

CHAPTER

1

Relief, Labor, and Civil
Disorder: An Overview

Since the early sixteenth century, many Western governments have come to make provision for the care of the destitute, often known as poor relief. (In the United States, such provisions are now called public assistance or public welfare.) The purpose of this chapter is to suggest why relief arrangements are established, and why they persist.

Relief arrangements are ancillary to economic arrangements. Their chief function is to regulate labor, and they do that in two general ways. First, when mass unemployment leads to outbreaks of turmoil, relief programs are ordinarily initiated or expanded to absorb and control enough of the unemployed to restore order; then, as turbulence subsides, the relief system contracts, expelling those who are needed to populate the labor market. Relief also performs a labor-regulating function in this shrunken state, however. Some of the aged, the disabled, the insane, and others who are of no use as workers are left on the relief rolls, and their treatment is so degrading and punitive as to instill in the laboring masses a fear of the fate that awaits them should they relax into beggary and pauperism. To demean and punish those who do not work is to exalt by

contrast even the meanest labor at the meanest wages. These regulative functions of relief, and their periodic expansion and contraction, are made necessary by several strains toward instability inherent in capitalist economies.

Problems of Controlling Labor by Market Incentives

All human societies compel most of their members to work, to produce the goods and services that sustain the community. All societies also define the work their members must do and the conditions under which they must do it. Sometimes the authority to compel and define is fixed in tradition, sometimes in the bureaucratic agencies of a central government. Capitalism, however, relies primarily upon the mechanisms of a market—the promise of financial rewards or penalties—to motivate men and women to work and to hold them to their occupational tasks.

Basic to capitalist economic arrangements is change. The economy is kept in constant flux by entrepreneurs searching out new and bigger markets and cheaper methods of production and distribution. These changes in the organization of production and distribution create continuous shifts in manpower needs: workers must acquire new skills; they must move to new locales; a stream of uninitiated people must be made to fill new and different occupations in a changing productive system. Because of this fluidity, work roles under capitalism cannot be assigned by tradition. Nor can responsibility for the allocation of labor conveniently be lodged in the bureaucracies of a central government, for in a market system a great variety of dispersed entrepreneurs control production and define labor requirements. In the place of tradition or governmental authority, capitalist societies control people and work tasks precisely

as they control goods and capital—through a market system.

Under capitalism, manpower distribution is mainly the result of monetary incentives or disincentives: profits or wages, or the threat of no profits or no wages. As these incentives ebb and flow in response to economic changes, most people are more or less continuously induced to change and adapt. Continual change in labor requirements also means that, at any given moment, some people are left unemployed. In subsistence economies everyone works; the labor force is virtually synonymous with the population. But capitalism makes labor conditional on market demand, with the result that some amount of unemployment becomes a permanent feature of the economy.¹ In other words, change and fluctuation and unemployment are chronic features of capitalism.

But periodically change takes on catastrophic proportions. Sometimes this is the result of the natural disasters that afflict all societies, such as crop failures or rapid population growth, which disturb the ongoing pattern of work and its rewards. To such travails capitalism adds abrupt, erratic, and extreme fluctuations in production and distribution, leading to massive and precipitous modifications in the requirements for labor. The two main sources of the catastrophic changes that distinguish capitalism are depression and rapid modernization.

During the economic downturns or depressions that have marked the advance of capitalism, the structure of

¹ Many critics of capitalism have argued that the maintenance of a surplus of unemployed workers is not simply a by-product of market fluidity but a deliberately contrived condition, designed to ease the flow of labor and to lessen the bargaining power of workers in market transactions. The periodic intervention of government to increase the pool of unemployed by slowing the rate of economic growth and the use of government power to force men to work for any bidder lend credence to these views, as we will ourselves argue later in this chapter when we discuss the way relief practices are designed to maintain a labor pool.

market incentives simply collapses; with no demand for labor, there are no monetary rewards to guide and enforce work. During periods of rapid modernization—whether the replacement of handicraft by machines, the relocation of factories in relation to new sources of power or new outlets for distribution, or the demise of family subsistence farming as large-scale commercial agriculture spreads—portions of the laboring population may be rendered obsolete or at least temporarily maladjusted. Market incentives do not collapse; they are simply not sufficient to compel people to abandon one way of working and living in favor of another.

In principle, of course, these dislocated people become part of a labor supply to be drawn upon by a changing and expanding labor market. As the history of Western market systems shows, however, people do not adapt so readily to drastically altered methods of work and to the new and alien patterns of social life dictated by that work. They may resist leaving their traditional communities and the only life they know. Bred to labor under the discipline of sun and season, however severe that discipline may be, they may resist the discipline of factory and machine, which, though it may be no more severe, may seem so because it is alien. The process of human adjustment to these economic changes has ordinarily entailed generations of mass unemployment, distress, and disorganization.

Now, if human beings were invariably given to enduring these travails with equanimity, there would be no governmental relief systems at all. But often they do not, and for reasons that are not difficult to see. The regulation of civil behavior in all societies is intimately dependent on stable occupational arrangements. So long as people are fixed in their work roles, their activities and outlooks are also fixed; they do what they must and think what they must. Each behavior and attitude is shaped by the reward of a good harvest or the penalty of a bad one, by the factory paycheck or the danger of losing it. But mass unemployment breaks

that bond, loosening people from the main institution by which they are regulated and controlled.²

Moreover, mass unemployment that persists for any length of time diminishes the capacity of other institutions to bind and constrain people. Occupational behaviors and outlooks underpin a way of life and determine familial, communal, and cultural patterns. When large numbers of people are suddenly barred from their traditional occupations, the entire structure of social control is weakened and may even collapse. There is no harvest or paycheck to enforce work and the sentiments that uphold work; without work, people cannot conform to familial and communal roles; and if the dislocation is widespread, the legitimacy of the social order itself may come to be questioned. The result is usually civil disorder—crime, mass protests, riots—a disorder that may even threaten to overturn existing social and economic arrangements. It is then that relief programs are initiated or expanded.

X However, simply providing aid to quiet the unemployed will not stop disorder; it may even permit it to worsen, for although the remedy may prevent workers' starvation, the trigger that sets off disorder is not economic distress itself but the deterioration of social control. To restore order, the society must create the means to reassert its authority. Because the market is unable to control men's behavior, at least for a time, a surrogate system of social control must be evolved, at least for a time. Moreover, if the surrogate sys-

² Marie Jahoda describes the total disorientation of the workers in the Austrian village of Marienthal when its only factory stopped production during the depression of the 1930's: "The unemployed men lost their sense of time. When asked at the end of a day what they had done during it, they were unable to describe their activities. 'Real' time . . . was vague and nebulous. Activities such as fetching wood from the shed, which could not have consumed more than ten minutes, were recorded as if they had filled a morning. . . . The men's waking day was shortened to twelve or thirteen hours. . . . Rational budget planning was abandoned in favor of expenditure on trinkets, while essentials could not be paid for" (56-57, 69-72). Complete citations will be found in the bibliography at the end of each chapter.

tem is to be consistent with normally dominant patterns, it must restore people to work roles. Thus, even while obsolete or unneeded laborers are temporarily given relief, they are generally succored only on condition that they labor, whether in public workhouses and labor yards or by being contracted and indentured to private entrepreneurs. To illustrate these views we turn to some examples of the emergence and expansion of relief-giving in early European capitalist societies. Our purpose is not to give a legislative or administrative history—that has been done by other writers—but to provide a background for our subsequent discussion of the sources of contemporary relief crises in the United States.

Civil Disorder and the Initiation or Expansion of Relief-Giving

Western relief systems originated in the mass disturbances that erupted during the long transition from feudalism to capitalism beginning in the sixteenth century. As a result of the declining death rates in the previous century, the population of Europe grew rapidly; as the population grew, so did transiency and beggary. To deal with these threats to civil order, many localities legislated severe penalties against vagrancy. Even before the sixteenth century, the magistrates of Basel had defined twenty-five different categories of beggars, together with appropriate punishments for each. But penalties alone did not deter begging, especially when economic distress was severe and the numbers affected were large. Consequently, some localities began to augment punishment with provisions for the relief of the vagrant poor.

As early as 1516, the Scottish theologian John Major, who taught at the University of Paris, declared: "If the Prince or Community should decree that there should be no beggar in the country, and *should provide for the im-*

potent, the action would be praiseworthy and lawful."³ In 1520, Martin Luther urged the German nobility not only to abolish beggary but to provide for their own poor. In 1523 Luther published a detailed relief scheme for Leisnig, in Saxony, which prohibited begging and provided for a common chest to aid the old, the weak, and those poor householders who had "honourably labored at their craft or in agriculture" but who could no longer find the means to support themselves. Ordinances modeled on Luther's injunctions were rapidly instituted in the German municipalities,⁴ and in 1530 the German emperor Charles the Fifth issued an edict outlawing beggary and directing each municipality to maintain its poor.⁵

A French town that initiated such an arrangement early in the sixteenth century was Lyons,⁶ which was troubled both by a rapidly growing population and by the economic instability associated with the transition to capitalism. By 1500 Lyons' population had already begun to increase. During the decades that followed, the town became a prosperous commercial and manufacturing center—the home of the European money market and of expanding new trades in textiles, printing, and metalworking. As it thrived it attracted people, not only from the surrounding countryside, but even from Italy, Flanders, and Germany. All told, the population of Lyons probably doubled between 1500 and 1540.

All this was very well as long as the newcomers could be

³ Quoted in Ashley, Vol. II, 341. Emphasis added.

⁴ Webb and Webb, Part I, 31-32.

⁵ In 1531 the emperor elaborated his earlier edict in a scheme that prohibited vagrancy and begging under pain of prison and the lash, and commanded every city in the Netherlands to provide for its poor by putting the able-bodied to work while caring for indigent women and orphans (*ibid.*, 32; de Schweinitz, 33).

⁶ Ypres, in Flanders, initiated a scheme very similar to Lyons' in 1525. Bruges, Paris, and Rome also inaugurated relief systems at about the same time. We use Lyons only as an illustration of developments that were going forward in many places. For a detailed description of the circumstances leading to Lyons' welfare program, see Davis.

absorbed by industry. But not all were, with the result that the town came to be plagued by beggars and vagrants. Moreover, prosperity was not continuous: some trades were seasonal and others were periodically troubled by foreign competition. With each economic downturn, large numbers of workers were thrown out of work. They—and especially their children, who were preferred as beggars for the sympathy they elicited—recurrently took to the streets to plead for charity, cluttering the very doorsteps of the better-off classes. Lyons was most vulnerable during periods of bad harvest, when famine not only drove up the cost of bread for urban artisans and journeymen but brought hordes of peasants into the city, where they sometimes paraded through the streets in great numbers to exhibit their misfortune.

Thus the economic distress resulting from population changes and agricultural and other natural disasters which had characterized life throughout the Middle Ages was exacerbated by the vagaries of an evolving market economy. Consequently, turbulence among the poor reached a new pitch. In 1529 food riots erupted, with thousands of Lyonais looting granaries and the homes of the wealthy; in 1530, artisans and journeymen armed themselves and marched through the streets; in 1531, mobs of starving peasants literally overran the town.

Such charity as had previously been given in Lyons was primarily the responsibility of the church or of those of the more prosperous who sought to purchase their salvation through almsgiving. If almsgiving were to serve a religious end for the prosperous, the destitute could hardly be prohibited from begging. But this method of caring for the needy obviously stimulated rather than discouraged begging and created a public nuisance to the better-off citizens (one account of the times describes famished peasants so gorging themselves as to die on the very doorsteps where they were fed). Moreover, to leave charity to church or citizen meant that few got aid, and those not necessarily

according to their need. The result was that mass disorders periodically erupted.

The increase in disorder led the rulers of Lyons to conclude that the giving of charity should no longer be governed by private whim. Consequently, in 1534, churchmen, notables, and merchants joined together to establish a centralized administration for disbursing aid. All charitable donations were consolidated under a central body, the "Aumône-Générale," whose responsibility was to "nourish the poor forever." A list of the needy was established by a house-to-house survey, and tickets for relief were issued to those who qualified. Standards were fixed in allotting bread and money, the sick were sent to a hospital for free medical care, and not least, begging was strictly prohibited.

Indeed, most of the features of modern welfare—from criteria to discriminate the worthy poor from the unworthy to strict procedures for surveillance of recipients and measures for their rehabilitation—were present in Lyons' new relief administration.⁷ By the 1550's, about 10 per cent of the town's population was receiving relief, while the number of patients in the Lyons hospital for the poor had tripled.⁸ The notables and merchants who promoted this scheme did not so much take pride in their charity as in their aspiration to make of Lyons "a vision of peace."

Within two years of the establishment of relief in Lyons, King Francis I ordered each parish in France to register its poor and to provide for the "impotent" out of a fund of contributions. Elsewhere other townships began to devise

⁷ Foreigners were more kindly dealt with than in many other places (this was, after all, a center of foreign commerce); generally they were given a night's lodging before they were sent on their way.

⁸ The hospital was in fact used to incarcerate some paupers as well as to care for the sick. Juan Luis Vives, a humanitarian of the time, wrote in his plan for relief in Bruges, dated January 6, 1526: "I call 'hospitals' those places where the sick are fed and cared for, where a certain number of paupers is supported, where boys and girls are reared, where abandoned infants are nourished, where the insane are confined, and where the blind dwell. . . ." (11). Four centuries later, the almshouse or workhouse was performing roughly the same function in England and America.

similar systems to deal with the vagrants and mobs cast up by famine, rapid population growth, and the transition from feudalism to capitalism. A "new statecraft relative to destitution" was emerging:

What we see ever-increasingly realised, alike in Germany, the Netherlands, Switzerland, England, and, to some extent, France and Scotland, is that no policy of mere repression availed to stop either mendicancy on the one hand, or vagrancy on the other; that (as distinguished from a fortuitous distribution of voluntary gifts to necessarily selected individuals) a systematic and ubiquitous provision had to be made locally by some organ of government for all those who were actually in need of the means of existence, whatever the cause of their destitution. . . .⁹

England also felt these disturbances, and just as it pioneered in developing an intensively capitalist economy, so it was at the forefront in developing nation-wide, public relief arrangements to replace purely local and private charity.¹⁰ During the closing years of the fifteenth century, the emergence of the wool industry in England began to transform the economic and social arrangements governing agriculture. As sheep raising became more profitable, much land was converted from tillage to pasturage, and large numbers of peasants were displaced by an emerging entrepreneurial gentry which either bought their land or cheated them out of it.¹¹ The impact on the dispossessed farmers

⁹ Webb and Webb, Part I, 29.

¹⁰ William Ashley commented on the similarity of these schemes: "We need not suppose that the English legislation was a mere imitation of what was being done elsewhere; the same causes were everywhere at work, leading to the same general results" (Part II, 350).

¹¹ "We may to-day recognise the opening of the sixteenth century as a period of special economic stress, whether we emphasise the agrarian revolution that was dislocating the manorial organisation, or the growth of manufactures in the towns, involving the production of an urban proletariat; or the rapid increase of commerce, with its unsettlement of one national industry after another" (Webb and Webb, Part I, 43).

was one that was to become familiar in successive periods of agricultural modernization. Sir Thomas More described their plight in 1516:

The husbandmen be thrust out of their own, or else either by covin or fraud, or by violent oppression they be put besides it, or by wrongs and injuries they be so wearied, that they be compelled to sell all: by one means therefore or by other, either by hook or crook they must needs depart away, poor, silly, wretched souls, men, women, husbands, wives, fatherless children, widows, woeful mothers, with their young babes, and their whole household small in substance and much in number, as husbandry requireth many hands. Away they trudge, I say, out of their known and accustomed houses, finding no place to rest in. All their household stuff, which is very little worth, though it might well abide the sale, yet being suddenly thrust out, they be constrained to sell it for a thing of naught. And when they have wandered abroad till that be spent, what can they then else do but steal, and then justly pardy be hanged, or else go about a begging. And yet then also they be cast in prison as vagabonds, because they go about and work not: whom no man will set at work, though they never so willing profer themselves thereto.¹²

A statute of 1488-1489 comments with alarm on the resulting disorders:

[F]or where in some towns two hundred persons were occupied and lived by their lawful labors, now be there occupied two or three herdsmen, and the residue fall in idleness, the husbandry which is one of the greatest commodities of this realm is greatly decayed, churches destroyed, the service of God withdrawn, the bodies there buried not prayed for, the patron and curates wronged, the defense of this land against our enemies outward

¹² More, 33, as quoted in de Schweinitz, 10.

feebled and impaired; to the great displeasure of God, to the subversion of the policy and good rule of this land, and remedy be not hastily therefore purveyed.¹³

Early in the sixteenth century, the national government moved to try to forestall such disorders. In 1528 the Privy Council, anticipating a fall in foreign sales as a result of the war in Flanders, tried to induce the cloth manufacturers of Suffolk to retain their employees.¹⁴ In 1534, a law passed under Henry VIII attempted to limit the number of sheep in any one holding in order to inhibit the displacement of farmers and agricultural laborers and thus forestall potential disorders. Beginning in the 1550's, the Privy Council attempted to regulate the price of grain in poor harvests.¹⁵ But the entrepreneurs of the new market economy were not so readily curbed, so that during this period another method of dealing with labor disorders, especially vagrancy, was evolved.

Until this time, communities in England, as in other

¹³ Quoted in de Schweinitz, 9. Nor were the disorders merely idleness and decay. "When the sense of oppression became overwhelming, the popular feeling manifested itself in widespread organised tumults, disturbances and insurrections, from Wat Tyler's rebellion of 1381, and Jack Cade's march on London of 1460, to the Pilgrimage of Grace of 1536, and Kett's Norfolk rising of 1549—all of them successfully put down, but sometimes not without great struggle, by the forces which the Government could command. But vagrancy was not actually prevented; nor, as we shall presently describe, was the habit of making a living by wandering on the roads brought to an end" (Webb and Webb, Part I, 27-28).

¹⁴ de Schweinitz, 80.

¹⁵ "The activities of the Privy Council had been steadily growing during the latter decades of the sixteenth century. In the earlier part of the century these orders seem to have been concerned mainly with the prevention of vagrancy and tumult—in short, with the security of the realm and the maintenance of law and order. Gradually we see them, with increasing frequency, endeavouring to prevent an actual shortage of food, and the high prices occasioned thereby, by compelling farmers to bring to market their hoarded stocks, putting pressure on corn-dealers, causing maximum prices to be fixed in local markets, and promoting both the purchase of corn in bulk from abroad and its distribution to the poor at less than cost price. In the special stress of 1586-1587 this action of the Privy Council was elaborated into a nationwide policy . . ." (Webb and Webb, Part I, 66).

European countries, sanctioned almsgiving as a means of personal salvation, and one third of parish church funds was set aside for this purpose. Early in the sixteenth century, however, the national government moved to replace parish arrangements for charity with a nationwide system of relief. In 1531, an act of Parliament decreed that local officials search out and register those of the destitute deemed to be impotent, and give them a document authorizing begging. Almsgiving to others was outlawed. As for those who sought alms without authorization, the penalty was public whipping till the blood ran.

Thereafter, other arrangements for relief were rapidly instituted. An act passed in 1536, during the reign of Henry VIII, required local parishes to take care of their destitute and to establish a procedure for the collection and administration of donations for that purpose by local officials.¹⁶ (In the same year Henry VIII began to expropriate monasteries, helping to assure secular control of charity.¹⁷) With these developments, the penalties for beggary were made more severe, including an elaborate schedule of branding, enslavement, and execution for repeated offenders. Even so, by 1572 beggary was said to have reached alarming proportions, and in that year local responsibility for relief was more fully spelled out by the famous Elizabethan Poor Laws, which established a local

¹⁶ In 1563, these contributions for relief were made compulsory (de Schweinitz, 25).

¹⁷ The Webbs suggest the motive for thus restricting the church: "Throughout the whole period . . . [up to 1597], the King, his Council and his Parliament, were enacting and carrying out laws relating to the poor of a character exactly opposite to that of the almsgiving of the mediaeval Church or to that of the benevolent institutions established by pious founders, Craft Guilds and municipal corporations. All these activities were derived from the obligation of the Christian to relieve the suffering of 'God's poor.' The King and his nobles were intent upon an altogether different object, namely, maintaining order—that is (as governments always understand it) the maintenance of the then-existing order, based on a social hierarchy of rulers and ruled, of landowners and those who belonged to the land" (Part I, 23).

tax, known as the poor rate, as the means for financing the care of paupers and required that justices of the peace serve as the overseers of the poor.

In the closing years of the sixteenth century, the price of grain rose almost continuously, causing considerable hardship among the laborers. After 1594, bad harvests sharpened their miseries, especially in 1596-1597, when "Unemployment was frequent, poverty was everywhere . . . there was . . . constant danger of revolt."¹⁸ When Parliament convened in October 1597, it acted to clarify and systematize the provisions for relief, especially the system of taxation, and the practice of making relatives responsible for paupers. "The coincidence between the coming of the free wage-labourer and an organised public provision for the destitute cannot, in the nature of things, be exactly proved," write the Webbs,¹⁹ but the indications are convincing, and were to become more convincing still as the system of free labor expanded and changed.

After this period of activity, the parish relief machinery lapsed into disuse. But then a depression in cloth manufacture in 1620, followed by bad harvests and high prices in 1621-22, produced new outbreaks of disorder. The Privy Council established a special commission charged with enforcing the Poor Laws,²⁰ and by the 1630's the relief rolls had expanded enormously.²¹ Relief was curtailed again with the onset of the Civil War, when high pay enticed much of the surplus agricultural population into the army. A long period of contraction then ensued, apparently accounted for by rising wages under Cromwell

¹⁸ Edward P. Cheyney, *History of England*, 1926, Vol. II, 36, as quoted in Webb and Webb, Part I, 62.

¹⁹ Webb and Webb, Part I, 44, n. 2.

²⁰ *Ibid.*, 75-100. Trevelyan writes of the Privy Council during this period that it "had a real regard for the interests of the poor, with which the interests of public order were so closely involved" (170-171).

²¹ According to E. M. Leonard, there was more poor relief in England from 1631 to 1640 than ever before or since (266).

and by the paralysis of the central machinery of government after the war.

Relief arrangements were reactivated and expanded again, however, during the massive agricultural dislocations of the late eighteenth century. Most of the English agricultural population had by then lost its landholdings; in place of the subsistence farming found elsewhere in Europe, a three-tier system of landowners, tenant farmers, and agricultural workers had evolved in England.²² The vast majority of the people were a landless proletariat, hiring out by the year to tenant farmers. The margin of their subsistence, however, was provided by common and waste lands, on which they gathered kindling, grazed animals, and hunted game to supplement their meager wages. Moreover, the use of the commons was part of the English villager's birthright, his sense of place and pride. It was the disruption of these arrangements and the ensuing disorder that led to the new expansion of relief.

By the middle of the eighteenth century, an increasing population, advancing urbanization, and the growth of manufacturing had greatly expanded markets for agricultural products, mainly for cereals to feed the urban population and for wool to supply the cloth manufacturers. These new markets, together with the introduction of new agricultural methods (such as cross-harrowing), led to large-scale changes in agriculture. To take advantage of rising prices and new techniques, big landowners moved to expand their holdings still further by buying up

²² "In 1851, when the first nationally reliable figures were collected, there were about 225,000 farms in Britain, about half of them between 100 and 300 acres in size, and all of them averaging just over 110 acres. In other words, what passed for a small farm in England would certainly have counted as a giant farm beside the small holdings of typical peasant economies. Just over 300,000 people described themselves as 'farmers and graziers.' These cultivated their farms essentially by employing the 1.5 million men and women who described themselves as agricultural labourers, shepherds, farm-servants . . ." (Hobspawm and Rude, 24).

small farms and, armed with parliamentary "Bills of Enclosure," by usurping the common and waste lands which had enabled many small cottagers to survive.²³ Although this process began much earlier, it accelerated rapidly after 1750; by 1850, well over 6 million acres of common land—or about one quarter of the total arable acreage—had been consolidated into private holdings and turned primarily to grain production.²⁴ Half of this acreage was enclosed between 1760 and 1800, a period during which the rate of parliamentary acts of enclosure ran ten times higher than in the previous forty years. For great numbers of agricultural workers, enclosure meant no land on which to grow subsistence crops to feed their families, no grazing land to produce wool for home spinning and weaving, no fuel to heat their cottages, and new restrictions against hunting. It meant, in short, deprivation of a major source of subsistence for the poor.²⁵

New markets also stimulated a more businesslike approach to farming. Landowners demanded the maximum rent from tenant farmers, and tenant farmers in turn began to deal with their laborers in terms of cash calculations. Specifically, this meant a shift from a master-servant relationship to an employer-employee relationship, but on the harshest terms. Where laborers had previously worked by the year and frequently lived with the farmer, they were now hired for only as long as they were needed and were then left to fend for themselves.²⁶ Pressures toward

²³ Enclosure was also encouraged by the high rentals paid by factories located in outlying areas, and especially by the prospects of coal-mining, from which the landed gentry drew great fortunes in royalties.

²⁴ Hobsbawm and Rudé, 27. There were about four thousand parliamentary acts for enclosure during this hundred-year span, most of them in the 1760's and 1770's and during the war period of 1793-1816.

²⁵ A comprehensive account of the life of the villagers after enclosure is provided in Hammond and Hammond, 1948, Vols. I and II.

²⁶ The loss of "gleaning rights" illustrates how the commercialization of farming affected the precarious margin of the laborers' existence. More efficient farming methods deprived them of the right to pick the fields clean after the harvest. The Hammonds estimate that such gleaning rights represented the equivalent of six or seven weeks' wages (1948, Vol. I, 103).

short-term hiring also resulted from the large scale cultivation of grain crops for market, which called for a seasonal labor force, as opposed to mixed subsistence farming, which required year-round laborers. The use of cash rather than produce as the medium of payment for work, a rapidly spreading practice, encouraged partly by the long-term inflation of grain prices, added to the laborer's hardships.²⁷ Finally, the rapid increase in rural population²⁸ at a time when the growth of woolen manufacturing continued to provide an incentive to convert land from tillage to pasturage produced a larger labor surplus, leaving agricultural laborers with no leverage in bargaining for wages with their tenant-farmer employers.²⁹ The result was widespread unemployment and terrible hardship among agricultural workers.

None of these changes took place without resistance from small farmers and laborers who, while they had known hardship before, were now being forced out of a way of life and even out of their villages. Some rioted when "Bills of Enclosure" were posted; some petitioned the Parliament for their repeal.³⁰ During the last decade of the eighteenth century, when hardship was made more acute by a succession of poor harvests, there were widespread food riots.³¹ But their protests could not curb the

²⁷ Hobsbawm and Rudé, 38-42.

²⁸ Between 1701 and 1831, the population of the agricultural counties almost doubled, from 1,563,000 to 2,876,000. Moreover, after 1751, emigration fell off sharply, draining off only about 40 per cent of the natural increase (*ibid.*, 43).

²⁹ The laborers' vulnerability was assured by laws prohibiting workers from combining for the purpose of exerting influence to reduce hours or raise wages. There were forty such laws on the books by 1800. New statutes in 1799 and 1800 effectively prohibited all joint action by the workers (Hammond and Hammond, 1917, 112-142).

³⁰ The Hammonds give an account of the futile protests, over a period of some thirty years, by villagers in the vicinity of Oxford (1948, Vol. I, 83-92).

³¹ Hobsbawm and Rudé suggest increases in poaching as another index of disorder. Poaching was motivated both by the need for food and as a protest against enclosure. They offer the following estimates (77):

market processes that were at work. As for the distress of the displaced laborers, the laissez-faire commentators of the time pontificated that this was the necessary concomitant of economic productivity and progress.

A solution to disorder was needed, however, and that solution turned out to be relief.³² During the late eighteenth and early nineteenth centuries, the English countryside was periodically besieged by turbulent masses of the displaced rural poor and the towns were racked by Luddism, radicalism, trade-unionism, and Chartism,³³ even while the ruling classes worried about what the French Revolution might augur for England.

If compassion was not a strong enough force to make the ruling classes attend to the danger that the poor might starve, fear would certainly have made them think

Commitments to the County Jails in Norfolk 1800-30, and Norwich, Wymondham, Aylsham, Walsingham from 1807.

1800-04	250	1819	639	1826	784
1805-09	277	1820	811	1827	839
1810-14	309	1821	722	1828	745
1815	415	1822	943	1829	899
1816	489	1823	728	1830	916
1817	579	1824	700		
1818	669	1825	812		

The landowning gentry of Britain responded to the incursions of poachers on their newly enclosed lands by legislating a series of brutal penalties (Hammond and Hammond, 1948, Vol. I, 183-204).

³² The relief system was by no means the only solution. This was an era of brutal repression; indeed, in no other domestic matters was Parliament so active as in the elaboration of the criminal codes. At the same time, troops were spread across the country and quartered in barracks (rather than in the homes of citizens) to avoid the possibility that they would identify with the rebellious population (Hammond and Hammond, 1917, 37-94).

³³ "At no other period in modern British history," writes Hobsbawm of this period, especially the decades between Waterloo and the 1840's, "have the common people been so persistently, profoundly, and often desperately dissatisfied. At no other period since the seventeenth century can we speak of large masses of them as revolutionary . . ." (Vol. II, 55). It should be said that agitation arose from both the middle and working classes. After Parliament extended the franchise to the middle classes in 1832, however, the workers' movement was effectively isolated and weakened.

of the danger that the poor might rebel. . . . Thus fear and pity united to sharpen the wits of the rich, and to turn their minds to the distresses of the poor.³⁴

It was at this time that the poor relief system—first created in the sixteenth century to control the earlier disturbances caused by population growth and the commercialization of agriculture—became a major institution.³⁵ Between 1760 and 1784, taxes for relief—the "poor rate"—rose by 60 per cent; they doubled by 1801, and rose by 60 per cent more in the next decade.³⁶ By 1818, the poor rate was over six times as high as it had been in 1760. Hobsbawm estimates that up to the 1850's, upwards of 10 per cent of the English population were paupers.³⁷ The relief system, in short, was expanded in order to absorb and regulate the masses of discontented people uprooted from agriculture but not yet incorporated into industry.³⁸ Its importance in maintaining civil order in England was suggested by John Stuart Mill in 1863:

[T]he hatred of the poor for the rich is an evil that is almost inevitable where the law does not guarantee the poor against the extremity of want. The poor man, in

³⁴ Hammond and Hammond, 1948, Vol. I, 118.

³⁵ Hobsbawm and Rudé (76) compute the paupers relieved as a percentage of the total population in 1815 as follows:

Berks.	17	Suffolk	12.25
Wilts.	15	Cambs.	11.5
Sussex, Essex	14	Kent	11.25
Dorset, Oxford	13	Herts., Norfolk, Northants.	11
Bucks.	12.75	Hereford, Leicester	10.5
Hunts.	12.5	Beds., Sajop., Hants.	10

³⁶ Mantoux, 437; de Schweinitz, 114; Nicholls, Vol. II, 133, 438. During this period, expenditures under the poor law nearly equaled the entire peacetime cost of the English national government, excluding the army and navy (Webb and Webb, Part II, Vol. I, 2).

³⁷ Hobsbawm, 70. The Webbs estimate a "pauper host of a million or so actually in receipt of relief" in the early 1830's (Part II, Vol. I, 105).

³⁸ Karl Polanyi observes of this period that "by and large, the nearly sixteen thousand Poor Law authorities of the country managed to keep the social fabric of village life unbroken and undamaged" (88).

France, notwithstanding the charitable relief that he may get, has always before his eyes the possibility of death by starvation; whereas in England he knows that, in the last resort, he has a claim against private property up to the point of bare subsistence; that not even the lowest proletarian is absolutely disinherited from his place in the sun. It is to this that I attribute the fact that, in spite of the aristocratic constitution of wealth and social life in England, the proletarian class is seldom hostile, either to the institution of private property or to the classes who enjoy it.³⁹

Restoring Order by Restoring Work

Relief arrangements deal with disorder, not simply by giving aid to the displaced poor, but by granting it on condition that they behave in certain ways and, most important, on condition that they work. Any institution that distributes the resources men and women depend upon for survival can readily exert control over them: the occasion of giving vitally needed assistance can easily become the occasion of inculcating the work ethic, for example, and of enforcing work itself, for those who resist risk the withdrawal of that assistance. Once the destitute of sixteenth-century Lyons were identified and registered, those declared eligible for help were watched over by the rectors, who prohibited them from spending money at taverns or at cards and made surprise visits to their homes in search of evidence of immorality. More important, an effort was

³⁹ Mill, Vol. I, 307. Trevelyan makes a similar judgment of poor relief in England which he says "is one reason why there was never anything like the French Revolution in our country, and why through all our political, religious and social feuds from the Seventeenth to the Nineteenth Centuries the quiet and orderly habits of the people, even in times of distress, continued upon the whole as a national characteristic." Furthermore, "That we dispensed so long with a proper police force is a testimony of the average honesty of our ancestors and to the value of the old Poor Law, in spite of all its defects" (230).

made to redirect the employable poor of Lyons into the work force: schools were set up to teach pauper children to read and write, and boys were apprenticed to the new industries. The town even subsidized new manufacturers on condition that training would be provided for pauper children. Any employables who turned to begging, on the other hand, were chained and set to work digging sewers and ditches.

The arrangements, both historical and contemporary, through which relief recipients have been made to work vary: some communities are relatively benevolent, others harsh; some communities develop a monolithic system, others have diverse arrangements; some are efficient, others lax. But, broadly speaking, the enforcement of work is accomplished in two main ways: work is provided under public auspices, whether in the recipient's home, in a labor yard, or in a workhouse; or work is provided in the private market, whether by contracting or indenturing the poor to private employers, or through subsidies designed to induce employers to hire paupers. And although a relief system may at any time use both of these methods of enforcing work, one or the other usually becomes predominant, depending on the economic conditions that first gave rise to disorder.

Publicly subsidized work tends to be used during business depressions, when the demand for labor in the private market collapses. Conversely, arrangements to channel paupers into the labor market are more likely to be used when rapid changes in markets or technology render a segment of the labor supply temporarily maladapted. In the first case, the relief system augments a shrunken labor market; in the other, its policies and procedures are shaped to overcome the poor fit between labor-market requirements and the characteristics of the labor force.

Public work is as old as public relief. The municipal relief systems initiated on the Continent in the first quarter of the sixteenth century often included some form of pub-

lic works.⁴⁰ In England, the same statute of 1572 that established taxation as the method for financing poor relief charged the overseers of the poor with putting vagrants to work. Shortly afterwards, in 1576, local officials were directed to acquire a supply of raw goods—wool, hemp, iron—which was to be delivered to the needy for processing in their homes, their wages to be fixed according to “the desert of the work.” The purpose was explicit:

... to the intent youth may be accustomed and brought up in labor and work, and then not like to grow to be idle rogues, and to the intent also that such as be already grown up in idleness and so rogues at this present, may not have any just excuse in saying that they cannot get any service or work, and then without any favor or toleration worthy to be executed, and that other poor and needy persons being willing to work may be set on work.⁴¹

The favored method of ensuring that “youth may be accustomed and brought up in labor and work” throughout most of the history of relief was the workhouse. In 1723, an act of Parliament permitted the local parishes to establish workhouses and to refuse aid to those poor who would not enter;⁴² within ten years, there were said to be about fifty workhouses in the environs of London. Workhouses were also established elsewhere in Europe, where the rations, health conditions, and morale were usually better than in institutions under the thriving English capitalism. In 1790, when Bavaria was plagued by beggars, the city of Munich established an institution for the manufacture of army clothing where the poor were presumably to be inducted into the virtues of industry by a steady regimen of work.

The destitute have also sometimes been paid to work in the general community or in their own homes. In the late

⁴⁰ See Webb and Webb, Part I, 29–41.

⁴¹ Quoted in de Schweinitz, 26.

⁴² In fact the parishes, responding to local exigencies, continued to provide various forms of “outdoor” relief (Webb and Webb, Part I, 121–125).

1790's, the town of Hamburg initiated a public works program designed (in the words of Baron Kaspar von Voglit, the chief author of the scheme) “to prevent any man from securing a shilling which he was able to earn himself . . . for if the manner in which relief is given is not a spur to industry, it becomes undoubtedly a premium to sloth and profligacy.” To deter profligacy while dealing with vagrancy, the respectable citizens of Hamburg decided that, “six-sevenths of our poor being women and children,” they should be set to work spinning flax in their homes. Men and boys were to make rope, clean streets, or mend roads. Relief payments were deliberately kept below market wages: “It was our determined principle,” the Baron wrote, “to reduce this support lower than what any industrious man or woman could earn. . . .” Finally the Baron could report: “For the last seven years . . . hardly a beggar has been seen in Hamburg. . . . We not only did much toward the relief of the poor, but . . . we gained some steps toward the more desirable, yet but slowly attainable, end, the *preventing some of the causes of poverty.*”⁴³

A somewhat similar method of enforcing work evolved in England during the bitter depression of 1840–1841. As unemployment mounted, the poor in some of the larger cities protested against having to leave their families and communities to enter workhouses in order to obtain relief, and in any case, in some places the workhouses were already full. As a result, various public spaces were designated as “labor yards” to which the unemployed could come by the day to pick oakum, cut wood, and break stone, for which they were paid in food and clothing.⁴⁴ The

⁴³ Quoted in de Schweinitz, 91–94.

⁴⁴ During the same period, Ireland also made great use of work relief in coping with the widespread political unrest created by the “Great Potato Famine.” In 1845, the first year of the famine, approximately 750,000 persons were employed on public works projects, out of a total population of slightly more than 8 million persons. In the second year of the famine, however, the situation became so desperate that public works were abandoned and free soup was distributed to more than 3 million

method was used periodically throughout the second half of the nineteenth century; at times of severe distress, very large numbers of the able-bodied poor were supported in this way.⁴⁵ A similar massive use of public work under relief auspices occurred in the United States during the 1930's, when millions of the unemployed were subsidized through the Works Progress Administration.

Quite different methods of enforcing work are used when the demand for labor is steady but maladaptions in the labor supply, caused by changes in methods of production, result in unemployment. In such circumstances, relief agencies ordinarily channel paupers directly into the private market. For example, the rapid expansion of English manufacturing during the late eighteenth and early nineteenth centuries⁴⁶ produced a commensurately expanded need for factory operatives. But it was no easy matter to get them. Men who had been agricultural laborers, independent craftsmen, or workers in domestic industries (i.e., piece-work manufacturing in the home) did not adjust easily to the new and alien discipline of the factory. The Hammonds write of this period:

The men and women of Lancashire and Yorkshire felt of this new power that it was inhuman, that it disregarded all their instincts and sensibilities, that it brought into their lives an inexorable force, destroying and scattering their customs, their traditions, their freedom, their ties of family and home. . . . [T]o all the evils from which the domestic worker had suffered, the Industrial Revolution added discipline. . . . The workman was summoned by the factory bell; his daily life was arranged by factory

persons. Even so, more than a million died of starvation or fever. For a general discussion of Irish work relief programs since the eighteenth century, see MacDonagh, 27-30.

⁴⁵ Webb and Webb, Part II, Vol. I, 365-367.

⁴⁶ "The number of power-looms in England rose from 2,400 in 1813 to 55,000 in 1829, 85,000 in 1833 and 224,000 in 1850 . . ." (Hobsbawm, 47). Over-all, the rate of growth in industrial production averaged about 40 per cent per decade from 1810 to 1850 (*ibid.*, 51).

hours; he worked under an overseer . . . If he broke one of a long series of minute regulations he was fined, and behind all this scheme of supervision and control there loomed the great impersonal system.⁴⁷

And they resisted the new discipline. Between 1778 and 1830, there were repeated revolts by laborers in which local tradesmen and farmers often participated.⁴⁸ The revolts failed, of course; the new industry moved forward inexorably, taking the more dependent and tractable under its command. Despite the higher wages of the factory, the operatives were mainly women and children at the beginning, and mainly pauper children.

The burgeoning English textile industry solved its labor problems during the latter part of the eighteenth century by using parish children, some only four or five years old, as factory operatives.⁴⁹ Manufacturers negotiated regular bargains with the parish authorities, ordering lots of fifty or more children from the poorhouses. (In at least one known instance, a Lancashire manufacturer agreed to the stipulation of a London parish that he take one idiot for every twenty sound children delivered.)⁵⁰ To secure their acquiescence, the youngsters were told that once at the cotton

⁴⁷ Hammond and Hammond, 1917, 18-19.

⁴⁸ Hobsbawm, 50. Some independent workers, such as the hand weavers, were virtually starved into submission before they would enter the factories. Subsequent adjustments as factory methods advanced were not much easier: "Industrialization multiplied the number of handloom weavers and framework-knitters. . . . Thereafter it destroyed them by slow strangulation: militant and thoughtful communities like the Dunfermline linen workers broke up in demoralization, pauperization and emigration in the 1830s. Skilled craftsmen were degraded into sweated outworkers, as in the London furniture trades . . ." (*ibid.*, 71).

⁴⁹ Somewhat earlier, various schemes had been sponsored by philanthropists to incarcerate paupers, especially pauper children, in institutions that would train them to work under the new discipline. The philanthropists had high hopes that these enterprises would become models for profit-making poor relief. In this regard, they failed. As for training, the new manufacturers were soon showing themselves to be the better taskmasters in dealing with young paupers—a beneficent service in which they took a not inconsiderable pride.

⁵⁰ Hammond and Hammond, 1917, 145.

mills or ironmongers they would live like ladies and gentlemen on roast beef and plum pudding.⁵¹

Parish children were an ideal labor source for new manufacturers. The young paupers could be shipped to remote factories,⁵² located to take advantage of the streams from which power was drawn. (With the shift from water power to steam in the nineteenth century, factories began to locate in towns where they could employ local children; with that the system of child labor became a system of "free" child labor.⁵³) The children were also preferred for their docility⁵⁴ and for their light touch at the looms. Moreover, pauper children could be had for a bit of food and a bed, and they provided a very stable labor supply, for they were held fast at their labors by indentures, usually until they were twenty-one. Sir Robert Owen, noted as an industrial reformer, restricted the labor of the children in his workshops to thirteen hours a day and ordered that they be allowed a daily romp in the yard for their health. This was exceptionally humane; many children did not survive the terms of their indentures.

The parish children were thus in demand by manufacturers, who found it no great problem to force their helpless young serfs to work. But when the demand for labor is too slack to absorb a potential work force, or when market terms are insufficiently compelling to keep them working, the relief system may subsidize the employment of paupers—as when the magistrates of Lyons provided subsidies

⁵¹ Mantoux, 411.

⁵² In 1816, when parish children were no longer essential in any case, Parliament limited the distance children might be shipped to forty miles (Hammond and Hammond, 1917, 156).

⁵³ In the early days of the factory system, workers refused to let their own children enter the mills, but their reluctance was overcome in time by the sheer force of destitution (*ibid.*, 156).

⁵⁴ When Sir Robert Peel (apparently either regretting his own methods of becoming rich or satisfied that he was rich enough) attempted to get a factory act passed that would prohibit night work for children, the mill owners protested that free laborers would not work at night except on terms disadvantageous to the manufacturers (*ibid.*, 152).

to manufacturers who employed pauper children. In rural England during the late eighteenth century, as more and more of the population was being displaced by the commercialization of agriculture, this method was used on a very large scale. To be sure, a demand for labor was developing in the new manufacturing establishments that would in time absorb many of the uprooted rural poor. But this did not happen all at once: rural displacement and industrial expansion did not proceed at the same pace or in the same areas, and in any case the drastic shift from rural village to factory system took time. During the long interval before people forced off the land were absorbed into manufacturing, many remained in the countryside as virtual vagrants; others migrated to the towns, where they crowded into hovels and cellars, subject to the vicissitudes of rapidly rising and falling markets, their ranks continually enlarged by new rural refugees. And as the masses of unemployed swelled, disorder spread.

These conditions were not the result of a collapse in the market. Indeed, grain prices rose during the second half of the eighteenth century, and they rose spectacularly during the Revolutionary and Napoleonic wars. Rather, it was the expanding market for agricultural produce which, by stimulating enclosure and business-minded farming methods, led to unemployment and destitution. Meanwhile, population growth, which meant a surplus of laborers, left the workers little opportunity to resist the destruction of their traditional way of life—except by crime, riots, and incendiarism. To cope with these disturbances, relief expanded, but in such a way as to absorb and discipline the laborers by supporting the faltering labor market with subsidies.

The subsidy system is widely credited to the sheriff and magistrates of Berkshire,⁵⁵ who, in a meeting at Speenham-

⁵⁵ There were ample precedents for the method recommended at Speenhamland. In the late seventeenth century, some parishes began to give

land in 1795, decided on a scheme by which the Poor Law authorities would supplement the wages of agricultural workers if these wages fell below a published scale.⁵⁶ It was a time when exceptional scarcity of food led to riots all over England,⁵⁷ sometimes suppressed only by calling out the troops. With this "double panic of famine and revolution,"⁵⁸ the subsidy scheme spread, especially in counties where large amounts of acreage had been enclosed.⁵⁹

The local parishes implemented the subsidy system in different ways. Under the "roundsman" arrangement, the parish overseers sent any man who applied for aid from house to house to get work. If he found work, the employer was obliged to feed him and pay him a small sum (6d) per day, with the parish adding another small sum (4d). Elsewhere, the parish authorities contracted directly with farmers to have paupers work for a given price, with the parish paying the combined wage and relief supplement directly to the pauper. In still other places, parish authorities parceled out the unemployed to farmers, who were obliged to pay a set rate or make up the difference in higher taxes.⁶⁰ Everywhere, however, the main principle was the same: an unemployed and turbulent populace was being pacified with public allowances, but these allowances were used to restore order by enforcing work, at very low wage levels. Relief, in short, served as a support for a disturbed labor market and as a discipline for a disturbed rural so-

supplements to workers who could not feed their families on their wages; and Gilbert's Act of 1782 provided for subsidized work outside the workhouse for the able-bodied poor in the parishes incorporated under the Act (Webb and Webb, Part I, 170-171).

⁵⁶ The notables of Berkshire first turned down, by a considerable majority, a proposal to fix a minimum wage for laborers to correspond to the high price of corn.

⁵⁷ For a description of these outbreaks, see Hammond and Hammond, 1948, Vol. I, 116-118.

⁵⁸ The phrase belongs to H. R. Pretyman, *Dispauperization*, 1878, 27, as quoted in Webb and Webb, Part I, 172.

⁵⁹ In 1796, Parliament again followed the rulers of Berkshire by voting down minimum wage legislation in favor of wage subsidies through the relief system (de Schweinitz, 72-73).

⁶⁰ *Ibid.*, 73-74.

ciety. "The meshes of the Poor Law were spread over the entire labour system."⁶¹

But the Poor Law was not at variance with the labor system or with the interests of the groups that dominated that system. Quite the contrary. The farmers got cheap labor, and the poor rates did not encroach on the rent profits of the landed gentry. Indeed, relief allowances were closely articulated with market conditions, although in principle they were supposed to be scaled to "bread and children." In 1795 the Berkshire magistrates had recommended an allowance sufficient to provide a man with three gallon loaves per week, but the allowances were progressively cut, especially after the grain market began to fall at the close of the Napoleonic wars.⁶² Between 1816 and 1821, several counties cut the allowance to two gallon loaves or a little more; by 1826 there were some counties in which a man was deemed to need only one and a half gallon loaves.⁶³ These relief cuts reflected the sharp fall in wages as farmers tried to maintain profits in the face of declining grain prices—a market maneuver made possible by the oversupply of labor, but implemented by the relief system.⁶⁴

⁶¹ Hammond and Hammond, 1948, Vol. I, 162.

⁶² After 1815 the landed interests succeeded in breaking the fall in prices by securing the enactment of Corn Laws, a measure which kept food prices high even while allowances were being reduced, and thus further worsened the laborers' condition.

⁶³ Hobshawm and Rudé, 51.

⁶⁴ The Speenhamland plan is generally held accountable for the steadily worsening condition of the English agricultural laborers during the first third of the nineteenth century, the view being that, by assuring a minimum allowance, it sapped the laborers' incentive to work productively, deterred farmers from raising wages, and eventually created a condition of such sodden dependence as to permit allowances to be cut to the starvation level. Karl Polanyi adds that Speenhamland held back the free labor market, by which he means the urban industrial labor market. As for the first point, it seems to us that the Speenhamland scheme is being blamed for far more basic conditions: namely, a surplus labor force, rising grain prices, and the dislocations caused by the commercialization of farming. As for the latter, if Speenhamland retarded the onset of an industrial labor market, it did so because it was necessary to moderate the social disturbances entailed—which we believe has always been, and still is, a major function of relief, and not peculiar to Speenhamland.

The English Speenhamland plan, while it enjoys a certain notoriety, is by no means unique. The most recent example of a scheme for subsidizing paupers in private employ is the reorganization of American public welfare proposed in the summer of 1969 by President Nixon; while the mechanisms by which relief recipients would be channeled into the labor market were not precisely elaborated in his initial proposal, the general parallel with the events surrounding Speenhamland is striking. The United States relief rolls expanded in the 1960's to absorb a laboring population made superfluous by agricultural modernization in the South, a population that became turbulent in the wake of forced migration to the cities. As the relief rolls grew to deal with these disturbances, pressure for "reforms" also mounted. Key features of the reform proposals include a national minimum allowance of \$1,600 per year for a family of four, coupled with an elaborate system of penalties and incentives to force families to work. In effect, the proposal was intended to support and strengthen a disturbed low-wage labor market by providing what was called in nineteenth-century England a "rate in aid of wages."

Enforcing Low-Wage Work During Periods of Stability

Even in the absence of cataclysmic change, market incentives may be insufficient to compel all people at all times to do the particular work required of them. Incentives may be too meager and erratic, or people may not be sufficiently socialized to respond to them properly. To be sure, the productivity of a fully developed capitalist economy would allow wages and profits sufficient to entice the population to work; and in a fully developed capitalist society, most people would also be reared to want what the market holds out to them. They would expect, even sanctify, the rewards of the marketplace and acquiesce in its vagaries.

But no fully developed capitalist society actually exists. (Even today in the United States, the most advanced capitalist country, certain regions and population groups—such as Southern tenant farmers—remain on the periphery of the wage market and are only partially socialized to the ethos of the market.) Capitalism evolved slowly and spread slowly. During most of this evolution, the market provided meager rewards for most workers, and none at all for some. For many, this is still so. And during most of this evolution, large sectors of the laboring classes were not fully socialized to the market ethos. The relief system, we contend, has made an important contribution toward overcoming these persisting weaknesses in the capacity of the market to direct and control men.

Once an economic convulsion subsides and civil order is restored, relief systems are not ordinarily abandoned. The rolls are reduced, to be sure, but the shell of the system usually remains, ostensibly to provide aid to the aged, the insane, the disabled, and such other unfortunates as may be without economic utility. However, the manner in which these "impotents" have always been treated, in the United States and elsewhere, suggests a purpose quite different from remediation of their destitution. For these residual persons have been universally degraded for lacking economic value and ordinarily relegated to the foul quarters of the workhouse, with its strict penal regimen and its starvation diet. Such institutions were repeatedly proclaimed the sole source of aid during times of stability, and for a reason bearing directly on the maintenance of work norms in a market system.

Conditions in the workhouse were intended to ensure that no one with any conceivable alternatives would seek public aid. Nor can there be any doubt of that intent. This statement by the Poor Law Commissioners in 1834, for example, admits of no other interpretation:

Into such a house none will enter voluntarily; work, confinement, and discipline, will deter the indolent and

vicious; and nothing but extreme necessity will induce any to accept the comfort which must be obtained by the surrender of their free agency, and the sacrifice of their accustomed habits and gratifications. Thus the parish officer, being furnished an unerring test of the necessity of applicants, is relieved from his painful and difficult responsibility; while all have the gratification of knowing that while the necessitous are abundantly relieved, the funds of charity are not wasted by idleness and fraud.⁶⁵

The method worked. Periods of relief expansion were generally followed by "reform" campaigns to abolish all "out-door" aid and restrict relief to those who entered the workhouse—as in England in 1722, 1834, and 1871 and in the United States in the 1880's and 1890's—and these campaigns almost invariably resulted in a sharp reduction in the number of applicants seeking aid.

The harsh treatment of those who had no alternative except to fall back upon the parish and accept "the offer of the House" terrorized the impoverished masses.⁶⁶ That, too, was a matter of deliberate intent. The workhouse was designed to spur men to contrive ways of supporting themselves by their own industry, *to offer themselves to any employer on any terms*. It did this by making pariahs of those who could not support themselves; they served as an object lesson, a means of celebrating the virtues of work by the terrible example of their agony.⁶⁷ Three years after the Poor

⁶⁵ *The Report from His Majesty's Commissioners for Inquiring into the Administration and Practical Operation of the Poor Laws, 1834*, 271, as quoted in de Schweinitz, 123.

⁶⁶ And terrorized is the right word, for workhouse conditions were terrifying even in an age when life for the laboring classes was always brutal. Conditions were such that a House of Commons investigation conducted in 1767 found that only 7 of 100 infants born or received into workhouses had survived for two years (de Schweinitz, 66).

⁶⁷ Hobsbawm comments on the intent of the Poor Law: "The residuum of paupers could not, admittedly, be left actually to starve, but they ought not to be given more than the absolute minimum—provided it was less than the lowest wage offered in the market—and in the most discouraging conditions. The Poor Law was not so much intended to help the unfortunate as to stigmatize the self-confessed failures of society" (69).

Law Commissioners of 1834 decreed the abolition of out-door relief and the expansion of the system of workhouses, Disraeli accurately said of this reform that "it announces to the world that in England poverty is a crime."⁶⁸

The deterrent doctrine of relief⁶⁹ enunciated in 1834 provided a formula for relief-giving in the urban industrial labor market, which is known as the principle of "less eligibility":

The first and most essential of all conditions, a principle which we find universally admitted, even by those whose practice is at variance with it, is, that his [the relief recipient's] situation on the whole shall not be made really or apparently so eligible [i.e., desirable] as the situation of the independent laborer of the lowest class.⁷⁰

Deterrent relief practices have their contemporary equivalents, as we will demonstrate in later chapters. For while the conditions of relief in the United States today are less harsh, the main tendency is still far from progressive liberalization. Rather, the pattern is cyclical; long periods of restrictiveness are interrupted periodically by short periods of liberalization. Thus the relief system created by the Social Security Act of 1935 in the United States was adminis-

⁶⁸ Monypenny, Vol. I, 374. As a practical matter, however, the reform was at best only partially implemented. Tumultuous behavior among the poor persisted, becoming especially severe during the depressions in the 1840's, so that, much to the disgust of the "reformers," outdoor relief continued to be given on a large scale. "Out of the 595 unions into which England is divided, they [the Poor Law Commissioners] have issued a prohibitory order [calling for the abolition of outdoor relief] to 478. But the order is subject to so many exceptions, that out of 1,470,870 relieved [in 1845] only 215,325 were inmates of the workhouse" (Senior, 326).

⁶⁹ "Psychological torture," Polanyi says of the 1834 reform, "was coolly advocated and smoothly put into practice by mild philanthropists as a means of oiling the wheels of the labor mill" (82). This reform was the first major accomplishment of the British middle classes after their enfranchisement in 1832, and no doubt owes some of its brutal vigor to the manufacturing interests represented in the middle classes.

⁷⁰ *The Report from His Majesty's Commissioners for Inquiring into the Administration and Practical Operation of the Poor Laws, 1834*, 228, as quoted in de Schweinitz, 123.

tered for more than two decades to ensure that as few of the poor as possible obtained as little as possible from it. The principle of "less eligibility" was reflected in statute, policy, and day-to-day practice: not only were grants kept at levels "more severe than that of the lowest class of laborers who obtain their livelihood by honest industry," which meant in some states that the recipients received too little to sustain life, but the punishment and degradation that the Poor Law authorities were confident would make relief recipients "less eligible" had their modern parallel in such practices as mass searches and raids of recipients' homes. During the 1960's, however, for reasons to be discussed in the latter half of this book, many of these restrictions collapsed and the rolls rose precipitously. But even as this occurred, pressures to reorganize the system also mounted.

We should not leave this discussion of how the relief system reinforces market incentives without noting that other governmental mechanisms to achieve the same end predate the emergence of relief systems and have persisted alongside them. As early as 1349, when the British populace was depleted by the Black Plague, the feudal lords promulgated a Statute of Laborers to deal with the fact that the resulting labor shortage enabled workers to try to obtain higher wages:

Because that many valiant beggars, as long as they may live of begging, do refuse to labor, giving themselves to idleness and vice, and sometime to theft and other abominations; none upon the said pain of imprisonment, shall under the color of pity or alms, give anything to such, which may labor, or presume to favor them towards their desires, so that thereby they may be compelled to labor for their necessary living.⁷¹

A companion statute enacted by Parliament in 1350 forbade laborers from traveling from their regular places of

⁷¹ Quoted in de Schweinitz, 1.

residence so long as any employer there wanted to hire them at whatever wage levels had previously been paid. Efforts to regulate the supply of labor by law persisted: in 1548, any organized efforts by laborers to fix wages and hours were prohibited; in 1563, the principles of earlier statutes were reaffirmed in a law requiring the unemployed to work for any who wanted them, and empowering the justices of the peace to fix *maximum* wages and to penalize any employer who paid in excess of the standard; in 1701, the Law of Settlement empowered local authorities to remove from their respective jurisdictions those newcomers whose assets were so few that they occupied a property renting for less than ten pounds a year.⁷² Through such coercive measures as these, government enforced work during the transition from feudal labor relations to free-market labor relations, and enforced it on terms dictated by employers. Laborers could not organize, they could not refuse work, they could not exploit labor shortages to demand higher wages, and they could not move to new localities to find better working conditions.⁷³

The function of these labor statutes was closely related

⁷² The Laws of Settlement were repealed with the growing need for factory laborers in 1795, but even before that they were used not so much to prohibit the movement of labor as to direct it: "A careful study of the evidence seems to lead to the conclusion that the Laws of Settlement . . . did not stop the flow of labour, but that they regulated it in the interest of the employing class. . . . [W]hen it suited an employer to let fresh workers in, he would, *qua* overseer, encourage them to come with or without certificates; but when they were once in and settled he would refuse them certificates to enable them to go and try their fortunes elsewhere, in parishes where a certificate was demanded with each poor new-comer" (Hammond and Hammond, 1948, Vol. I, 111-112).

⁷³ Writing in 1776 in *An Inquiry Into the Nature and Causes of the Wealth of Nations*, Adam Smith testified as to the extent and effectiveness of these constraints: "There is scarce a poor man in England of forty years of age, I will venture to say, who has not in some part of his life felt himself cruelly oppressed by this ill contrived law of settlement" (quoted by de Schweinitz, 43). Adam Smith wrote, of course, from the perspective of a philosopher of the free market, at a time when market processes were far better developed and far more effective in allocating and disciplining labor.

to that of the deterrent relief practices⁷⁴ that evolved in England during periods of economic stability. The penalties of pauperism reinforced the coercive structure of labor law and to some extent came to replace it. Both arrangements had the same general purpose—to augment the regulation of labor by compensating for the vagaries and weaknesses of a pattern of control based largely on market incentives.

Relief and the Political Process

The landed gentry who ruled Britain until 1832, and the manufacturing classes who joined them as rulers afterwards, responded to popular unrest partly because they feared revolution, partly because they recoiled from the trouble and property losses caused by disorderly mobs, and perhaps even, on some occasions, because they shared with the populace a sense of what was right and just. But government and politics in contemporary capitalist societies are different, or so it would seem. Two features are of particular relevance to the modern relief system: the enlarged role of national government, and the role of electoral institutions.

The modernization of any society generally entails expansion of the power and authority of its national government. However, when disruptions in the economy lead to occupational dislocation, causing widespread distress and discontent, it is usually local government that first experiences the tremors and moderates them by extending relief. The necessary incremental adjustments are made by local

⁷⁴ "Labor organization, according to the Statute of Artificers, rested on three pillars: enforcement of labor, seven years' apprenticeship, and yearly wage assessments by public officials. . . . The Statute of Artificers and the Poor Law together provided what might be called a Code of Labor" (Polanyi, 86-87).

legislative bodies or by local officials who possess discretion over relief arrangements.

But institutions do not ordinarily adjust easily, not only because of internal bureaucratic rigidities but also because change requires that the fiscal and political supports for the institution must be revised: for example, if local relief rolls rise, the parish poor rate or the state sales tax must be increased, and that may anger local taxpayers. Accordingly, the ability of local government to respond to such crises is inhibited even while the limited expansion of relief that is taking place strains and overloads the fiscal, administrative, and political underpinnings of the relief system. When local relief practices and capacities begin to break down, the national government is likely to intervene.

Correlatively, if expanding local relief begins to intrude on the operations of the labor market, the national government will intervene to force the contraction of relief, especially if disorder is not widespread. The national government of England intervened to assure the provision of local relief in the 1530's and again in the 1630's, but it enforced the contraction of relief in 1722 and 1834; the Federal Government in the United States intervened to assure a massive expansion of relief during the Great Depression (and again in the 1960's), but moved to contract relief arrangements in the late 1930's.

The electoral system is another modern, and especially a capitalist, phenomenon. In a feudal or oligarchical polity, the poor could demonstrate their discontent only by begging, stealing, marching, burning, or rioting. These mass disturbances were a form of political action, a means by which the poor occasionally forced some degree of accommodation from their rulers. But civil disorder is far more costly and threatening in a highly organized and complex society, especially as urbanization and industrialization increase. To minimize disturbances, an elaborate mechanism has evolved in capitalist societies—slowly in England, more rapidly in the United States, unfettered by residual politi-

7 Towards a European welfare state?

On integrating poverty regimes into the European Community

Stephan Leibfried

Who overcomes

By force, hath overcome but half his foe.
(John Milton, *Paradise Lost*)

EUROPEAN INTEGRATION AND SOCIAL POLICY: HISTORICAL AND ANALYTICAL APPROACHES

Europe is more than just a geographical entity. And it is more than a 'common market'. Europe has a common tradition in war, peace, culture and, above all, welfare statism – making it a distinct peninsula on the Asian continent (Schulze, 1990). The legally still separate West European nations may be about to merge into a United States of Europe ('USE') or at least into a steadily increasing 'pool' of 'shared sovereignties' – an economic, political as well as cultural entity of its own – analogous to but also quite different from the USA. This process and prospect has been gaining momentum during the past two decades. After several unsuccessful attempts, the Single European Act of 28 February, 1986 and the Maastricht summit of December 1991 have moved the European Community (EC) closer to an economic, a political, and to some extent also a social union.¹ By now, the EC has definitely developed beyond just a 'tariff union' – but where is it moving? Will there be a European welfare state, a 'transnational synthesis' (Offe 1990: 8) of national welfare states, with 'European social citizenship' being one backbone of the USE? Or will the welfare state, which is 'characteristic only for this part of the world' (van Langendonck, 1991), be irrelevant for 'building the new European state'? Will fragmented 'social citizenships' remain at the national level, where they might slowly erode? (c.f. Majone, 1992)

If European unification were not to be based on 'social citizenship', European welfare regimes would remain at the USE's state or 'regional' level and stay below the supranational level of visibility. The regimes of poverty policy, the most exposed parts of social citizenship, would then be

most likely to corrode slowly and inconspicuously. This may cause phantom pain for social welfare and, in particular, poverty experts. In their respective national contexts they would be struggling with the consequences of something that never came to be: a European welfare state built on a European poverty policy.

The options and constraints involved in building a European welfare state constitute the topic of this paper. I will focus mostly on European poverty regimes and will discuss them historically and typologically.

From negative to positive integration

If 'European social citizenship' or 'Social Europe' is to come about, a 'positive' mode of integration is required. Such an integration is much more ambitious and complex than a pure and simple 'common market' goal. It aims at joint 'constructive' action, at a 'positive state'. However, the evolution of 'prefederal' European institutions, of Europe's 'incomplete federalism', has been strongly moulded by 'negative integration'. (A summary of the two modes of integration is given in Table 7.1.) Negative integration focuses on 'deconstruction', on just removing obstacles to a free market, thus being unimindful of inherent social consequences (Kaufmann, 1986: 69).

Moving from 'freedom' to 'social rights' implies a shift in the nature of the political regime in a unifying Europe² – a shift from negative to positive integration. The discussion on 'Social Europe', on the 'social dimension', on the 'Social Charter', and on some details of the EC social policy mandate is already testing the limits of the unification regime of the European Community. In this context, the poverty issue is of special relevance, since it is morally clear cut and marks the 'North-South' divide in the Community itself. To address European poverty the EC would have to design programmes which aim at all European families. However, the EC mandate is focused mostly on European employees and their families – and not yet on the European citizen *per se*. Even the EC Social Charter refers mostly to employees,³ although comparable basic statements of rights at the national level address all citizens.

Interestingly enough, the negative integration modus of the EC was transcended (mostly) in agricultural policy in the Rome Treaty at the very start of European integration (Pinder, 1968:100f.). In the European Community, as well as in the USA, agriculture was the first 'internal' policy domain to be 'nationalised'. This has fundamentally affected the development of a supra-national bureaucracy in the USA (Skowronek, 1982; Dupree, 1957; Rossiter, 1979) and at the EC level this development also incorporated different social policy developments, at first only vis-à-vis

Table 7.1 Types of integration

<i>Modus of integration</i>	<i>Nature of tasks</i>	<i>Political system</i>	<i>Examples in present EC legislation</i>	<i>Classical and typical models</i>
Negative	Remove obstacles	Weaker; strong reliance on juridical procedures and decisions	Free movement of persons, goods, capital, and services (<i>the four freedoms</i>)	'Tariff Union' ('Zoll Verein') (Germany before 1871 or USA; Italy?)
Positive	Create common social space	Stronger; reliance on a developed executive and parliament	Set minimum of essential health and safety requirements	'German Reich' (after 1871), Canada.

Note: See Dehousse (1988:313) on the first three columns.

agriculture. More attention should be paid to how universal social welfare components might be systematically intertwined with the agricultural domain at the EC level, and not only to how a 'basic income' for certain agricultural producers is or might be achieved EC-wide. The US Food Stamps programme might offer a modest example of such a process. Since the EC has been granted legal and administrative competence in this area, it might at first be easier to widen these established policy channels,⁴ rather than struggling for a comprehensive EC social policy based on positive integration.

Historical models for European integration in the social policy domain

Two major examples highlight the different relevance of 'positive integration' or 'social unification' for processes of national integration:⁵ the German unification of 1871 – and again of 1990 – and the consolidation of a United States of America as a 'state' at the turn of the twentieth century.

The German Reich

The first German integration of 1871 did not conform to the 'normal' (Anglo-Saxon) pattern of evolution of rights, i.e. one expanding from civil to political to social rights (cf. Marshall, 1964). The extension of social

citizenship to the working class – not to the poor *per se* – which was the core of Bismarck's social legislation, preceded political citizenship (that is, introduction of universal suffrage after defeat in World War I) by four decades.

Integration of the German Reich – as in England – was mainly achieved through social reform. 'One nation' grew out of a class-divided 'two nations' in a sphere of common social rights. An overdose of social citizenship, mostly granted to men, as well as a homogeneous national bureaucracy,⁶ was administered to a nation about to unify – hence identifying the (mostly male) 'Second Nation', or the organised working class, with the new, benevolent national state, the 'social security state'. The new welfare state of the 1880s became the foremost intermediary (not directly state) bureaucracy,⁷ which legitimated an otherwise fragile central government.

Today's German unification repeats, compressed in time, the pattern of 1871: civil and social unification preceded the political union, though – contrary to 1871 – the chances of an improved 'integration through social reform' have been mostly bypassed by (West) German politicians.⁸

At first, the German Democratic Republic (GDR) seemed to aim at a synthesis of the 'social advantages' of West and East Germany and proposed a 'Social Charter'. But in the meantime, the West German social policy model has simply been extended (sometimes in a watered-down version) to the territory of the former GDR, in some cases allowing for transition periods, and now making it 'the' German model. There may be some lasting consequences of German social unification in the area of minimum income legislation, since transitional minimum pensions and minimum unemployment benefits have been provided for in the Unification Treaty. Many issues which had pointed towards the need for a new era of social reform during the unification period, and which had been 'displaced', resurface now that unification is implemented. West German policy solutions often do not fit reality in the five new states. So 'social cohesion' is an important inner-German issue, which is triggering compensatory action but not comprehensive social reform.

In any case, German unification today will be viewed by others – especially in Europe's southern countries, its Latin rim, and in Ireland – as a leading case for 'integration' policy.⁹ Perhaps unification can contribute to changing Germany's role in the EC in a positive way, too, with Germany now more inclined to promote European social unification instead of blocking it as it did in the past. Other EC countries, especially at the Latin rim, will closely monitor the German 'integration experiment'; it may become a 'regional observatory' for a possible development of the social dimension of the EC.

USA

In the USA, the historical sequencing of 'citizenship' is 'normal'. This Anglo-Saxon pattern conforms to the one we can also observe in the EC: first come civil, then political, and then social rights. The USA thus offers the best counter-example to the German Reich of 1871: it operates with an 'underdose' of social rights – instead political and civil rights are strongly emphasised. Vis-à-vis the EC, the USA offers a good comparative case, since it shares central features: both 'continents' are unified through 'federations', and the unification of both is court-led and court-fed,¹⁰ with juridification playing a central role. At the turn of the century, the USA was still just 'a state of courts and parties' (Skowronek, 1982) – thus a non-state at least in the European sense. On the other hand, the EC might be characterised as a 'state of the European Court and of Brussels technocrats'.

Social policy in the USA was at first only indirectly nationalised. Long before the Great Depression of the 1930s, two classical Departments – War¹¹ and Agriculture¹² – incorporated social policy functions. Until the Great Depression the national level was otherwise void of social policy competencies, a situation which was first altered by Roosevelt's introduction of social security. The historical legacy of this gaping hole in national social responsibility is a permanently labile state of nationalisation of social policy itself, which today is seen best in 'functionally decentralised' US poverty policies.

Viewed from the perspective of a USE-to-be, the EC is now confronted by a similar 'void'. Will the nations of Western Europe be able to cope with this challenge of 'social cohesion' faster and more successfully in the twenty-first century than the USA was able to in the twentieth century?

The EC versus the USA and the German Reich

The USA – like the EC, but in contrast to the German Reich – has stayed closest to the 'tariff union' pattern, the typical model of negative integration. At the same time, the USA has a more highly integrated political structure than the EC might ever achieve. In Table 7.2, differences in federal developments of the USA and the EC are contrasted. For the USE and the USA, there are different fault lines. In the USA the fault line runs between political and social rights, since a 'common market' and a political union have developed there in one process. In the sequence of citizenships, social citizenship comes last. The USE, though, has two such fault lines: the same one as in the USA, but also a preceding one that runs between civil and political rights. A European synthesis will thus be especially demanding. The situation of the EC therefore resembles the development in the USA less

Table 7.2 Types of federalism and lines of breakage: the USE versus the USA

	USE	USA
Type	Incomplete federalism	Complete federation
Market ('civil citizenship')	Common market	Interstate commerce
Parliamentary Governance etc. ('political citizenship')	Political union	Congress, federal government
Welfare state ('social citizenship')	Social union, 'Social Europe'	Broad federal powers for social regulation
Remarks	Rome Treaty left competency vacuum in social policy and provided for meagre forms of political representation; no EC social citizenship (needle's eye: employment relationship; atrophy of national social citizenship regimes, e.g. welfare, child allowances, youth welfare, housing allowances, etc.)	With the Great Depression, the competency vacuum at the federal level was filled by redefinition of constitutional powers.

Note: Fault lines= — and —

than it looks like the building of the German Reich of 1871 – at that time, Germany also had to deal with two such fault lines at once. But Germany dealt with social citizenship earlier than it did with political citizenship. This reversal of the sequence is also of interest for an analysis of European integration marked by a distinctly lagging 'political union'.

When we look at the EC compared with the USA or the German Reich this question arises: should and will EC development conform more to the Anglo-Saxon pattern of sequencing citizenship or to the German one? In the former case, European unification would take place without a social foundation but would rest, on the contrary, on a market-oriented foundation of 'possessive individualism'. In the latter case, European unification would instead attempt a synthesis of civil, political and social rights thus confronting both fault lines at once and breaking with the Anglo-Saxon pattern of development. 'Social Europe', 'social dimensions' of European development, a 'Social Charter' (Kommission, 1989; Silvia, 1991; Addison

and Siebert, 1991; Bercusson, 1989; Lange, 1992), 'Social Fund'¹³ – at the moment these are catch-phrases in symbolic politics pointing at a social foundation without really building any of the structural prerequisites. Only a confluence of several favourable conditions will contribute to a breakthrough for a truly Social Europe.

THE FOUR SOCIAL POLICY REGIMES IN THE EC

We have seen that positive integration, 'social cohesion', is not built into the present structure of the EC. There is no EC welfare state (outside of agriculture). If we look at the different existing welfare systems in Europe may we then realistically expect that a 'Social Europe' will come about by an 'organic' merging of such systems from the bottom up? Positive integration at the EC level would then be a by-product of ongoing European economic and political integration. Or are the social and poverty policy regimes of the EC so contradictory that an organic merging from below is not possible and 'harmonisation' will necessarily have to come 'from above', i.e. it will have to be synthesised and implemented by an authorised EC bureaucracy? Such a European welfare state would, most likely, presuppose a historical North-South compromise within the EC and, surely, a reformulation of the Rome Treaties, partly already achieved in Maastricht. Without an EC welfare state, in the long run, regional, national welfare regimes will be in atrophy: their economic and legitimacy bases would slowly erode with the completion and further development of the Common Market – just as they eroded in the USA with the realisation of its 'common market' interstate commerce (Peterson and Rom, 1990).

Whether Social Europe might come about via merging from the 'bottom up' can be examined by reviewing typical EC poverty regimes. My attention will centre on the interfaces between poverty, social insurance and poverty policy. The different consequences which the introduction of a basic income scheme under each regime might have will be outlined.¹⁴ This is one way to illustrate the practical importance of the differences between these regimes.

Though the discussion of welfare state regimes usually focuses on those policy areas that quantitatively dominate the welfare state – i.e. the social insurance systems (cf. Schmidt, 1988) – I concentrate on the margins of the welfare state; it is here that the limits – and the contents – of social citizenship are tested, and it is here that any differences in European social policy will be most obstructive.

In the following, I will distinguish four different social policy regimes – four 'worlds of welfare capitalism'.¹⁵ the Scandinavian welfare states, the 'Bismarck' countries, the Anglo-Saxon countries, and the 'Latin rim' countries.

The Scandinavian welfare states

Since World War I, the welfare states of Scandinavia¹⁶ have stressed the right to work for everyone and have centred their welfare state policy on this issue and not on compulsory income transfer strategies. Scandinavia fits the type 'modern welfare state'. Universalism reigns, though not primarily through income redistribution outside the sphere of work. Here, the welfare state is employer of first resort (mainly for women). Subsidising 'entry' into – or non-exit from – the labour market is the welfare state strategy which conveys the institutionalised notion of social citizenship.

In Scandinavian countries, the basic income debate is likely to be used only as an additional argument for the support of a universalist 'work-centred society'. The debate might be of some use for improving 'income packaging' in the Scandinavian welfare state (see Rainwater *et al.*, 1986). Broad-scale issue-specific redistribution, like child allowances, might be improved. Or the rather residual, truly marginal welfare systems there might be improved in such a way that they match the standards of 'Bismarck' countries. But basic income is unlikely to develop into a strong option; to opt out of 'work society' as a general strategy will not be condoned.

The 'Bismarck' countries

For a century, Germany and Austria have relied on a strategy of 'paying off' social problems, of subsidising 'exit' from the labour market or even 'non-entry' while pursuing a strong policy of economic development only. These countries might be characterised as 'institutional welfare states'. Here, 'compensatory strategies' which substitute a right to social security for a right to work are prominent, and a basic income debate would be most likely to radicalise the present focus on compensation and exit (or non-entry). The welfare state is not the employer but the *compensator of first resort*, and the institutionalised notion of social citizenship is biased accordingly. Though there is no explicit tradition of universalism in these countries, the 'institutionalised full employment promises' and private labour market 'practices' (of the 1950s to the early 1970s) have created a fragile tradition of virtual universalism (for an overview cf. Leibfried and Voges, 1992).

The basic income debate here amplifies the pre-existing focus on non-entry or easing-exit from the labour market. Perhaps in the Bismarck countries this debate could lead to something like a universalised non-residual needs approach which might become less and less restrictive in terms of means-testing and might also develop towards an individual instead of a household orientation.

The Anglo-Saxon countries

The English-speaking countries have always emphasised the 'residual welfare model' (see Titmuss, 1987: 262), especially in income transfers.¹⁷ They did not accent, as the Scandinavian countries did, the welfare state as the major employer in a 'work society'; rather, they conceived of the welfare state as a work-enforcing mechanism (see Lødemel, 1989). The USA, Australia, New Zealand, and also the UK best exemplify the type of 'residual welfare state' (Titmuss, 1987: 367). 'Entry' into the labour market was facilitated more by pure force than by subsidisation or by training and qualification policy. Here, selectivism reigns as the principal approach of social policy, making the welfare state rather a *compensator of last resort*. The distance of the Anglo-Saxon model from a 'compensatory regime' or from a Scandinavian 'work society regime' is equally great. Thus 'social citizenship' has remained more of an academic issue in these countries.¹⁸

The basic income debate in the Anglo-Saxon countries is rather far away from institutionalising an 'option out of work society'. It may support the development of a 'normal welfare system' in the Northern European sense. However, the development is not likely to go any further than this. A normal welfare system in the Anglo-Saxon context would mean (especially in the case of the USA) introducing a universal instead of a 'categorical' welfare system (treating each category differently), combining this welfare system with a more prominent role for a public jobs programme that aims at integration into the primary labour market (somewhere between the German and the Scandinavian model), and having adequate ('fair share') and nationally standardised (again especially in the case of the USA) 'welfare' rates.

The 'Latin Rim' countries

The southern countries of Western Europe, some of them integrated into the EC only in the 1980s, seem to constitute a welfare state regime of their own. This league comprises Spain, Portugal, Greece, to some extent (southern) Italy and, least of all, France.¹⁹ This type could be characterised as 'rudimentary welfare state'. In Portugal, Spain, Italy and Greece, not even a right to welfare is given. In some respects, these states are similar to the Anglo-Saxon countries, *de facto* stressing residualism and forced 'entry' into the labour market. But in these countries, older traditions of welfare (connected to the Catholic Church) seem to exist on which the Anglo-Saxon model and most northern countries cannot build. Moreover, in these countries certain social security programmes serve as basic income measures, although they were not designed as such (the disability pensions

in southern Italy seem to have worked out this way; see Ascoli, 1986: 113f., 122). In addition, labour market structures are radically different and often reveal a strong agricultural bias, combined with a 'subsistence' economy which provides a different – non-Northern European – 'welfare' state background. Finally, these countries do not have a full employment tradition – in particular, one that also fully applies to women – as do some of the Scandinavian countries. But many of these countries have made strong promises pointing towards a 'modern welfare state' in their constitutions; it is the legal, institutional and social implementation which seems to be lacking in the 'Latin Rim', the welfare state of *institutionalised promise*. It is hard to gauge the effect of a basic income debate in these countries. The development of 'normal welfare systems' seems most likely – normal in the sense of the Northern European or German welfare model.

These four types of welfare state are summarised in Table 7.3. Modern, institutional, residual and rudimentary welfare states start from rather different, in some cases contradictory, goals and are built on quite disparate intervention structures; and they do not share a common policy (and politics)

Table 7.3 Types of European welfare states

	Scandinavian	Bismarck	Anglo-Saxon	Latin rim
Type of welfare regime	Modern	Institutional	Residual	Rudimentary
Characteristics	Full employment; welfare state as employer of first resort and compensator of last resort	Full growth; welfare state as compensator of first resort and employer of last resort	Full growth; welfare state as compensator of last resort and tight enforcer of work in the market place	Catching up; welfare state as a semi-institutionalised promise
Right to:	Work	Social security	Income transfers	Work and welfare proclaimed
	Backed up by an institutionalised concept of social citizenship		No such back-up	Implemented only partially
Basic income debate	Marginal, but may improve income packaging	May somewhat radicalise decoupling of work and income	May support development of 'normal' welfare system	May support development of normal welfare system

WHITHER EUROPEAN WELFARE POLICY:

'Europeanisation' from the 'top down' or 'Americanisation' from the 'bottom up'?

What may be the influence of a continuous Europeanisation of economic and representational policy on social, especially poverty, policy? Since automatic harmonisation of European social policy, building from the national towards the EC level, is not likely, two alternatives remain:

- 1 Policy disharmony in welfare policy may either prevail as a permanent underside of European integration or, worse, be transformed into a process of automatic disharmonisation at the bottom. National politics may be 'Balkanised' as the European Common Market solidifies, especially when a common currency is achieved. This process resembles what happened to American poverty policy as the New American national state was built, starting at the turn of the twentieth century.
- 2 Policy disharmony may also provoke – in particular when confronted with more potent pressures for European 'social cohesion' – a Caesarian reaction of European institutions. This might prompt a comprehensive European policy frame for poverty policy – or for all social benefits – primarily tied to social citizenship. In the context of currency union some such non-incremental development is likely, if it is not prevented through advance incremental social state building at the EC level in the short time remaining in the 1990s.

Towards 'Americanisation' of European poverty policy?

In this part, I will concentrate on 'Americanisation' as one alternative. Since this path is closest to the given EC situation, I will show how it corresponds with present EC welfare legislation, which is mainly procedural and not substantive (see Table 7.4 below). The development of EC legislation again fits in with the historic model of evolution of poverty policy in European nation-states (see Table 7.5 below).

In my view, European development will most likely leave all poverty and welfare policy at the local or state – that is at a sub-European – level. It is hard to start from a common European denominator. The easy common ground is missing on which a European welfare regime could be built.

Table 7.4 Status, EC residence permit and poverty support in Germany

	<i>Residence permit</i>	<i>Right to welfare</i>
Self-Employed	For Economic activity within EEC treaty framework (freedom of services and capital movement); otherwise, see 'Others'	Yes; only take-up of welfare parallel to economic activity is legitimate; otherwise, take-up results in loss of right to residence and in possible deportation
Employed <i>Pre-employed:</i>	For job search in due time (according to EC law, 3 months)	Yes; beyond due time, take-up of welfare results in loss of right to residence and possibly in deportation ^a
<i>Employed:</i>	Even in the case of sub-poverty-level of remuneration	Yes; parallel take-up of welfare is legitimate
<i>Unemployed:</i>	cf. pre-employed; for the involuntarily unemployed, permit expires as 'availability for work' is denied ^b	Yes; when permit expires, take-up of welfare results in loss of right to residence and possibly in deportation
Not employed ^c <i>Students:</i>	If registered for study and insured in event of sickness	Only temporarily; costs may be recovered from 'home state' of recipient ^d
<i>Pensioners:</i>	If insured in event of sickness and in receipt of sufficient (old age, accident, disability) pension to avoid take-up of welfare	Yes; but take-up of welfare results in loss of right to residence and possibly in deportation
<i>Others:</i>	If insured in event of sickness and in receipt of sufficient resources to avoid take-up of welfare	Yes; but take-up of welfare results in loss of right to residence and possibly in deportation

Notes:

a Section 10, para. 1, no. 10, Ausländergesetz (Alien Bill) stipulates that foreigners may be deported if they cannot support themselves without the take-up of welfare.

b Section 103, AFG (Employment Bill).

c In the following, I refer to legislation proposed by the Commission (see *Amtsblatt der Europäischen Gemeinschaften*, 28 July, 1989, Nr. C 191/2-6; KOM(89) 275 endg.-SYN 199, 200; 89/C 191/02-04). The Council of Ministers agreed to these somewhat modified proposals on 22 December, 1989 (cf. FAZ 23 Dec. 1989). As yet, the 'Not employed' have no mobility rights which are Community protected.

d Such recovery, though, would contradict section 4 of the European Convention on Social and Medical Assistance, ratified by all 12 EC member countries.

In contrast to poverty policy, some work-centred social policies – 'health' and 'work safety' issues – would be much easier to 'Europeanise' or to 'harmonise', since these policies are structured in a fairly comparable way to begin with and since the European institutions have a stronger mandate there. Needs-centred social policies are rather difficult to standardise and will have no strong thematic lobby in the European context – unless some poor 'Latin rim' states make it a 'state issue' – and such policies will have a hard time finding a mandate. Thus, the most likely outcome is that needs-centred social policies are least likely to be protected by European development.

One might therefore predict that the 'Europe to be', in terms of social policy and especially in terms of poverty policy, will look much more like the USA did before the 1930s, or like it does today, than like any of the Northern European welfare regimes. Europe after 1992, as far as poverty policy is concerned, might lead to a shift towards the Anglo-Saxon welfare model; at least, it is likely to lead to a welfare state 'Balkanisation' quite similar to that in the USA. If 'integration' in poverty policy comes about within these limits it will be of a negative sort, allowing each member state to have its own regime and creating only procedural rules, perhaps also about how to proceed with 'foreign' recipients and with the re-exportation of their burden to their 'home' countries.²⁰

What is the current state of EC welfare policy? The few EC rules on welfare that do exist are meaningful only in 'national welfare contexts', where they are meant to become operational. Therefore, I will discuss them in a national – in this case, the 'welfare state generous' German – setting.

At present the situation, as it is captured in Table 7.4, is still at a level where receiving welfare leads to the classic 'poor law' remedial procedure: ship the poor back to their place of origin (in the EC). The EC, therefore, compares with the evolution of poverty policy in European nation-states – still bound to the first of four historical and logical levels of integration of poverty policy, as shown in Table 7.5.

A second, more refined stage of social policy development is realised when a person is permitted to stay in the country granting him or her welfare but the costs of support are charged back to his or her place of origin (Table 7.5). To channel transfers from many national sources through one national agency is a regular feature of social security networks established in bilateral agreements; for example, when pensions are paid to an aged migrant worker. Community law allows for this possibility in welfare policy exclusively for 'students', a most temporary status (see Table 7.4: Not employed, 'students'). An internal administrative shifting of costs is still rare between national poverty bureaucracies. At the moment, such a solution seems not to be envisioned for the aged (see Table 7.4: Not employed, 'pensioners') – though they are closest to pensioners, where this solution already exists within social

Table 7.5 Steps in integration of poverty policy

Step	Characteristics
1	'Shipping the poor back home'
2	Shifting only the costs of poor support to the locality of origin
3	Treatment of EC citizens as national (or local) citizens in each country (or community)
4	Creation of European substantive and procedural welfare standards

insurance. An aged person moving from Germany to Spain, therefore, has to prove to the Spanish authorities that he/she has sufficient resources not to be in need of welfare. Nevertheless, a solution similar to that for 'students' may have to come about for pensioners who did move to another EC country, stayed there for a long time, and then needed long-term care arrangements that they could not afford without welfare co-payments. Rather than destroy the new, last social roots at the place of retirement by insisting that these pensioners return to their country of origin in the EC, it would seem more desirable to recover outlays from that country.

A third step in the evolutionary ladder (see Table 7.5) is taken when take-up of welfare in Germany – or for that matter in any other EC country which grants a right to welfare – becomes as legitimate for EC citizens as it is for German citizens, or for the citizens of any respective EC country. This is the case only in connection with employment (see Zuleeg, 1987); most extremely in the case of low-wage employment (see Table 7.4: Employed, 'employed'), less in the case of joblessness ('unemployed') and least in the case of non-employment (job search, 'pre-employed').

The European Court decided in the cases of Leyin and Kempf that it is only relevant under European law that a person be gainfully 'employed' and 'active in wage or salaried employment', independent of whether he/she is earning less than the state-defined subsistence minimum (Zuleeg, 1987: 344f.). For the residence permit of an EC citizen 'it is irrelevant whether such income . . . is increased by other income up to this minimum or whether the person is satisfied with his [or her] below-poverty income, as long as he [or she] is truly active in wage or salaried employment' (European Court Reports 1986, 1749ff.). This interpretation does not hinge on what the country concerned defines as 'employment'; it thus holds universally in the EC.

Thus German social security law – Section 8 of the fourth book of the SGB, the Welfare Law Code – levies no pension contributions on 'insignificant employment', defined as being below 15 hours per week or earnings less than 470 DM (parameters as of 1 January 1990).²¹ Looking at the hours only, Kempf – the plaintiff in the European Court case – would not have been considered 'employed' according to German law. But according

to superior EC law he is considered 'employed' in Germany, and thus has a right of residence and access to all social benefits in Germany, which includes a right to welfare.

Independent of what a national 'standard employment relationship' is, the EC and its courts set their own Europe-wide principles. A broad interpretation of 'employment' through the Court has been one of the avenues of moving towards 'social citizenship' under the constraints of an employment-oriented concept of freedom and European integration (see, most extensively, Steinmeyer, 1990). The same solution obtains in the case of self-employment that does not provide sufficient resources for self-support (see Table 7.4: Self-employed). Again, welfare may be legitimately used as a supplementary benefit for EC citizens. In this case, however, there is no 'pre' and 'post' protective status as it relates to the employment situation (job search, unemployment). Self-employment is thus less shielded in an EC social policy context against the risk of poverty. But there is also less of a necessity to shield it: empirically, these cases are not very significant; and legally, a Gestaltswitch of the 'self-employed' into the status of 'employed, searching for work' can easily be orchestrated by the person concerned.

The four steps in integration of European poverty policy have been summarised in Table 7.5. At present, Step 1 is still the norm, and Steps 2 and 3 are the exception. Step 4, which aims more at a European poverty regime, is entirely out of reach. If the European Court of Justice were to take up the challenge of the Maastricht revisions of the EC Treaty, this might catapult the EC's social and poverty policy immediately to Step 3 (Table 7.5) and would do away with all present residential and financial restrictions discussed above. Why? Because until now European citizenship has been limited to the migrant worker and – through him or her – to the family. But at the Maastricht summit, to demonstrate at least some headway in political and social union, it was agreed 'to strengthen the protection of the rights and interests of the nationals of its Members States through the introduction of a citizenship of the Union'. The agreement reads:

Citizenship of the Union is hereby established. Every person holding the nationality of a member state shall be a citizen of the Union. Every Union citizen shall have the right to move and reside freely within the territory of the Member States [and to receive consular support. No explicit fiscal preconditions seem to be set.] Union citizens resident in the Member States of which they are not nationals will have the right to vote and stand as candidates in municipal and European elections.

(Financial Times, 12 December 1991: 6)

This agreement may just seem symbolically gratifying. But it could actually imply for Europe what two basic Supreme Court decisions, Edwards v.

California and Shapiro v. Thomson,²² achieved for the USA: a right to travel, even when the aim is just to attain better special social benefits.²³ Edwards was arrested for bringing his brother-in-law, an indigent, from Texas to California. To grasp the European analogy let me quote some of the Supreme Court's reasoning in 1941. While California pleaded that other states, like Texas, should not be able 'to get rid of their poor . . . by low relief and insignificant welfare allowances and drive them into California to become our public charges' (168), the Supreme Court focused on the limits which a federal union places on state power:

And none is more certain than the prohibition against attempts on the part of any single state to isolate itself from difficulties common to all of them by restraining the transportation of persons and property across its borders. . . . [T]he peoples of the several States must sink or swim together, and . . . in the long run prosperity and salvation are in union and not in division. (174)

Central to that Supreme Court decision was an underlying assumption, an 'assumed *national* responsibility to address the problem of poverty' (Garth, 1986:100). The Supreme Court notes a 'growing recognition that in an industrial society the task of providing assistance to the needy has ceased to be local in character. The duty to share the burden, if not wholly to assume it, has been recognised not only by State governments, but by the Federal government as well' (175). From a federal point of view it does not matter whether poverty is in Texas or in California. Does it matter from an EC point of view whether poverty is in Portugal or in Germany, in Ireland or in England? The EC with its new competency vis-à-vis 'social exclusion' (*Financial Times*, 12 December 1991), with its new unconditional citizenship and its old general responsibility to deal with 'regional inequality' (Structural Funds), could grasp this opportunity for member states to swim instead of to sink together, if 'social citizenship' were to become a focus for a continuous rights-building exercise at the EC level from the 1990s onwards.

'Europeanisation' of poverty policy

European institutions could also define European standards of poverty policy, 'social rights' for European citizens 'from the top down' – in a Bismarckian, Napoleonic fashion. These standards could be designed to bring the top – the more generous welfare systems – down or to bring the bottom – the more miserly welfare systems – up. These standards could rely on a European formula (for example, 40 per cent of the average national wage income to be used as the basic welfare rate of each nation) which could

still allow for variance between the different nations. As yet I do not see how the political and juridical base for a beneficial European standardisation might be forthcoming. However, if the EC may not set standards that inform a European right to welfare, it might still subsidise national poverty policy systematically; for example, in underdeveloped or peripheral regions (cf. on the different strategies, Hauser, 1983, 1987).

With social security 'harmonised' – or not (see Schmähl, 1989: 47) – at the national level and not institutionalised at the European level, it would be a rather peculiar situation to have poverty policy partly centralised supranationally at the EC level. The 'showcase' effect vis-à-vis the poor produced at the Community level might even surpass the national 'parading of the poor' so well known from the US social policy scene in AFDC (Aid for Families with Dependent Children).

The Europeanisation of poverty policy might also take quite a different angle: it may be that certain risks (the 'deserving poor') will be Europeanised; for example, the 'poverty of the aged' and, much less likely, the poverty of the unemployed.²⁴ Here, there might be an agreement among all nations for a rather positive means-tested solution. Thus, the 'deserving' categories of the poor, which are already 'privileged' in many of the EC member countries (see Schulte, 1991), could be Europeanised. All the other poor might be left to be dealt with at the state or local level according to diverging national traditions. This filtering of the poor might permit a cultural construction of an 'underclass' at the national level, a stratum against which prejudice might then be better directed.

If such a development were to come about, it would lead to another Anglo-Saxonisation (in the sense of the US model) of the European welfare context: the 'categorical' approach to welfare will be imported and the universal approaches which are dominant in Northern European states will be slowly subverted. The USA, with its fixation on single mothers' welfare (AFDC), is the most prominent example of the categorical approach – which Germany had already discarded in the 1920s. Also, if the EC decides partly to subsidise minimum income developments, then control devices of special revenue sharing, as they have evolved in the US residual welfare policy regime (especially in AFDC), are likely candidates for Europeanisation. Once the benefits of means-tested income transfers cannot be targeted at nationals only, such transfers may either slowly wither away or have to be delivered directly at the European level or nationally in a strongly harmonised way.

Since European Community law at present (some changes are under way) makes national solutions of the categorical sort difficult unless these nations allow 'transfer exports' to other European countries – the economic benefits of such transfers may not be sheltered nationally (Zuleeg, 1989) – there is a politi-

cal and economic incentive for a straightforward European categorical solution.

That a more radicalised version of a basic income might become the European Community approach seems, at this time, rather unlikely²⁵ – though the discussion of these issues in a European context may be beneficial for a push towards more generous traditional 'welfare' solutions at the European level.

CONCLUSION

A unified European poverty regime is no 'all-purpose weapon'. Surely, Europe should develop its own perspectives on a 'War on Poverty' and its standards for a fair distribution of income. Poverty, though, is not limited to the income dimension alone but concerns all sorts of resources – be it education, qualifications, or other means of social integration (see Friedrich *et al.*, 1979:11–47). But to focus first on absent income may be the easiest way to make deprivation and marginalisation visible ('social reporting'; see Leibfried and Voges, 1990) at the European level and to politicise them, using it as an eye-opener for wider poverty issues.

Access to the road from a common market to a Social Europe, a European welfare state, has barely been gained. It will be a long road – but with monetary union on the books it may have to be travelled speedily (Eichengreen, 1990). Germany's first unification at the end of the last century led to the creation of the national welfare state. This state was built on a then timely concept of social citizenship – for workers. The founding of a United Europe depended mainly, if not totally, on the 'four freedoms': the free movement of persons, goods, capital and services. Thus 'economic citizenship', which does contain some civil aspects of 'social citizenship',²⁶ is at the fore. Political as well as social citizenship have, until now, been marginal in the process of European unification. For this reason, European unification reminds one more of the unification of the USA – a process in which political citizenship was pertinent from the beginning and has been complemented by social citizenship only since the 1930s, if at all.

The citizenship on which a unifying Europe might come to rest seems primarily an economic or civil notion, secondarily a political one, and only lastly a social one (see Marshall, 1964:78ff.). This pattern repeats British and American precedents and is not anchored well either in Germany or in Scandinavian history. Unity in such a restrictive frame would turn into a unity of 'possessive individualism', a unity of markets only. It will not be the unity of an enlightened 'Social Europe' synthesising its traditions of democracy and solidarity, of civil and social rights, and building on its traditions of merging the citizen and the social state. But, maybe, steps taken towards European citizenship at Maastricht in 1991 will allow the

metamorphosis of the 'market citizen' (1957–91) into the 'full-fledged' EC citizen – a new synthesis which includes a European welfare state trajectory, building on universal rights?

The coming of such an enlightened 'Social Europe' also depends on the challenges provided and the escapes offered by its 'environment'. Japan and the USA do not offer the EC a better model for social integration. 'Social Europe' might lose much of its impetus if Eastern Europe – at least being perceived as 'social' pressure in the days of 'systems competition'²⁷ – were to turn into 'less Central Europe than *Zwischeneuropa* . . . a dependent intermediate zone of weak states, national prejudice, inequality, poverty, and *Schlamassel*' (Ash, 1990: 22).

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NOTES

- 1 The 'social' component was already an issue between France and Germany at the time of the Rome Treaty, though not as a 'Social Union'. Then, the issue was: should social policy expenditures be counted as labour costs in establishing 'free markets'? Decades later, in the 1960s, the 'Social Union' re-emerged in attempts by the Commission to move towards harmonisation in social policy, which failed. Finally, in the early 1970s, another attempt was made for a 'European Social Union', supported by the German government headed by Willy Brandt. Herbert Wehner, head of the parliamentary SPD, envisioned 'the United States of Europe constituted as a democratic welfare state' (*Vereinigte Staaten von Europa in der Form eines demokratischen und sozialen Rechtsstaates*). Cf. for an overview Henningsen, 1992.
- 2 The two regime types are not exclusive. The shift from negative to positive integration implies a synthesis: positive integration includes and transforms negative integration by relating to concepts of 'justice' and 'welfare'. Positive integration confronts the 'social infrastructure' necessary to achieve 'negative integration', thus not simply displacing the costs of integration downwards.
- 3 'Social' policy at the EC level is structurally narrow – it is usually understood as 'employment' policy only, i.e. programmes for those employed or employable. When Jacques Delors speaks about a 'social floor' for Europe he means not a floor for citizens but one for the employed only. The 'labourer' and the 'citizen' (in the nineteenth century, the 'poor') are treated as distinct social categories.

- 4 A not too successful version of this was tested in the extremely cold winter of 1987 when the European ministers for agriculture decided to have agricultural surplus products distributed to the needy at no cost. This programme has been continued since then (see Henningsen, 1989: 74) and costs more per year than the entire ('other') four-year poverty programme of the EEC. This programme was later discontinued.
- 5 At the time these developments took place they looked much more like 'supranational' integration. Only in retrospect and in the light of their success do they look like processes of mere 'national' integration.
- 6 German unification after 1871 was, compared with the US, not particularly influenced by agricultural interests. 'Poverty' and 'agriculture' were issues within one Interior Department. After World War I, the Reich's Labour Ministry (*Reichsarbeitsministerium*) evolved as 'the' social policy unit out of the Department of the Interior. Agricultural policy in Germany, in contrast to the US, had no pioneering role in the nationalisation of social policy competence.
- 7 The social security bureaucracies are not direct parts of the national German government or of the state governments. They are independent national or state agencies, usually of a corporatist nature, with their governing bodies staffed by representatives of labour, employers and the different levels of government.
- 8 If (West) Germany had accepted the challenge, a synthesis might have looked quite interesting. The German Democratic Republic's road to a welfare state differed substantially from the West German one: it guaranteed a right to work (and thus did not institutionalise unemployment insurance), with the labour force participation rate of women being far higher than in the FRG. Redistributive policies focused less on the aged – as they do in West Germany – than on the young. Social policy operated mainly through the provision of public goods. With respect to monetary transfers, uniform minimum approaches dominated. Thus had the GDR moved from the Bismarck model, which it had inherited, towards the Beveridge model.
- 9 In Germany, two countries were unified which were much further apart than the extremes within the EC. The differences between the FRG and the GDR in poverty, for example, are rather similar to the North-South incline obtaining in the EC; but in addition the whole economic system was at variance, which is not the case in the North-South incline of the EC.
- 10 The Supreme Court in the USA and the European Court in Strasbourg are the respective core of these integration processes.
- 11 In the Department of War, a strongly expanding pension system was built up after the Civil War. This system partly stepped in for a then not existing federal welfare state (Skocpol and Ikenberry, 1983).
- 12 At first, this was just social policy for the farmworkers, but with Food Stamps in the second half of the twentieth century the scope of social policy has been extended to the urban population. Food Stamps is still the only programme available to any poor person in the US and it is nationally uniform. The programme is administered by the Department of Agriculture, even though it is quasi-money (coupons) and not food which is distributed today (cf. Leibfried, 1992b).
- 13 Compared with the Social Charter, however, the Social Fund is a real institution, though its scope is modest. The Social Fund of the EC demands as much in terms of fiscal resources as do Child Allowances in former West Germany alone.
- 14 On the structure of 'Basic Income Security' in former West Germany see Leibfried, (1990a).

- 15 I add another category ('Latin Rim' countries) to Esping-Andersen's (1990) three worlds of welfare capitalism. I have studied potential trajectories of 'top down' development of a European welfare state elsewhere (Leibfried, 1992a; Leibfried and Pierson, 1992).
- 16 In fact, the Scandinavian model is essentially a Swedish model, which holds for Norway, Denmark and Finland only with important modifications.
- 17 If one took in-kind transfers into account, the prominent UK example of the NHS would highlight the taxonomy in a different way.
- 18 This is, historically speaking, more so in the USA than in the UK, though England has moved visibly towards the US in the last decade.
- 19 In France (see Haupt, 1989: 271ff.) the strong family focus of all social policy (and concomitantly of wage policy) probably leads to a special sort of welfare state regime.
- 20 Outside of building social insurance institutions against poverty in old age or with regard to invalids and the sick, this was the traditional pattern of poverty policy integration in the building of the German Reich from 1871 to World War I. The 'Unterstützungswohnsitzgesetz' basically left all substantive poverty law to the states or local governments and was concerned only with issues of 'free mobility'.
- 21 The same holds true for health insurance. Blue-collar workers working less than 10 hours a week have no right to continued wage payments in the event of sickness. Then again, unemployment insurance does not reach out to certain 'part-time employed'. For instance, it covers only people working 18 hours and more per week.
- 22 394 US (1969). The Supreme Court dealt here with statutes which limited welfare benefits to persons who had resided for at least one year in the respective state. Justice Brennan: 'State may no more try to fence out those indigents who seek higher welfare benefits than it may try to fence out indigents generally' (631).
- 23 'Social tourism' is the not so benign label in the negative political discourse that is characteristic of Northern Europe looking south (and lately east).
- 24 In the 1970s an EC initiative to partly 'Europeanise' unemployment insurance was blocked by the Council (Taylor, 1983: 223). The 'Study Group on Economic and Monetary Union' (Marjolin Report) had proposed a European component to national unemployment insurance in 1975. The MacDougall Report (1977) had given this proposal further momentum. The Council blocked this initiative in 1978. Both reports stressed the fact that a common currency would be an inescapable 'forcing mechanism' for the EC. Since national governments would lose most of their traditional adjustment instruments (devaluation, deficit spending), only the EC at the supranational level could then deal effectively with regional inequality and social cohesion – unemployment insurance and regional (infrastructure) policy being amongst the most suitable instruments here. A similar case might be made for unemployment insurance and social assistance in tandem. The EC currency union of the 1990s will most likely ensure proposals such as these resurface soon.
- 25 At the European level, basic income is unlikely to become a means to opt out of politics and socio-political issues since, for example, there is no European consensus whatever on building an institutional welfare state at this level which could legitimate simply 'paying off' social problems.
- 26 Only those aspects of Marshall's civil citizenship are captured that pass the needle's eye of 'free mobility'. Freedom of speech, thought and faith, for instance, would play a minor role; the right to own property and to conclude valid contracts, and the pertinent right to justice, would play a major role.

27 The necessity to 'outcompete' East Germany in social policy was behind much of West German social reform in the 1950s. On this 'struggle of principles' see Hockerts (1980). This necessity has now withered away. In its stead 'functional equivalents', internal mechanisms, will have to be developed which serve as forcing mechanisms for social innovation in the future.

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8 The end of the middle way?

The Swedish welfare state in crisis

Arthur Gould

INTRODUCTION

Until recently it looked as if the power of Swedish social democracy would escape the more extreme reaction which has been experienced by other welfare states. After six years of bourgeois party rule between 1976 and 1982, the Social Democratic Workers' Party (SAP), was returned to office and went on to win the general elections of 1985 and 1988 with its proportions of the popular vote hardly changed. While in the UK a Conservative government rejected Keynesianism, extensive state welfare, a strong public sector and the commitment to full employment, Sweden not only clung to them, but seemed to maintain a strong record of economic growth. Representatives of the Labour Party in the UK continued to visit Sweden well into the 1980s to find out how the Swedes did it. In 1991, however, it was beginning to look as though the middle way had come to a dead end. Economic growth was –0.5 per cent, living standards were declining, and unemployment was on the increase. Major cuts were being made to welfare services and benefits and support for the SAP in public opinion polls had sunk to a consistent all-time low. The conservatives were within a few percentage points of becoming the largest of Sweden's political parties and would be fighting the general election in September 1991 on a clear neo-liberal platform.

THE WELFARE STATE

The foundations for the Swedish welfare state were established when the SAP took office in 1932. Major social programmes to alleviate unemployment and provide financial support to families led Marquis Childs to describe Sweden as 'The Middle Way', by which he meant that the country had successfully combined the better features of both capitalism and socialism (Childs, 1936). Two years after Child's book appeared, the