



The evolution of welfare states: Lessons for low and middle income countries?

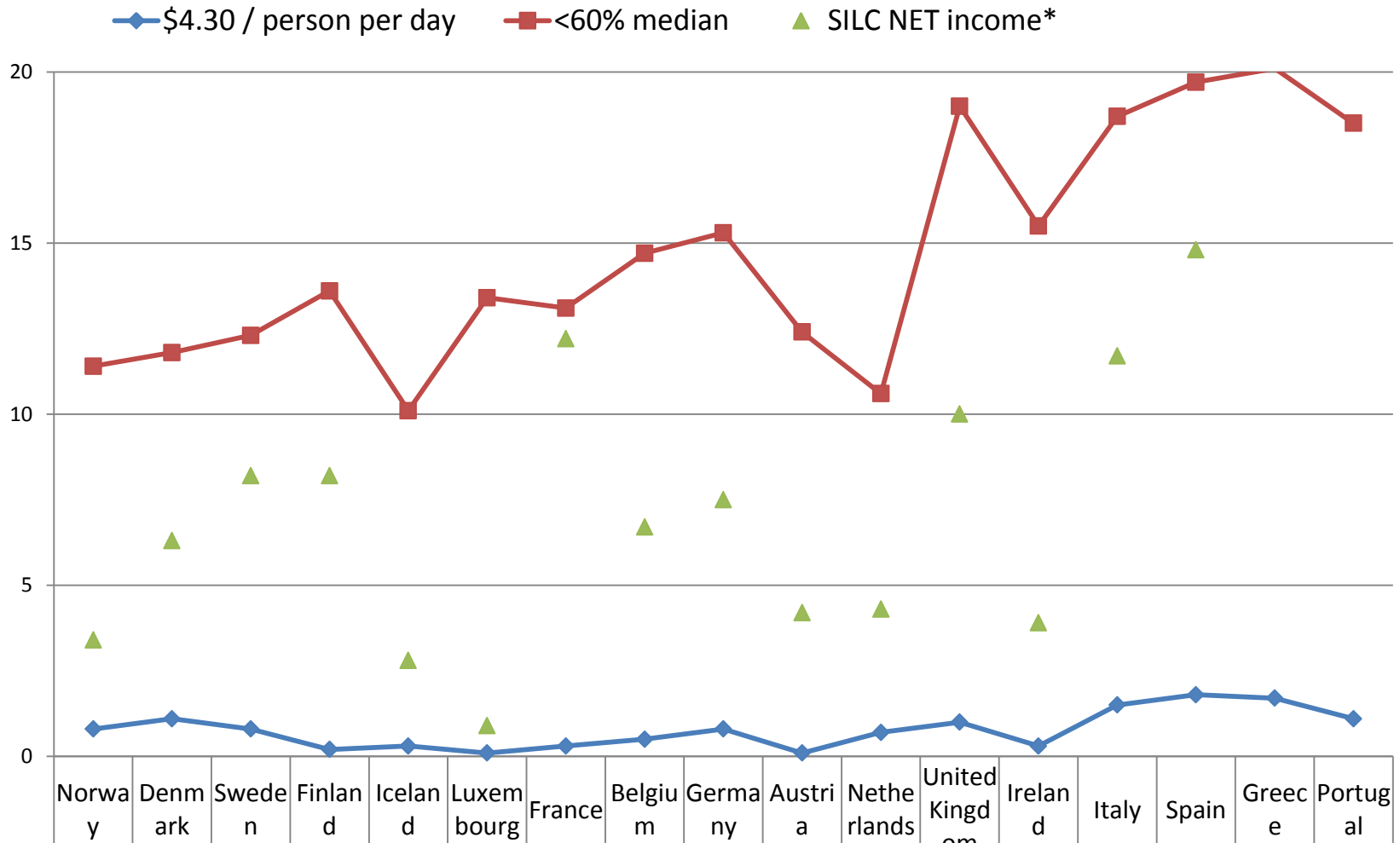
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Poverty headcount rates in selected European countries 2008

Bradshaw
and
Mayhew
2011



	Norway	Denmark	Sweden	Finland	Iceland	Luxembourg	France	Belgium	Germany	Austria	Netherlands	United Kingdom	Ireland	Italy	Spain	Greece	Portugal
\$4.30 / person per day	0.8	1.1	0.8	0.2	0.3	0.1	0.3	0.5	0.8	0.1	0.7	1	0.3	1.5	1.8	1.7	1.1
<60% median	11.4	11.8	12.3	13.6	10.1	13.4	13.1	14.7	15.3	12.4	10.6	19	15.5	18.7	19.7	20.1	18.5
SILC NET income*	3.4	6.3	8.2	8.2	2.8	0.9	12.2	6.7	7.5	4.2	4.3	10	3.9	11.7	14.8	20.7	31.5

Learning from welfare states in high income countries

Diversity in institutional configurations

Esping-Andersen's 1990 *Three Worlds of Welfare Capitalism*

Nordic - social democratic welfare regime

Central European – conservative welfare regime

Anglo-Saxon – Liberal welfare regimes

The evolution of welfare regimes shows important changes:

Golden age focus on poverty reduction and human capital
income maintenance programmes – life course risks

Silver age concern with incentives and employment
active labour market policies

Bronze age? 'Productivism' and social investment

...but there is no evidence of convergence in welfare regimes

Key lessons and questions for developing countries

Poverty is a permanent threat, it does not evaporate with development

...therefore we need permanent institutions to eradicate poverty

Universal provision of basic services, especially education and health care, are perhaps more important than social protection in the medium and long run

The development of welfare institutions is not a linear process...it is unlikely that low and middle income countries will develop Nordic-type welfare states, but universal, developmental, and egalitarian policies can be achieved with different institutions

Social contracts are essential to the effectiveness and sustainability of welfare institutions

Present-day European welfare states are financed with a mix of direct and indirect taxation, whereas in developing countries the resources supporting the expansion of social protection come from indirect taxation and natural resource revenues