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Wealth and Welfare States: Is America a Laggard or Leader? By Irwin Garfinkel, Lee Rainwater, and Timothy Smeeding.

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of these ideas thought-provoking, including that of bringing more human rights issues to the WTO's dispute panels and bringing more human rights elements to trade treaties. Further analysis is still necessary, however, in some areas. For example, Hernandez-Truyol and Powell suggest that the WTO could be a forum for harmonizing human rights and trade law. Would a WTO panel asked to rule on a regulation forbidding products made by child labor be hostile to human rights claims, either because its expertise in this area is limited or because it fears going beyond its mission—or for other reasons altogether? Since non-governmental organizations (unlike under the North American Free Trade Agreement (NAFTA) or in ILO processes) have only limited access to WTO dispute settlement procedures, how would they induce governments to bring such disputes to the WTO? What kinds of claims would have the most salience? How would less-developed countries build the scientific evidence to support the health rules that they adopt?

On some level, the challenge for human rights advocates is not so much the lack of a forum or of applicable standards as it is the lack of political will by some countries to engage in a debate over human rights violations in the same way that they are willing to do so over trade violations. A recent example illustrates this challenge. In 2008, the AFL-CIO and six Guatemalan workers' unions filed a claim with the U.S. Department of Labor (DOL) pursuant to DR-CAFTA human rights provisions, alleging the mistreatment of union leaders and workers—including illegal firing, death threats, and several reports of murder. Though the U.S. DOL's findings overwhelmingly supported petitioners' claims, the agency declined to recommend that the U.S. request consultations with Guatemala pursuant to Article 16.6.1 of DR-CAFTA, the key enforcement provision in the treaty.

If this case is any indication, the most vexing problem for the advancement of human rights remains that states are often hesitant to bring human rights concerns to international bodies, either out of fear that their own practices will be exposed, or because they fear jeopardizing other national interests that always seem to merit higher priority than human rights. Despite these concerns, I look forward to the continued development of Hernandez-Truyol and Powell's ideas in the context of the many human rights challenges faced by our community.

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Historical Studies

Wealth and Welfare States: Is America a Laggard or Leader? By Irwin Garfinkel, Lee Rainwater, and Timothy Smeeding. Oxford: Oxford University Press, 2010. ix + 254 pp. ISBN: 978-0-19-957930-3, \$99.00 (cloth).

In this important and timely book, Irwin Garfinkel,

Lee Rainwater, and Timothy Smeeding examine the U.S. welfare state from a comparative and historical perspective. They contend that much of what Americans believe about the U.S. welfare state (that it is relatively small and that it reduces productivity and economic growth) is not, in fact, correct. In particular, the authors show that the answer to the question posed by the book's subtitle, "is America a leader or laggard?" depends on how the welfare state is defined. Social scientists who use a traditional definition of welfare, which includes public assistance and social insurance but excludes public education, conclude that the United States has been a welfare laggard throughout its history. Garfinkel et al. contend that public education is a welfare state program; indeed, it is "the most productive part of the welfare state" (p. 1). When education is included, the United States has not been a laggard in terms of aggregate welfare spending, at least not before the 1980s. The U.S. welfare state is, however, very different from that of most rich European countries. American exceptionalism is alive and well.

Following the Introduction, the authors examine, in the second chapter, why all rich capitalist countries have large welfare states. The reason is simple. Capitalism makes countries rich, but at the same time it creates large amounts of economic insecurity. According to the authors, by reducing the insecurity associated with capitalism, welfare states make rich capitalist countries even richer. Public education promotes economic productivity and growth, and social insurance increases "individual utility and economic well-being" by reducing risk (pp. 24–5).

Evidence on the extent of welfare spending and the effects of welfare state transfers are presented in Chapters 3 and 4. In Chapter 3, Garfinkel et al. examine welfare state spending in 14 rich capitalist countries: the United States, Canada, and Australia; and 11 European countries (the United Kingdom, Ireland, Germany, France, Belgium, the Netherlands, Italy, Spain, Norway, Sweden, and Finland). When education and employer-provided health insurance and pension benefits are included, social welfare transfers as a share of GDP in 2001 were higher in the United States than in Canada, Australia, Ireland, and Spain, and nearly as high as in the United Kingdom (pp. 42–3). However, the authors point out that American welfare spending is substantially different from that in most other rich nations. Pensions, for example, are the largest source of welfare spending everywhere but the United States, where the largest source of spending is health care. In most rich nations, 70% or more of welfare spending is in the form of "floors," which provide benefits to all citizens. In the United States, however, the majority of welfare spending comes through "safety nets," which assist the poor or near-poor, and "platforms" (pp. 51–3), which are more restrictive and often targeted to the well-off members of society (e.g. employer-provided health insurance).

In Chapter 4, the authors demonstrate how welfare spending redistributes income and promotes opportunity. Welfare state programs transfer resources from the top toward the bottom of the income distribution in all nations, although the extent of the redistribution

is, predictably, less in the United States than it is in most rich nations. Even when in-kind benefits and indirect taxes are taken into account, the United States and other English-speaking nations have greater income inequality than nations on the European continent. American spending on public education as a share of GDP is above average, but the United States is at or near the bottom in achievement test scores and enrollment in early (pre-K) education and care. Ironically, the United States spends more on health care than any other nation, but its distribution of health-care spending is more unequal than elsewhere, and other rich nations provide similar health benefits at lower costs. Finally, social mobility rates in the United States are similar to those in other rich countries, and below those in Canada, Norway, and Sweden. America is no longer the so-called “land of opportunity.”

The authors examine trends in welfare state spending in the United States and other rich countries over the past two centuries in the fifth chapter. America has always been a laggard in the provision of cash assistance (poor relief) and social insurance, but it was a leader in providing mass education in the nineteenth and most of the twentieth century. When spending on education and other welfare programs are combined, the United States in 1900 was closer to the leaders than the laggards in welfare spending as a share of GDP. However, by 1960 the United States was below average, and by 2000 it was “more decidedly toward the low end” (pp. 112–4). Moreover, over the past fifty years, the United States has fallen further behind in terms of welfare state outcomes—inequality, poverty, education, health, and opportunity. In Chapter 6, Garfinkel et al. offer an explanation for American exceptionalism, based on a combination of several factors—Protestantism, the importance of religion, the absence of a feudal past, early democracy, immigration, the frontier, extreme diversity, and the lack of a Socialist party. In the next chapter, they contend that America’s relative decline in education and other welfare programs in the last third of the twentieth century was a result of its long swing to the right, which began in the early 1970s and picked up steam with the election of Ronald Reagan in 1980.

The authors look to the future of the American welfare state in Chapter 8. They contend that the adoption of a publicly funded universal health-insurance system would restrain the growth in healthcare costs, increase economic efficiency, and promote equality of opportunity. Finally, the authors argue that it is imperative for the United States to restore its pre-eminence in education. They propose, among other things, the enactment of universal pre-school programs for three- and four-year-olds, as well as the adoption of universal paid parental leave.

The book provides, as promised in the Introduction, “a useful summary and critique of welfare state literature” (p. 11). Students and welfare state scholars will find the empirical analysis of the size, nature, and distributional effects of rich welfare states in Chapters 3 and 4 to be especially useful. The authors clearly show the extent to which welfare state programs vary across countries, and how the U.S. welfare state is different from those in other rich nations. The discussion in Chapter 4 on the extent to which welfare state transfers

redistribute income by life-cycle and income class, and their effects on poverty and inequality, is the best part of the book. It is sobering to see how poorly the United States performs relative to other nations in reducing inequality, increasing the income of the poorest members of society, redistributing income to the aged, and promoting health and equality of opportunity.

In contrast, the authors’ discussion of American exceptionalism and recent divergence in Chapters 6 and 7 is somewhat disappointing. Garfinkel et al. offer several reasons why the United States was a laggard in public relief and a leader in public education for most of its history, none of which is discussed in detail and little of which is new. The authors maintain that decentralization of education in the United States “allowed wealthier and more enlightened localities to forge ahead,” and they note that decentralization could have had a similar effect on public relief policies (pp. 140–1), but they do not provide data on regional differences in welfare state spending. In fact, there were large differences across states in both education and public relief spending in the late nineteenth and early twentieth century. Northern industrial states, for example, spent relatively large amounts on both types of welfare policies, whereas southern states spent little on either education or public relief. One wonders how the northern industrial states compared to the rich European nations in terms of spending on education and public relief from 1870 to 1960. How much of American exceptionalism can be explained by Southern exceptionalism? Finally, the authors’ narrative of America’s long swing to the right after 1970 does not explain why this movement occurred, nor does it discuss changes in welfare policies over the past four decades in other rich nations.

Though Garfinkel et al. make a convincing case that public education should be viewed as part of the welfare state, their case for adding spending on education to public relief and social insurance to form a measure of total welfare state spending is less convincing. Including education in welfare state spending “completely changes the picture,” as the authors contend (p. 7), but the new picture is not necessarily a better rendering of the welfare state than the old picture. Public education performs a different function than cash assistance and social insurance. For the purposes of comparing welfare states, it is better to present two pictures side by side: one showing spending on education and the other showing spending on other welfare state programs.

These quibbles aside, academics, students, civil servants, and interested lay people will learn a lot from this book. It provides an excellent introduction to the U.S. welfare state and shows how it is similar to, and different from, welfare states in other rich nations. And perhaps most important, it offers a blueprint for how the United States should respond to its current welfare challenges.

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