



# DG Undeb Sy'n Newid UK's Changing Union

## The Welfare State and the Changing Union: 'confusion squared'?

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'As one of the poorer parts of the United Kingdom, Scotland was likely to gain more than most other regions from the introduction of an interventionist social and economic policy which was being implemented in the very decade that decolonization began with the independence of India. It was now welfare support from cradle to grave which became the real anchor of the union state.' (Tom Devine *The Scottish Nation: 1700-2007* (2006))

### 1. Introduction

The welfare state is a muddled, elusive concept. Making this point is not mere scholasticism: as a point of reference in public debate the words 'welfare' and 'the welfare state' evoke a complex, inconsistent and changing set of norms, hopes and expectations. The ambiguities that surround the idea of the welfare state interact with the confusions around the UK's Changing Union – the largely unconnected three and a half constitutional debates that the UKCU project seeks to bring together. Indeed, welfare state questions are important in all 3.5 debates. They are, I think, right at the heart of at least one – the debate on Scottish independence. Recently, James Mitchell has made a powerful argument that 'the appetite amongst the public [in Scotland] is for some sense of how constitutional change will affect their daily lives, if at all.' 'This' he argues 'is a debate about the kind of welfare state we want as much as anything else'. But in order to have this debate, we need a much clearer understanding of the kind of welfare state we already have. This paper will attempt to provide some because background for this kind of a debate, as well as discussing how debates on welfare and devolution/independence related to one another (here focusing on Scotland and Wales). Because of the way that images of and aspirations for the welfare state interact with these different 'constitutional' debates, from the perspective of the UKCU we seem to be operating under the flag of 'confusion squared'.

One way of illustrating the muddle that attaches to the welfare state is to consider its definition and boundaries. Is the welfare state a defining quality of the character of a state (does it make sense to ask whether or not the UK *is* a welfare state?). Is it something (or some set of things) a state *has*, or a set of state activities and policies? Which ones? Certainly the social security system

and transfer benefits. Also the NHS, education and various social services. And if redistribution is central to the welfare state, then taxes as well as benefits would also need to be encompassed.

As well as transfers and services, the state is also involved in contracting with and regulating 'welfare' provision by non-state agencies. As long ago as the late 1970s the Wolfenden Report identified statutory, commercial, voluntary and informal 'sectors' as each making a major contribution to 'welfare' in Britain. Nevertheless, the relationships among these different elements are neither well theorized academically nor understood in political and public debate.

For many commentators, the welfare state is understood in terms of (social) citizenship. The idea of citizenship as a set of rights that developed from the civic, by way of the political to the social is due to an influential lecture delivered by T.H. Marshall in 1949 (although, ironically, Marshall did not use the 'welfare state' concept in the lecture). If social rights provided or guaranteed by the state are properly understood as central to UK citizenship, then a clear general link is established between territorial constitutional change and social policy.

For Marshall, citizenship is also about membership of the community, which suggests a notion of communal solidarity. With whom do we feel we share risks, whose burdens are we prepared to assume? These effects may be inter-individual, cross-class, cross-gender and generational as well as SPATIAL or TERRITORIAL. It is far from clear to me that we have a good understanding of the distributive and redistributive impact of the welfare state across these dimensions – of who contributes and who benefits. If we are thinking in terms of solidarity, then the pattern(s) of benefit distribution should be considered together with that (those) of contribution. In other words, the idea of solidarity suggests that individuals (as well as groups and nations) are content to offer and receive support from others within that solidaristic group.

Debates about the welfare state tend to be conducted in highly stylized manner, within which highly complex forms of policy and provision – and indeed entire welfare states – are characterized as falling wholly into one discrete category or another. Thus entire states are identified as *being* social democratic ('universalist'), conservative (corporatist, 'work-related') or liberal (residual 'means tested') welfare states. The reality is that there is more variation over 'types' or 'provision rules' across *all* states as between one social policy field and another than there is over *different* states as a whole (see Salias 2003, Hay and Wincott 2012: 52-54). And overall 'work-related' cash benefits are the dominant form of provision across all fields and states, both in terms of the number of schemes and the proportion of spending devoted to them. Of course, there is something in the idea that the Nordic states are 'more' universalistic and social democratic, than, say the US, which is both less generous and focuses much more on means testing. The idea that England is less social democratic or 'universalist' than Scotland – and perhaps also than Wales – is a key and contested theme in commentary on the UKCU. In a rather nebulous form it also floats about in political and public debate around Scottish independence and UK constitutional change.

Here, it is worth noting that public attitudes research tends to suggest that voters in all parts of the UK share a common set of attitudes towards the welfare state. Until relatively recently, these attitudes might be broadly described as 'social democratic', but recently they seem to have changed in a more neoliberal direction, with suspicion of welfare provision growing. And this changing direction for public attitudes appears to be broadly shared across England and Scotland. Of course, public attitudes data is only one part of the broad story of politics: these attitudes are set within institutional, party political and political cultural contexts. The pattern of party political support and electoral behaviour across Britain points in a different direction.

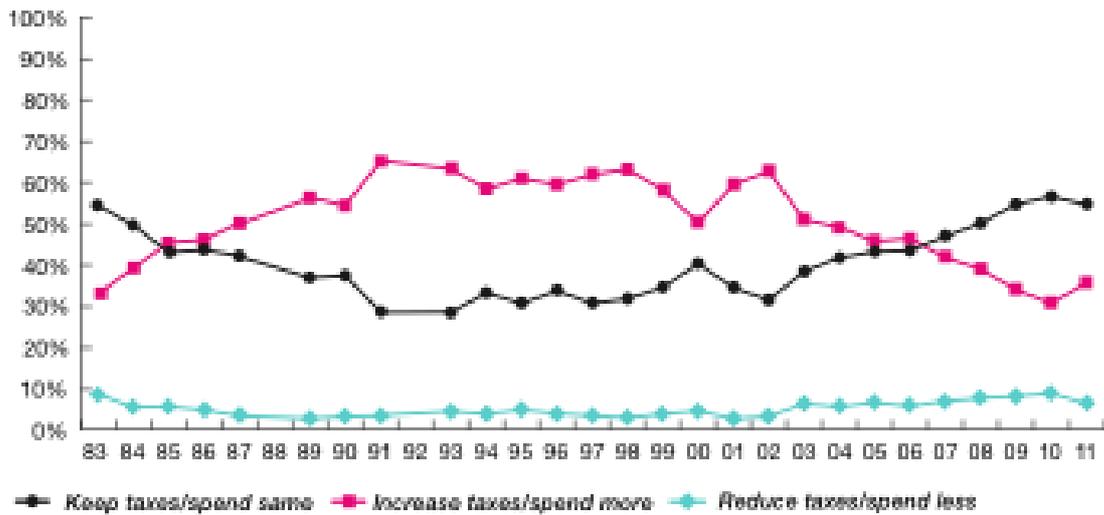


Figure 1. BSA 29 Attitudes to Taxation and Spending 1983-2011

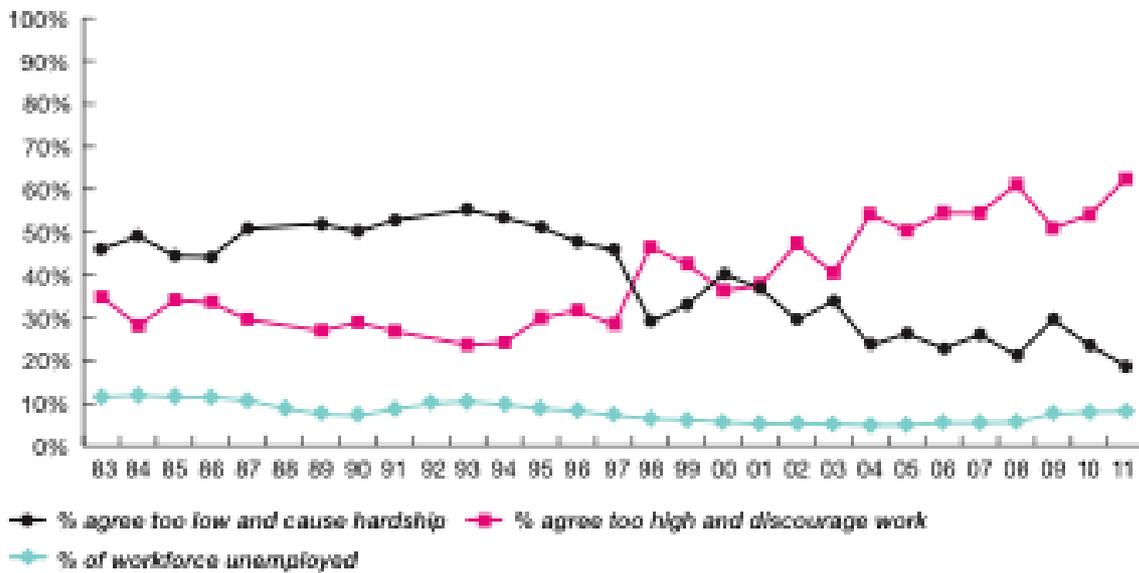


Figure 2. BSA29 Attitudes to unemployment benefit rate 1983-2011

## 2. Reconsidering the history of the Welfare State

Before going on to consider it in the context of the changing union, it may be helpful to review some background evidence about the character of the UK's welfare state. This review also provides us with the opportunity to reconsider another major source of ambiguity and confusion about the welfare state, which arises from a seriously mistaken and widely held conception of its history.

By way of preliminary background, our first piece of orienting evidence is a helpful graphic that illustrates the current levels of public spending by function across the UK, created by *The Guardian*, reproduced here as Figure 3. This graphic shows that transfer benefits taken as a whole are the biggest ticket item in UK public expenditure. However, when broken down by function, the NHS is revealed as the single largest area of spending (although even with devolved 'health' spending added, taken together benefits remain most costly). In any event, understood to cover benefits, tax credits, health and education, the welfare state overwhelmingly dominates UK public spending.

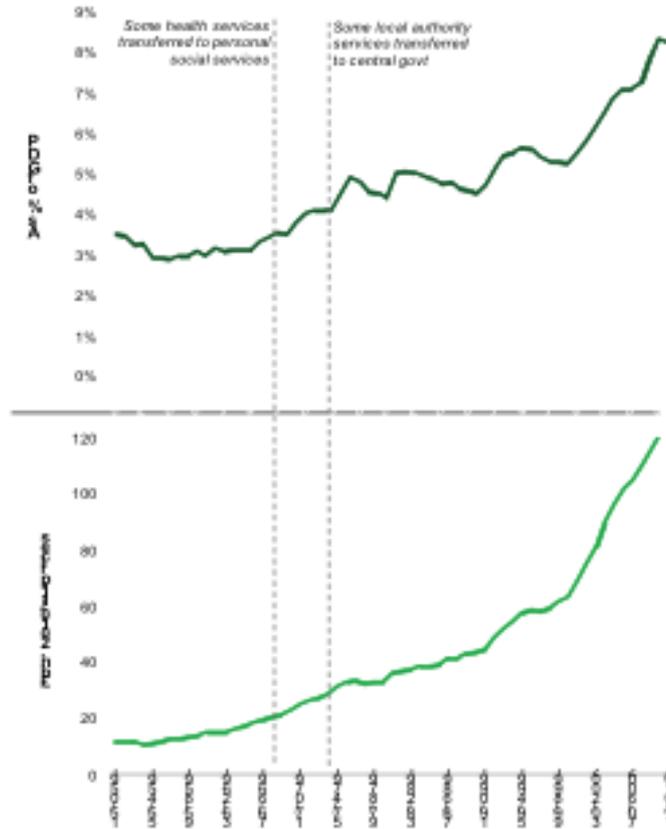
## 2.1 Reconsidering the golden age of the welfare state

We are accustomed to think of the history of the welfare state in terms of a golden age that began in the 1940s and came to an end in the 1970s. This largely taken-for-granted vision feeds a further assumption that the welfare state reached its apotheosis in the 1970s and has been in decline ever since. Moreover, the tone of debate about welfare tends to be between opponents who favour cuts and supporters who seek to defend the status quo. In a sense, then, we witness politics through the looking glass: in this field the Conservative right styles itself as radical, while the left often finds itself in a (small c) conservative position. To the extent that we think of welfare benefits and services as embodying inherited rights, which many on the left would instinctively seek to defend, we may also assume that these are the legacies of the social reforms of the 1940s (as then developed over the following four decades) which is, I think, only half true. What does seem to be true – at least for transfer benefits and for education – is that a path of expansion was followed until sometime in the 1970s, after which spending levels were sometimes subject to significant reversals, but over the medium to long term seem to have reached a plateau. Although NHS spending also experienced reversals, generally it has proven more robust than spending on benefits or education.

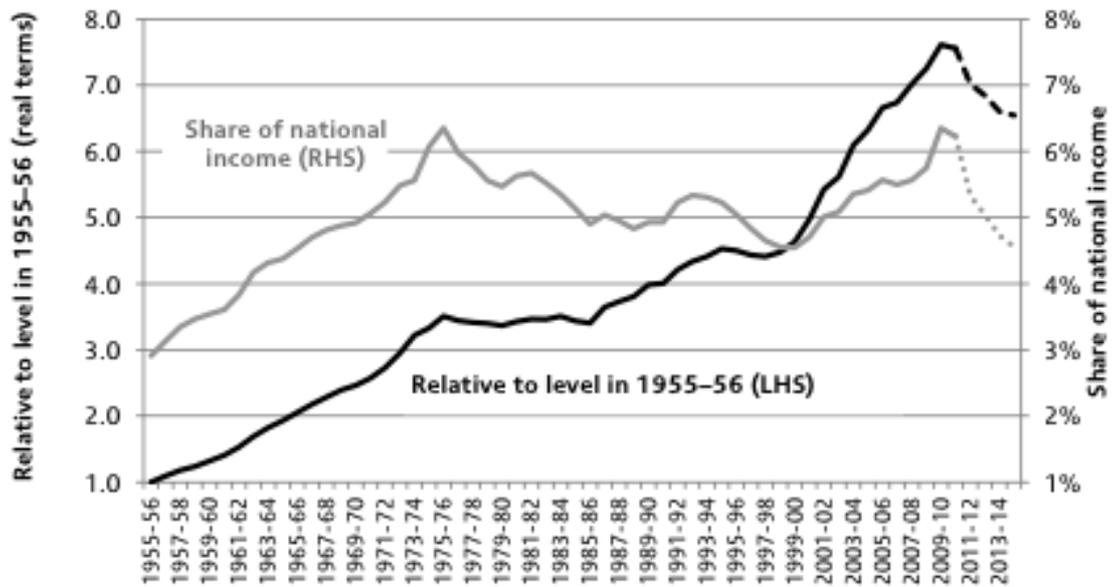
Two final points to note here: ‘New’ Labour increased spending levels across education and health, and these numbers refer to spending levels and do not consider need – increased spending in the face of rapidly increasing need could represent a decline in the quality of welfare provision.



**Figure 4: Expenditure on benefits and tax credits 1956-2011 % of GDP**  
<http://www.guardian.co.uk/politics/2013/apr/06/welfare-britain-facts-myths>



**Figure 5. General government expenditure on UK Health Services 1950/1 to 2010/11**  
 From NHS Funding and Expenditure House of Commons Library SN/SG/724



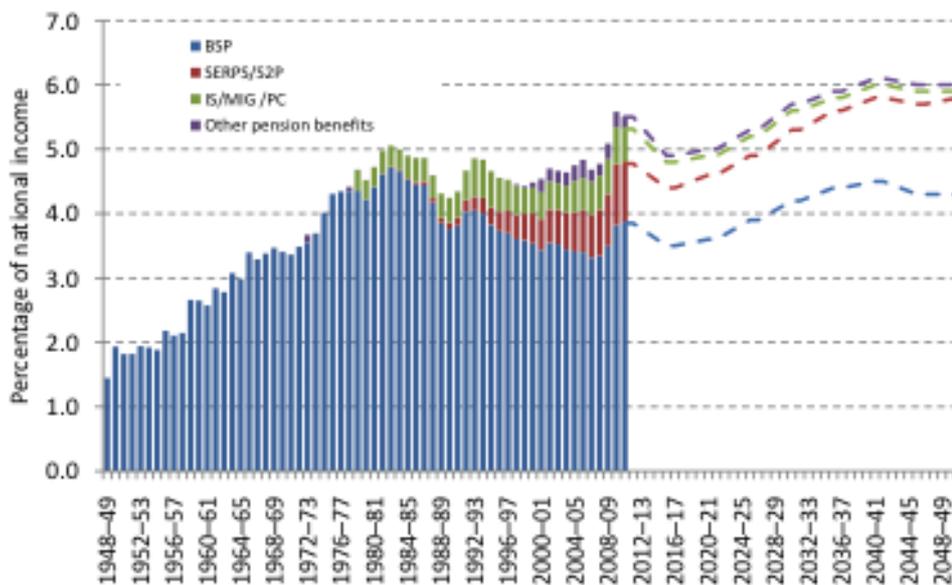
Sources: HM Treasury, *Public Expenditure Statistical Analyses 2011*; previous PESAs; ONS Blue Book; authors' calculations using PESA.

**Figure 6. UK education spending (1955-56 to 2014-15, actual and forecast)**  
 From Institute for Fiscal Studies Trends in Education and Schools Spending IFS Briefing Note BN121

## 2.2 Welfare Benefit Spending

Turning to current areas of welfare benefit spending expenditure – we will look briefly at State Pensions, which have a longer history, and particularly in relation to cash benefits/transfer payments important changes took place – often dating from some time between the 1960s and the 1980s – which introduced new forms and categories of benefits in areas that have subsequently become problematic. This is true for each three largest categories of current UK state spending on transfers – Pensions, Housing and Support for people living with disabilities.

Although important – and very complex to disentangle in the event of Scottish independence – pensions need not detain us long here, but they do illustrate my general point about change. Despite the language that surrounds it, the basic state pension (BSP) is not a social insurance scheme. The first earnings-related state pensions as the graduated retirement benefit (GRB) introduced in 1961. This was replaced, in 1978 by the State earnings-related Pension Scheme (SERPS).



Note: These figures do not include spending on housing-related benefits (i.e. HB and CTB) or disability-related benefits paid to pensioners.

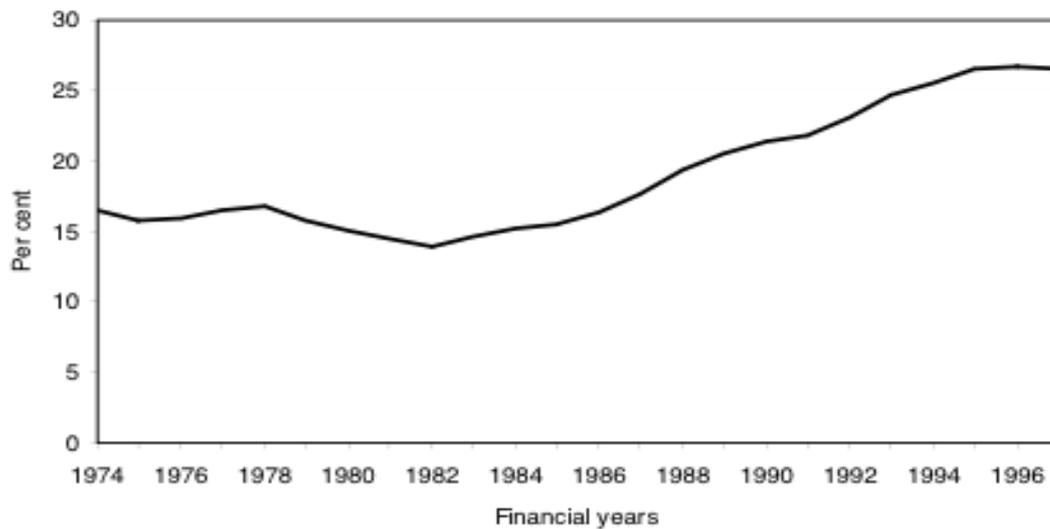
Source: Benefit expenditure from Department for Work and Pensions, Benefit Expenditure Tables, medium-term forecasts (June 2009) and long-term projections (May 2008), <http://research.dwp.gov.uk/asd/asd4/expenditure.asp>.

Figure 7. UK state pension expenditure as a share of national income

After Pensions, the most expensive items in the UK's portfolio of transfer payments – housing and benefits for people with disabilities – are of more recent origin. In both cases, these benefits became increasingly important – and expensive – after Mrs. Thatcher came to power. It may be useful to think of a neo-liberal welfare paradox – to cover those benefits which grew as a legacy of this generally anti-welfare government. And for all that the particular benefits provide support to some categories of vulnerable people, these policies are rarely designed or operationalized in ways that generate efficient or egalitarian outcomes.

As far as various incapacity benefits are concerned, until '1971, those who could not work due to sickness or disability were generally not distinguished from other non-workers, and simply received means-tested assistance, if they were poor enough' (Burckhardt 1999), in the early 1970s Invalidity Pensions and Invalidity Allowances (together known as Invalidity Benefit) were introduced.

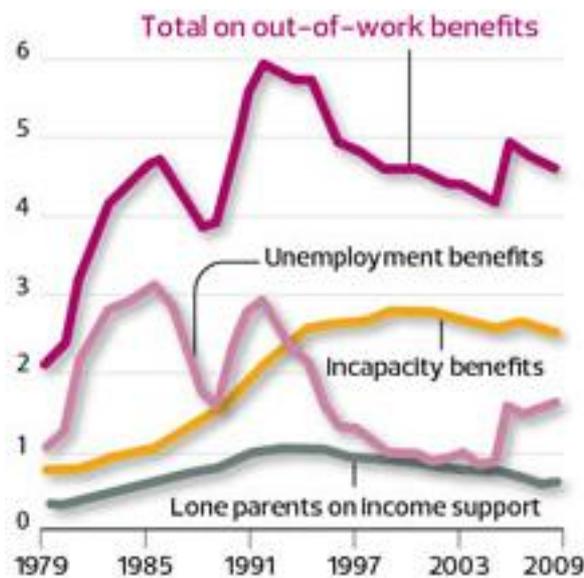
Between 1974 and 1996, spending on benefits for people unable to work due to disabilities trebled. In the decade and a half from the early 1980s to the mid-90s they increased substantially as a proportion of social security spending (see Figure 8).



**Figure 8. Expenditure on benefits for disabled as a percentage of total social security, 1974-1996**

From Burchardt 'The Evolution of Disability Benefits in the UK: Re-weighting the basket. LSE Centre for Analysis of Social Exclusion CASEpaper CASE/26 June 1999

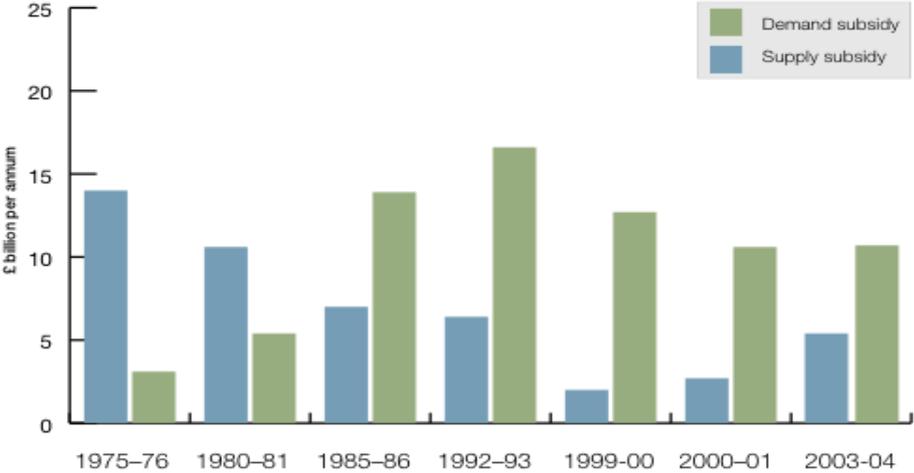
Broadly speaking, this pattern of expenditure reflects a growth in the numbers on disability benefits (see Figure 9). As was also the case in a number of other countries, disability or incapacity benefits may have been used as a means of removing (perhaps especially long-term claimants) from the unemployment figures. Whether these benefits provide(d) a reasonable way of supporting some of those unable to work or generated a group of long-term dependent claimants is partly a matter of political judgment. It is clear that the number of people on these benefits grew sharply after the end of the welfare state's putative 'golden age', mostly during the 1980s and first half of the 1990s and, broadly speaking, seem to have remained stable since then. As a category, they are a product of the Thatcher years.



**Figure 9. Numbers on main out-of-work benefits (million)**

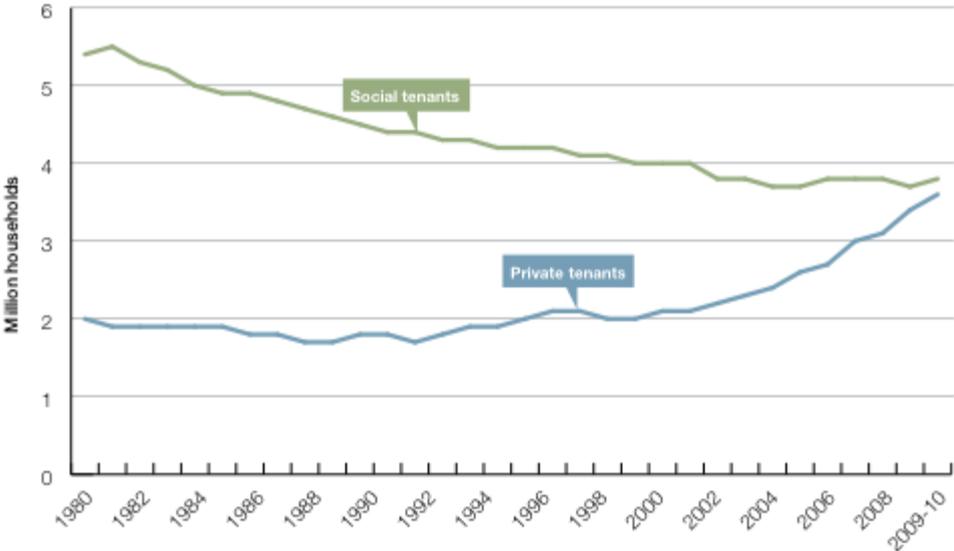
<http://www.guardian.co.uk/politics/2013/apr/06/welfare-britain-facts-myths>

Significant changes in housing policy and housing benefits share a similar temporality, with the early 1970s standing out as turning point in terms of policy principle (notably around the 1971 *Fair Deal for Housing* White Paper which shifted the emphasis to a ‘policy of subsidising people, not bricks and mortar’) and further changes taking place under Thatcher. Although local authority demand-side rent benefits had existed previously – during the 1950s the Conservative Government encouraged Local Authorities to increase rents for council housing, while adding rebates for low income tenants, in effect strengthening ‘means tested’ demand side support (Webb 2012: 8), the first state-wide housing benefit was introduced in 1982 (although it was administered by local authorities). The introduction of this benefit further shifted the emphasis from subsidizing investment in supply to demand-side subsidy (see Figure 10).



**Figure 10. Historic subsidy patterns in Housing Policy**  
 From Webb (2012) *Bricks or Benefits: How we rebalance housing investment*

Figure 10 suggests that spending on demand subsidies seemed to fall between the early 1990s and early 2000s, while remaining significantly about the level of the early 1980s. Throughout this period, the main shift in housing tenure was from the rented sector into owner occupation. However, rapidly rising house prices and a relatively small-scale social housing sector, led to rapid growth of private rental (see Figure 11), and this form of housing tenure re-emerged as a major sector of the housing market.



**Figure 11. The changing size of private and socially rented sectors**  
 From Webb (2012) *Bricks or Benefits: How we rebalance housing investment*

In these circumstances, take-up of demand-side subsidies was always likely to balloon – as Figure 12 illustrates.



**Figure 12. Overall housing benefit expenditure**  
 From Webb (2112) *Bricks or Benefits: How we rebalance housing investment*

As a means of meeting housing need, these benefits have the potential to generate paradoxical and counter-productive effects. In particular, they may reduce the incentives for those who qualify for benefits to seek the low cost housing and allow landlords to increase rents without sharp consequences for their tenants. In turn, this dynamic could increase the incentive to buy-to-let, ramp up house prices and make property still more unaffordable, increasing the number of those looking for privately rented accommodation. Of course, the current UK government has taken dramatic and controversial steps to address the increasing costs of housing benefits. It is also worth pointing out that this policy has significant geographical and territorial dimensions. Housing benefit claimants seem to be concentrated in expensive and/or ex-industrial cities – and in recent history, the level of benefit has been significantly higher in urban areas – and dramatically so in London (see Appendix 2).

In relation to both housing and disability benefits, then, the welfare status quo is, ironically, more a product of Thatcherism and the period since Thatcher than it is of ‘social democratic’ Britain. The austerity programme of the current UK government is often presented as an attack of the ‘something for nothing’ ethos of the classic welfare state (although more subtle Conservatives do sometimes talk of going back to Beveridge), but many of its most expensive features are a product of policies designed to restrict market mechanisms as little as possible (as in the case of housing benefits) or are linked to the failure to integrate people with disabilities and/or the long-term consequences of industrial decline. Without wishing to minimize the implications of a rapid austerity programme for those vulnerable people currently receiving benefits of these kinds, they are not effective policies for promoting social citizenship. It is ironic (to say the least) that social democrats of whatever constitutional preference find themselves defending this kind of welfare policy.

### 3. The Welfare State in the UKCU

Some very general principles are easy to set out. First, the UK's tax system is one of the most centralized in the western world. In principle, this suggests that highly redistributive policies might be possible – in practice, however, it is not clear that the UK redistributes particularly extensively. Second, there is a widespread sense in the general literature on the welfare state that federal and devolved systems tend to be less generous than non-devolved/unitary systems, although this conventional wisdom has been subjected to significant criticism as well. Third, particularly in the literature on welfare in federal and multi-level polities, there is a widely held view that redistributive policies (transfers) are best achieved at the most centralized level possible (to pool risks in the largest possible group), while distributive social services or, particularly in the US 'economic development' policies (schools, parks etc – things that make particular places attractive locations for investment and for people to live). Of course 'distributive' policies also have 'redistributive' implications – if the state provides education or health care free at the point of use, some people will get more of it than they would otherwise be able to afford, while others may consume less (or different quality) than they would purchase were the state not to provide it in this way.) It is worth emphasizing that the assumption in much of this literature is that the costs of these various policies will fall largely on the level at which they are provided.

#### 3.1 *(The failures of) Welfare Unionism*

If, as Devine suggests, after the end of Empire it was the welfare state that became the glue that bound the union state together, how has devolution interacted with this welfare unionism? Welfare unionism is based in the idea that (significant aspects of) the costs and benefits of the welfare state are rightly and/or most efficiently operated on a state-wide basis, in effect distributing resources between individuals across the territory of the state. This idea is neatly captured by Vernon Bogdanor's aphorism that the welfare state operated (or should operate) on the basis of 'need, not geography' (2003).

First, the initial design of devolution to Scotland and Wales was guided much more by the administrative convenience of the central state than any concern with the nature of social citizenship on the island of Britain. Essentially, the choice of which policy competences to devolve followed the existing patterns of administrative devolution rather than resulting from a sustained reflection about the optimal balance of powers and responsibilities at each level of government. In a sense, the balance of UK-wide and devolved policy competences might appear to have conformed reasonably closely to the expectations of academic policy analysis. 'Distributive' welfare services like education and health were devolved, while systems for redistribution - the tax benefit system - were retained as UK wide-competences. But if we drill down into the packages of competences provided by devolution, this displays some more unusual features. The first is the absence of any effective devolution of revenue generation. The highly centralised nature of the UK tax system was left largely unchanged by devolution. Historically speaking, this might be as an element of welfare unionism. Some unionists might (have) argue(d) that central control of taxes and benefits created a basic platform of equality across the UK - and not just for transfer benefits, but also for public spending. By contrast, other commentators were sharply critical of the 'expectations-capability gap' that this system opened between aspirations (particularly in Scotland) that devolution would deliver welfare policy of a different kind and quality with the powers that had been devolved. Be that as it may, the allocation of devolved budgets for public services could be defended as providing a common package of public services. Given criticism of the Barnett formula, in practice of course any such package would be 'equal' only in a very rough and ready way.

The key point here, however, is that alongside UK state control of the purse-strings, the design of policy for the major areas of social service - particularly education and health - was subject to more or less wholesale devolution. That is, no restrictions, agreements or requirements for consultation or co-decision were placed by the UK centre on the devolved governance of these policy fields by the devolution legislation. Given the degree of centralised control of the tax system, the UK state could afford to be 'intensely relaxed' - in the new Labour phrase - about policy design autonomy. UK devolution seems to have been designed initially to minimise the entanglement between Scotland and the UK centre (even initially, it is harder to make this case in relation to Wales). The crucial decision here was the general approach to allocated budgets, which did apply across the different devolution dispensations of the late 1990s: no restrictions were placed on how the devolved governments could spend their allocated budget. In contrast, most federal states have an elaborate machinery to manage *processes* of intergovernmental relations, within which welfare questions typically bulk large. So, as far as the welfare state was concerned, the UK centre seems to have regarded devolution as an event, not a process.

Second, welfare unionism has not been a central consideration informing the development of UK-wide aspects of welfare policy since devolution. Opportunities to emphasise the common benefits offered to UK citizens on the basis of individual characteristics and circumstances certainly existed. Indeed, the UK Labour governments that legislated devolution also massively expanded the tax-credit system in order to improve the economic position of families with children. In principle this policy might have been articulated in terms of the welfare union - that all children everywhere in the UK should share the same basic level of income. In practice, the Blair government occluded its new strategy of redistribution - which came to be known as redistribution by stealth. And the reason they resorted to this strategy of occlusion is revealing: they feared the reaction of 'middle England'. While this is not the place to assess Blairite redistribution by stealth as a general political strategy, towards the end of new Labour's first decade in power it began to be questioned both as a form of social democracy (Hattersley, 2005) and in terms of its contribution to the Anglo-Scottish union (Wincott, 2006a).

Even so, and despite very occasional statements by senior Labour politicians (usually speaking in Scotland), until the debates around the Calman Commission, welfare unionism remained a largely implicit notion. Calman's final report is arguably the first, and possibly also the latest, clear statement of welfare unionism in the context of contemporary discussion of the UK's changing union. In its nature, however, Calman had largely to start from the status quo, rather than from first principles. It is, however, striking that Calman also called for an agreement between the Scottish and UK Parliaments that some already devolved social provisions should be 'substantially the same, even when it is best that they are separately run' (2009: executive summary paragraph 20), which smacks somewhat of closing the stable door after the horse has bolted. Viewed from another perspective, however, it is more striking that aside from these proposals from Calman, there is almost no discussion of the scope for sharing competence for any welfare policy between Westminster/Whitehall and the devolved systems. Each welfare policy competence, it seems, is regarded as something best exercised at one level or the other.

In relation to those welfare policy powers currently exercised by Westminster, Calman clearly identified 'common welfare' with 'social security - old-age pensions, benefits paid to people seek work or those unable to do so, and allowances and credits supporting children and families' (2009: 2.24). Even here the focus was more on the ways in which resources - taxes and national insurance - are pooled, rather than the particular features of the specific benefits that made each of them a matter for UK-wide provision and a potential focus for UK solidarity and/or political identity. It is, moreover, far from clear that to the extent that the public is attached to welfare benefits or regards them as authentic expressions of solidarity. Even in relation to in kind services, where the identification of NHS as the key site of solidaristic attachment (Wincott, 2006b) was vindicated by

its role in Danny Boyle's opening ceremony for the 2012 Olympics and the reactions it evoked. But again, the territorial reference for the solidarity community Boyle dramatised remains obscure and unarticulated. Was it the same NHS for viewers in Scotland and England? How would we know?

If the new Labour government chose not to emphasise the elements of UK solidarity embodied in its expansion of redistribution from the early 1990s, the current Westminster government does not appear to recognise the implications of its strategy of austerity for welfare unionism. Particularly in relation to various forms of 'universal' benefits – those for pensioners and families in particular – although not linked to devolution and the independence debate in Scotland – the politics of welfare retrenchment undermines the sense of solidarity and shared fate embedded in, say, the notion that all families with children should receive a child allowance – and hence implicitly undermines any residual attachment or affiliation with a UK-wide community of solidarity that might have been associated with it. The particular policies at issue here might not have been the ideal vehicles for an element of UK-wide solidarity – instead being legacies of a history that made them for other reasons. But their destruction – again for other reasons – leaves the fabric of UK social citizenship threadbare. And if the UK is not a welfare union, the question of what it is 'for' becomes ever more difficult to answer. At the very least, it is hard to see what common answer the 'alliance' political parties committed to the Union could agree to share.

### *3.2 Welfare nationalism*

The idea of protecting Scotland from Thatcherism – and in particular of preventing Conservative predation on the welfare state – was one of the animating motivations for devolution. For all that devolution consolidated and developed a distinctive policy community in Scotland (see Keating 2011), during the first decade of devolution the idea of a distinctive devolved welfare policy was probably more forcefully articulated politically in Wales (encapsulated in Rhodri Morgan's 2002 'clear red water' language) than Scotland. Any differences in the politics of Scottish and Welsh Labour in relation to their propensity for welfare nationalism need not detain us here. By 2007, nationalists had entered government in Scotland and Wales, and differences of philosophy and approach as between the devolved capitals and Westminster became increasingly clearly articulated from Edinburgh as well as Cardiff. In each case, an appeal has been made to classic or authentic welfare traditions that once may have been associated with (putatively) UK-wide principles. Hence, Welsh Labour in Cardiff articulated the idea of 'classic' Labour in opposition to new Labour in London. The SNP has sought to emphasise different visions of welfare in Scotland and in Westminster, although often focusing on existing policy fields (particularly the NHS, such as Alex Salmond's striking remarks on the BBC's Question Time programme in Liverpool during April 2011) and, often successfully – to make discussion of welfare central to the independence debate.

In this context, it is interesting to note that per-head spending on the NHS is higher in each of the devolved administrations than it is in England. And the gap seems to be growing. So, for example, while the relative level of resource received by the Welsh Government is shrinking, the relative resource devoted in Wales to the most popular aspect of welfare policy is growing. I am not suggesting that this could not be a legitimate and appropriate choice. Assuming that it is a considered choice. But I do think that patterns of spending – not least on welfare policy – merit greater public scrutiny (including comparatively across the UK). From its initial design, UK devolution does not seem to have placed much emphasis on clarity and readability of public spending and policy choices. Of course a neurotic preoccupation by devolved governments, politicians and the media with levels of spending relative to England could have stymied innovation. And yet it is hard to avoid the conclusion that today, the weakness of the debate about our welfare future(s) has something to do with the absence of easily accessible evidence.

Year	Total expenditure, £m				Expenditure per head, £			
	England	Wales	Scotland	N. Ireland	England	Wales	Scotland	N. Ireland
2006/07	76,926	5,000	9,035	2,961	1,515	1,688	1,766	1,700
2007/08	83,335	5,273	9,727	3,055	1,631	1,772	1,891	1,736
2008/09	90,035	5,562	10,179	3,299	1,749	1,860	1,969	1,859
2009/10	97,272	5,917	10,593	3,443	1,877	1,973	2,040	1,924
2010/11	99,249	6,065	10,821	3,790	1,900	2,017	2,072	2,106

Source: *Public Expenditure Statistical Analyses, October 2011 update*

Note: figures for England may not be consistent with those in Table 2 because they are calculated on a different basis (HMT Total Expenditure on Services aggregate, rather than Resource Accounting basis)

**Figure 13. NHS net expenditure, millions and per head, UK countries, 2006/07 to 2010/11**

From NHS Funding and Expenditure House of Commons Library SN/SG/724 (Harker 2012)

Welfare nationalists have not yet generated an effective (debate about the) vision of the new welfare state they wish to build in either Wales or Scotland. Instead, clusters of provisions and policies are discussed, many of which hark back to older visions of welfare (as we have just seen). And there are sharp differences in the character of this debate in Scotland and Wales. In Scotland, the idea of devolving substantial taxation powers is widely shared (although not universally – see McLean, Gallagher and Lodge 2013) and as a corollary the same view applies to many transfer benefits. It is not clear to me that the devolution of these benefits is connected to a new or distinctive policy approach. Instead, the rationale appears to relate more to the protection of the wider capacity for public spending – the block funding approach leaves devolved spending vulnerable to decisions taken at Westminster. Particularly when the London government is committed to a harsh austerity programme, this leaves Scottish public services vulnerable. By contrast, for all its historic advocacy of ‘clear red water’, the Welsh Government is clearly and resolutely opposed to any devolution of transfer benefits, both due to the unacceptable financial risks this change would generate for Wales *and* because the Welsh Government regards the state-wide pooling of risk as fundamental to citizenship and the continuation of the Union (Welsh Government 2013 para 14 v).

It is possible to discern some elements of welfare policy innovation in Scotland, for example in the work of the Christie Commission, perhaps suggesting an attempt to move towards ‘social investment’ or a ‘capability’ approach to social policy (Salias 2003). Given the structure of the independence debate, however, the temptation to cast debate about the welfare state largely in terms of opposition to Westminster must be strong. In Scotland critics of welfare nationalism generally concede that the tax-base could support something like the current level of welfare provision and expenditure, so attention is generally focused on the longer-term risks and costs, with an emphasis on the instability of oil revenues. The claim is that the UK as a whole provides a stronger tax-base due to its larger risk-pool. But if the Westminster government is busily cutting welfare provision, even if it were true in principle that the UK could provide a larger (and hence better) risk pool, in practice the effectiveness of its ‘insurance’ become reduced.

A major part of the difficulty in Wales (and Northern Ireland) relates to the weakness of the tax-base. Even when Welsh politicians seek to emphasise the clear red water between their policies and those developed at Westminster, the brute fact of political life is that any distinctively Welsh welfare policies they design are possible only because of a major subvention from the UK state, in effect subsidised by English taxpayers. This reality has a paralysing effect on the possibility of an informed public debate in/on Wales. Yet it is also possible that some UK-wide welfare policies have perverse or counter-productive effects in Wales. For example, Wales has the highest proportion of incapacity claimants of any ‘region’ of Britain (with Scotland not too far behind), and five of the six

districts with the highest incapacity claimant rates in Britain are in Wales, all in the South Wales Valleys.

	as % working age
WALES	10.6
North East	9.8
North West	9.3
Scotland	9.0
West Midlands	7.2
Yorkshire and the Humber	7.1
East Midlands	6.5
South West	6.2
London	6.0
East	5.1
South East	4.6
Great Britain	7.0

Sources: DWP, ONS

#### **Incapacity claimant rate by region, May 2008**

From Beatty, Fothergill and Platts-Fowler, Incapacity Benefit in Wales (2009)

If UK-wide 'solidarity' has not proven able to address this problem, nor have devolved policies of welfare nationalism and/or those inspired by 'clear red water'. While it may be true that Scotland and Wales are more social democratic or communitarian nations than England (or Britain), a vague, warm sense of support for social policy 'universalism' does not take us very far towards a solution for these wicked problems.

#### **4. Conclusion**

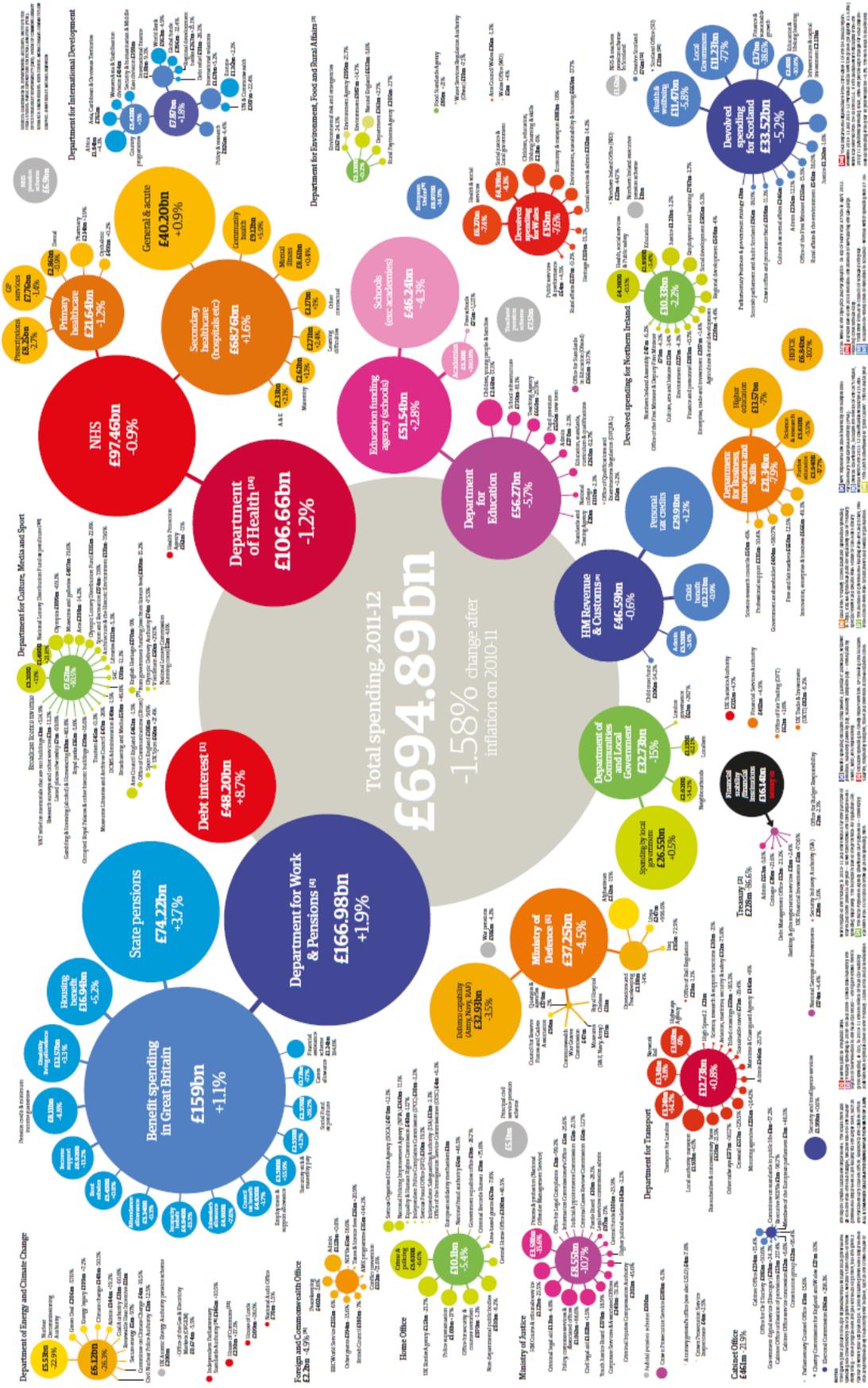
The future of the UK is doubly uncertain. Its territorial constitution is sure to change as will the terms of social citizenship across this territory or these territories. The intersection of changing public attitudes to and dramatic policy developments in the welfare state with a referendum on its territorial future generates a challenge to political debate and the political imagination to which we have not yet woken up. So, we have an ambitious agenda for discussion, which might usefully address some of the following issues.

- Conceptions of the state: can we assume that all places/parties are working from compatible conceptions of the (welfare) state?
- Social citizenship, public attitudes and political cultures (what do the people want?)
- Does the neoliberal welfare paradox exist? Do the devolved nations end up defending some of the Thatcher-legacy in terms of the current welfare state? If so, what are the consequences of so doing?
- What are the political implications of 'austerity' for the UKCU?
- Can welfare provision within the UK or at the devolved level move more towards a social investment or 'capability' approach?
- Could any areas of welfare policy benefit from a 'shared competence' approach? How might this operate in the UK?
- Can elements of welfare transfers be usefully devolved without (necessarily) destroying some notion of a common welfare state? What about housing benefits?
- Welfare states post-independence: Scotland and rUK

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Where your taxes went this year - and where the cuts were made Public spending by the UK's central government departments, 2011-12



## APPENDIX 2

### Data on Housing Benefit Levels and Changes

Taken from *Monitoring the impact of changes to the Local Housing Allowance system of housing benefit: Summary of early findings* Department for Work and Pensions Research Report No 798, 2012

Beatty, Cole, Kemp, Marshall, Powell and Wilson

**Table 3.1 Case study areas**

	<b>Region</b>	<b>Local Authority District</b>	<b>PRS HB claimants September 2011</b>
1	London	Barking and Dagenham	6,930
2	London	Brent	16,580
3	London	Hackney	10,310
4	London	Westminster	8,660
5	South East	Portsmouth	7,720
6	South East	Thanet	9,030
7	East	Fenland	2,760
8	East	Tendring	7,480
9	South West	Exeter	3,130
10	West Midlands	Walsall	6,590
11	Yorkshire and the Humber	Bradford	17,680
12	North West	Blackburn	4,600
13	North East	Newcastle	6,430
14	Wales	Cardiff	10,050
15	Wales	Denbighshire	3,870
16	Wales	Rhondda Cynon Taf	7,890
17	Scotland	Edinburgh	11,530
18	Scotland	North Lanarkshire	5,250
19	Scotland	Perth and Kinross	2,370

Source: SHBE.