-term unemployment come into conjunction. Controversy is the result. Certainly a weakness of universalised welfare systems has been the inability to identify and manage sociological classes of persons within categories of benefit entitlement. Previously for regulatory and juridical reasons, it was difficult to respond to the “special needs” of entire communes and communities. Computers processed payments, while on the ground whole public-housing communities lapsed into lethargy, delinquency and despair. Now the difficulty with the cut-backs in disability services for the truly vulnerable in the United Kingdom and Spain in 2013 is the inability to discern exceptions in what is a class of exceptions in the first place. Yet it has been relatively easy to convert “the dole” into “Job-Seekers’ Allowance” in New Zealand and Great Britain alike, and to case-manage clients into work placements. That is because it presents few problems legally and administratively to apprehend an entire class of welfare recipients and apply the same regime to them.

The French philosopher and anthropologist Pierre Bourdieu (1930-2002) termed the ensuing social class, dependent on low-paid, temporary jobs, the *Precariat*. He was a structuralist with a strong Husserlian and phenomenological background and one of the first sociologists to discuss social and educational capital. Precarity, in any case, was an established French concept relating to poverty long before Bourdieu, and was first used in English by the Catholic activist Dorothy Day in 1952.

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100 Nicholas Bradbury, *Market Farm (or How the Foxes Broke the Piggy Bank,)* Dedalus, Sawtry, Cambridge, 2013.
3.33 Richard Titmuss: The lone prophet of social investment

Thomas. Marshall was not alone among British sociologists. He was seconded by Richard Titmuss (1907-1973), a man from one of the most curious backgrounds to influence mid-20th century Whitehall and British Governments. A farmer's son, he was an insurance industry accountant who never had a university education and remained disengaged from theory. If his writings on social policy at the time of the Beveridge Report in 1942 obtained him a chair at the LSE, his actuarial skills recommended him as a social insurance commentator. He lacked the philosophical interests of the “New Liberals” and of Marshall, though he shared the eugenics obsession of the Fabians. He joined the Eugenics Society in 1939 to boost the birth-rate as well as the British Empire, to argue that a healthy native white working-class meant a powerful Empire. He can be described as a non-Marxist, “ethical” opponent of the capitalist system. As a eugenicist and imperialist Fabian, Titmuss fitted the LSE programme perfectly, after work in the wartime Cabinet Office had brought him to notice. Compared with Gunnar Myrdal, it is hard to sustain that comparison. Titmuss lacks the responsibility for the medical regime of sterilisations and lobotomisations that are now associated with the Myrdal regime in Sweden, but he also lacked Myrdal’s multi-disciplinary genius.

Nonetheless, Titmuss’s *Income Distribution and Social Class* (1962) was a prophetic text, that captured the “60s” just as vast social change was about to break. He critiqued official statistics to reveal a widening chasm between classes, not so much on the basis of income, but on the access or inaccessibility of other forms of capital than wealth. For all his peculiarities and role in ideologically locking in the “anti-capitalist” welfare state, this one book remains as good an explanation of modern Britain and its ills in 2012 as it was in 1962. He caught modern social trends at its inception. Titmuss in 1962 was the prophet of social investment. He understood clearly that in an age of high social mobility, such as the mid-20th century was, income security was not enough, and that transfers of social and educational capital were necessary as well.

The point of knocking Titmuss down and picking him up again is to identify the fact that one of the leading ideologues of welfare institutionalism nevertheless identified that post-modern trends would make forms of social, human and educational capital of decisive importance in workforce development and in social mobility. It stands to reason that these forms of capital lie outside of the formal welfare system. Titmuss’s insight relates to New Zealand because we now understand that Māori poverty and inequalities may be overcome by working with Māori to develop the social, human, educational and cultural capital that are now inherent in Māori society.

Still the applicability of Titmuss to the 21st century needs to be considered with care. If Beveridge curves are moving outward, with increased numbers of long-term unemployed, while there are increasing job vacancies, then there is no structural unemployment, and educational transfers are not the circuit breakers for the long-term unemployed. Social and cultural capital—plain networking—might be of more importance, and then there are questions as to whether corporate or public sector HR cultures are optimal, or whether they are obstacles. There may even be covert human rights violations and structural and cultural bias against the long-term unemployed. The jury is out on this one. Unemployment should be just a pit-stop. Why and when does it turn into disqualification from life participation?
By the 1970s, it became evident that welfare was in crisis as an output of public finances in all OECD polities. Titmuss glimpsed the future in 1962 and did a double-take. The German Left-wing philosopher Jurgen Habermas (b. 1929) published his *Legitimation Crisis* in 1973.\(^{102}\) James O’Connor first published *The Fiscal Crisis of the State* that year.\(^{103}\) Anthony King published his article, “Overload: Problems of Governing in the 1970s,” in 1975.\(^{104}\) Claus Offe summed up the unhappy decade with *Contradictions of the Welfare State* in 1984.\(^{105}\) Now the oil shock “hit” only in October 1973. Either these publications were in response to some hyper-fast thinking by even highly intelligent people, or there had been murmurings for a while which the crisis brought to a head. The answer is that there had long been murmurings, and not just in Chicago. As James Connelly observes, politicians and officials had been complicit in a dodge: “Part of the trick was to avoid substantive moral argument by relying on growth coupled with diminishing marginal utility.”\(^{106}\)

Connelly’s explanation for why welfare had seemed so plausible previously is that a sense of inevitability in the general population drove it. Marxist and Whig teleologies, as he argued, fused to make it legitimate and made it seem to be “the point to which civilisation was necessarily tending.” Yet Connelly notes that the reality was that welfare was creating neither a New Jerusalem nor preserving capitalism any longer, but rather turning into a social compact against public disorder, whether militant unions, criminal or delinquents, or communal resistance.

### 3.34 Goodbye, yellow brick road: The 1970s welfare crisis

The economic crises of the 1970s and the oil shock gravely affected Western welfare systems and broke the mid-20th century social consensus that sustained them. Many OECD nations, from Denmark to New Zealand, that were running high current account deficits, struggling to control inflation amidst high taxes and high interest rates, adopted labour shedding measures. In retrospect, it may now be seen that governments of that period, regardless of where they lay on the spectrum, abused the premises of the 1930s to the 1960s universalist welfare systems. Social security systems that were originally intended to be universal un-means-tested safety nets, public and Accident and Emergency for the vicissitudes of life, or the financial equivalent of disability services for the ill and disabled, were converted into mass labour pools, by labour shedding polices.

Older workers were encouraged to retire early in countries ranging from France, to the Netherlands, to Germany and Denmark, to Muldoon’s New Zealand. As industrial economies down-sized, and as nationalised state companies ceased to be efficient, work-forces were laid off. Youth unemployment and intergenerational unemployment became a culture for deprived classes of people. Longer life expectancy, better health outcomes, and greater access to pleasure and leisure and the gratifications that the 1960s had commodified, legal or illegal, combined to have the effect that welfare became

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a lifestyle option, either to make a transit through, as young people sought to enter the
jobs markets, or in between jobs and training, or else as a state of affairs around which a
life-style was made. Education and market signals failed to work as people opted out. It
was mass welfare without responsibility. The result was a human rights disaster.

The down-sizing and economic restructuring of the period were undoubtedly
necessary, but the relegation of large segments of the working age population to
enforced idleness, without re-training, or effective incentives for workplace re-entry,
without restructuring of educational provision to reach the long-term unemployed, has
amounted to a catastrophe. Only by the late 1980s and 1990s did student loans and
more flexible education provision become a realistic intervention. It was as if welfare
states had become like colonial states in the imperial period in their management of
their workforces, veering from workforce protection, like a labour reservation, to the
creation of labour pools, and then an insistence upon assimilation and re-entry into the
liberal market sphere.

Welfare systems—regardless of whether they were liberal, social democrat or
Bismarckian—had to reinvent themselves. All governments failed during this period,
whether the Kirk and Rowling or Muldoon governments in New Zealand, the Carter or
Reagan administrations in the United States, or the UK Tory or Labour governments.
The Nordic Social Democrats were as mired in these problems as French Gaullists and
Christian Democrats. What happened is that the original models and habits of nation
state welfare systems were extensively retrofitted everywhere to admit supply-side
techniques and instruments. As Karl Hinrichs has observed, social security systems
“are elephants on the move”107 that stampede when they are young, and then amble
when they are mature. As this ponderous analogy may imply, convergence into a herd
characterises the behaviour of these elephants over the past 20 years, as they
re revamped their welfare provision.

3.35 Goodbye FDR: The Clinton welfare reforms

North American welfare provision was the most drastically retrenched. Canada no
sooner dipped into Beveridgean welfare than it hopped out of again, to preserve a
guarded wariness towards “social programmes” which it does nonetheless provide. The
Clinton welfare reforms in the United States of 1996 were so severe as to be
anomalous, yet the United States and its constituent states are not at all anomalous
welfares spenders among OECD nations. They also like the Netherlands rely upon
extensive private provisions of services. The result does appear, however, to be the
formation of an entrenched poverty class, living in virtual favelas.

The Personal Responsibility and Work Opportunity Reconciliation Act 1996 (PRWORA)
was the result of an ideological convergence between Clintonian Democrats and
Republicans E. Clay Shaw (US Senate, Florida) and Tommy Thompson (Governor of
Wisconsin). The Aid to Families with Dependent Children programme (ADFC) initiated
by Roosevelt’s Social Security Act 1935 was replaced by the time-limited TANF
programme: Temporary Assistance for Needy Families. Critics argue that the
measures are anti-migrant and racist, and that they deny the nature of labour
cheapening in the US economy. Proponents argue that TANF has succeeded beyond
expectation at workforce activation. The Obama Administration, however, permitted a

107 Karl Hinrichs, “Elephants on the Move: Patterns of Public Pension Reform in OECD Countries,” in
waiver in 2012, allowing states to apply for workforce placement of 20% for TANF recipients not 50%, because of the asymmetries in economic performance among state economies.

3.36 Goodbye Beveridge: Thatcherite reform

It might be more relevant then to concentrate upon liberal welfare reform in British-type Beveridgean polities: Thatcherite Britain and 1980s-1990s New Zealand.

Paul Wilding states that the results of the Thatcher government between 1979 and 1991 were:

- The creation of a negative image of bureaucracy.
- Welfare state professionals were identified as self-interested sector groups.
- Private and voluntary provision of welfare services were encouraged in place of a state monopoly.
- Internal or quasi-markets were created in health, education and social care.
- A shift in management cultures from benefits to costs.
- Cuts in expenditure were “clouded in a miasma of statistics and rhetorical obfuscation” to conceal long-term impact.
- The re-introduction of means-testing.
- The introduction of a disciplinary focus.
- The empowerment of citizens against schools, local education authorities, doctors and academics, and of doctors against consultants and of students against academics.

The Tories had been concerned at the revival of Speenhamland as early as the Heath Government, when Keith Joseph made the comparison. Norman Fowler in the Thatcher Government reconsidered Barbara Castles’s State Earnings-Related Pension Scheme: SERPs. The concern for Fowler was that labour schemes had created a latter-day Speenhamland that was unaffordable. That use or misuse of the Speenhamland legend bore less analogy to the real system of 1795, because in the 1970s and 1980s, the unemployed were not effectually required to contribute through work to their own benefits, as they now are. Fowler was pre-activation before the mid 90s activationist “turn” in the United States. In his rethink of SERPs, Fowler reduced guarantees, incentivised transfers, so that five million opted out into private schemes. Many of these were badly sold, the result of which was increased public resistance to saving. Administration costs were nonetheless reduced, and the number of claimants with 100% marginal tax rates declined. As H. Glennester commented: “It was not a brave new world but was a slightly less idiotic old one.”

Both the contributory National Superannuation plan of Bill Rowling for New Zealand in 1975 and SERPs were related, contemporary, second-tier pension projects. They offer, though, a lesson on how history is really done. There are no “if onlys” in historical review.

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There is only the real time that actually was. Counterfactuals are an idle game, because they exclude significant variables. It is frequently regretted in the columns of the New Zealand Herald by Bernard Hickey that the Rowling schemes was not adopted, because if it has been our situation would have been comparable to the Australian provision. What is omitted from criticisms of National Party and Tory policy at that time is the sheer extent of the state economy in New Zealand and the United Kingdom at that period. After liberalisation of the economy such as the two countries experienced in the 1980s, such second-tier schemes may seem self-evident, but they were embedded in the “The State Inc” in 1975. The context was toxic, and Labour Governments did nothing to meet criticism of the extent of public sector control of the economy.

3.37 Post-welfarism? The new liberal New Zealand state

New Zealand is not a post-welfare nation state, because it still provides health and public welfare systems. New Zealand is now, however, a post-welfare-state nation. The shift towards this in economic policy occurred in the 1980s during the Fourth Labour Government. Welfare paradigms were revised by the Bolger-Shipley governments between 1991 and 1999. Benefit cuts took place in 1991 to bring benefit provision back into sustainability. The Department of Social Welfare was restructured in 1992, various constituent services being set up as stand-alone operations. The foundation of the Ministry of Social Development in 1999 concluded the burial. The Fifth Labour Government introduced child tax credits and “Working for Families.” The work is ongoing, to get the workforce educated and into full productivity and to meet the challenges of an ageing population. Just as it took decades to develop the “classic” welfare state of “the golden age of welfare,” so it is taking a few decades to render welfare systems sustainable for the New Zealand economy.

National (or New Zealand) Superannuation requires separate reconsideration if only to realign it with mainstream welfare reform. It must be shifted into a post-welfare-state future like all the other benefits. Current working generations and retirees have had three decades now since public policy and economic paradigms have been changed. New Zealand governments have shifted entirely into the post-welfare mode since 1991. No government has radically revised that. Citizens have therefore had at least 20 years’ warning. The pay-off for living in a country where one may live long and well and enjoy the benefits of a public health system is to provide as best as one can for life in old age. An average male German who had reached 15 years of age and working age in Bismarckian Germany could almost live to the qualifying age of 70. We no longer live in industrial proletariat economies of the Industrial revolution age with the resulting solidarities. By the 2050s, people will be living on average 25 years beyond 65 years of age. The average male New Zealand worker received barely a few months on the universal Old Age Pension provided under New Zealand’s Social Security Act 1938.

Every advanced developed polity has had a long political discussion for more than a century now of what welfare provision is for them. New Zealand needs to overcome the year 1975. We have done so in part with the establishment of KiwiSaver, but we need to go further. The middle classes need to assume as much responsibility for life risks as possible, through subscription to voluntary schemes, on the KiwiSaver principle. If the poor and less educated who have relied on benefits must “responsibilitise,” then so should middle class New Zealanders.
Non-mandatory equivalents of Canada’s Employment and Sickness Insurance schemes are proposed for consideration. Definite limits would determine the length of time recipients would be entitled to income support if unemployed. It is admitted that sickness insurance would need controls to prevent moral hazard. The basic benefit would remain as a universal safety net for all. The costs, though, of middle class housing and the risks to vulnerable children of growing up amidst parental work hazards, and the need to be continually socialised in middle class life and neighbourhoods, should incentivise middle class adult earners to take out such policies to offset instability. The state cannot support the lifestyles of long-term middle class unemployed, as well as of the poor and unskilled. If employment and sickness insurances packages were developed, the corresponding services for middle class work reactivation might develop to form linkages about the insurance product. This way the benefits of Canadian social insurance would be achieved without the banes of German “Swiss Deposit Box” Bismarckian insurance, which I have previously discussed.

As the French and German experience attest, Bismarckian schemes are expensive in that they provide more for contributors who have made lifelong mandatory contributions. The entitlement attitude is not that of the fiscal commons, that David Thomson and I would suggest that 1970s New Zealand had become, but rather of one’s right to individualised contributions. These schemes are not on the government’s books. Although Bismarckian schemes may immediately rebuff migrants as British welfare benefits are unable to do, they nonetheless do not prevent dependent communities forming, that are highly vulnerable to workplace changes, family and communal vicissitudes and may even begin their own cycles of violence abuse and deprivation. Such communities and individuals can be supported by minimum income support schemes (like the German Arbeitslosengeld or the French Revenu minimum d’insertion) in what are basically two-tier welfare systems in two-tier economies.

The KiwiSaver scheme has helped overcome the mandatory aspect to the Rowling National Superannuation scheme in 1975, by giving contributors the right to opt out. It may well have to become mandatory to sustain the impending burden of retirement dependency. “Freedom” and liberal individualism were just not political languages in mid-1970s New Zealand. Rights and values were still regarded as collective. Even the Values Party was just an attempt to find civic space for the resurgent or innovative lifestyles of the period. Those lifestyles were often communal or collective. Moreover, each generation remembers what it wants to. The current retiree generation born in the 1940s may insist upon the respect and security in old age that their predecessors enjoyed. Those memories would include New Zealanders from the late 19th century. The paradigm they adhere to is the Social Security Act 1938 universalist model for over 65-year-olds, as reaffirmed by the Muldoon Government in 1975. What they ignore is that they live far longer than those earlier generations, and in most cases have worked at less physically demanding jobs. None of the 1940s-born were conscripted to fight in conflicts like the male New Zealanders were from 1916 in the First World War and in the Second World War. Women have not endured the kinds of reproductive horrors that their foremothers endured until very recent times.

The current generation of retirees has no “blood pact” or special claim on the nation for the sacrifice of life, health, youth, peace of mind, in warfare. “Gallipoli” was once about a social covenant, a blood pact between a fighting citizenry and its government about the kind of democracy they wanted. They got that welfare state, yet it did not serve us well because it was made to do what it was not intended to do. It did not answer the problems of the 1970s world that those men had lived into by their 80s. Now that “Gallipoli” is a national
reflection on “War and Peace,” and more of a genealogical coming together of the historic nation, the compact that those men fought for now seems sealed in a time capsule.

In 1975, the electorate contained a potent mix of veterans from both World Wars. The population was not as educated as it is now. Many New Zealanders had left school at 12. 1944 was the year when school-leaving was raised to 15. Economic transformation was only just starting to kick in to transform New Zealand from its “insulation” and British-based trading economy. It had not yet changed the composition of the workforce. New Zealand was in the midst of a life-style revolution. Welfare became a market for negotiating consent. It could be argued that in return for allowing increasing liberty for the life choices of some New Zealanders, that were to be supported by welfare, older and more conservative New Zealanders demanded “their” universalist right to publicly funded retirement, regardless of means-testing.

The Old Age Pensions Act 1898 means-tested, while the Social Security Act 1938 means tested the Old Age Pension for 60-65 year olds. In 1975, National Superannuation removed that means test and rendered the entitlement universal, like other benefits. It reduced the retirement age to 60. Thanks to a traditional pietas towards “the elderly” and the sense of entitlement of an ageing war veterans population, who were still in the workforce, the long-term habits of middle class New Zealanders since the 19th century to provide their own private social insurance and pensions seemed old-fashioned and irrelevant. In fact, the war-service generation and post-war generation had been submitted to a pervasive propaganda of state-driven modernity that made private social insurance institutions look Victorian and quaint.

The newly-embourgeoisified more and more rejected the cultural induction into private social insurance practices, just as they rejected what may have seemed to be out of date values or traditional social hegemonies and associations. The state operated a vast propaganda machine until the 1980s that private providers could not match. Even the children of the established middle class had a weaker sense of the traditional social insurance resorts. The state seemed so comprehensive. In the midst of accelerating life style change, the state became even more the security for life mishap. It went from being a safety net state to a trampoline state. Welfare had gone lifestyle and play-way, especially for the suburban jeunesse d’ore mucking around, and “finding themselves.” The unemployment of youth-in-education, however, has gone from such halcyon middle class subsidisation and lotus-eating, to the bitterness and despair of the 21st century young seeking entry jobs in their professions.

Another burden is that it was only in the 1930s and 1940s that governments accepted responsibility for ensuring full employment. Previously the markets had provided, except for seasonal down-turns. The Depression and the Second World War were major exercises in man- and woman-power re-allocation. The myth that developed by the 1970s was that, if the government could not deliver on this responsibility, benefit entitlements were therefore a compensation for the country’s economic non-performance.

The mid-20th century was also a period of extensive life-style change. Just as teen and youth cultures emerged, so did a new “retirement” culture appear for the elderly. In the 19th century only people with pensions “retired,” either from military or civil service, or from long meritorious service in a business house. The wealth class funded themselves. Everyone else had either saved and kept working as long as they could, eeking out a living as they grew older, or lapsed into poverty. Private social insurance for old age in America and the United Kingdom meant that this retirement culture ceased to be the preserve of the
classes in “the Services” (Army, Navy, Colonial, India, Civil) and of a clerical and managerial middle class, but had become more widely available. It generated its own lifestyle expectations and was broadcast on television.

Old age was no longer about sitting in the corner with a rug draped over one’s knees, or going down to the boozer for a pint in the middle of the day, before 6 o’clock closing. When New Zealand opened to tourism in the age of the wide-bodied jet, the life style example was evident to all. New Zealanders wanted to partake of this new retirement culture. The elderly were no longer frail persons to be spoken of euphemistically with consummate respect. They themselves insisted on active and engaged retirement. The problem is that New Zealanders in the high age of statism lacked the public social insurance for it and had let go of the private social insurance models.

Mass democracy had opted for publicly funded retirement, much as the ancient Mediterranean democracies and republics had opted for the annona or the theoric fund, as they practised a re-distributism on the basis of sheer civic entitlement. The analogy is not far-fetched, because Victorian neo-Hellenic and also agrarian ideologies for New Zealand democracy stressed the soldier-citizen state, whether in the writings of William Pember Reeves or Alan Mulgan. This was passport or birth-certificate welfare, to refer to the analogy of the Roman citizenship roll. Private provision largely ended against such state provision, as many 19th century habits and practices ended. Private old age provision was like church attendance or lodge membership. The state, it pays to remember, had been the futurological horizon for that generation since the 1930s. Private institutions seemed old-fashioned and not as secure as “New Zealand Inc.” New Zealand had undergone a massive modernisation over the 1950s and 1960s through public works, and institutional reform. The wrecker’s ball was a regular part of the townscape. The state, as Francis Pound has argued, equalled modernism, and that was in the minds of many in the public and not just for intellectuals and artists.¹¹⁰

New Zealand need not continue to pay for that moment. We are not bound by what happened 37 years ago. The current working-age generations have not made a blood-pact with their country through compulsory military service. New Zealand Superannuation should be means-tested. When private income is exhausted, or comes within the range permitted for eligibility, New Zealand Superannuation entitlement would, of course, commence. With a view to rising longevity, the retirement age could be raised to 67 by the early 2020s for the 1960s-born. These proposals are only in line with remedies abroad.

The development of New Zealand’s welfare system lies in the development of dirigiste practices by a small power state with a domestic war and a development programme to fund, and the control that was necessary to manage the debt constantly accrued for sustaining that development model. The New Zealand Government, whether “the state” or “state socialist,” operated an exceptional system that was not liberal residualist, but rather relied upon “welfare by other means” and also upon control of a protected economy and of its terms of trade with just one major buyer, the British markets. This system attempted the transformation to a Beveridgean system without resorting to social insurance (except for Accident Compensation), at a time when the British Empire and the imperial preference system were breaking up after WWII. It would have been better in retrospect, if the political languages developed relied more upon public social insurance models for workforce benefits. New Zealand, however, had previously developed an

autochthonous welfare language and obtained high social consensus for it that pre-empted alternate paradigms until the 1980s and 1990s, when the New Zealand began its public-sector reforms. Insularity and distance and reliance upon British models had constricted the information flow.

Succeeding generations were good at capturing the values and customs and gains of earlier generations for their own amplified demands. The New Zealand economy found itself having to sustain a grave welfare burden in the 1970s as the economy adjusted to Britain’s EEC entry and to the oil shocks that it was unable to “explain” or “sustain.” Heirs to a state socialist tradition, we need not accept the inheritance to be bound by practices that not even that “state socialist” state practised before “the golden age of welfare.” The general expectation though of life insulation, whether by trade protection and Industrial Conciliation mechanisms, or by outright welfare, is no longer sustainable on a universalist basis. There can only be selective universalism. The 2010s workforce has health prospects, education and life choices that the 1930s era workforce could not imagine. We work in healthier, more intelligent jobs. We do not live in “Animal Farm” conditions of agrarian and industrial production any longer.

New Zealand’s coming of age then in the 21st century does not require a revolution or a war of independence or a national resistance such as many other nations have experienced. New Zealand’s maturity requires a renunciation of a long-standing utopianism that has indebted us heavily and constrained our economy and impoverished the life chances of generations of New Zealanders. 19th century British utopian dreams cannot be the basis of a viable and just 21st century New Zealand.

3.38 Modern welfare compacts?

Robert Goodin and Julian Le Grand in *Not Only the Poor: The Middle Classes and the Welfare State* were among the first to identify that the welfare state was as much about middle class subsidisation as relief of poverty. They identified which classes benefited from which services and found that:

- the working class and poor benefited from council housing, rent allowances, housing benefit and social security.

- the middle classes and the rich benefited from the NHS, post-16 years of age education, tax allowances to owner-occupiers and rail transport subsidies.

No solidarity of interests, therefore, exists. There is no single social compact such as Beveridge or Marshall and Titmuss imagined. The amount of means-tested income support had increased from 4% to 20% of households between 1948 and 1993. Goodin and Le Grand also found that retention of working-class youth at school made no difference to their life outcomes. Higher education was therefore a transfer to the middle classes, who valued education, yet could not afford private schooling. It was on the basis of findings such as these that student loans were introduced for students engaged in tertiary education.

The pressure for middle class subsidisation looks set to increase as housing prices become unattainable in cities from London to Wellington and Auckland. Middle class

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tenants will place different regulatory demands on landlords and require security of tenure and have different expectations of government. The middle classes also benefit from the kind of youth subsidisation that bourgeois bohemian young people go through as a rite of passage, with gap years and post-graduate “mucking about.” In Eugene O’Neill’s *Long Day’s Journey into Night*, the family patriarch had to support a morphine-addicted wife and two feckless adult bohemian sons, wasting money on sex and booze. Since the golden age of welfare, some of these proclivities have been indulged at the state’s expense, with less friction to family fortunes, if not to family relations. Benefit defamilialisation was in fact round-about refamilialisation.

Regardless of what competing social sectors might desire as distributionist public goods, Frank Castles has written the writing on the wall for all to see: “Big deficits make countries hostages to financial markets, while simultaneously reducing the resources available for needed public expenditure over time.”

As H. Brunkhorst has argued in *Solidarity: From Civic Friendship to a Global Legal Community*, the concept of solidarity began in ancient Rome with the concept of the public debt of *obligatio in solidum*. It is this kind of solidarity that has been lost sight of in the respective ideologisations of communal and collective identity and responsibility.

Following such fiscal logic, the Nordic states have made considerable adjustments since the 1990s to ensure the viability of their national systems. Håkon Thorn and Bengt Larsson have characterised these in Foucaultian fashion as:

- marketisation.
- responsibilisation.
- the development of new tools of sovereign legal and disciplinary power “for the biopolitics of liberal engineering” (used in a neutral, non–pejorative sense).
- the development of a new governance by self-organising partnerships and networks.

Larsson and Thorn describe the above shift as “a movement from social to advanced liberal engineering.” Because the Nordic states have historically affected a close linkage between domestic security and international relations and geopolitical security, it is not surprising to find 21st century Swedish commentators using the language of “the state” and of its own agenda and realpolitik. French theory from Jacques Derrida and Michel Foucault have made it topical, as has discussion over the influence of Leo Strauss and Carl Schmitt in American policy.

Migration is another contentious welfare issue. It relates also to classical statecraft and International Relations, not least because of what Jackson argued in 1990 with *Quasi-states, Sovereignty, International Relations and the Third World*. Decolonisation between the 1950s and 1970 has indeed resulted in states that are fragile and insecure. As many of them are incapable of providing welfare—producing welfare

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systems might in fact be “nation-building” for them—it is only rational for their citizens to seek to migrate. Yet as Razin, Sadka and Suwankiri insist in *Migration and the Welfare State* unskilled migrants do need to be controlled because they compete with unskilled “home” workers and do indeed add to welfare burdens. On paper it should be more cost-effective to job-activate and mobilise “home” unskilled workers. Skilled migrants, however, do compete with skilled “home” workers, but do add to welfare state capabilities. It is enough to note for now that this is an issue that perhaps also pertains to the question of the middle class subsidisation of a home population.

Social provision began in the 19th century capitalist state. It was necessary to have security against the plagues that poverty brought, and against “the criminal classes” and against uprisings. It also became evident by the 1860s that the state could have a role in relieving economic conditions and in backing the “winners” from among the “deserving poor.” States then used the managerial and actuarial and accounting tools at their disposal to develop GOC-type insurance companies, to provide social insurance and to pay out pensions in means-tested conditions. The aim was to make capitalism work. Nor was it altogether true what Connelly argues, “. . . welfare states were created not in times of plenty but in times of economic constraint, hardship, reconstruction and debt.”

Australian and New Zealand governments first developed their systems in the recovery of the 1890s. Sweden and Denmark adapted the Beveridge Report for their systems in the post-war boom period, from which they soon recovered, because they had suffered little or no material damage. Lyndon Johnson’s “Great Society” was a 1960s boom-time vision, as was Trudeau’s boreal summer of welfare in Canada.

Gøsta Esping-Andersen offers a more convincing argument. If this paper has been critical of his classifications, it is because they are incomplete, and make little sense of New Zealand, even after accepting Castles’s modification. Esping-Andersen, nonetheless, has great skill at historical explanation. What he proposes in *Why We Need a New Welfare State* (2002) is that welfare states and welfare provision arise out of profound ideological conflict on a society, short of civil war, or political breakdown. He refers to Bismarckian Germany of the 1880s and Italy of the ministries of Giovanni Giolitti (1842-1928) in 1892-93, 1903-5, 1905-9, 1911-14, 1920-21. One is inclined to agree: Italy, for example, was in no economic downturn in the 1890s and 1900s. On the contrary, it was trying to harness and improve on a successful second wave Industrial revolution.

New Zealand politics came under acute ideological pressure in the 1870s and 1880s—the long depression of the 1880s beginning in 1879 after the Bank of Glasgow crash in 1878—but the New Zealand Government had already established Government Life and The Public Trust in propitious economic conditions even before radical politics commenced with Sir George Grey’s entree to Parliament in 1875. Vogel appreciated the need for New Zealand to make a statement and devise innovative institutions to attract and retain immigrants, create virtuous investment cycles in the domestic economy.

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118 Connelly, ibid, p. 211.
economy. However, Vogel innovated New Zealand state intervention in the context of the deep crisis of New Zealand Government in 1869, the colonial *annus horribilis*. That was, however, not a financial crisis: It was a military, and constitutional, crisis that went to the heart of the New Zealand Government’s relations with the British Government.

First-wave government interventionists like Julius Vogel and Joseph Chamberlain in Birmingham were critiquing Manchester School liberalism and British utilitarianism from the vantage of their subsidiary British governments, the colony of New Zealand and the Birmingham City Council.

Having originated as state-partnerships with capitalism, welfare systems became ideologically critical or out-right anti-capitalist by the interwar period. This fitted in with modernist mixed economies with participant states, which had already commenced in the liberal era. Such an appropriation of welfare system was ideologically locked in until the crisis of the 1970s, when it became evident that welfare was a strain on public finances, that the demography of age cohorts raised challenges for future sustainability, and that a poverty-trap had been created at great expense, that was generating by the 1980s appreciable social costs through law enforcement and the justice system.

The emphasis is now on the state itself. Why does it do welfare, and what is the state that provides it? The New Realism in Foreign Policy and International Relations is now matched in domestic and welfare policy. As referred to previously, there has been an upsurge in global interest in the state. As Lutz Leisering has argued in *The New Regulatory State* (2011) we now live in conditions in which the Bismarckian states are rediscovering the community and society again and in which the liberal governments, after the neo-liberal revolutions are rediscovering the state as a regulatory entity. Ideologically this had been blocked in the 1980s by the demonisation of the state and by the residual Hobbesian values of British-type countries that would otherwise regard the state as a mere fiction, rather than the continental tradition of a bureaucratic state that understands itself and its institutions as actual entities. Former British colonial states lie between the two, as they are Hobbesian in their monopolising sovereignty systems and as security and power compacts, and as engines against indigenous peoples and non-whites, but sustained profound critiques as state systems against what was perceived to be wrong with civic and political and economic rights in 19th century Britain. “Fairness” became a trade-mark of the Austral polity.

One explanation we may de-emphasise is Ferdinand Mount’s that the welfare innovators of the WWII period were Raj-born, and effectively domesticised the Empire within Britain even as Britain was decolonising. The obvious answers against this are that other countries had welfare revolutions that lacked empires, or else had definitely no connection between their rule of their possessions or trust territories and their domestic policies; Lloyd George and none of the New Zealand Liberal or Labour leaders had been imperial officials. Mount is only raising the old allegation that John Pocock identifies as “*libertas versus imperium*” which expresses the old fear that having an empire might enslave a free people. Mount is arguing that “The empire struck back” and had ruined British liberty. This is a Tory romantic lament. The truth is much older and more deep-rooted.

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Edwin Chadwick’s Health Board and institutional reforms of the 1830s and 1840s were related attempts at modern governance and independent bureaucracy. The Health Board which was abolished was regarded as “un-British,” because it did not report to Parliament. It was accused of operating like a colonial administration, but in the metropolitan territory. So was the Metropolitan Police. Also, what imperial experience had Joseph Chamberlain had, the Birmingham industrialist, when he commenced his public ownership career? Like Charles Dickens, and Dr Arnold, and Elizabeth Barrett Browning, it was Bonapartist France that he turned to and admired.

To sum up: The ancient origins of welfare in Israel, Greece and Rome bequeathed a classical literature, formative of modern Europeans, that emphasised the social and civic inclusion of a war-fighting nation, and the values of sovereign justice. Doubts about whether the poor were actually citizens or “deserving poor,” and whether dependence corrupted a polity, descended to the Catholic Northern Renaissance and the Reformation, to produce the Poor Laws. The Poor Laws were modified under the impact of the Industrial revolution between 1795-1834 into their Speenhamland and Poor Law Amendment Act variations. It was against these systems that modern welfare systems were defined in reaction, the first because it created a poverty trap, and rural slums, the second because it was a brutal violation of even the minimal rights that poor people had in those days. The lineage of abusive and stigmatising state-directed institutions from psychiatric hospitals to other forms of non-penal incarceration descends from the 1834 Poor Laws workhouse.

To conclude:

- The **dirigiste** liberal state of the late 19th century provided a corrected capitalism in reaction against the **laissez faire** state.
- The **laissez faire** liberal state in the West lasted virtually untrammelled between 1770 and the 1870s from its inception until this correction began.
- The social-provision state lasted from its inception in the 1870s until the 1970s, before it was in turn corrected and checked, having by that time developed into a mixed state-directed and state-participatory economy model, critical of classic “capitalism.” This state, nonetheless, retained liberal values and respect for the rule of law, unlike its Soviet and fascist counterparts.
- The **dirigiste** liberal state that had corrected capitalism became a mixed economy **dirigiste** state that was no longer a recognizably liberal state by the mid-20th century. The mixed economy state had appropriated and re-ideologised the liberal state.
- From the late 1970s, “capital” re-emancipated itself. Neo-liberal capitalism unfolded a corrective liberalism on the public sector. Versions of a new liberal state have emerged in New Zealand, Scandinavia, Canada, the United States and Great Britain from the 1990s, which provide welfare through marketised, responsibilitised, NGO-partnershipped, decommodified modes, and in accordance with accrual accounting procedures, offer direct contribution rather than direct benefit pensions.
4 Equity and political philosophy of welfare activation

4.1 The Holy Grail of welfare or chimaera: Intergenerational equity?

A discussion of the future of welfare systems can only depend on what may be the apparent presence of the future in the present. Even then multiple problems may present themselves. This paper concludes with a review of:

- Intergenerational equity.
- Citizenship—whether citizenship concepts in an age of globalisation have any organisational value or explanatory power for managing intergenerational equity?
- What welfare compact may be considered to exist between the generations in a polity?

This has been a paper that has reviewed poor relief and welfare ideologies and systems as governance. The graphs, the hard numbers and the Beveridge curves computations have been left to economists and statisticians. We now, however, leave historical and ideological analysis to shoot the rapids between a rock and a hard place. The rock is the perception of public opinion about intergenerational equity. The hard place is how political philosophy handles such questions—and that, to give fair warning is in ways very unlike the review of politics and ideologies that has preceded this chapter. For philosophers play mind games. Let us start, however, with the games that public opinion plays.

It is an assumption that there is a public opinion that holds certain tenets to be self-evident. On the question of intergenerational equity, it will always be easy to find polls, and articles, blogs, and broadcasts, that express concern about it. Former British Secretary for Universities and Science and Conservative thinker David Willetts, for example, has published *The Pinch: How the Baby Boomers Took Their Children’s Future and Why They Should Give it Back*. It is another matter altogether to quantify these and present a picture of who thinks what and to what extent. To assess the values of a recent, though passing generation, such as the active workplace generation of 1975 is another matter again, would require much research, even to approximate proof. Moreover it would now be useless to interview nonagenarians who were then on “civvy street.” Furthermore, the historical jury is yet out on the Baby Boom generation, in particular of its first wave of the 1945-55 born. We have no need to wait on its verdict, however.

Profound attitudes of civic entitlement created “noise” and static about the National Superannuation debates of 1975, between Bill Rowling and Robert Muldoon. These notions of deservingness could also be accompanied by attitudes of undeservingness. It does not seem counterintuitive to say that the vilification of “the solo mum” was perhaps most intense among people who exulted at early retirement at 60. The purpose of mentioning this is to propose that the popular idea of the civic, also contained exclusion of the un-civic or less civic. “Hard work” and war service had

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become the altars on which welfare spending was immolated for a mature portion of the population in 1975. That was of course the last generation that contained “school leaving age of age” citizens. Their lives had involved work from their teens. They did leap at the chance to retire. That aspiration to enjoy the American experience of “retirement” coincided with the New Zealand Government’s labour shedding strategy.

As for the argument from war service, war pensions already existed. They had done so since 1911 for the New Zealand Wars veterans. New Zealanders were old hands at sacralising war veterans. That does not explain why non-combatant women were vested with the same rights, except as spouses, because New Zealand women for the most part had not shared the horrors of aerial warfare that British women had, nor were they mobilised to the same extent. The ghosts of patriarchy then lurk in “Rob’s Mob.” And what about non-combatant males behind the front line in war service?

Was there in fact a “compensation” mindset in the 1970s for inflicting the trauma of war on males from 1916 onwards? Only New Zealand and the United Kingdom voted in referenda that year to conscript, Australia, Canada, and South Africa refusing to do so. New Zealanders have had very complex attitudes to war that have not yet been fully unpacked. Yet the New Zealand Government did not “start” war in 1914 or 1939, thereby imposing it on its citizens. In 1914, the imperial constitutional convention was that the Government of the United Kingdom decided when a state of war existed, and the Central Powers had definitely failed to respond to an ultimatum. The same was the case in 1939, when New Zealand itself declared war on Germany. Germany had violated the international order with the invasion of Poland. So it was not as if the New Zealand Government had imposed these burdens. Enemy actions were such that New Zealand responded to support the international order.

Or was the attitude rather that state provision had been apparently teleologically increasing for all of their lifetime, and that retirement at 60 was the culmination of “progress” as far as that generation was concerned? As one see, we are now chasing ghosts, wondering what they once thought.

And now there’s the discourse about the Baby Boomers. They were not the first generation deemed to be egregious welfare beneficiaries. They did not invent the myth of generational entitlement; the war veterans had. Yet there can be no doubt, that if welfare receipts were considered by age cohorts and by individual accounts, we would be astounded to learn the extent to which the state will have paid for that generation by the 2050s. They grew up with welfare through Family Benefit and school-milk. Many reproduced at least for some stage of family life through the Domestic Purposes Benefit. Those who had tertiary education had it for free, virtually. Then there are the stints on Unemployment Benefit, whether for lifestyleing or necessity, and then the NZ Superannuation and health costs as they age. Having encountered the housing market when prices stood at a reasonable ratio to annual income, they have apparently drowned all boats with spiralling house prices. And then there is the allegation that the most “political” activist generation of the New Zealand 20th century have become the most “selfish” and self-absorbed and unresponsive to social need.

Such is a mere rapportage, then, of the attitudes that are current. It would appear that the political languages for welfare at least require some assessment of intergenerational equity. Still, we should avoid the temptation to enforce transfers between such a fortunate generation and later ones. Appropriations may well be unfair, because the aggrieved working generation, who feels so sandwiched between the old
and young, may well turn out to be very fortunate as well. Their deployment of technologies may well add enough value.

Appropriations are usually unfair, because they have involved violence, and are unable to target the egregious offenders, or accurately identify what was unjust about the gains in dispute. The Law judges between individuals, not between generational monoliths. The Law uses history, it does not do history and sit in last judgment. The French and Russian Revolutions, the Raupatu in New Zealand and Henry VIII's Dissolution of the Monasteries all involved a war by the state on a group of property-owning subjects or citizens. Targeting may be unfair and ineffectual towards the real beneficiaries of the “good times.” Not all baby boomers have jingled jangled their way into wealth and power and status and harvested all past previous ages for their enjoyment and consumption. And any attempt at a moderate and proportionate appropriation is likely to be merely symbolic and costly to enforce, and involve assets that all generations may accumulate. It is surely better then to preserve the peace between generations in New Zealand, and preserve a normal regard for equity. That generation will now have to grow old while its legacy world-wide becomes increasingly controversial and falls under historical review. They will have to endure the virtual vivisection of a balance-sheet on their achievements. That might have to do.

4.2 Age cohort: We, the people or we, the generations?

In the first place, what is the status of the age cohort? If we are to assess questions of intergenerational equity, we need to be clear as to the status of age cohorts. For age cohorts are in danger of being treated as a virtual nation, or compacting group, in themselves. There may have been some sense to that for any period before the 20th century, before life expectancies increased. Before the 19th century, people lived to their 30s on average, while the settlers who founded colonial New Zealand lived into their 50s like modern Russian males, or North Koreans. It was easier then to consider “the people of Israel” or the “Senate and People of Rome” or “Englishmen” or “sons of France” as one adult group, undifferentiated by generation.

As people started living longer, because of, and within, conditions of technological change, it became evident that generations could have very different skill-sets and attitudes. An older generation might in fact lack the skills relevant for transferring to the young. An agrarian society, such as lasted in Europe until the 19th century, was time out of mind, or as the French historian Fernand Braudel argued, “longue durée.” The skill-sets remained constant, improving incrementally, or in easy leaps. The succession of generations was of the same. The only difference between a tradesman in his 60s and a tradesman in his 20s was that the younger man might be up with the fashions more, considerations of health aside. It was not often, and then only incrementally, a matter of vast changes in technique and production. Older people could induct youth into the “mysteries” of a craft or trade. Then came the industrial revolution, and thus began the technological roller-coaster that we have been on since.

The first thinker to identify age cohorts as a significant cultural and sociological fact was the German Hungarian political philosopher Karl Mannheim (1893-1947), a student of Max Weber's brother, the sociologist Alfred Weber, at Heidelberg. Mannheim was as distinguished as a thinker on utopia and in sociology. His article


The mere replacement of generations is a phenomenon related to human biology. Whereas the interpretative sociology of Dilthey and Mannheim elucidates the qualitative features of the phenomenon of the succession (Folge) of the generational bond.

William Strauss (1947-2007) and Neil Howe published *Generations: A History of America’s Future 1584-2069* in 1991 on what was purportedly a Mannheimian basis. Cambridge historian Peter Burke also developed Mannheim’s ideas with *History and Social Theory* in which he also built on Benedict Anderson’s (b. 1936) *Imagined Communities: Reflections on the Origins and Spread of Nationalism* which was first published in 1983.

Strauss and Howe, for their part, produced a series of works about the generations they had identified had live and are living and would live in the United States. The result is a typological divination. It is more Dan Brown than historical or sociological thought. Burke, however, argued from Anderson, that age cohorts were imagined communities, virtual nations for those who lived in them.

Despite the reputable start that Mannheim gave age-cohort theory, both as a statistical and cultural phenomenon, it took a long time for sociologists to develop any real generational analysis of a community with hard data. Perhaps the first was a study of a village in Aragon, Spain, carried out in the 1960s by Carmello Lison-Tolosana. The basic insight that Mannheim had was that generations could be statically defined in relation to decisive historical events that transformed their lives, for better or worse. In 1923, he was obviously thinking of his own generation’s experience of the First World War.

There are numerous problems, leaving aside those of statistical definition, to the reification of a generation or age cohort, not the least of which is there is an assumption of hegemonic values and of a hegemonic group in a generation that alternately includes and excludes and colonises and marginalises. Has sociology in fact demonstrated such a phenomenon? Such a model would also have to show the group in relation to other generations, retaining an identity with its formative moment, from its youth, as well as responding to subsequent historical ad economical and technological changes. That said, it does not sound that counterintuitive, that age cohorts might long retain prejudices, habits, in-group behaviours and alliances, over and against other age cohorts.

Such a perspective was not possible when “society” was static or successive. Tensions between elders and youth could be noted, but a class marked who one was, not a generation. For the concept of an age cohort to really have value, it would have to

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express the life opportunities that individuals born within it had, in much the same way that class used to determine. The Dunedin Multidisciplinary Health and Development Study (DMHDS) has been assessing the 1972-73-born at regular intervals. Such studies will doubtless one day provide the evidential base for what is now the terrain for pattern-seeking assertions and for culture studies.

Are we not left, though, with the “mad dog boy” of the Paris “migrant” riots of 2005, who declared that “home” was what his grandmother had had in Algeria, that his parents had lost, and that there was no way he could reasonably be included in French society? His response then was “F**k France” and land that was just a dumping ground for migrants, and resist, even if through the Pyrrhic car-torchings of his own neighbourhood. These are gestures that were repeated in the United Kingdom in August 2011 and are now being repeated in the Husby suburb of Stockholm. As Nikos Papasteriades observes, the mad dog boy and his kind can express themselves and their plight generationally. But their age cohort is not that of their white French coevals. Not in popular music, dress or folkways do middle class age cohorts assume hegemony over these alternate cohorts. Age cohorts, especially in the welfare “dumping grounds” that the mad dog boy spoke about, might well be fractured. They may not be assumed to be those of the rest of society. And in a PAYG welfare state, the interests of middle class beneficiaries and of migrants are a matter for the common fisc, not of differing welfare programmes.

How valid then does Edmund Burke’s classic definition of the social contract remain 223 years on, after he wrote:

Society is indeed a contract. Subordinate contracts for objects of mere occasional interest may be dissolved at pleasure, but the state ought not to be considered as nothing better than a partnership agreement in a trade of pepper and coffee, in calico or tobacco, or some such low concern, to be taken up for a little temporal interest, and to be dissolved by a fancy of the parties. It is to be looked on with reverence; because it is not a partnership in things subservient only to the gross animal existence of a temporary and perishable nature. It is a partnership in all science; and partnership in all art; a partnership in every virtue and in all perfection. As the ends of such a partnership cannot be obtained in many generations, not only between those who are living, but between those who are living, those who are dead, and those who are to be born.

Discrepancies can be discerned between our time and Burke’s. While it is clear that Burke allows for progress, the natural law language that he uses for a social compact is inadequate to describe the vast technological changes in industrial production that began in his time that are still continuing apace. We live with a sense of redundancy, which Burke from his agrarian age, could not have acknowledged. Then we note that for the grandfather of the Conservative Party, there is indeed such a thing as society, despite what Margaret Thatcher (in)famously asserted. Burke was a barrister and accustomed to binding legal instruments that bound successors to the will and intentions of deceased persons.

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Society was then constant enough over the succession of generations, for the implied metaphor of will and testament, or an entail to be sustained. What the dead wanted could have force. There was, therefore, a partnership with them, even though they themselves could never benefit, although we their progeny could be regarded as their reward. What was also implied in the natural reproduction of society through human generation. There was a responsibility to pass on the society in sound or improved condition to our descendants. Migrants are now considered to be essential to the natural succession of generations and peoples in a country. Although Burke was a migrant himself (from Ireland), he could never have imagined the challenges that modern mass population management demand. The nature of government and of the social compact was not deemed to be for temporary or specific ends. We are inclined to be more modest about the ends and outcomes of government.

An end of government is now considered by many, as it was in Burke’s own time, actually to be an association that facilitates business enterprise. Government does not do commercial business, as it did in Sir Julius Vogel’s time; it rather enables it. The enablement welfare state is the activationist state. That was why Burke deploys the formula contract = partnership, and then amplifies, multiplies what a partnership might mean. State and society could then be envisaged as a partnership in all that improved human nature. Now we are inclined to think that a state alone cannot provide these goods by themselves, and that it is our general belonging to humanity and to the global economy that brings about these goods for us. Burke was a Ciceronian proponent of natural law. A curious thing about the quotation from the Reflections on the French Revolution is that the view of the nation state that it contains is more consistent with a Left-wing or social democrat, if not a revolutionary, government. Yet conservatives, liberals and neo-liberals have extensively used the passage against progressivist governments.

Burke’s account then is inadequate. Yet on one point he is clear: the poor must work. As they did not then vote, they serve the partnership that belongs properly to the civic and market spheres. They are the sailors, the navvies, the harvesters, the mechanics.

4.3 The social contract

How else has a social compact been imagined? In Leviathan, Thomas Hobbes imagined that the social compact would create political and enterprise society itself. This was why in the famous illustration at the frontispiece of that book, people are shown in all the limbs of the great body that they have formed. Jean-Jacques Rousseau in his own book on the social contract, Du Contrat Social, insisted that the social contract did not form government as such. What the social compact did was form the sovereign people and political society. They, in turn, sent representatives who legislated for them. Government, however, stood apart from both the source of sovereignty and from civic society. This occurs in Book III of Du Contrat Social, which is Rousseau’s deepest reflection and engagement with Machiavelli on the nature of the state. The state then is “other” to the sovereign will, but to take up insights that Max Weber and Paul Ricoeur have made, it is the very site of governmental technique and of the practices of power.

The obvious question is since when did a people actually meet and convene to formally constitute a political society, who had never known each other previously? Burke relies on a Ciceronian version of the compact. In reality, he thought the origins of government, even of a recent government like the British government in India, to be
“obscure.” Hobbes imagines life to be necessarily violent without the state and the rule of law and rejects “golden age” myths. Rousseau presents executive government standing apart from the sovereign people and the legislature, operating with a life and mind of its own.

The answer is that the social compact is a myth, a heuristic device. It is from the Greek word *heuriskein*, meaning “to find.” It a device that enables us to understand retrospectively what may be the case. So when we say that New Zealand, Australia, the United Kingdom, or the United States are the result of a social compact, we are in fact rationalising what we think is the *modus vivendi* of those countries. Even the federation conventions and conferences that formed Australia, between 1889 and 1898, and the Philadelphia Convention of 1797 that devised the Constitution of the United States, did not create social compacts or contracts, because, in the first instance, the “peoples” concerned did already exist in association with one another, and because the aim of these meetings was to plan a common government, whereas we have seen that social compacts or contracts do not immediately produce “the government.”

So a social contract is a rational device used by political philosophers that does not in fact occur in political reality. It serves to explain how “society” exists (rather than when, or from when, it existed), when in fact there is no real social compact. We need not be disappointed, as if we are victims of at some imposture. Perfectly rational analytical philosophers play mind-games and language games all the time that bear little relevance to real-life historical events to explain their arguments. The heuristic device has the great value of identifying and apportioning the elements that make up a political situation. The bad news is that modern philosophers, nor just classical ones, live or at least recently dead, also use such devices to explain welfare liabilities.

Before we review these attempts, we need to keep two questions in mind:

- What is the organising power of a social contract theory of welfare?
- What is the organising power of a theory of citizenship with respect to welfare rights?

### 4.4 The consequences of consequentialists

An influential school of modern philosophers are the consequentialists, who judge actions by their results. This may sound like common sense, but contrast them with more austere ethical positions, such as that of Immanuel Kant, or virtue ethics, or of ethics informed by stringent tests for “truth,” and the consequentialists do not seem so commonsensical for having devised arguments for their positions. The problem with their school, however, is that it has many sects. Comprehension is the strength of the consequentialists, whether they manage to say anything effective at all is another matter. Their basic positions are arrayed below for the reader to apply his or her own welfare assumptions to:

- Things go on best when they go in the way that would, on the whole, benefit people most, by giving the greatest sum of benefits minus burdens.
- How would things go, depends in part on how benefits and burdens are distributed among different people.
• When people are right for the right reasons, their acts are themselves good, and wrong acts are themselves bad.

• Everyone ought always to do whatever would in fact make things go best.

• Everyone ought always to do, or try to do, whatever would be the most likely to make things go best, or more precisely, what would make things go expectably best.

• Everyone ought to follow the principles whose universal acceptance would make things go best.

• What we have are the straight impartial reasons to do whatever would make things go in the way in which we would have stringent impartial reasons to think things should go.

The above list was composed by the Oxford philosopher Derek Parfit (b. 1942), who himself inclines towards a view known as prioritarianism: that is, the result is to be preferred that gives the greatest benefit to the most people, weighted by the welfare of less fortunate people. That can be described as a broadly welfare-accepting position. Richard Arneson at the University of California at San Diego is the leading prioritarian. This view can be described as one of aggregative utilitarian consequentialism. It warns though that the happy of the many may not be secured at the expense of, or in disregard of, the unfortunate.

As can be seen, Parfit’s list covers every position from the utilitarian to the deontological to the distributionist to the straight epistemological. Then there remains the question of “ends.” Welfare is littered with the rubbish of good intentions. The Parisian “mad dog boy” of 2005, as we have seen, perceives that he and his kind live on such a rubbish dump. How do we reasonably calculate other people’s ends, assess their rights, reconciling them with the common ends and purposes of civic society and economic goals? How do we assess multiple ends?

4.5 The ends of domination?

Lest this discussion of consequentialism end on a dismal, or at least forlorn note, it is worth mentioning Frank Lovett’s argument about how justice might minimalise domination. Reasonable human beings would seek not to live under domination, whether of a state or private. A good and just state of society would aim to minimalise domination. It is possible then argues Lovett to imagine an intergenerational transfer that seeks to minimalise domination. He proposes some rules.

Societies are just to the extent that their basic structure is organized so as to:

• minimize the expected total domination experienced by their members in the present generation, so far as this is consistent with

• maintaining or else further reducing the expected sum total domination that will be experienced by the members in the next generation

• counting the domination

• each person is in all circumstances equal

This sounds rigorous, but as a risk management strategy, it is blinded by the imponderables of real contingent history. Some bad outcomes are unimaginable or are unreasonable to imagine in a public planning process, even if they may be thought. It seemed reasonable in the 1930s to the 1960s to relieve workers from market risks. The Great Depression reversed Victorian arguments and ideologies. It was not the moral hazard of workers that was at question, but of the markets and of financial managers. Millions of hard-working people were unemployed and families were left vulnerable. Leaving aside Capitalists and their broken ticker-tape machines, it also came to seem reasonable to relieve workers and employees from the domination by employers, whether private or state. The union movement existed to protect workers from the caprice, bullying or insecurity of income from their employers.

What was never conceived, however, was that the state itself, through its welfare system could be an appalling vehicle of domination and invasion of human rights. Amidst all the lies, Hitler, Lenin and Stalin were reasonably clear about what the ends or purposes of state domination would be, although they did feel it necessary to remove the sites of enslavement and mass destruction from ordinary people’s experience. Everyone knew who the victims would be, even if they did not know the details. Having “won” the Second World War, the liberal state did not think of itself by comparison as a dominator and domestic tyrant. It did not understand itself as a paradoxical dominator against domination. Yet the basic condition of beneficiaries was that of subjection and supervision, under various benefit classes. In the name of equity, the male occupancy inspections of the New Zealand Domestic Purposes Benefits were a humiliation, on the one hand, and a perennial fund of office humour, on the other. It also taught the children that the home could be monitored like a schoolroom. And modernised, educated, technically adept, corporate capitalism resented the imputation from state authorities that it resembled Dickensian-era factory-owners and 19th-century plutocrats.

Another evident problem is that Lovett’s scheme refers to anticipated domination. Suppose domination right now is understood as x and x may somehow be defined and calculated. We, therefore, proceed on the basis that all possible x is to be reduced over the future. Domination is to leave a diminishing footprint. That presumes, however, that domination can be known, anticipated and calculated, and that a government is able or willing to assess and audit all forms of domination in a society, in conjunction with advocacy activists and NGOs concerned about the experience of domination. Admittedly, there are successes. Male violence towards women and adult violence towards children are now reprehensible and must now lawfully be acted upon. We do all feel that some diminution of violence has take place since the mid-20th century. It may not occur in public space, which was once far from the case.

Commendable though this is, the scheme does not allow for new forms of domination. Technological change usually imports new forms of domination. The Internet and digital technologies have brought a whole new dimension that both emancipates radically and yet may also enslave and victimize. Even the most innocent users may be subject to domination by these technologies. Stolen identities, media phone-hacking, illegal pornography are some of the new aspects of domination, that no one could have imagined in the 1970s. We are then faced with the problem that not only have new forms

of domination developed but that we cannot audit or assess these within the context of the “sum total domination.”

We should note, however, Lovett’s insistence on the equality of persons, regardless of their generation. No one generation in the present has a narrative that may privilege it over another, anymore than an individual has over another. It should not have mattered in the public discourse of the Muldoon era that one person was a conscripted war veteran and another person was a single mother on the DPB for virtue to be ascribed to one and vice to the other. The Greek comedian Aristophanes has a scene in his play *The Clouds* in which the older generation has it out with the younger, contrasting war-tested manly values against the feckless vices of the young. We realise, then, that one generation may not dominate another by virtue of experience, tradition or rhetorical power. *The Clouds* is a very 1960s play in that the young are in fact shown rhetorically bullying their elders with newfangled ideas and sophisms they have learned at an academy run by Socrates. A younger generation may also be assertive beyond its rights. It is appropriate, then, to consider what equity between generations might mean.

4.6 Minos: John Rawls

Philosophers resort to heuristic tools to screen and select the information that goes into their analyses. They invent games, or parables. John Rawls will be the Minos of this discussion, Joseph Raz, the Rhadamanthus, to take the two underworld judges of ancient Greece. John Rawls (1921-2002), the famous American neo-Kantian, was perhaps the leading political philosopher of the late 20th century. He proposed two such heuristic tools that would touch on welfare theory. They are the “Veil of Ignorance” and “The Original Position,” and the “Original Agreement Position.”

The “Veil of Ignorance” assumes a position we are rarely, if ever, in. Rawls requires us to divest ourselves of knowledge who and what we are in relation to others, and of what those others are. Only then in that state, devoid of information, and ideology, may we deliberate on what might be the most reasonable and just solution. Rawls is heavily influenced through these arguments by Immanuel Kant’s *Idea for a Universal History with a Cosmopolitan Purpose.* He denied the utility of the utilitarians, and utilitarian consequentialists as a principle, on the grounds that it does not work. Contract theory he thought inadequate. In *Political Liberalism,* he declares:

> The fundamental organising idea of justice as fairness, within which the other basic ideas are systematically connected, is that of society as a fair system of cooperation over time, from one generation to the next.\(^{138}\)

In order to establish fairness across generations (for example, in the agreement on a principle of just savings), the parties, who are assumed to be contemporaries, do not know the present state of society. They have no information whatsoever about the stock of natural resources, or productive assets, or the level of technology, beyond what can be inferred from the assumption that the circumstances of justice obtain. The relative good or ill fortune of the generation is unknown. For when contemporaries are


influenced by a general description of the present state of society, while agreeing how to treat each other, and the generations that come after them, they have not yet left out of account the results of historical accident and social contingency found with the basic structure.\textsuperscript{139}

Since the parties in the original position know that they are contemporaries, (taking the present time of entry interpretation), they can favour their generation by refusing to make any sacrifices at all for their successor; they simply acknowledge the principle that no one has a duty to save for posterity. Previous generations have saved or they have not; there is nothing the parties can now do to defend that.

The significance of the late stage of society should not, however, be misinterpreted. While all generations are to do their part in reaching a just state of things, beyond which no further net saving is required, this state is not to be thought of as that alone which gives meaning and purpose to the whole process. To the contrary, all generations have their appropriate aims. They are not subordinate to one another any more than individuals are. The life of a people is conceived as a scheme of cooperation spread out in historical time. It is to be governed by the same conception of justice that regulates the cooperation of contemporaries. No generation has stronger claims than any other.\textsuperscript{140}

Rawls had a belief in reasonable and feasible utopias. He was not a social democrat, or an American radical, or “dreamer” or anarchist. He was an American patrician, in fact, who very much became the articulator of the 18\textsuperscript{th} century Enlightenment, of Kant, and that American experience of the Age of Reason, into our own age. He did not then disavow utopia as an American aspiration, and thought there might in fact be capitalist ways, by his thought experiments, that it might be achieved. This is why we get the reference to a state when savings might be sufficient, as if America could be an isolate, immune from competition. Perhaps then the aim of creating sufficient savings resembles Lovett’s strategy of domination-reduction across generations, as previously discussed. The accumulation of savings should by our current knowledge reduce the domination that results in reliance upon the state.

Rawls, however, argued that justice is fairness. The job of reason is to tease fairness out. He argued that rights took priority over the common good, as it would be perceived to be, and that any foundational charter for political society would have to consist of guarantees of rights that could not with reason be denied any body. Political society is the scheme of cooperation imagined diachronically, which synchronically is the case before us now. The ends of society are multiple and as open-ended as the varying aims of the generations that live within it, though they should all include the end of saving enough wealth to pass on to our successor generations. The vision of political time then, reminds us of Edmund Burke’s partnerships between generations. None has priority.

Rawls served in WWII in New Guinea and Melanesia, he refused an officer’s commission. He would, therefore, deny any right of his war combatant generation over subsequent, civilian generations, who never knew conscription. Biography aside, this view is ancient law that one parliament, or one pope, or church council, may not bind another. There is, therefore, no generational self-entitlement in welfare. Generations,

\textsuperscript{139} John Rawls, ibid, p. 273.
however, are free to dissipate their estate, or not save. That is consistent with the freedom and equality of generations. Their inability to save might be due to paying off debt, to infrastructural investment, or because they have had to fight a major war, or suffered market crashes or may subsist under a less productive economic system, or may have suffered from some great dislocating disaster, plague or climate change.

Yet arguably two assumptions that Rawls makes query this autonomy of generations: he states that society is a fair system of cooperation. It would not be fair, then, merely to dissipate the stock of resources on pleasure and self-gratification, even if the savings are one’s own, in Rawls’s scheme. Moreover, how in this age of globalisation is it possible to think of terms of national wealth? Rawls is almost mercantilist or 18th century bullionist in his monetary theory, though we can be sure he was not. It is just that there is an apparent disjunct between his political liberalism, and political economy.

While Rawls does seem to attribute something like Rousseau’s “general will” to a generation, he stops short at attributing sovereignty, or virtual nationality to one. He does not invest a generation with the imagined communities that Peter Brown, William Strauss and Neil Howe do. His generations are still Burkean, capable of sharing a common interest with successors.

The problem with the Rawlsian generations again is the very 18th century presumption of commonality. Rawls is imagining a vast and deep family in time that should feel altruistic feelings about his forebears and descendants. He is imagining this in relation to savings, a not too different alienation to welfare. Leaving aside the flawed feelings and hostility that can exist within real families and nations, there are now in the 21st century substantial populations that do not share the patrimony of the nation. Many citizens have defamilialised their lives. They not only cease connection with their natal family life, they choose not to reproduce and enjoy other associations. Unlike the celibate religious orders and societies of old, they do not join an alternate family or “domus.” Then again many 21st century welfare recipients are from migrant communities. What do migrants involved in the riots at Husby in Stockholm in 2013 share of the Sweden that the older generation of native-born Swedes have in common? What is their Social Democracy, what are they to a Lutheran monarchical nation with a powerful interventionist state? How are they to affiliate to that, and what is the migrant generation relation to the native Swedish age cohorts? To cap it all, Rawls’s generational analogy and Veil of Ignorance test may not sustain welfare thought, because welfare is defamilialised. How can a nation be as a family to itself when even in a family the generations are as strangers?

Yet there can be no doubt that Rawls provides an austere and effective set of principles for intergenerational equity, once generations and age cohorts are admitted to have some kind of cultural currency. To break them down:

- We, the generations, are equal to one another.
- No generation is a subordinate generation to any other.
- No generation has a stronger claim over another.
- Each generation is bound by the same scheme of cooperation that the law provides between individual contemporaries.
- We, the generations, are free to have our appropriate aims.
• We, the generations, are to do our part in reaching a just state of things.

• We, the current generation, are free to save or not save.

• We, the current generation, can do nothing about the fact that a previous generation did not make sacrifices, or else dissipated wealth.

• We, the current generation, to be just, must look after ourselves, as well as look after the wealth and systems we inherit, so as to pass them on to our successors, in good, if not better order than we found them.

A basic principle breathing through all of this is that each generation in succession is free to make its decisions. While they must accept liabilities such as public debt incurred by ancestors if they wish to preserve their credit, they are nonetheless unbound by the fact that a recent generation, for example, endured two World Wars, and a Great Depression.

To conclude, there remains the simplest and most evident point of all: The young and the very young have no history on their side, no history to account for them, as older age cohorts may have. The ability for older people to construct a sense of historical privilege should be regarded as the production of a legacy for as yet unknown generations of the future, a transfer from the future dead to the unborn, and not as a claim that trumps the rights of other live generations. There remains, then, the question of aggrieved younger generations who may judge older generations' history as a dissipated, inequitable and unjust capture and consumption of resources. The French and Russian revolutions did not accuse entire generations of such injustice, but privileged classes within their old societies.

History, then, in this instance is not the privileged defence of the aged against the young, but the accusation of younger generations against the older. This is inequitable because the younger generation still exists in an open series, whereas the older retired generation lives in a closed and concluded series, as far as its work and savings history is concerned. The younger generation may well experience an upturn in fortune that would render any appropriation it makes from the older generation into mere plundering.

4.7 Rhadamanthus: Joseph Raz

What Rawls brings us up to is the wall of incommeasurability. Joseph Raz has written about incommeasurability at length in *The Morality of Freedom*. Many ends and choices simply may not be compared. We may agree that a choice to become a millionaire is commeasurable with respect to someone who chooses to live on benefits and become an artist or poet. That would be a choice between economic productivity and non-productivity. This presumes that the would-be millionaire succeeds, and does not become a bankrupt, or that the artist or poet is not a Picasso or a John Ashbery.

Yet for normal economic choices, incommeasurability prevails. We cannot compare the utility, for example, of someone choosing to become a dentist or school-surveyor or school teacher or an Accident Compensation assessor over someone who becomes a multi-millionaire. Some consequentialist schemes, as we have seen, may imply a duty to maximise well-being, and that may mean to maximise wealth. Presumably, then, dentists and teachers, would-be migrants, while everyone else was off maximising

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wealth, gain in a fictitious economy. Raz, however, does not claim that there is any such duty, proposing rather that such intentions are in themselves incommeasurable. And incommeasurability for Raz is his argument against consequentialism. Such results as consequentialists propose may not be assessed, nor do they come alone, even if they come about.

In his own words, Raz proposes the following six principles:\(^{142}\)

1. To a large extent, the well-being of a person is determined by his goals.
2. Important goals form nested structures. They are comprehensive goals in which are embedded as constituent parts more limited goals.
3. People adopt and pursue goals, because they believe in their inherent value, that is, their value is believed to be at least in part independent of the fact that they were chosen and are pursued.\(^{143}\)
4. Comprehensive goals are based on social forms. A person’s well-being depends to a large extent on success in socially defined and determined pursuits and activities.\(^{144}\)
5. Other than one’s biologically determined needs, personal well-being depends primarily on action reasons.
6. Morality and personal values are not two independent and mutually conflicting systems of values.\(^{145}\)

Goal-setting is crucial to successful work activation. Not all jobless, under-educated teenage males are going to become football stars. But if football success as an aspiration is properly nested, as Raz proposes, into achievable sporting results, that youngster may enter the sports industry through a variety of entry jobs. Comprehensive goals should result in institutional success of attained—a mortgage, qualifications, or some bankable form of social status. Social investment-activated welfare would do well to be based on Razian incommeasurability and on an anti-consequentialist ethic, based on feasible, cumulative self-empowering goal-setting.

Incommeasurability is then surely the case between generations that may communicate reciprocally with one another even in the midst of great technological change and social upheaval. Even with the great suffering of one generation compared with another; there is an absolute incommeasurability in that there is a scale that is broken in such an instance. And to rub faces into it, some generations that experienced tremendous suffering have been immediately succeeded by ludicrously fortunate generations. The Black Death, for instance, killed half of everyone in Western Europe between 1346 and 1351. That generation was already weakened from the 1310s by malnutrition and crop failures and climate change. Although bubonic plague had entered Europe, not to leave it again until the 17th century, the successor generation flourished, benefiting from inheritances from the plague-dead, and the higher price of labour. For a miasma of viruses and bacteria suppressed the European population down for the next century or more.

\(^{142}\) Joseph Raz, ibid pp 288-320.
\(^{143}\) Joseph Raz, ibid, p. 308.
\(^{144}\) Joseph Raz, ibid, p. 309.
4.8 The labourers in the vineyard of equity

It might be possible then to sum up this reflection on Rawls and Raz with a parable from the Gospels. This paper began with Matthew 26, in which we were reminded that the poor are always with us. This paper could well conclude its review of intergenerational equity and incommeasurability by citing the parable of the labourers in the vineyard (Matthew 20:1-16) in which a “householder” hired labourers to work in his vineyard, taking them on at several times of the day, early in the morning, at the third hour, at the eleventh hour, only for all of them to be paid the same. Although the analogy is not exact; living generations, no matter what their age, in the workforce or in the welfare system should all be treated with equity and under the principle of equality, much as this parable shows.

4.9 Plato’s lotteries: Ronald Dworkin

In the Republic Book X, Plato imagines people about to be reincarnated undergoing lotteries to determine their next life and their roles in it. For his part, the jurist Ronald Dworkin (1931-2013) proposed an ongoing auction as his heuristic device, followed by a limited insurance auction, to protect the result of the first process. Plato allowed for all eternity for his ballots to operate, Dworkin just a working life, though:

We must try to find a solution that respects both the reigning principles of equal concern and personal responsibility, and we must try to do this in a way that comprises neither principle but rather finds conceptions of each that fully satisfies both.

Here is a fanciful illustration of a solution. Imagine an initial auction of all available resources in which everyone starts with the same number of bidding chips. The auction lasts a very long time, and will be repeated as long as anyone wishes. It must end in situation in which nobody envies anybody else’s bundle of resources; for the reason the distribution of resources that results, treats everyone with equal concern.146

Then imagine a finite auction in which the people design and choose comprehensive insurance policies, paying the premiums the market establishes for the coverage each chooses. The auction does not eliminate good or ill luck, but it makes people responsible for their own risk management.147

Dworkin’s reasoning style was different from Rawls’s. An auction is an information system. The bidding chips amount to a form of measurement. Given time, there is commeasurability achieved through the game that should be priced through the succeeding insurance auction. Bidders would be continually informed throughout the bidding. The insurance auction would require much information for the premiums to be set. There would therefore be no Veil of Ignorance. The heuristic original position for Dworkin, would be the distribution of those bidding chips. Yet the “mad dog boy” in Paris would say he has none in French society.

Dworkin’s reasoning style was different from Rawls’s, and different from Raz again. An auction is an information system. The bidding chips amount to a form of measurement. Given time, there is commeasurability achieved through the game that should be priced through the succeeding insurance auction. Bidders would be continually informed throughout the bidding. The insurance auction would require much information for the

147 Ronald Dworkin, ibid, p 3.
premiums to be set. There would therefore be no Veil of Ignorance. The heuristic original position for Dworkins would be the distribution of those bidding chips. Yet the “mad dog boy” in Paris would claim he has none in French society.

Frank Lovett offers two other heuristic models that may relate to the possible domination that a welfare state exerts over a citizen.

In Lovett’s first example, he asks, surely there are gentle and non-invasive forms of dominations? Building on this question, one may ask- is welfare such a form of benign domination? Lovett’s answer about non-malignant domination comes from the late 17th century radical Whig political philosopher, Algernon Sidney:

The weight of chains, number of stripes, hardness of labour, and other effects of a master’s cruelty, may make one servitude more miserable than another:- but he is a slave who serves the best and gentlest master in the world, as well as he who serves the worst.\(^{148}\)

Sidney and Lovett’s answer is a denial of Thomas Hobbes, who defined liberty in his *Leviathan* as the mere absence of obstruction or impediment.

The second instance that Lovett proposes is that we are to imagine a territory and people conquered and turned into a colony by an imperial power. That ruling power, however, soon resorts to ruling the colony through benign neglect. The subjects, however, successfully revolt, become independent, make a success of their independence, and yet legislate so extensively as make up for the generations of benign neglect, that Lovett can ask the question, were the people in fact more free when they were colonial subjects, than when they became citizens of their own post-colonial state?\(^{149}\)

Lovett’s answer is that surely the people are freer when they can rule themselves and share in their own sovereignty. The same can be asked of welfare benefits. Were New Zealanders freer from domination, in the Muldoon era back in 1983, when they could go on benefit and obtain indefinite income support without question, or are they more free from state domination now in 2013, when the labour market is less regulated, when working-age benefits are means-tested and when they must comply with work activation? The answer is surely that they are freer now. And even if it is objected that the private sector contains many business “houses,” that are zone of domination, like the unfree “domus” of in Roman Law, it can be argued, that such was the case back in 1983, when unfair bullying harassing employers existed just the same, and that long-term refuge in the benefits system was only a substitution of one form of domination by another. Work activation and social investment, though, seek to free employees from victimisation, redundancy and incapacity, so as to activate their job prospects and civic rights.

The bomb with the burning fuse that has been chucked in the discussion here are old age or National (or New Zealand) Superannuation pensions. Are not those recipients as much under state domination as anyone on income support? Max Weber certainly thought so, as he privately fulminated against that he regarded as the domineering realpolitik of Bismarck’s old age social insurance pensions. Weber identified the shadow that such provision causes over citizens throughout their working lives. It was the effect on working lives, not on retirement, that Weber objected to.


\(^{149}\) Frank Lovett, ibid, p. 154.
Perhaps the answers to those objections are the following. Old age pensions are not a question of moral hazard. It is merely a fact that people grow old and need to retire from active remunerative work. Being 65 or 70 is not like losing a job through negligence or through being uncompetitive, or not getting a job at all, or falling ill or having an accident. Superannuation relates to a stage of life when the state recognizes the need for protection, just as it does for children young persons and infants at the other end of life. Medical advances have taken us well beyond the age of Bismarck and Weber, when only half of those male workers who reached 15, might just live on average to the qualifying age. Old age is now for many so long a period of life that it is impossible for most people to save for, as even middle class Victorians managed to do. Rather, through no fault of their own, large proportions of age cohorts are not going to live in a retirement that only elite Victorians or middle class Victorians on annuities enjoyed at earlier stages of life, with shorter life expectancies. Do we yet know of any economy or alternate society or policy that may better provide for 21st century old age for the mass of the population? Until such an economy is developed that may add the value to do that, the task falls to the state in our kind of OECD polity to at least facilitate solutions. The real domination in this case is arguably that of fear itself, the fear of poverty and resourcelessness, which, as Hobbes advises, is the very basis of the covenant to form political society in the first place.

However, a principle that Lovett does insist upon that may be a help with determining intergenerational equity is that of minimisation. He argues that great domination might be easier to remove than mild domination, for the reason that it might be possible to mobilise and engage in politics against it. He admits that a society’s resources to remove domination would be limited. There might have to be prioritisation. Mild domination might be hidden, less apparent and more entrenched. That may well describe the situation of apparent generational advantage and privilege in a sequence of generations that knew one another. In other words, he would advise care. The principle of minimisation, though, would propose that most affected by the mild dominators be released from it first.  

4.10 The tontine: The ultimate heuristic machine

To trump all such heuristic schemes, the tontine would offer the perfect mechanism. Governments were long running businesses before they set up state insurance schemes. Tontines were one of them. Invented by Neapolitan financier Lorenzo de Tonti (c. 1602-84), they were first set up in the Netherlands and France to raise revenue for the state. Tontines are intergenerational investment schemes whereby investors invested capital in return for an annuity or dividend. What made them piquant was that they combined features of a lottery. The investors could nominate heirs as both their successors and beneficiaries of the tontine. Not only could there be a tontine across generations, divided into classes, but the last surviving nominee would inherit all of the capital and become extremely wealthy. It was basically a transfer between the long dead to the near dead that benefited living heirs, for by the time that nominated last surviving heir inherited the capital, they were almost invariably extremely aged and infirm. Their heirs would be the true beneficiaries.

At first, governments, such as that of Louis XIV, relished the chance of raising capital for wars by tontines. However, the increasing life expectancy of aristocratic and middle children (and especially of females) over the 18th century resulted in governments

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150 Frank Lovett, ibid, pp. 176-77.
becoming losers as they had to make big payouts to the last heir standing, from under-calculating the longevity of individual nominees.

To compare the welfare state to a tontine is not like comparing the American Social Security System to a Ponzi scheme. First of all, a legally-run and regulated tontine is transparent as a Ponzi scheme is not. Secondly, a tontine is introduced into the discussion as a heuristic device. Governments no longer run casinos as state-owned enterprises such as tontines were, let alone games of chance such as New Zealand Post Office bonus bonds used to be. A tontine was fair in that succeeding generations in mature tontines earned more from their dividends, unfair perhaps in that a winner eventually took all, but that as the fun of it, if you were prepared to set one up and able to live and wait five or six generations.

Naturally, it became a staple of “Who dunnit?” murder mysteries and detective novels. Like the Country House Murder novel, the tontine was redolent with decayed old money and the decrepitude of illiberal, ancien régime capitalism. It was an intriguing game, played out over generations that valued genealogies and status, in an age and societies that considered gaming at cards and games of chance and on sports events such as the race course, to be genteel relaxation and a normal leisure activity of the moment.

That game passed on no history, no information beyond the original nominees. Those nominees could not pass on their nomination. There was a Veil of Ignorance, other than the mathematical certainty that one person in the series of time out of a group of nominees would be left. Everyone benefited, from regular distributions, though all but one series of investors eventually lost their entire capital in the venture. There was no communication between generations unknown to one another as the grandfathers and great-grandfathers would nominate infants or small children as nominees. Child mortality meant that some annuitants were soon out of the game. It was a game with probability and chance that overrode the narratives of history, leading to an inexorable conclusion. Real-life, successful tontines, however, have left no history, despite the bizarre and interesting results that must have occurred in the normal course of their existence.

What is the moral of this curious game for us, in the political philosophy of welfare? It is this: We are at the moment when the largest age cohort of modern OECD nations has matured and is starting to retire. We do not imagine that there will ever be another generation that large again. The heuristic devices that we have just discussed have accomplished a variety of things. They have taught us about the Veil of Ignorance, they have warned us of incommeasurability, they have taught us to distribute and redistribute by auctions, and then get up and invest the proceeds, and that is as contractually predetermined and heuristic as the tontine.

In the context of the “Pig in the Python” that is the Baby-Boom generation, they have also set the goals of adding to the savings of future generations, and of reducing the sum total domination that future generations should experience from the state, or any other possible dominator. We are, then, at a moment that enables us to see beyond the bulge of vast expenditure on superannuation, old age care and health, to a tapering profile of age cohorts. This tail, unlike a tontine, will not taper towards a point, towards a winner-takes-all. New populations are being recruited through migration, which is why the tontine model does not apply. But from the perspective of the classic golden age welfare state, a virtual tontine is maturing and dissolving, that began with a nominated first generation

151 Michael Tanner, “Yes, it is a Ponzi,” National Review, 31 August 2011.
born in the 1940s, that was the largest age cohort in relation to others in the modern history of OECD nations, and it will cease to exist, on current medical technologies between the 2040s and perhaps as late as the 2070s.

The point of the story of the tontine, then, is to the fact that a certain welfare narrative came into being that is now redundant for anyone else who was not of the immediate generation of nominees. While there is absolutely nothing any of us may reasonably politically or legally do to change that generation’s massive universalist entitlement, that model of welfare has turned out basically to be a tontine, for a limited band of age cohorts age cohort. It was not their fault that the universalist welfare model implicated all of society in the welfare system, so as to buy everyone in. That was a fiscal constitution expensively premised on distributionist citizenship. The golden age model of welfare, then, is by now already dead, even while the venture is still current for those who grew up in it and will benefit from it in old age. It has gone Gothic. We live in different welfare time-zones and paradigms for the moment.

Those of us who are younger must accept the new conditions and new ideological bases, on which public income support is provided, without seeking expropriations from the welfare golden-age generation. The social compact for which the World War II-era leaders of liberal states fought applied to that immediate generation of war-born and post-war newborns, and has not in fact been the compact for succeeding generations, since the early 1990s.

The tontine with its domino-mask visage is also a way of avoiding a blame game. It is not an elderly lady’s fault that she lives until 100, and that the unknown persons who established the system benefited her so much. The United States’ Social Security system has had to absorb the costs across subsequent generations, for example, of the first generation of recipients. The golden generation for President Roosevelt’s Social Security Administration were not a 1940s-born jeunesse d’ore. They were virtuous law-abiding little old ladies from the days of General Grant. In 1940, Ida May Fuller (1874-1975) became the first American to receive the first welfare cheque. She had paid in just $ 24.75 into the fund. She was to receive $ 22,999.92 over the next 35 years. She was the reverse of the tontine—the elderly survivor from the start of a fresh scheme. Arguably though, if she and her generation had not been incentivised to contribute to Social Security, there would have been no Social Security Act 1935, no Social Security Administration. There can be no perception or attribution of moral hazard amongst generations then.

If we do in fact cling to the welfare state, we will find as with tontines that subsequent generations will miss out on capital, while the beneficiary generations ate, drank and were merry, precluded by the design of the system from being able to do anything for their own descendants, outside of the scheme. Despite the civic origins of the classic welfare state, we may not look forward to much of a civic outcome in such a result. The tontine is a ghost of failed fiscal constitutions.

4.11 In search of citizenship: David Miller.

The elixir of welfare then is an inclusive model of activated citizenship that recognizes individuals as earning learning capital-accumulators in the markets and as activated independence-desiring citizens, who share in the sovereignty of their polity. To do that, conceptions of citizenship have to be reformulated from the mid-20th century welfarist models that were constructed by Swedish behaviouralists, or LSE imperialists and
eugenicists, such as W.P. Reeves, William Beveridge, and T.H. Marshall. Neglect of citizenship to emphasize purely the market dimensions leaves a vicious lacuna, for the welfare recipient receives welfare in a state-administered PAYG system by virtue of their citizenship. Also in 21st century contexts of welfare defamilialisation, and of extensive migration that results in multi-cultural societies which may fit uneasily within the notion of historical “nationhood”, robust and viable concepts of citizenships are necessary to explain welfare entitlement, and welfare enablement alike.

The Oxford political philosopher, David Miller (b. 1946), is the author of the principles of Principles of Social Justice\(^\text{152}\) Perhaps he may represent a welcome departure from the heuristic games of his colleagues, played since the days of Plato, in political theory. Miller does indeed emphasise what is the empirical case, resorts to doctrines of reasonable accommodation, refuses to make equality the absolute point of reference for human rights (and welfare), and affirms the nation state as a rational political unit that effects distributions. Despite the emphasis on empiricism, he denies unifying grand theory in political thought, and accepts a pluralism, where Rawls (and so many others) sought a unity. Miller then accepts an ultimate incommeasurability, and that, beyond the empirical facts and quantifiable data, a shifting pluralised reality will always confront us.

As the German Hegelian philosopher Axel Honneth (b. 1949) says of Miller:

David Miller, Professor of Political Philosophy at Oxford, was convinced early on that there was something wrong about the entire construction of the liberal theories of justice. It was not that Rawlsian theories were not argued for cogently or did not display an impressive measure of internal consistency nor was he bothered by the priority given to the value of equality in the treatment of the problems of justice in the political sphere. What upset Miller was instead the fact that this value was intentionally applied to all social spheres, and was even made into the point of reference for the principle of justice. He felt that by hypostasising equality as the sole principle of justice, these approaches divorced theory from praxis, conceptions of justice from the pre-theoretical world of beliefs.\(^\text{153}\)

Miller therefore argued that the state of the theory of justice was, from the very beginning, a reflection of its own forgetfulness of empirical facts.\(^\text{154}\)

Such a dethroning of the principle of equality in human rights need not occasion an intake of breath. Miller is in good company. Dworkin deemed the integrity of justice a higher principle than equality.\(^\text{155}\) Rawls as we have seen sought to recover fairness from the basis of an equalisation that levelled generations, irrespective of historic contingency and cultural content. His was a highly normative equality, rather like the divested and uninformed persons who enter his Veil of Ignorance test. Nor is Miller some kind of neoliberal agnostic and backroom boy; he is, on the contrary, a Fellow of Nuffield College, and a strong—yet reasonable—defender of the British welfare system.

It is to Miller, in fact, that modern scholars are looking for theories of citizenship that may reorganise welfare concepts. The proof that there is a gap to fill is that the current British

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\(^{154}\) Honneth, Axel, *ibid*, p.120.

Secretary for Universities and Science, David Willetts, has proposed a concept of “civic conservatism,” that at least has the merit of not being vacuous as David Cameron’s “Big Society” was. It is a contribution with a real lineage to it, and 21st century dimensionality. Still, Willetts’s idea feels like corporate citizenship or the citizenship of powerful established persons, and not for the ordinary people who might have to spend even some small part of their lives reporting to a job centre. Nor is the citizenship proposed here merely rhetorical or gestural, like the notion of “Nationhood” usually is. New Zealand’s Treaty of Waitangi racial reconciliation process has to a significant extent succeeded in allowing Māori to define what New Zealand citizenship is for them, in both what is said and what is left unsaid, so that they may re-include themselves in markets as well as reconfigure the civic sphere. Unreciprocal citizenship is just subjecthood, whether one is a beneficiary or a pensioner or a member of an ethnic or national minority.

4.12 We, the people? The commonweal or welfare citizenship?

The word commonwealth is in fact the native English word for a republic. It has been debased and denied focus by becoming the title by which the British “Commonwealth of Nations” is known. The British republic between 1649 and 1660 was known as the Commonwealth. Australia has styled itself as the Commonwealth of Australia since 1901. The word means “the common weal” or the “common welfare.” How, then, in the 21st century may citizenship concepts organise welfare rights and bridge the gaps between welfare and the common weal of our economy and political society together? Or in a highly plural age, will citizenship again fail us as a unifying concept? A reasonable answer would seem to be from David Miller, and his adherents, that no unifying concept of that kind is possible, but citizenship surely helps.

In On Nationality, Miller argues, in Honneth’s words again:

Being sceptical of the tendency to regard the nation-state merely as a germ of aversive particularism, Miller sought to prove that feelings of rational belonging are a necessary precondition for government measures of redistribution.

It is perhaps no wonder then that scholars are beginning to rehabilitate T.H. Marshall’s concepts of citizenship and welfare entitlement through Miller’s thought.


Marshall had proposed: civic, political, social modes of citizenship, within one citizenship. Miller has proposed: socio-liberal, libertarian, civic republican, which corresponds rather to ideological preferences. Johansson and Hvinden read Miller correctly though in plotting his triune civicism onto Marshall’s. D. Stasiulis goes so far

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157 Honneth, op cit., p. 130.
as to propose that the categories of citizenship have now hybridised that people are now simultaneously and synchronously and for all purposes socio-liberal, libertarian and civic, without differentiation. In the *Principle of Social Justice*, Miller insisted on the principles of need and desert. In the civic sphere, which is that of equality, as the regulator, Miller argued that a civic republic is a community of need, and that scarce resources should in fact go to the needy. An instrumental association such as club or workplace or professional association, should award according to skill and desert. Where Miller’s scheme gets contradictory is when he informs us that solidarist associations should award according to need as well. Rather, to preserve his scheme of solidarist, instrumental and civic associations, need, desert and equality, ought to be the principles of equitable distribution.

It is worth persisting with Miller, because not only does quite a trend exist to rehabilitate and reassess T.H. Marshall, but also to emphasise participatory agent-based citizenship and workfare activation. Civicism is the missing element in British workfare. Johansson and Hvinden admit that Marshall was static in his definitions. Marshall was defining an estate, a status of citizenship. So were Titmuss and Donnison, as previously discussed. It was not something that you went and “did,” unless a war came along. Yet welfare programmes of workfare activation and social investment and responsibilisation require agent-based citizenship and participation. Otherwise, it is all just Foucaultian *realpolitik*.

The good news surely is that a politics is possible from the civic engagement with workfare, as migrants and long-term unemployed and the less skilled empower themselves. The one thing that both neo-liberals and the radical Left do agree upon is the need for responsible agency and effective action that translates into jobs. And that dimensionality should also include market partnerships for welfare provision, much as Jane Gingrich has discussed in her book, *Making Markets in the Welfare State: The Politics of Varying Market Reforms*.

Yet Miller warns that citizenship is a weak concept in the United Kingdom: “. . . citizenship—except in the formal passport-holding sense—is not a widely understood idea in Britain. People do not have a clear idea of what it is meant to be a citizen.”

The Speaker’s Commission on Citizenship (1990) agreed. It reported that Britons lacked any real sense of it. Arguably, the Blair and Brown governments were distracted in the 1990s and first decade of the new century by the themes of nationhood and “Britishness.” Linda Colley’s book on 1992 *Britons: Forging the Nation 1707-1837*—the re-ethnicisation of Eastern Europe after the collapse of communist states, and the United Kingdom devolutions made nationalism topical, when in fact citizenship might better have been recontextualised for the Global Age. Even David Goodhart of Demos focuses on the concept of nationhood rather than citizenship in his book, *The British Dream: Successes and Failures of Post-War Immigration* (2013).

New Zealand, however, has a great dividend in its strong and healthy second-nature

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sense of citizenship. New Zealand readers need at times to be reminded that they are often deriving governance concepts from a less successful civic sphere than their own.

Migrants to the United Kingdom, however, are expected to make up for this deficiency in the home population by sitting tests on the Battle of Hastings, and the like. This is where the New World liberal Anglo-American polities, and Ireland as well, have an advantage over their “mother country” or former metropole. The citizenship concepts of Ireland and the United States are distinct, forged out of revolution. Canada, New Zealand and Australia have developed comprehensive and successful citizenships out of 19th century progressive civicism. Canada and New Zealand have advanced indigenous rights and minority nationality reconciliation processes. As Frank Castles argued, the Austral polities practised welfare by other means, but that referred in turn to a radical concept of what citizenship could be in a British settler colony. These countries, therefore, have a compelling assimilatory tool that nonetheless recognises the difference of other constituent nations.

The migrant problem has two components. As the Norwegian Welfare and Migration Committee Report has stated of refugees: “The problem is the immigration to non-employment.”

Regarding “precariat” migrants, who are attracted to cheap jobs, Bridget Anderson argues that British immigration laws make migrants more attractive workers than “native” Britons (regardless of race), because those statutes grant employers considerable power of discipline and flexibility over their workforces. People-smuggling, she argues, is not prioritised as a policing or border-control issue. Yet many migrants end up on welfare systems.

Rather more hopefully, Tariq Modood insists:

Multicultural citizenship is based on the idea that citizens have individual rights, but they are not uniform and their citizenship contours itself around specific groups of people with specific cultures and histories . . . .

Citizenship is not a monistic identity that is completely apart from or transcends other identities important to citizens.

This is arguably closer to the renegotiated citizenships that Acemoglu and Robinson and David Miller discuss. Janet Azjenstat, the Canadian scholar and former advisor to Prime Minister Stephen Harper, has in fact proposed that national minorities form nationalist (or communal) political movements precisely as vehicles for negotiating their terms of access and entry to the liberal polity and economy.

Where the concept of citizenship does reach its limit is when it is used punitively and for confused ends. Ruth Lister has commented on a Blair Government pilot scheme to sanction habitual criminals in London localities. Recidivism was to result in withdrawal

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169 Lister, Ruth in Evers and Guillemard, op. cit., p. 121 ff.
of benefit entitlements. The scheme was ended under the Brown Government on the grounds that it was ineffective. What could have been the reason for this, when sanctions against ordinary Jobseekers Allowance do have an effect? Beneficiaries identified as criminals may rely upon the criminal establishment, along with their families. The United Kingdom has a vast underground of the “homeless” and of illegal migrants. UK Government and local government and police are a notorious morass of authorities that would find it difficult to coordinate a response to individuals. The policy itself was arguably in contradiction, in that in the minds of the sanctioned recipients at least, benefit entitlements and criminal activities respectively existed on separate planes between separate identities or roles in society. The attribution and then dis-attribution of aspects of citizenship to criminals would seem counterintuitive to persons living a life of revolt anyway. And in any case, the right of prison inmates to vote has been affirmed within the UK. This was arguably one of those policies that sounded good on the hustings but could not be translated into effective action that could reincentivise anti-social behaviour.

The conclusion, then, is citizenship is a present horizon—it is the constant norm, not an aspiration, not a formal status, like or activity, like voting or appearing in court, nor the past condition of a person stripped or denied privileges of it. And that leaves the question whether citizenship is the empty set of a formal designation, or whether it is in fact a site of the positive and creative liberties that come with self-empowerment and responsibilisation, and taking one’s share of civic and political life. The criminal on benefits is a bad citizen, not a non-citizen. We should not wish to emulate the declension of status that the late USSR engaged in, when “comrades” became mere “citizens” once they entered the criminal justice system, under Stalin.

In ancient Rome, the censor was the public official who admitted citizens to the citizenship rolls, and who struck them off, such was the original meaning of the word “censor.” While it is reasonable to regarding criminal activity as the violation of a Jobseeker’s contract, enforcement would require better (and expensive) coordination of police, the courts, the corrections system, and of work and income. How one is reinstated as a “welfare” citizen beggars the imagination. Why would that fall to the competence of individual welfare officers? Is Parliament able for most circumstances to direct officers, and provide redress for exceptions? Is withdrawal of benefit rights to become a penalty? If so, how is a prisoner to be rehabilitated? Might it take a court order restore these rights? Do we really wish to impose a “censorate state” upon welfare beneficiaries?

4.13 And who is TRUDI?

It was rather late in the piece to introduce TRUDI, but she has been here all along. For the one question that is often asked is whether the TRUDI states are still viable? Who then is TRUDI? TRUDI states are states based on the acronym:

- Territorial sovereignty
- Rule of law
- Democracy
- Interventionism (domestic)
The prognosis is looking good according to John Clarke in *Welfare States Transformations*. Like Miller, Clarke agrees that a TRUDI has unrivalled explanatory power for welfare provision:

We ought to avoid singular conceptions of our objects of study and the binary distinctions they bring in their wake: not pure nations (and global/national distinctions) but national formations lodged in transforming fields of connection.\(^{171}\)

New Zealand as a veteran TRUDI is well-placed to serve as such a “national formation” because no “pure nation” essentialist agenda, such as has tormented many European ethnic states, is conceivable. Miller and Clarke were writing apologetically for the nation-state after the bad European 1990s, when Communist states had collapsed, leaving a welter of ethnic conflict, especially in the former Yugoslavia. Clarke’s TRUDI, however, would seem to be Foucaultian in its *realpolitik*. It manufactures peoples and populations. Its very welfare policy is power politics. This is reminiscent not just of Foucault again, but of Gilles Deleuze’s *Milles Plateaux*. Although that leaves no scope for genuinely activationist and participatory citizenship, such a bleak view of the state does at least fit in with the International Relations of Empire, and with the post-colonial state.

The scope of this study has concentrated on the histories and welfare ideologies that were formative and are still current in the kind of OECD state that New Zealand is. This study has omitted the social provision of developing nations, and of the new economic giants, that are now powers in the world. Yet, thanks to globalisation, many scholars are now emerging to comment on our welfare states. Sharma and Gupta published an illuminating work, for instance, on the anthropology of the state in 2006.\(^{172}\) As Partha Chatterjee states:

> In short, the classical idea of popular sovereignty, expressed in the legal-political facts of regional citizenship, produced the homogenous construct of the nation, whereas the activity of governmentality required multiple, cross-cutting and shifting classifications of the population . . . . Here then, we have the antinomy between the lofty political imaginary of popular sovereignty and the mundane administrative reality of government. It is the antinomy of the homogenous nation and of the heterogenous social.\(^{173}\)

Indian scholars are sensitive to how states are formed to produce peoples and populations over time, whether in colonial or post-colonial conditions. Chatterjee’s rather Kantian use of an antinomy perhaps suitably concludes a philosophical review that culminated with Rawls, and his dismissal of anything other than strict intergenerational equity, that is any different between generations to the equity between contemporary individuals.

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\(^{171}\) John Clarke, ibid, pp 208-209.


4.14 TRUDI is the elephant in the room

Yes, we are left with TRUDI. TRUDI is one of Hinrich’s welfare elephants, as we have already discussed, and the welfare elephant herd, whether Liberal, Bismarckian or Social Democrat ambles on towards a steady-state spending, with the exception of the Mediterranean welfare elephant, which is lagging at the moment. There is no crisis, affirms Francis Castles.

But TRUDI citizenship, which would appear to be a satisfactory organisation of welfare services, encounters heterogenous societies and migrant clients from all over the world. Such citizenship cannot be totalitarian, either remorselessly homogenising or excluding the other. “The Mad Dog Boy” of the Paris 2005 riots also had his moment in the Tottenham and Birmingham rots of August 2011 and is now firing vans in Husby, Sweden. Denied “pure nation” ethnic markers, states such as Denmark are resorting to signed agreements with migrants that presuppose that the signatories know what the values of the Danish state are, and then they are to affirm propositions that appear to presume that they are Muslims, and then also seek to pre-empt the possibility that they might be Muslims who could engage in activities inimical to toleration and human rights and democracy. Such declarations are reminiscent of a Jobseeker’s Agreement. The declaration seems to imply—you must know who we are—you chose Denmark, and we know, for our part, who and what you could be. Naturally such a document has occasioned critical commentary.

At the same time as the European Council is affirming the doctrine of reasonable accommodation of minority cultures and faiths, Denmark has been tempted into a totalitarian rights-based liberalism. That, too, is an antinomy between homogeneity and heterogeneity.

In the Parisian riots of 2005, migrant activist Nico Sciaglia, who was of Argentine origin, rejected any demand that he assimilate into French society, and confirm to its values. That attitude undoubtedly presents a salutary challenge to organising citizenship concepts. And unskilled migrants have a disproportionate need for welfare and social service, as we have seen discussed in the literature. Either, concepts of citizenship remains static, essentialist, defensive, hegemonic and exclusionary, or they became active, agent-based and participatory, and thereupon the basis for new kinds of citizenship, such a Miller envisaged. The “Mad Dog Boy’s” firing of vehicles cannot be the basis for political life. Sciaglia’s challenge perhaps can. If that can be the case, then citizenship and welfare based upon the agency-based and popular will theories of Spinoza and Rousseau will be possible again, to renovate the steadily self-reforming, self-critiquing TRUDI states, and their governments, reinvented as supply side, transfer-effecting and enablement apparatuses. An intriguing example of how the modern radical Left use the agency-based thought of Spinoza for transformative thinking can be found in the collection, Spinoza Now, that has been edited by Dimitris Vardoulakis, to which the philosopher Antonio Negri has contributed.

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175  Francis Castles, ibid, p.179.
176  Papasteriades, op. cit., p. 145.
177  Vardoulakis, Dimitris Spinoza Now, Minnesota University Press, Minneapolis 2008.
The long course of this welfare review has, I hope, corresponded to what the German historian Reinhard Koselleck proposes as the end-state of historical research: “Gehegte Erwartungen sind überholbar, gemachte Erfahrungen werden gesammelt.”

This is given in German, because while a safe way of translating it would be, “Cultivated expectations can be revised, experiences one has had are collected,” the translation offered here is: “Informed expectations can be revised, previous experiences can be collected.”

Welfare expectations are indeed constantly revised. Nothing has quite worked as it should, not the Poor Laws, not Bismarckian social insurance, not Beveridgean universalism, let alone bets that insurers and the state might have made on the life expectancies of populations. Yet previous experiences may be gathered for revising the expectation—the statement is its own feedback loop for how our expectations are informed and become intelligent forecasts in the first place.

Not all commentators agree that much of a change in welfare is in fact occurring, though that would appear to be a minority view. Bent Greve in *The Times They are Changing: Crisis in Welfare States* questions whether much has actually really changed since the oil shocks, despite all the policy reformulations and greater fiscal discipline. Yet an article in that book, by Mara Yerkes and Romke van der Veen confirms the impression that the Dutch welfare system has been in constant revision since the 1970s. Yerkes and Van der Veen propose rather the economic crisis of the 1970s provided a window of opportunity to affect path-dependent institutions and limit expanding welfare state costs.

Their argument is that the current economic crisis may well create a new crisis of the welfare state. From them, we get the nuanced view that reform and paradigm shift and ideological change take place precisely when crisis provides a “window of opportunity” for them to get in.

Welfare, as have seen, does not operate without a fiscal constitution on which it depends. The TRUDI state has turned into another kind of state altogether. Change has been across the board and not just with respect to welfare. Arguably the new 21st century liberal state can be called PHILLIDA:

- **Partnership-based** and partnership-oriented.
- **Heterogenous** in the social composition of the population.
- **Intelligence-focused**, for a main task of government will be the collection and assessment of governance information and effecting transfers of such information into civil society.
- **Law**: the rule of law is as fundamental and constitutive as it has been of the TRUDI.
- **Liminal**: the PHILLIDA state accepts virtual or actual frontiers within the country with respect to legally constitutive national, ethnic and cultural groups, as the old homogenizing TRUDI found it hard to do. Borders were only external for a TRUDI.

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Incentive: the PHILLIDA state is an enablement and activationist state that emphasizes personal initiative and creativity in the markets and public sector. Democratic, just as in a TRUDI
Accountable, as TRUDI states were not always.

Apart from the ageing of the baby boom generation, what will the future bring us? What will PHILLIDA have to do? The answer attempted here is that social investment, continuing education and technological change will create an as yet unknown interface with technologies and identities that are as yet unhelpfully referred to as the “post-human” in literature ranging from Francis Fukuyama’s *Our Posthuman Future: Consequences of the Biotechnological Revolution* (2002) to Allan Buchanan’s *Beyond Humanity*. Yet if we are to believe Brink Lindsey of the Cato Institute, vast wealth and power have accumulated since 1970 about those highly intelligent individuals who have been best able to manage the protean conditions of social technological change. If we believe Lindsey, the new state of affairs has been around for 40 years now. Disparities have already widened. The rifts have already happened. The arrival of that future lies already in the past.

Whether we just need to undergo instruction, or whether we shall soon resort to plug-ins, like Keanu Reeves’s character Neo in *The Matrix*, education, lots of it and constant, is going to be both a great social good and a high value commodity for navigating the long productive working lives we shall need to live. The demands of 19th century workers were for civic rights and protection from “capital” and from “property,” while demanding the right to acquire their own. The demands of 20th century workers were for healthcare and “social security.” The demands of the coming age might be for levelling cognitive skills, whether through educational media or technological interfaces that can be somatised to infiltrate neurological networks. The information technology revolution of the 1990s will be superseded by cognitive-upgrading over the coming decades. Education will be the new “transfers,” not rights, income or health, such as the earlier social provision systems tried to supply. The good news is that no modern society, one would think, can have too many sophisticated cognitive operators. The old mid-20th century distinctions that separated white-collar from blue-collar and pink-collar workers will be replaced by new kinds of jobs requiring these technologies and upgrades.

It might pay to draw back from all the hype that some “new human” is about to be formed. Much of the new technology might be about enabling ordinary people to do their jobs better. Just as Trinity could download the knowledge of how to fly a helicopter in *The Matrix* at a crucial moment, so could a police officer of 2050 download the entire street system of a major city, or a physician or paramedic download a patient’s medical history at an emergency site. The gap between our work performances and IT interfaces as been closing for over 30 years now. Welfare policy must proceed on the basis then that we have been starting to live in a new “normal” for a while now, that it has been developing around us from the mid-20th century, and that we will remain in a gradual climb up this gradient.

Social investment is necessary to produce high value citizens and market participants who will not be hobbled or inhibited by the “Old World” and cycles of misery that leave people behind. The year 2000 Nobel Prize-winning economist, James J. Heckman, has succinctly made the case for early childhood intervention in *Giving Kids a Fair Chance*:
A *Strategy that Works*, a short, elegant, pocket-sized work that introduces commentators on the strategy he proposes, among whom is an unconvinced Charles Murray, but also an optimistic Geoffrey Canada, who nonetheless warns, “Schools are the centrepiece of our children’s academic life, but they are failing to inspire, educate and develop millions in poverty.”

The philosopher Martha Nussbaum endorsed and seconded Heckman’s work in 2011 with *Creating Capabilities: The Human Development Approach*.

Welfare interventions over the modern era as we have seen have included many policies that may now seem counterintuitively part of welfare. To many well-informed voters of the 1870s and 1880s, compulsory primary education was as necessary a state intervention as public health legislation and sewer works, or as social insurance and old age and disability pensions. Education was part of welfare. It may well have gone back to being that. Are schools too middle class and hegemonic in their teaching cultures? Are they zones of exclusion for the poor and excluded rather than zones of inclusion? Are they too path dependent? The fact is they are not succeeding in the United States, and as Heckmann demonstrates, turn-arounds of negative behaviours by the time a child is an adolescent are only accomplished with great difficult and expense, if at all. Cognitive skills can be improved upon, but what deprived children really lack are the social non-cognitive competences that make them social beings.

Think, then, of all the programmes that welfare interventions have tried over the past century. Eugenics lacked the scientific foundation that it was once thought to have, as did behaviouralism. Our knowledge of epigenetics and of human cognition and neurology have expanded exponentially while our welfare ideologies have lagged behind and turned into “history.” Yet we appear to have come back first circle to where we originally started—back with the link our liberal 19th century predecessors perceived between civicism, responsibilised market participation and risk management, and mandatory early education. Admittedly school at 5-7 is too late for modern social investment intervention. The Little House on the Prairie school or Tom Sawyer’s school or the miserable Dickensian school in *Our Mutual Friend* were crude hit-and-miss educational environments. They filled the right gap, however. But our 19th century liberal predecessors were probably closer to the truth of the matter, wiser in the combinations of public policy necessary to bring about mass public amelioration, and clearer-headed in their expectations of the desired outcomes than some of our mid-20th century pundits. Education belonged with health, regulation, social insurance, pensions, the extension of civil rights and policing, to build markets and to construct the civic sphere.

Sociologically, our welfare futures will require a reappraisal of Karl Polanyi’s insights from 1944 in *Great Transformations: The Political and Economic Origins of Our Times*. Yes, vulnerable social groups do produce countermeasures, as Polanyi anticipated, to protect themselves. These can range from union militancy in the 1980s, to teenage street dealers leading commodity riots in the 2010s. They can range from militant ideologies of global range to romantic nationalist particularism. But as Janet

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Ajzenstat noted of Quebec nationalists, nationalist political movements are in fact seeking to negotiate the access of their groups into the liberal capitalist economy and polity. The trick, then, in our perceptions is to convert Polanyi’s countermeasures into Ajzenstat’s entry vehicles. If that is achieved, then an economy of virtuous feedback loops will empower self-starting and inclusive institutions, and the individuals who rely upon them. And it is in that shifting interface from old mid-20th century statist solidarities to the redesignated and asserted identities of the formerly excluded that welfare policy will be found relevant or wanting.

The liberal state, and not the welfare state, has remained the one “classic” and constant reference amidst all of this change. It has not proven to be redundant as the pundits of the LSE thought in the interwar period and in the mid-20th century. The globalized emancipation of capital in the late 20th century in non-protectionist and non-imperialist modalities has delivered us a new liberal “smart” state with the social investment welfare strategy to correspond. We have moved on, but we are back with many of the classic questions that the late 19th century liberal state tried to answer. One solution that it came up with is still relevant: The individual, independent, self-reliant, market-participating citizen, who is able to combine with others to form families, friendships, networks, businesses, markets and a nation.

This review has referred to a many civic republican thinkers. It will close by quoting Paul Ricoeur (1913-2005), whose philosophical career can be characterized as one man’s contribution to the dialogue between two great republics, France and the United States, about the horrors and failures of the 20th century. Referring to his colleague, Hannah Arendt, and her concept of the promise, which can be a buried promise, he published these words in 2000:

> The fragility of human affairs is not, in fact, reducible to the perishable, mortal character of undertakings subjected to the merciless order of things, to the physical effacement of traces, that purveyor of oblivion. The danger has to do with the character of uncertainty that attaches to action under the condition of plurality. This uncertainty is to be related, on the one hand, to the irreversibility that destroys the desire for sovereign mastery applied to the consequences of action, to which forgiveness responds, and, on the other hand, to the unpredictability that destroys confidence in an expected course of action, the reliability of human action, to which the promise responds.

The state promised security from poverty and ignorance, disease, abuse and violence to the generations that preceded us. That promise was only made in full from the French Revolution onwards. New Zealand is a veteran state at trying to fulfil that aggregate promise that the liberal state made to people it recognized as citizens, not as subjects, or wards. That promise was made in plural and contingent conditions. That is precisely why a promise is made, argued Ricoeur, because conditions are going to be so changeable and the contingencies so variable. There is no need to promise if the accomplishment were merely actuarial. That would be a contract, not an intergenerational promise. The promise, however expressed in mid-20th century modes, resulted in a new domination and a crisis in economic performance from both the oil shocks and economic and technological restructuring and meant that the state could not deliver on Beveridgean universalism, as originally proposed. The promise, then, has been reaffirmed and is being

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carried out in new ways that emphasize social investment and personal risk management and responsibility. As Ricoeur observes, a promise opposes to constant uncertainty, a faculty for mastering the future, as if it were the present.  

Amnesty, proposes Ricoeur, is the command not to recall that a polity agrees upon when there has been disorder that affects civil peace. Amnesty is the proper resort when forgiveness is inappropriate. So then just as citizens and the media may have developed myths about welfare in the recent past, and been selective with public memory, so may amnesty consign the so-called golden age of welfare to the Lethe of public forgetting, and letting go.  

And that fits in with what the welfare authors we have met, Adalbert Evers and Anne-Marie Guillemard, who challenge us with the words: “It is no longer the present but the future that is the horizon for action.”  

And for them the task that the new liberal PHILLIDA state has undertaken is to “identify the new framework as one that redefines the role of the state from providing benefits that compensate for risks to one that enables beneficiaries to actively exercise responsibility in coping with risks.”  

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186 Ricoeur, Paul ibid pp 487-488.
187 Paul Ricoeur, ibid, p. 452-55.
188 Evers and Guillemard, op. cit., p. 364.
189 Ibid, p. 81.
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