

The Socialist Welfare State: A Brief History

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2018

'Do you think Europe – especially Scandinavia – is more socialist than China?'

This question used to be more common 7 or 8 years ago. But it came up recently while I was in Yunnan province, in the far southwest of China. It is of course connected with the impression that Scandinavia *had* a developed welfare system, which some seem to think indicates a socialist influence. And Scandinavians love to cite this one, although by now it is wearing quite thin.

The 'Scandinavia *had*' is quite deliberate in my earlier sentence, but to understand why requires a brief history.

The first country in human history to develop what I have elsewhere called a 'domestic state' was the Soviet Union (and not the false 'welfare state' of Bismarck in Germany). It happened under Stalin's watch. In the 1920s, many regulations had been promulgated concerning education, healthcare, pregnancy preparation, maternity leave, childcare, divorce, guardianship and so on (although not unemployment benefits, since there soon was full employment) – the full gamut of matters that had been regarded until then as the domain of the 'family', no matter how extended it may have been. But it was only in the 1930s that they could be enacted in a realistic manner. Why? Only with the massive 'socialist offensive', with its twin programs of comprehensive industrialisation and agricultural collectivisation, did the Soviet Union have the economic resources to implement them in full. This is not to say that many problems did not happen, for the Soviet Union was making a tumultuous leap to becoming a superpower. As Mao put it later, 'Progress and at the same time difficulties – this is a contradiction' (1957). But the contradiction was a feature of a leap into the future.

What did some of the capitalist countries do? They realised that workers were increasingly drawn to the Soviet Union's model. So the bourgeois governments borrowed some features and sought to institute what became known as the 'welfare state'. But it was a warped version, predicated on the slogan, 'from the cradle to the

grave'. The state would take care of you, especially if matters beyond your control dealt you a bad hand.

Why warped? The way it was implemented in Europe (and even in the United States for a while with the 'new deal') was to neutralise any push by workers and peasants to alter the system itself. A bourgeois state would provide, so why bother with any revolutionary desires. Even more, it became a mechanism for ensuring that everyone in the state's population remained – or could be retrained – to be productive, and thereby also remain consumers. Crucially, this altered form of the welfare state was restricted to full citizens, producing the framework for the xenophobic charge that 'immigrants' want to avail themselves of the benefits of a system to which they were not entitled.

This history has a further twist or two. After the symbolic 'fall' of the Berlin Wall in 1989, most countries that had a version of the bourgeois welfare state no longer felt the need to support it. The alternative model of the Soviet Union had imploded, so country after country systematically began to dismantle the 'welfare state'. So-called 'cheats' became the target, such as the demonised 'single mother' with multiple offspring who 'milked' the system for her benefit. The rhetoric was relentless, ensuring that one plank after another of the bourgeois welfare state was removed. Even Scandinavia began to follow suit, albeit belatedly with the turn of the millennium.

Meanwhile, what was happening in China? Let us deal with the facts rather than mythology. After the communist revolution, a system had developed that may be called 'Owenite' (after Robert Owen's model factories in the UK of the 19th century). Large conglomerates were established, around factories, publication houses, state-owned-enterprises (SOEs) and so on. In these conglomerates, people had everything: accommodation, jobs, dining halls, hospitals, shops, childcare facilities, funeral services ... It was dubbed the 'iron rice bowl' – a term that originated outside China.

But they were grossly inefficient, sucking up resources, breeding familial corruption and giving little back to the overall system. In the 1980s and into the 1990s, Deng Xiaoping bit the bullet: the conglomerates would have to face the realities not of a 'planned economy' but of a 'socialist market economy' that has its own distinct Chinese articulation. Many went bankrupt, since they could not manage in the new order. Others thrived, like the Xinhua News Agency. In the process, mistakes were made: workers lost their jobs and were not compensated; farmers lost

the healthcare to which they had become accustomed; retirees could no longer rely on the conglomerate to provide for them.

China first had to get its economic act together. As it did so and the resources became available, a whole new system began to be implemented. Farmers who had lost healthcare found a different model in its place. Retirees began to notice that the state was offering a leaner and more efficient system for their security. Workers who had lost their jobs were compensated. In short, a new model of the socialist welfare state was being systematically and carefully rolled out, with an eye on accountability and efficiency. But it goes much further, with a concentrated effort to lift the final 30 million people out of poverty. In short, it is clear that the socialist state has to ensure that it has the resources before implementing such policies.

The upshot: in the current situation we find ourselves at an important crossroads. As the neo-classical model of a capitalist market economy seeks to dismantle ever more vestiges of a bourgeois welfare state that was a response to the appeal of the Soviet Union (of increasingly distant memory), China is gradually and patiently implementing a whole new version of a socialist welfare state.

It should be no surprise that 87 percent of people in China approve of the direction in which the most powerful socialist country in human history is headed, even while fully aware of the many problems they face.