

On the development of the Welfare State: the case of Denmark

by Ole Bernild, sociologist

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In Denmark half of the GNP goes to taxes half of which goes to social income transferences (pensions, benefits, etc.) and half of the rest goes to social services (health, education, etc.) in the welfare state.

How did this come by, and what theoretical and practical problems does it entail?

In this article I discuss this by firstly giving a brief outline of the historical development in Denmark, where I distinguish between two phases: The social insurance phase, which began in 1891 and superseded the old harsh Poor Law, which stripped those who could not support themselves of all their rights, making them inmates in Workhouses. This lasted until the early post war years, when it in turn became gradually replaced by the universal social right of the citizens which became fully implemented in the 1970's, and which from the very beginning ran into crises that are still actual today (I). Secondly I sketch some relevant theories of the development and discuss some of their contradictions (II). Finally I bring the two sides together in a conclusion (III).

I.

The following outline relies on the official account of social policy in Denmark 1891-1941 published by *Socialt Tidsskrift* and translated to German during the Occupation and into English after the Liberation as "*Social Denmark*" in 1945. As for the post war years it is based mainly upon the writings of *Bent Rold Andersen* who was a leading figure in designing and implementing the new welfare state as a social researcher, theorist, and politician (as a member of the social democratic government in the early 80's); among his prolific writings some are available in English

The fundamental cleavage between a market based civil society and a representative state, which marks the transition of the social structure to modernity, took place in Denmark as in many other West european states between the first and the second French Revolution of 1789 and 1848.

Firstly, the feudal bonding to the land as well as the mercantilist strictures of labour and industry were abolished, whereby a more homogenous market was created, controlled only by Customs at the national borders. And secondly the remains of the medieval hierarchy were phased out by establishing the principle of equality before the law. This transition was marked by the Danish Constitution of 1849 which codified the preconditions of subjective freedom of the individual in civil society: (a) the inviolable rights of the person, property and contract, and (b) the democratic right of all heads of family to participate in the legislation through representatives actualized the objective freedom of the people.

The new dichotomy between state and civil society, in which the latter was set free, replaced the old one between city and countryside, in which the latter was bonded, and caused a massive rise in geographic mobility and urbanization. According to the liberal theories of the time this should have lead to harmonization through the "invisible hand" of Adam Smith, but

contrary to doctrine and expectations it led to a growth and concentration of poverty and social misery caused by old age, sickness, unemployment, widowhood and orphanage. Prior to this the Guilds and the local communities took care of these unfortunate existences, but now they were left to market forces and their own; as a rabble outside, and beneath, civil society and as a field for private charity, which only highlighted the problem. This liberal aporia gave rise to endless discussions under the heading of "The social question", and it became clear that civil society was unable to solve it on its own, as the principle of personal autonomy and self-preservation was the flip side of subjective freedom. The state had to be called in, but this in turn contradicted the modern separation of state and civil society.

All West European societies were plagued by this dilemma and due to its fundamental nature it was no easy political task to solve. The breakthrough was made by Bismarck in his new German nation state into which he introduced the "Arbeiterversicherung" in 1881, a *social insurance* founded upon *the labour contract*, in which both employer and employee were compelled to contribute to state subsidized funds which paid out cash allowances in cases of sickness, injury, old age, widowhood and orphanage (but not unemployment) to all workers in industry and civil services. The characteristic of this first type of social insurance was that it was a *state intervention*, both legally and financially, and that it was *compulsive and selective*, restricted to the major industries and civil services whilst excluding the whole agricultural sector, the minor trades and crafts, as well as domestic services.

The Bismarckian social insurance served as a beacon of social reform for all the more advanced European states, in much the same way as the American and French revolutions earlier had served as models for the emancipation of civil society and constitutional reforms: the most vigorous state had proved that state intervention was a possible solution to the social question. A way was shown even though individual states did not have to follow it slavishly, and could instead improvise according to their own special conditions and traditions.

In Denmark a system of social insurance began to be implemented in 1891 but it differed fundamentally from Bismarck's by being *optional and not restricted* to industrial workers proper but open to all persons, including agricultural labourers and craftsmen. The basis of the system was also not an intervention by the state in the labour contracts on the market but financial subsidies and legal support for *voluntary associations* in civil society. The principle was called "help-to-self-help" and applied to associations with members with an income equal to or less than that of a skilled worker. Thus the associations for sickness insurance, the "sick clubs", would be recognized by the state and subsidized if only their rules and number of qualified members met the standard. The same also held true for associations for unemployment insurance, the "unemployment clubs", even if they were organized and run by the trade unions; which they always were. This is a remarkable contrast to the German "Arbeiterversicherung" which was intended by Bismarck to be a positive instrument, the carrot, in his fight against the social democratic organized labour movement, while the prohibition of socialist political organizations ("Sozialistengesetz", 1878) was the stick.

In Denmark the state did not fight but rather came to recognize the social democratic labour movement and in 1899 this was formalised and institutionalised in a tripartite mutual recognition between organized capital (the national employers association), organized labour (the national trade unions association) and the state (the "conciliation institution"). Likewise the state was compliant to the corresponding social movement in the countryside by supporting the small holdings and allotments associations among the labourers and cottagers

by making funds available to their disposal and even, in 1919, confiscated large parts of bigger landed estates and parcelled them out to small-holdings. In this way a new and highly original lifeform was organized out of a social movement in civil society by means of the social policy of the state.

Thus the optional and unrestricted social insurance for the lower income groups in the cities and the countryside was only a part, albeit the important part, of a larger social policy which involved both agricultural and labour market policies as well as housing and education (Co-operative building societies, Peoples' High schools). In this way the social movements of lower classes in the 19th century were transformed into organized lifeforms, recognized and supported by the state, and the main characteristic was a high degree of self-administration under the supervision of the executive of the state. The organized lifeforms of the workers and the small-holders were worlds of their own: each had their own associations, their own Workers or Small-holders High schools, their own interest-organizations, their own co-operations, their own press with books, periodicals and newspapers, and even their own party in Parliament: the Social democratic and the (Georgeistic) Radical parties, and for most of the Interwar period the government was an alliance of these two parties.

But the organized lifeforms were not restricted to these. The middle classes, the farmers, the traders, and the professionals, also organized themselves and were recognized and supported by the state, albeit not by means of social insurance, and even the civil servants, the industrialists and the big land owners appeared as organized lifeforms. It was the farmers especially, who owed their very existence as freeholders to financial and legal support of the state, who distinctively organized themselves as the famous Farmers Co-operatives from the 1880's. Here, they were setting up a collective frame for individual production by establishing co-operatives to: buy up and import fodder, mainly American corn; carry out the final processing of animal products in slaughterhouses and creameries; and market the finished products, mainly in the UK. This network of co-operatives was crucial for the successful transformation of the grain producing and exporting Danish agriculture. Dairy farming and pig rearing became necessary and possible, due to the enormous rise in American exports of grain and corn. In fact the co-operative farmers could be said to be the prototype of the organized lifeform.

Each organized lifeform was distinctive and the members were self-conscious of their identity and thus there was therefore a risk that the totality would fall apart. However the state managed to coordinate the different objective interests in a plurality of commissions in which the interests were adjusted to each other under the commands of the preconditions set by the international system, mainly the conjunctures in the export to the British breakfast table of bacon, eggs, butter and cheese. Of course, the achievement of consensus in the commissions was not painless, and the members' discontent with their representatives' acceptance of the results flared up into public accusations of a betrayal of class-interests; the workers mainly accused by the communists, and the farmers mainly by the fascists. However the corporatist sphere of commissions, with the interest-organizations of the lifeforms, largely existed peacefully side by side with the public sphere of parliamentary democracy and decision making; in times of peace and tranquillity the first sphere dropped into the background while the latter took the centre stage, while in times of war and crisis the roles were reversed.

This fine tuned organism which integrates the economically different lifeforms of civil society into the political sphere of the state, looks astonishingly like Hegel's concept of real ethical

life; in the market, individualism and the subjective freedom of the person is realized, and the negative side of this, the atomism and isolation of the individual, is compensated in the voluntary associations of civil society, crystallizing around common objective interests which in turn serve to mediate the formation of the overall national interest of the state, brought into play in the relations to other states. The Danish people was organized by these distinct lifeforms into a characteristic nation-state. Hegel however did not leave room for the opposite movement of international conditions determining the national interest in specific ways, and forcing the lifeforms to submit their objective interests to the imperative of the state; because state intervention in civil society would be a degrading of subjective freedom. Hegel also failed to foresee the double play of corporatism and democracy in the political sphere of the state; to him the representation of the objective interests was sufficient, while the representation of mere public opinion in the decision process could only lead to confusion. Also the notion of *corporatism* as used by Philippe C. Schmitter highlights the specific character of the Danish welfare state in this phase.

The functionality of the system proved itself during the turbulent inter-war period, when the organized life-form of the small-holders could contain the migration to the cities and thus minimize the pain of unemployment for the workers, keeping it within limits that could be handled by the social insurances of their own organizations.

K. K. Steincke's social reform in 1933 did change the structure of Danish social insurance by making it *compulsory* for all adult persons to be member of a "sick-club" which took over many administrative tasks, age-pension being the most important, though not unemployment benefits. Functionally this did not mean much, as the percentage of the target group (income less or equal to skilled labour) in the optional "sick-clubs" was high. It did though make it possible to finally abolish the old and humiliating Poor Law that took care of the remaining fraction of non-members of "sick-clubs". However it on the other hand necessitated a new distinction between active members, who could receive benefits and passive members who could not, due to their income being too high. And though their contribution was merely symbolic, an obvious contradiction had emerged.

After WWII a new international order was established under the leadership of the USA; world finance and world trade were stabilized by a guaranteed parity of the US\$ to gold in the Bretton Woods agreement of 1944 and the Marshall plan facilitated and pressed the European national economies, through the OEEC, to liberalize their external trade. The perspective of free world trade opened up new horizons for the Danish economy; to dispose of the tight bilateral trade-agreements with stronger economies, the dependency on agricultural exports as the currency-earner, and create room for the expansion of export from the industry which until then had been restricted to the home market.

Likewise new horizons opened up in the field of social reforms, because the Labour government in Britain in 1946 implemented the plan for a universal Welfare State that had been prepared by Beveridge as a war aim during the Blitz. Compared to Steincke's reform of 1933 the Beveridge plan could claim universality because all adult citizens were compelled to participate with flat rate contributions, and all were entitled to flat rate benefits, a "social minimum", without regard to income. The distinction between active and passive members was not present.

But like Steincke, Beveridge insisted that the insurance principle was to be the basis, that

there had to be a visible "quid pro quo", analogous with the contract, in order to be perceived as a right, to discipline the members and prevent misuse and fraud. This was criticized by Beveridge's younger colleagues at London School of Economics (LSE), T. H. Marshall and R. Titmuss, who argued that the flat rate contribution was equivalent to a "poll-tax", an old tax form long superseded by modern progressive taxation with a distributive equalizing tendency. And they did not think of the right to a social minimum in terms of the contract, but rather by analogy with the political right to vote. In short, they argued that the universal security system should be financed solely by taxation without contribution.

In Denmark, which was now wholly orientated towards the Anglo-American world, less interest was paid to the actualized Beveridge plan than to the critical arguments. The idea of a tax financed universal Welfare State came to guide the thinking of post war social reforms. The first step towards the implementation of the idea was taken in 1956 with a law granting an old-age pension to all, independent of income and property, based only upon the universal criterion of age. As this flagrantly contradicted the concrete criterion of need, the leading principle of habitual social policy, the law was hotly debated and opposed by both workers on the left and by the rich on the right. But as the middle-classes liked it, and especially the farmers, the new principle was adopted.

While social insurance developed as a guided response to social movements in civil society with an eye to the German model, the universal Welfare State was planned from above based upon research by social scientists who were inspired by the Swedish Myrdal-school of human engineering. The aim was to adapt the population at large, specifically the workforce, and every individual in particular, to a "society of change"; the opposite to social insurance which was geared to take care of predictable "social events" in a "stable society".

The planning began in 1964 in the "Commission for Social Reform", de facto led by Bent Rold Andersen, and involved a reform of the administrative machinery of the old social insurance; achieved on the one hand by centralizing the casework of all social events to a single social security office, and on the other hand by a decentralization from the national to the local level. The guiding line for social casework was to make less use of cash-benefits and instead to mobilize the individual to adapt to the possibilities in the labour market by re-education and help to geographical change. The overall aim was in short to enhance social and geographical mobility in order to adapt to the changing demands from the labour market in a dynamic economy.

This of course was directly the opposite of the earlier aims of social policy; to give a stable frame for the self-organization of the lifeforms. And one would thus expect a stiff opposition from the organized lifeforms, but little was heard. In fact the state's support to small-holdings was phased out in the 1960's without serious protests, and the population migrated to the cities or stayed and pendeled to the nearest factory, keeping the small-holding as a subordinate occupation. An important and characteristic organized lifeform disappeared, leaving no trace, except the physical structures of small-holding "colonies" scattered in the landscape. Only organized labour put up a resistance against the planned abolishment of the "unemployment-clubs" and labour-exchange under the control of the trade unions, so this part of the plan could not be wholly implemented, but in the end the participation of the trade unions became a mere formality. Apart from that the plan became law from 1971 to 1978, and from the very beginning the new universal Welfare State was in crisis, primarily caused by the economic crisis in the 1970ies.

When Nixon in 1971 "closed the gold window" the Bretton-Wood order of world finance was thrown into turmoil and the "oil-shocks" of 1973 and later induced huge imbalances and chaos to world trade, leaving small economies dependent upon it, like the Danish, in permanent crises with high unemployment. And high unemployment is the evil beast to all social security systems. Not only does it drain financial resources from other vital parts, but the very core of the new social policy strategy: the adaptation of the individual to the labour market, becomes an illusion. Already Beveridge had insisted that the necessary precondition for all social security plans was the prevention of mass-unemployment. In the early post war years it was thought that this could be done by using Keynesian tools and that a "crisis-free capitalism" could be achieved but now such national economic tools proved ineffectual in the absence of a stable international economic order.

To this economically induced crisis was added a crisis in the parliamentary political system in the 1970's as a diffuse animosity from the electorate against the four "old parties", representing the organised lifeforms, was demonstrated by the appearance of new "protest parties" with massive backing. The "old parties" had been united in their vision of a "society of change" and "adaptation" and of the necessity of social reform to further this end, but the social transformation implied in this had cracked the coherence of the organized lifeforms of which they themselves were part and parcel. Instead of organized resistance to the reforms, a diffuse animosity against a patronizing state and alienated political parties arouse. And instead of representing the organized interests of lifeforms in civil society the parties more or less came to represent specific principles in the ever shifting agendas of public opinion and discourse.

As for the Welfare state in the narrower sense, the economic crisis and the financial burden of mass unemployment forced the state to severe restrictions on the expenditure of the social administration, unforeseen by the planners. The security system degraded more and more compared to the visions, and as a response to that the better-off occupational groups began to organize new social insurances of their own. This movement was spearheaded by the new and fast expanding professional groups, which now also included the civil servants. The interest-organizations of the professionals secured contribution in their bargaining with employers, including the state, to funds for old-age pensions and alternative health care outside the national health system. And these funds were favoured by the state through tax-exemptions.

Thus it now looks as if a new cycle of social insurance is evolving and the grand Welfare State of the 1970's is sinking to the level of the old Poor Law, only for those lower parts of civil society unable to take care of themselves and to secure their own social safety.

Looking back at the Danish experience it seems obvious that the Danish brand of social insurance functionally interacted with the social movements in civil society, transforming them into a plurality of organized lifeforms, coordinated by the state in a corporatist way, while the tax-funded universal Welfare State dissolved the structured civil society into a atomistic mass of citizens, occasionally clients in the state's social administration.

The structure of social insurance was three-folded; the individual, the association, and the state. The personal right of the individual to social benefits was based on contributions in the form of contract, stipulating the "social events" and benefits. The associations had the right to financial support and self-administration, if it followed the rules set by the state. The state

could recognize the associations differently and support them selectively, either by restricting its support to the industrial workers proper, as in Germany, or by including all the lower income-groups, as in Denmark, and it could demand that all in the selected groups should be members of recognized associations or it could leave membership to be voluntary.

In contrast, the structure of the Welfare State is only two-fold; the individual and the state. The right of the individual to social benefits is no longer based upon his status as a person and on the civil right of contract, but is based upon his status as a citizen and has become a social right for all. The state recognizes the citizens individually as well as their social rights. There are no mediations between state and citizens and thus no room for differentiations. This can be seen as a big step toward equality, and as such it was certainly perceived, but it also leaves the social right rather undetermined compared to the specific stipulations of social insurance. In times of opulence the social benefits might be benevolently distributed, but in times of crisis social security becomes degraded and insecure.

The new development of social insurance of the professional associations, negotiated with the employers, seems to respond to this dysfunction of the Welfare State. But this does not mean a return to the old tripartite structure because the associations are now much less dependent upon state support, being internationally orientated and having their social funds operating on the global capital market. This corresponds to the political development in Denmark since 1972 as the nation state gradually is absorbed in the EU.

How can this specific development of rights be understood in general terms and concepts? It involves a reflection upon the causal factors behind the development and a discussion of the notion of right.

II

Many of the path-breaking theories of the welfare state emanates from the LSE which was founded by Sidney Webb and the Fabians in order to further the theoretical and practical fusion ("permeation") of socialism and liberalism into a new social liberalism. One exception though is the Danish sociologist Gösta Esping-Andersen who in his well known book "The three Worlds of Welfare Capitalism" (1990) has proposed a tripartite typology of "Welfare-States Regimes", labelled the liberal, the conservative, and the socialist regimes. By this widely used typology the plurality of states can be ordered as "clusters" along several empirical parameters and the individual state can be ranked.

But the typology is derived from Richard Tittmuss' three contrasting models of social policy, labelled A, B, and C (Social Policy, 1974). In Model A, "The Residual Welfare Model of Social Policy", social policy is only for those for whom there has been a total break down in both the private market and the family. Friedman, von Hayek and the founders and followers of the Institute of Economic affairs in London are pointed out as promoter of this policy. This is the "liberal regime" of Esping-Andersen in which exemptions from the principle of non-intervention of the state in the market are only grudgingly granted to those poor existences who capitulates unconditional in the struggle of the market place. This type is associated with the Poor Law of the 19. Century.

In Model B, "The Industrial Achievement-Performance Model of Social Policy", social

welfare is linked to the labour contract and thus to performance on the labour market: high wages and long participation accumulate high contributions to the insurance institutions and consequently large benefits while low wages and short participations gives small benefits. Because of the close and compensating link to the labour market Titmuss calls this type the "Handmaiden Model", while Esping-Andersen calls it the "conservative regime", presumable because of the affinity to the social policy of Bismarck, the epitome of conservatism.

Finally, in Model C, "The Institutional Redistributive Model of Social Policy", social welfare is disconnected to labour performance and universalist services are provided outside the market on the principle of need; it facilitates social and economic change and it promotes social equality caused by the economic redistribution in a welfare system financed by progressive taxation. This is the "socialist regime" of Esping-Andersen in which the disconnection of social welfare from the labour market gives rise to a "de-commodification of labour", a key concept in his theory, and presumable the goal of the social democratic labour movement.

Although the main objective of the typology is a classification of existing regimes and policies it is obvious that a theory of historical development and social progress also is implied. To Titmuss it has to do with a development of equalization through redistribution: from none in the residual model to a "horizontal" redistribution from the active labour performance to the passive benefit enjoyment in the handmaiden model to a real equalizing "vertical" redistribution from upper to lower income brackets in the universalist model. While to Esping-Andersen it has more to do with the political struggles surrounding the social democratic labour movement: from being a passive object, treated for its "social problem" by the liberal regime to an organized political force to be reckoned with and feared by the conservative regime, causing the preventive arrangement of social insurance, to a social right for all, independent of contract and market, in the socialist regime installed by the Social Democratic Parties as they came to power. The very labelling in Esping-Andersen's typology indicates connections to these historical stages in which the social class is considered to be the political agent.

In turn the implicit idea of Titmuss of social policy as a progress in social equality is derived from the seminal text of T. H. Marshall on the evolution of citizenship right. Originally held as a lecture in 1949, published as an article in 1950 with the title "Citizenship and Social Class" and republished many times since then it is a kind of theoretical companion to the Beveridge plan arguing to the working class that the welfare state, and not the communist society, is the true end of socialism.

It is a historical sociological theory postulating a evolution of *citizenship* from only including the *civil right* of the citizen to the security of person, property, and concluded contracts as well as equality before the law, to the inclusion of the *political right* to participate in democratic elections locally and national as well as to be elected, finally to be crowned by the *social right* to a social minimum to meet the standards prevailing in civil society. Marshall saw these stages of evolution realized in the UK in the 18., 19., and 20. Century respectively, whereby in each stage the right was at first for a few only but ending up being a right for all.

It is a grand vision of the growth of social equality in modern history which can be summarized, I think, as follows: Medieval Europe was dominated by the catholic *ordo*, where the different estates of nobility, clergy, and trading townsmen had different rights, exemptions

from duties, and privileges, while the labourers and the peasants had none but were thrown to the protection of the others. This organized inequality is called "*the Hierarchy*" by Marshall and the specific rights of citizenship are seen as so many charges on the Hierarchy conquering new platforms of equality: equality before the law, equal political participation of the citizens, and a social minimum as a right without stigma, at first only for the lower income brackets in social insurance but eventually for all in the universalist welfare state. In each platform a vertical spread occurred, from being a benefit for only a few to a benefit for all. Marshall sees in the changes of social right from being no right at all but an alternative to rights for the destitute incarcerated in the Poor Houses to the social insurance for those of the exposed classes to the social right for all a movement parallel to that of civil rights which were at first restricted to townsmen before including the country-side too, and to the steps of inclusion leading to universal suffrage.

But this is more a vision than a theory and the dim notions and ambiguous definitions has ever since provoked a host of theoretical reflections and clarifying commentaries, several of which are concerned with the political factors behind the evolution.

Thus Ralph Dahrendorf, director of LSE, 1974-84, explains the first important step in the transition from Hierarchy as a feat of the creation of the nation-state, while Marshall only described the passage by using the famous formula of Maine: "the movement from Status to Contract". "The nation-state", Dahrendorf says, was "a necessary vehicle for the establishment of the modern contract in the place of feudal bonds. It provided the framework for the law and the institutions to uphold it." It was in the interest of the townsmen who could not rely on feudal powers, but it was "the deliberate works of monarchs and their first ministers" facing problems from abroad (Dahrendorf 1996, 29).

Anthony Giddens who succeeded Dahrendorf at LSE has problems with Marshall's idealistic theory of evolution: "He writes as though the development of citizenship rights came about as something like a natural process of evolution, helped along where necessary by the beneficent hand of the state" (Giddens 1982, 171). Against Marshall's thesis, that the evolution citizenship rights causes class-abatement, Giddens holds a thesis very much alike to that of Esping-Andersen, that it is class-struggle which causes the evolution of citizenship rights: "In my view it is more valid to say that class conflict has been a medium of the extension of citizenship rights than to say that the extension of citizenship rights has blunted class divisions" (p 174). This point of view also makes possible an explanation of the retrograde development from the late 1970'ies on: "In Britain, the welfare state has been made the object of a strong attack by Mrs Thatcher's government; something similar is happening in the USA. Such phenomena are to be understood, I think, as a middle-class backlash, in straightened economic circumstances, against institutions that predominantly connect with the interests of the working class, or the less privileged sections of the community" (p 176).

Giddens also criticises Marshall for ignoring the influence of the international situation upon the internal development and points to World War I as a cause for the break-through to universal suffrage because "the war helped to break down some traditional sources of resistance to social change" (p 171). And he even formulated it as a general principle: "*Don't ignore the international context of social organization and social change*" (p 165 emphasised by Giddens).

Giddens is quite right in this objection but he seems curiously unaware of the fact that it was

precisely here that Marshall revised the original theory in his later works. Originally Marshall seems to have thought, that the spread of the democratic right to vote automatically would lead to institutionalization of the social right, because government would have to listen to the needs and complaints of the masses but in his historic study of the development of British social policy (Marshall 1985) he came to the conclusion that the political debate on the break-up of the Poor Law and the wave of reforms in 1906-11, leading to social insurance like that in Germany, was influenced by the social and political crisis following the Boer War (1899-1902). But most impressively the insight is formulated in his account of the break-through to the universal welfare state in Britain by the implementation of the Beveridge plan after World War II under the headline "The war and the welfare state":

"A modern total war has certain predictable effects on the social problems of the warring nations... In a more general sense total war obliges governments to assume new and heavier responsibilities for the welfare of their peoples... The experience of total war is therefore bound to have an effect on both the principles of social policy and the methods of social administration... Britains experience in the war was unique... these circumstances help to explain why the concept of the welfare state first took shape in England. The magnitude of her war effort and her vulnerability to attack called for sacrifices from all and equally for help given ungrudgingly and without discrimination to all who were in need. 'The pooling of national resources', said Titmuss, 'and the sharing of risks were not always practicable nor always applied; but they were the guiding principles.'... So the idea of the welfare state came to be identified with the war aims of a nation fighting for its life." (Marshall 1985, 78-79)

A more earnest formulation of the relationship between inner reorganization of the state and the strains suffered in its outward situation can hardly be found. It was in the state of emergency during the war that the welfare state of the peace time was ironed out. Marshall cites Titmuss from his work on the social services during the war where he points out that the bombs were just as like to fall in West-end as in East-end and that the rich was just as exposed to catastrophe as the poor and in need for the same helping hand of the states universalist services. So the war not only caused the rise of the welfare state but also formed its principle.

As for the objection that Marshall's idealistic theory of progress in equality and class-abatement through the development of the social rights of citizenship was contradicted by the neoconservative backlash from the late 1970'ies on Marshall was well aware of this too. In his last written text he traced the undermining of the welfare state back to the showdown in the USA between Johnson's "Great Society" and the neoconservatives and he cites Nixon for saying "that he would not allow America to become 'a garrison state, or a welfare state, or a police state'" (Marshall 1981, p 106). The problem is diagnosed as that of a "*hyphenated society*" falling apart in the separate spheres of "*democratic-welfare-capitalism*". The concepts of *liberty, equality, and brotherhood* are realized in different social systems of which the two first has the upper hand because they share common structural features while the last becomes subdued and disintegrates because of its special character: "The democratic and the economic process are alike in that they both take a mass of individuals, process them through institutions - the ballot and the market - which register and react to their desires, and produce a single body of answers, a set of prices or a Houseful of Member." And it "would be dishonest to pretend that there is not about welfare policy decisions something intrinsically authoritarian or, to use a less loaded but rather horrible word, paternalistic". "Its potentialities as a creator of conflicts with both the democratic and the capitalistic principles are obvious. These may involve either the producers or the consumers of welfare services" (Marshall 1981, pp 107, 109, 111).

These are words of resignation. Instead of the original vision of the evolution of citizenship rights as an organic growth in which each new branch fits seamless into the others he now sees isolated mechanic systems where the cogs of social right does not click with those of civil and political rights.

It is also a relapse into a kind of Parsonite structural-functionalism from the political analysis he developed in his work on the history of social policy. The thesis of this work is that the rise in Britain of the universalist welfare state with a special and peculiar social right for all citizens was conditioned both in form and substance by the state of emergency caused by war. And I think this thesis with modifications can be applied to the break-through of social insurance in Germany too. After the wars of unification Bismarck faced an enormous problem of emergency integrating a confederate conglomerate into a homogeneous society and cohesive state. This he did in the "clash of cultures" (Kulturkampf) by launching a political offensive against the two major social organizations he considered as "enemies of the Empire" (Reichsfeinden) the Catholic Church and the social democratic labour movement. As a means in this struggle he implemented unified systems of education and health to undermine the church and social insurance (Arbeiterversicherung) to undermine organized labour. These internal struggles and reorganizations were undoubtedly caused by the wars of unification.

III

How do these theoretical elements reflect the experience of the development of the Danish welfare state? This I will discuss first from the political (1) and then from the social point of view (2).

(1) Germany and Britain were states of the first tier. They were great powers of the world dominating minor powers of the second and lesser tiers in their spheres of influence and the minor states orientated themselves culturally, politically, and socially towards the hegemon. So the rise of new social structures such as social insurance and the welfare state in the leading states were bound to affect their clients and allies. In much the same way I also think the dramatic dismissal of "the Great Society" in USA effected the crisis of the welfare states among their allies.

Now Denmark was and is a state of the second tier but it had the good fortune of being dominated in turns by the pioneer state of social policy: first Germany then Britain. After the Danish army being decisively beaten by Prussia's military might in 1864 Denmark was heavily influenced by the German Empire and our leading politician, Estrup, who introduced social insurance in Denmark, was a kind of local clone of Bismarck. The influence turned absolute during the Occupation in World War II but following the Liberation and the triumphant entry of Montgomery's troops in Copenhagen a total reorientation towards Britain took place and the universalist welfare state moved into the political centre stage.

So my point is this: when we want to explain the Danish social policy in answering "the social question" we have to look for the primary causes of the development not internally in the Danish society and state but externally in the social policy of the leading state. This does not mean that Danish social policy and social organization was simply a copy of that of the leading state. There has been lots of room for improvisation and imagination and the

possibility to draw upon the benefits of hindsight not available to the pioneer state. Thus we like to see the difference between the compulsive and selective character of Bismarck's "Arbeiterversicherung" and the open and optional character of the early Danish social insurance as the imprint of the Danish national genius and the difference in financing the welfare state between the insistence of Beveridge upon contributions and the Danish upon taxation might be similarly interpreted.

Thus I side with Marshall against Esping-Andersen in regarding the state and not social class to be the prime political agent. It is in the field of state among states that the tensions emerge leading to social reorganizations. But internally the political articulation of the organized lifeforms gives form to the final outcome. While Esping-Andersen's use of the term "class struggle" seems to signal disorganization and descend into a state of civil war.

(2) The stages in the Danish development: "Poor Law" / "social insurance" / "welfare state" corresponds roughly to the regimes in the tripartite typology of social policy. But it must be stressed that the Danish version of social insurance is broader than Titmuss' "Industrial Handmaiden Model" exclusively linked to the labour contract because it includes all lower income brackets in trade and agriculture too in special state-supported insurance contracts for occupational associations. This social policy together with a broad spectre of special policies for industry, trade, and agriculture favouring self-administration of the associations gave the distinct *corporatist* character to Danish state and society in the first half of the 20th century. Esping-Andersen too have corporatism as a parameter to the middle term of the typology.

The Danish welfare state after World War II beginning with the old-age pensions to all in 1956 and culminating in the early 1970^{'ies} had a character closely akin to Marshall's concept of social right as a right given by the state to the individual as a citizen. As a right in its own side by side with the civil and the political right and without any intermediating social organizations. But this social right cannot simply be added to the two other rights because it subtracts something from the civil right in its contract component. The welfare sphere based on social right can be seen as an alternative instead of a supplement to the market sphere based on contract and civil right. As a refuge from competition. This is what Esping-Andersen points to with his concept of "de-commodification of labour". And this was the objective in the neoconservative counterattack in the late 1970^{'ies}. Already in the original version of his theory in 1950 Marshall had located the source of the problem: "Social rights in their modern form imply an invasion of contract by status [: the status of citizenship], the subordination of market price to social justice, the replacement of the free bargain by the declaration of rights" (Marshall 1992, 40). Now this "de-commodification" and infringement into the market sphere of civil right is actually reversed into a "commodification of welfare".

But this return to contract is more than a backlash from capitalism. It is also, I think, the expression a deep rooted tendency in Western culture to "subjective freedom" as Hegel calls it. And the individual's right to decide over his own good is embodied in contract. This is why the contract besides being the concrete social form of exchange and recognition between individual persons also is the shibboleth and watchword in every discourse of freedom and the reason why the contract-theory of the state occupies such a prominent place in modern political theory. And let us recall that social policy was to be an answer to the social question: everybody ought to find their freedom in exchanges and get their social recognition here but some have nothing to offer. Whether they are isolated in the Poor Houses without any rights or provided for in the welfare sphere as a social right they are excluded from the social

recognition stemming from contract and exchanges. Only by social insurance because it is based on contract can the state support the poor and unfortunate to be able to engage in the social and economic exchanges.

Finally it seems strange that Marshall as a sociologist looks past the organized lifeforms, occupational associations, and professional groups in his theory. This is obviously caused by his main theme of "class-abatement" by the social right of citizenship: the sublation of social class implies the atomization to a individualized civil society without any collective mediation between the state and the citizen. Now it is very true that the welfare state based on social right did cause such dissolution of the organized lifeforms but it looks as if the return to contract is followed by renewed occupational organization led by the expanding academic professional groups. But as these professions are oriented towards international standards independent of the state and as the nation-states themselves delegates more and more competences to transnational bodies the prospect looms that the professional groups organize their bargaining powers and welfare funds internationally too into a international *hierarchy* akin to the medieval *ordo*.

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