CROSS-NATIONAL DIFFERENCES IN SOCIAL EXPENDITURE

INTRODUCTION

Differences amongst national communities in public policy may be seen as differences in the behaviour of groups of human beings or differences in social behaviour. Such differences need either to be accounted for in terms of differences in factors endogenous to the groups in question or differences in exogenous factors bearing upon those groups or a combination of the two.

Differences in endogenous factors are manifest, but not necessarily readily measurable, in cultural differences. Wildavsky's question "…what culture (or combination of cultures) moves toward but does not necessarily achieve equality of results?" (Wildavsky1985) is apposite.

Differences in exogenous factors are differences in natural environment, perhaps most importantly those determining key resources, and differences in the impact of other groups - clearly war and other international political and economic pressures, but also knowledge (including technology) and ideas.

The underlying issue this essay seeks to address might then be formulated: "What determines how much and how widely, people will share wealth and fortune, good and bad, with other members of their national community and to what extent and by what means will they use the apparatus that is the institution 'the state' for this purpose?" Taking social expenditure to mean expenditure by the state on social welfare purposes, the essay is limited to the second part of the question. Differences in social expenditure will be taken to mean differences in the amount of expenditure and broad differences in the way funds are expended.

In accounting for differences in human behaviour, social or individual, it would seem a logical first step to try to identify all possible causes, influences, or constraints on behaviour then to methodically eliminate those revealed to be inoperative by a process of empirical or logical testing. It does not seem that investigators of public policy always go through this kind of process, but rather they frequently appear to work from some broad theoretical

position and limit their inquiries to factors which can be comprehended within that theoretical position. Just as Castles (1994) convincingly argues that comparative public policy should leave behind its obsession with the economic modernisation/political reformism duality to recognise the influence of religion, it might well be that a number of other less obvious factors hitherto little, or un-, examined play significant roles. The following list is an attempt to specify briefly the factors which theoretical development and empirical research seem to have focussed on (the first seven) and some other possible candidates which do not seem to have had much attention.

- Technological development (including technology of management) or chronology of industrialisation
- Social structure - class stratification, particularly the degree of polarisation between the capital and working classes
- Potential for interest group formation and exercise of political power
- Role and reach of the state
- Religiosity - secularisation
- Governance, whether it is elitist/corporatist/technocratic or democratic/participative and whether it is structured as a unitary or tiered system or otherwise has more or less mechanisms for minorities to limit the exercise of power by majority supported executives and/or legislatures
- Exposure to advances in knowledge or development of ethical ideas occurring in other nations - can be as a result of proximity to particular locations
- The extent to which social services are provided, or are perceived to be provided, by means other than through the state
- Environmental factors - climate, space (human population density), exposure to wilderness, disease, nutrition and material and energy resources in general, both domestic and imperial
- The perceived homogeneity/heterogeneity of the population or the strength of national community identity
- Attitude to property
- Genotype

Theories seem to fall into two categories, the grand or general theories which attempt to lay out the big forces governing the development of industrial society in the twentieth century and more modest, special theories that talk of the influences of particular factors on public policy formulation.

GRAND THEORIES

Pampel and Williamson (1989) suggest a taxonomy of the grand theories of state social welfare which, for the sake of brevity, might be characterised as follows:

- The labour requirements of an industrialised economy - *Industrialism Theory*
- The organisation and thus political power of the working class and capital class relative to each other. This kind of analysis is termed *neo-Marxist* and is divided into two perspectives, *Social Democratic Theory* where the working class is seen as relatively more powerful, and *Monopoly Capitalism Theory* where the capital class is seen as dominant
- The organisation and thus political power of interest groups in the community in addition to the worker and capital interests - *Interest Group Politics Theory*
- The power of the state itself, perhaps appropriately seen as a special case of interest group - *State-centred Theories*

If *Industrialism Theory* were to demonstrate strong explanatory power the timing of the impact of the exogenous factor of industrial technology, perhaps modified to some extent by a nation's endowment of natural resources, either within it borders or its empire, would be expected to largely account for observed cross-national differences in social expenditure at a particular time. In addition, nations would be expected to follow similar patterns of expenditure over time. Measurement to empirically test this theory would seem to be relatively straight forward, but Pampel and Williamson report that attempts made have born little fruit.

The *neo-Marxist* theories are rather more difficult to test empirically, as surrogate indicators of the relative power of the two classes must be used. Likewise *Interest Group Politics* and *State-centred* theories seem to present significant measurement problems. For example, the power of interest groups may be poorly indicated by, say, the level of membership of interest group organisations. Potential membership, skill of leaders, access to the media, influence in academia, the power the political system gives to minor parties and independents are just some factors, difficult to measure and compare cross-nationally, which may be critical. Estimating the power of the state in different countries seems even more fraught. Exercised powers may bear little relationship to formal constitutional powers. It might be that the subtle relationship between government and corporations in Japan gives the state significantly more control than extensively legislated regulatory powers in other countries.

Intuitively, all these grand theories hold some intellectual appeal. And it seems likely that they each have explanatory power in respect of particular time periods and policy areas. The important thing seems to be not to allow them to blinker one from seeing the possible role of factors not relevant to the theories, but which may have a significant supplementary, modifying or even totally confounding effect under at least some conditions.

SPECIAL THEORIES

It is perhaps unexceptionable to suggest that the explanatory power of what I have termed the special theories seems to be more amenable to demonstration. They seek to explain less and anything that seeks to explain less is likely to be easier to test. In the end though this route may be more fruitful if it results in a steady incremental addition of one demonstrated special theory after another to the literature. I shall consider briefly a few of these theories and then make some comment on two of the factors I included in the last part of the list above as possible candidates for consideration.

Religion

The influence of religion seems convincingly demonstrated (Castles 1994). The social philosophy, based on the notion of subsidiarity, promulgated by the Catholic Church does seem to have influenced the way the welfare state has developed in nations where Catholicism measures politically strong either directly or indirectly. It is plausible, though, that it is not the philosophy itself which has political power, but rather the fact that it does not fundamentally undermine the power of the capital class because it allows the basic structures of capitalism to persist. It also seems plausible that its appeal within the church community was in part because it gave a basis for argument against growth of the power of the state other than the challenge it presented to the power and influence of the church itself. So it may be that religion is not a force in and of itself, but rather it is used by those who otherwise have power. Thus a theory of the role of religion could well be amenable to accommodation within a grand theory framework.

Structure of Governance

In the investigation of the influence of structure of governance measurement difficulties appear not insignificant and for practical reasons considerable reliance on the investigator's judgement of the magnitude of effect of particular national structural arrangements seems necessary. Even if some quantification of the extent to which particular structures were employed to prevent or restrict legislative or policy change were undertaken, estimates of the potential of those changes for containing, or perhaps expanding, social expenditure would be necessary. Nevertheless as at least a partial explanation of cross-national differences these theories are logically and empirically quite well established. Again, however, the question of whether governance structures are an effect of capitalism as an underlying cause presents itself. It is plausible that an established powerful class would seek to establish structures which limit the extent to which it's control is challenged.

Increasing National Wealth

Up to a point increasing GDP per capita correlates well with increasing social expenditure. It might be argued that as one's lower order needs are satisfied, satisfaction of a need to see some level of equity in one's community becomes important. Two things must be born in mind, though, in interpretation. First, GDP is not a measure of wealth as such. It indicates the level of exchange of goods and services in an economy, but only according to more or less internationally standardised measures. It largely omits production within families, community organisations, and often rural communities where money does not change hands. It might be that nations with relatively lower per capita GDPs have lower levels of social expenditure because more real wealth is shared other than through state apparatuses.

Secondly, GDP growth seems likely to be accompanied by change in a number of other factors that could better explain increasing social expenditure. For example as an indicator of the growth of participation in the 'formal economy' it seems likely it is also an indicator of growth of participation in other wider community processes with as a consequence increased awareness of the possibilities of using state apparatuses for wealth sharing.

Perceived Homogeneity/Heterogeneity

It seems plausible that the level of support for others people are prepared to provide through state apparatus (social expenditure) will be affected by the way they see their fellow citizens. To the extent that people are more prepared to help their own kind they will

support higher social expenditure if they perceive their nation as relatively homogenous than if they perceive it as heterogeneous. Perceived heterogeneity might be affected by racial, religious or other forms of cultural diversity. Perceived heterogeneity might be higher in federations, the more so where they originally stemmed from some cultural diversity, but governmental divides might generate perceived heterogeneity anyway. The size of a nation, either in population or geographic terms, might alone have an affect.

Such a theory is, *prima facie*, supported by social expenditure differences between Sweden and the United States, but also Sweden and Switzerland. The UK's middling ranking might be explained by its relatively high level, in past decades, of immigration from its colonies.

Attitude to Property

This idea is based on the notion that attitudes to property, and I am particularly referring to real property, might influence attitudes to sharing of wealth. Attitudes to property are doubtless formed over long periods of time. Long periods of feudal regimens may have instilled an attitude that property was appropriately in the hands of monarchs and aristocrats. In countries experiencing early, or later but deeply socially transforming, shifts to republican, socialist or communist systems attitude change might have moved strongly toward the view that property was something for the community as a whole to dispose of through the state. In colonised countries, where property was perceived to be there for the taking, notwithstanding the presence indigenous peoples, an attitude that individuals had absolute rights to dispose of property they acquired might have gained dominance. Attitude survey might be the only satisfactory way to get the data necessary to test this kind of theory.

CONCLUSION

In testing theories significant methodological problems are encountered. Achieving correspondence between measures and theoretical concepts, difficulties of using statistical tools with a relatively small number of cases and avoiding problems of collinearity between dependent variables are perhaps the main ones. In addition there are the major practical problems of obtaining data. It seems that to some extent research, including theoretical development, might be determined by the data that is available. The endeavour of comparative public policy nevertheless is at least valuable for the revelation of issues, questions and promising lines of enquiry, which would not emerge in the study of single

cases. With increasing data collection by nations within and without the OECD some of the discipline's difficulties should diminish.

References

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