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Welfare values and individualisation

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Introduction

The purpose of this paper is to perform an empirical test of the theories of the impact of individualisation on the future of the welfare state.

The analysis is based on data from the European Social Survey. The thesis tested in the paper is that the well educated fraction of the population is more individualistic and less collective oriented than the population in general. The implication of the thesis if confirmed is that this important fraction of the population will show less support for the nation based, solidaristic welfare state.

This is based on one of the claims in the theories of radical modernisation, that individualisation will undermine the social structures of society as we know them including the solidaristic foundation of the welfare state. This will emerge because of the emergence of new possibilities to choose one's own destiny. The well educated part of the population will become more directed to international based values as opposed to values of their nation state. They will pursue an international career and even though they might still be working in their country of origin they are in intense contact with highly educated people from other countries. The well educated will develop values based on individualisation and move away from the solidarity on which the development of the nation based welfare state is based.

In short, they can do better on their own in relation to social security than within the collective arrangements of the welfare state. They are as is always the case driven by what is in their interest, and it is in their interest to go for individual rather than collective social security arrangements.

If this is true the well educated elite of the nation states in Europe will in a higher degree share values with each other than with their less well educated countrymen and women – and as a consequence they will in the future be less willing to take part in the solidaristic financing of the welfare state.

Theoretical framework

Sociology in particular and social sciences in general has for many years been trying to understand and formalise the description of contemporary societal developments. The theoretical analysis and conclusions of the impact of globalisation and the consequences of individualisation are important for the focus in this paper on the future of the welfare state.

Without going into it in great detail the welfare state was born in societies that in important ways was different from societies today and was established to cater problems that was different from societal problems of today.

Even though it is debatable whether the welfare state is a function of industrialisation – it was in many ways established to cater the problems of the industrial societies. The welfare state was dealing with poverty problems in old age and in the case of unemployment and sickness. Despite well known differences in welfare models a leading principle has always been to treat people equally and to finance welfare state programs based on solidarity.

What is important in relations to the analysis in this paper is that the solidarity expressed through the welfare state was not only a solidarity between people in the workforce and those permanent or temporarily outside the workforce like pensioners or unemployed – it was also solidarity within the borders of the nation state.

The claim put forward by recent sociological theory is that all this is changing due to the structural changes that is framed in the concept of globalisation.

Globalisation increases people's possibilities to make choices. It has major implications for the way education is organised and the way goods and services are produced. It all boils down to the fact that more people are becoming less dependent on the nation state in which they are born. Instead they are increasingly becoming dependent on their own qualifications.

The general claim of new forms of possibilities and choice has been forward by e.g. Giddens (cf. among others Giddens, 1991) for many years. Some possible implications of this is analysed and discussed by among others Bauman (cf. Bauman, 2001) and Beck (cf. Beck & Beck-Gernsheim, 1994). Even though these are interesting and inspiring expositions they do not deal directly with the relationship between values, individualisation and the welfare state.

The implications of globalisation are that more people are in a situation that used to be exclusively for stars in sport or music and art – namely that they can sell their individual qualifications at the international market. These winners of globalisation have expert knowledge and/or abilities that are in high demand all around the globe. Their working life is potentially global and therefore not attached to their country of origin.

Sociological theorists talk of both winners and losers of globalisation. The losers are those with qualifications that are not in great demand at the international market. People who have low or no formal qualifications from the educational system. Sociological theorists also talk about the individualisation of welfare. This means that benefits like pensions, unemployment benefits but also services like child care or care for the elderly will increasingly be provided based on market or market like arrangements. One of the reasons for this is that for the well off – the winners of globalisation – the market solution is a more attractive arrangement than the nation based welfare state solution. For people moving around in the world it is much more attractive to have the welfare benefits one needs attached to your explicit work contract than to the implicit contract on which most nation based welfare states are based. An explicit individual insurance with an insurance company is preferred over an implicit collective insurance with the welfare state.

Economists are pursuing the issue in a different way. In economic literature the point is that nations with high taxes – like e.g. the Scandinavian welfare states – will not be able to keep those high tax rates on which the welfare state is financed in a world of globalisation with free movement of labour. According to economic analysis on the implications of globalisation the development of an international labour market for the winners of globalisation – as has been the purpose of e.g. EU policies for years - is a challenge – or a threat – to the sustainability of high tax/high spend welfare states. As much economic literature consider the welfare state a major distortion to the market mechanism this is seen as something positive.

Ferge (1997) in an analysis of the social policy development in Eastern Europe notes that the values underpinning the 'modern' and the 'postmodern' ideology differs radically. Values like 'equality',

‘solidarity’ and ‘the search for existential security by collective means’ fall into disrepute and seems to become obsolete.

The important thing to notice is that the welfare state will not disappear through a political decision to let it go. The welfare state will be undermined by developments like those outlined here – it will gradually lose legitimacy. The winners of globalisation will not see the welfare state as an legitimate way to ensure their social welfare and therefore its financial foundation will deteriorate.

This will happen because resourceful people with big money, big brains or both will pursue a more individualistic lifestyle with less solidarity meaning less taxes and less support of the nation based welfare state.

This is the claim or thesis one can draw from at least some theoretical considerations both by sociologist and economist.

The purpose of the analysis in this paper is to see whether one can find support for this in an analysis of the values of citizens in a number of European countries.

Data and method

The analysis use data from the European Social Survey, ESS.

This is a academic-driven social survey designed to chart and explain the interaction between Europe's changing institutions and the attitudes, beliefs and behaviour patterns of its diverse populations.

One central aim of the ESS is to develop and conduct a systematic study of changing values, attitudes, attributes and behaviour patterns within European policies. Academically driven but designed to feed into key European policy debates, the ESS measures how people’s social values, cultural norms and behaviour patterns are distributed, the way in which they differ within and between nations, and the direction and speed at which they are changing.

The two-dimensional map (European Value Map) used in this paper is based on 21 questions. The questions (named 21-item Basic Human Values Scale, developed by S. Schwartz see appendix to this paper) have been tested internationally (Schwartz, 1992). The two dimensions in the map are: *Individualism and Social Conformity*.

These two dimensions can be found in all the countries, when the countries are analysed separately. It is proven that the two dimensions are identical. The two dimensions are therefore based on the total sampling. The total sampling covers 20 countries and 35,608 respondents.

Sampling

Round 1 of the ESS took place in the second half of 2002 as a face-to-face survey (F2F). A total of 23 countries took part in Round 1, and data from 20 countries were available in November 2003 cf. www.europeansocialsurvey.org

Table 1 shows response rates, net sample for all participating countries. In November 2003, data from 20 countries were available on the website. There were no data concerning the 21-item Basic Human Values scale for Italy and Luxembourg.

Data

It applies to all 21 questions that they are to be answered according to the following scale:

1 Very much like me 2 Like me 3 Somewhat like me 4 A little like me
5 Not like me 6 Not like me at all Don't know

Table 1			Response Rate	Net Sample	21- item	21-item % of net sample
1	AT	Austria		2257	2240	99
2	BE	Belgium		1899	1731	91
3	CH	Switzerland	33.5	2040	1903	93
4	CZ	Czech Republic	43.3	1360	1070	79
5	DE	Germany	57.1	2919	2709	93
6	DK	Denmark	68.6	1506	1381	92
7	ES	Spain	53.2	1729	1658	96
8	FI	Finland	73.2	2000	1712	86
9	FR	France		1503	1266	84
10	GB	United Kingdom	55.5	2052	1683	82
11	GR	Greece	80.0	2566	2512	98
12	HU	Hungary	69.9	1685	1538	91
13	IE	Ireland	64.5	2046	1747	85
14	IL	Israel	71.0	2499	2096	84
15	IT	Italy	43.7	1207		
16	LU	Luxembourg		1552		
17	NL	The Netherlands	67.9	2364	2230	94
18	NO	Norway	65.0	2036	1766	87
19	PL	Poland	73.2	2110	1917	91
20	PT	Portugal	68.8	1511	1394	92
21	SE	Sweden	69.5	1999	1616	81
22	SI	Slovenia	72.1	1519	1439	95
23	TR	Turkey				
22 countries				42,359		
20 countries				39,600	35,608	90

The data set (35,608 respondents) consist of respondents who have answered all the 21-Items. (The answer "don't know" is be registered as "unanswered").

Factor analysis

In an earlier paper (Bay 2004) it has been shown that there is the same factor structure in all countries. Therefore a factor analysis has been carried out for the 20 countries' respondents, who have answered all the 21-items. The data consist of 35,608 respondents. The analysis options have been

- That the number of factors should be two
- To use primary component methods
- Varimax rotation

(1) The statistical model:

$$A : IPCRTIV = \beta_{11} * F1 + \beta_{12} * F2$$

$$B : IMPRICH = \beta_{21} * F1 + \beta_{22} * F2$$

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....

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$$U : IMPFUN = \beta_{21,1} * F1 + \beta_{21,2} * F2$$

The error term is excluded. F represents the non-observable underlying factors.

The two-factor explanation rate was 36%, which for this kind of data is very satisfactory.

Factor 1 is referred to as: Individualism

And

Factor 2 is referred to as: Social Conformism

Factor 1 expresses the respondent's wish in terms of personal possibilities of own success, whereas Factor 2 expresses the wish for the degree of acceptance as regards society's norms and organization.

In the earlier paper (Bay 2004) the names for factors were: The individual possibilities and Behaviourism in the society.

Some similarities to the ESS map can be found at Geert Hofstede Cultural Dimensions. In Hansen (1997) different value systems are compared.

The Value Map

Some technical equations:

From the factor analysis we get

$$E[F1] = 0 \quad \text{and} \quad E[F2] = 0$$

$$\text{VAR}[F1] = 1 \quad \text{and} \quad \text{VAR}[F2] = 1$$

Which gives

$$\sum_{\text{all_respondents}} F1 = 0$$

$$\sum_{\text{all_respondents}} F2 = 0$$

All 35,608 respondents will get a set of coordinates, which place them in a two-dimensional map. The average of the coordinates is in origo.

Construction of values in the map:

By summation over subgroups different values can be placed in the map. The value “material” have been constructed by summation over the respondents who answered “very much like me” to the question: “It is important to be rich, have money and expensive things”.

A total of 21 points have been placed in the map.

The points and naming the points are of great help when interpreting the map.

Respondents who are placed in the northern part of the map can be characterized as

- In favour of “weak” Government.
- Makes own traditions.

Respondents who are placed in the southern part of the map can be characterized as

- Being attached to traditions.
- Considering themselves as religious individuals.

Respondents who are placed in the western part of the map can be characterized as

- Extroverted individuals.
- Finding money important

Respondents who are placed in the eastern part of the map can be characterized as

- Introverted individuals.
- Finding money of no importance

This means that the vertical axis of the map indicates Social Conformism (A person who uncritically or habitually conforms to the customs, rules, or styles of a group), whereas the horizontal axis indicates *Individualism*.

Attitudes and actions

This paper uses values to test the thesis that globalization leads to individualization that might have an impact on the way social security is organized.

It is a classical debate whether values can be used to say anything about what people will actually do – as most will agree that at the end of the day it is not attitudes but actions that count.

In an interesting paper by Szakolczai & Füstös (Szakolczai & Füstös, 1998) this is discussed. One overall conclusion of their empirical analysis is that ‘values do indeed matter’. In their theoretical framework they refer both to mainstream, structural functionalist sociology represented by Durkheim and Parson where values are interpreted as integrative social norms. Parson arguing for the existence of a fundamental underlying dichotomy between chaotic individual wants and normative rule. And they refer to Weber and the switchmen-metaphor according to which not ideas, but material and ideal interest, directly govern men’s conduct. Yet very frequently the world images that have been created by ideas have, like switchmen, determined the tracks along which action has been pursued by the dynamic of interest.

They end their theoretical discussion by stating that the aim is to find out whether there are distinct groups of people who share similarities in the selection of all their values.

This is precisely what are the purpose of the analysis in this paper.

The analysis

The starting point of the analysis was the creation of the European Value Map based on ESS data. The map for 18 countries is shown in figure 1.

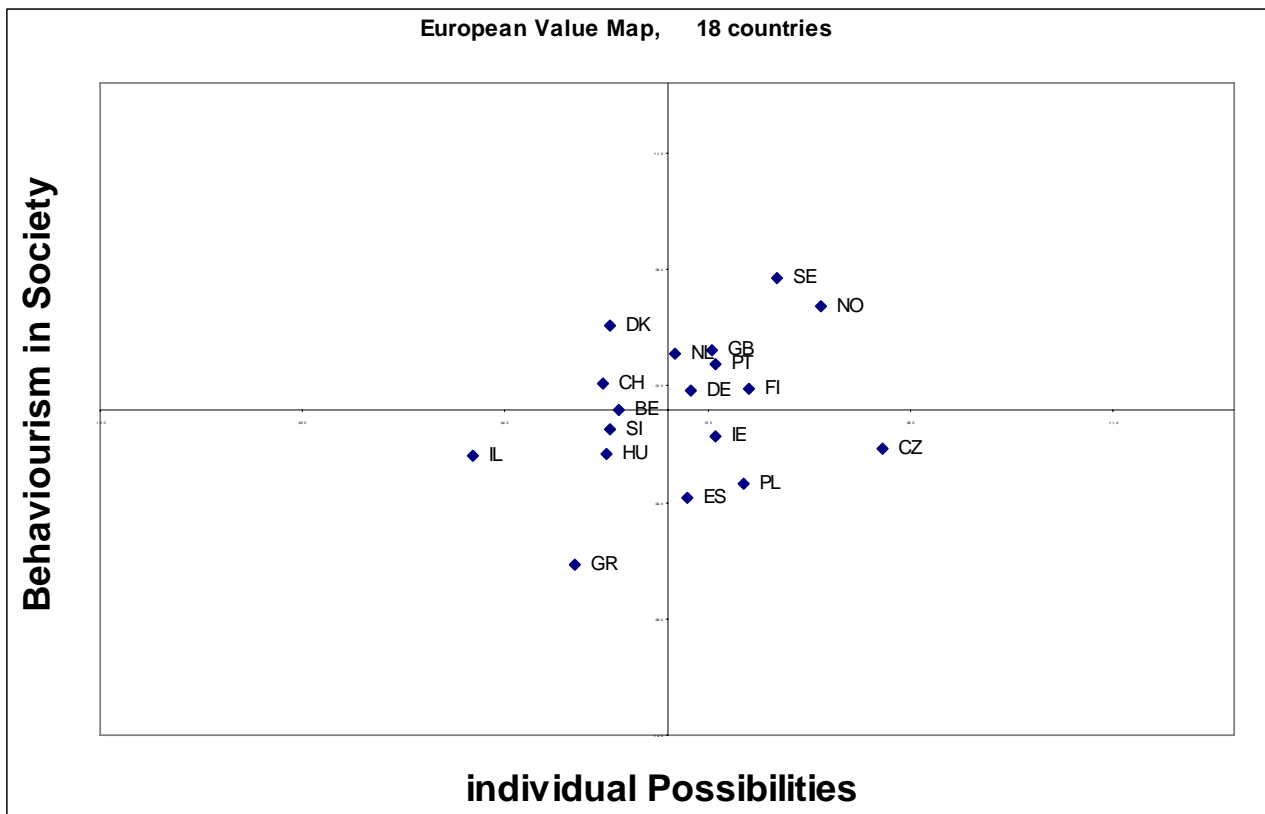
The population in countries in the upper part of the map (North) have less traditional and more individualistic attitudes than countries in the lower part of the map (South).

The population in countries in the right part of the map (East) have less materialistic attitudes than the population in countries in the left part of the map (West).

The four corners of the map represents the following attitudes:

- Upper-left (North West) – individualistic and materialistic
- Upper-right (North East) – individualistic and non-materialistic
- Lower-left (South West) – collective and materialistic
- Lower-right (South East) – collective and non-materialistic

Figure 1 European Value Map 18 Countries



Commenting on the four areas of the map clockwise – in countries in the North-West part of the map like Denmark the population are less traditional and find money important, in countries in the North-East part of the map like Sweden and Norway the population are also less traditional but don't find money that important. It is notable that the UK – representing what is supposed to be an individualistic, liberal welfare regime - is also placed in the North-East part of the diagram together with three of the four Scandinavian welfare states – Sweden, Norway and Finland.

In the South-East part of the map the population in countries like The Czech Republic or Poland are more into traditions and find money of less importance while in countries in the South-West part of the map like Ireland and Greece tradition is important and so is money.

The purpose of the analysis in this paper is to see whether there are variation in the position in the value map for groups in the population according to their educational level, and if so if this variation moves in the same direction for the elites and the non-elites despite of their country of origin.

This part of the analysis is conducted for a selected number of countries.

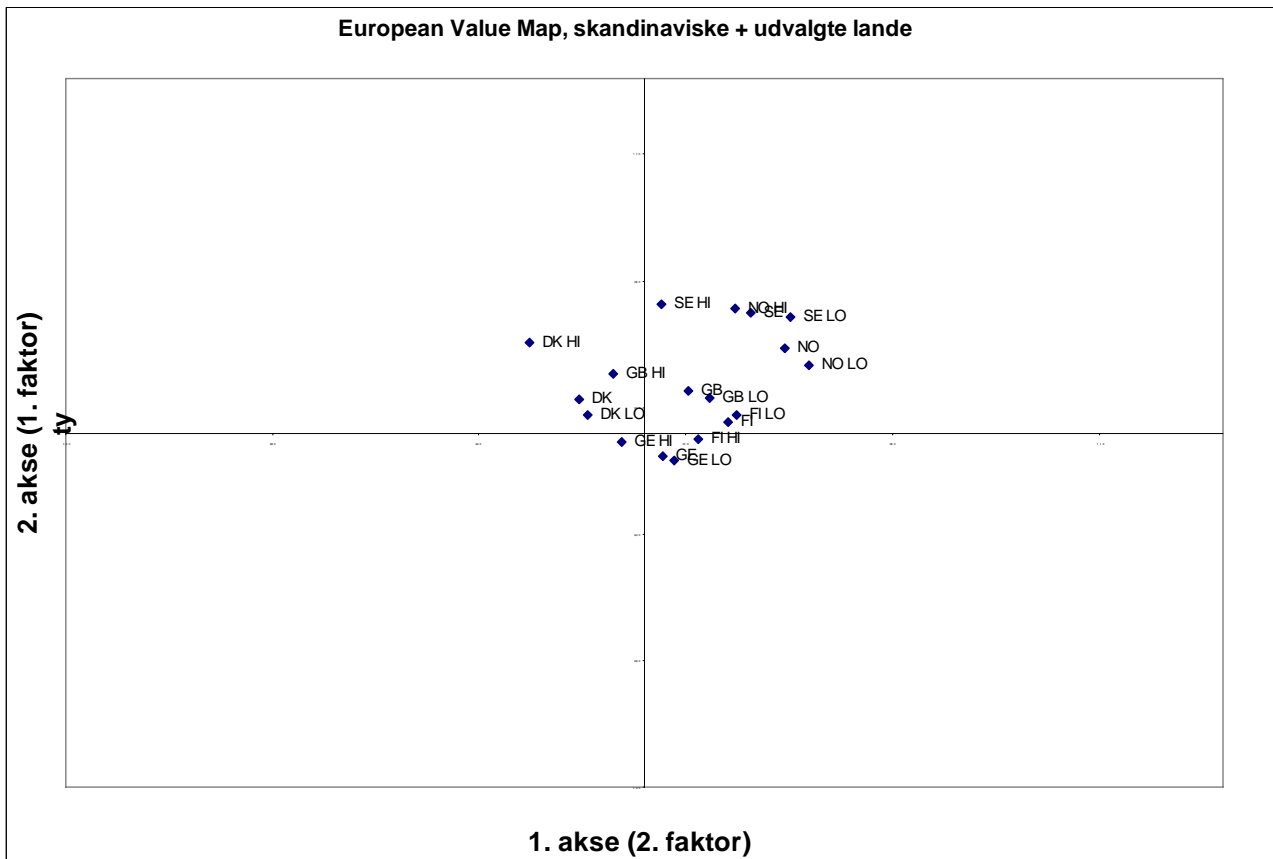
Denmark, Sweden, Norway and Finland representing the Nordic Welfare Model.

Germany representing the Continental European Welfare Model, and Great Britain representing the Anglo Saxon Welfare Model.

In the first step of the analysis the population is divided into two groups. Those with high and medium level education called high (HI) and those with lower levels of education called low (LO).

The result of this analysis is shown in figure 2.

Figure 2



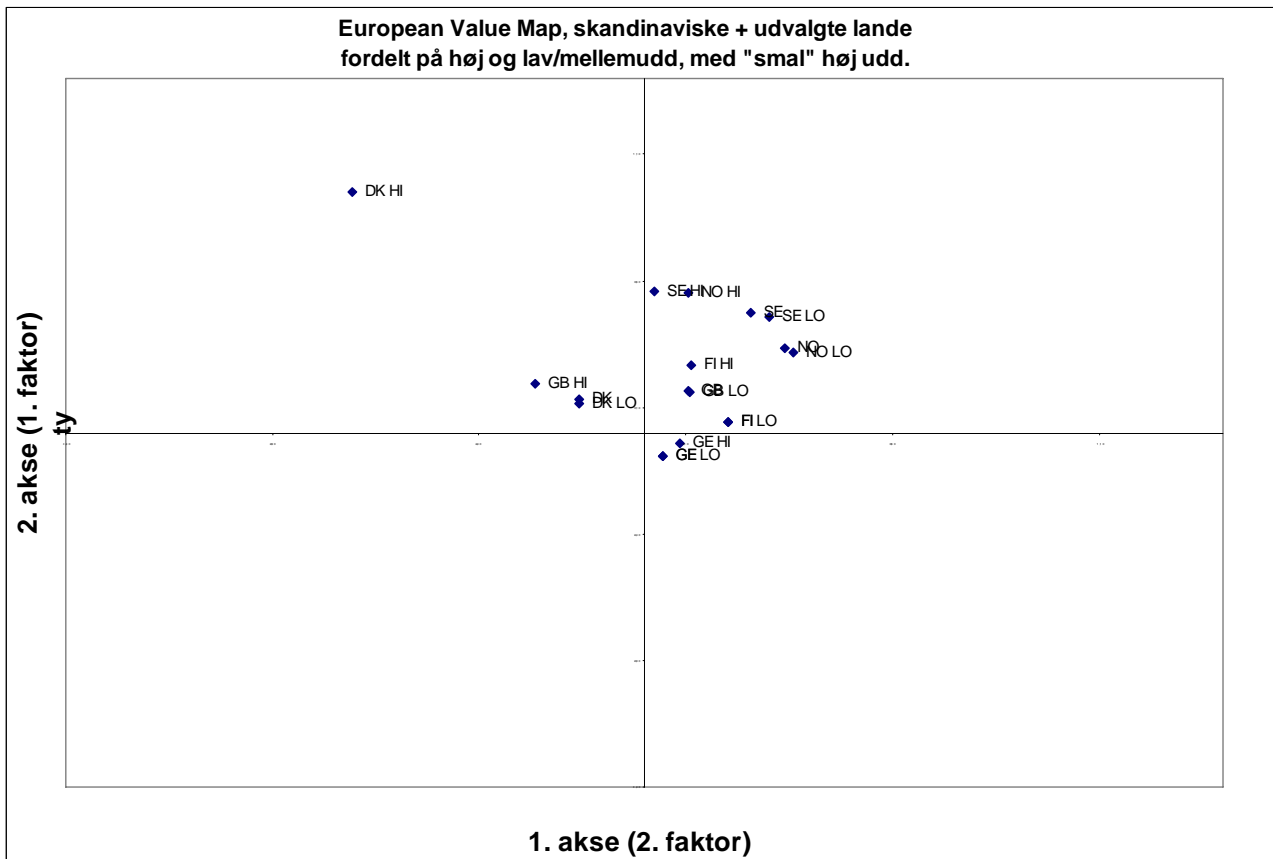
The general result for all countries is that persons in the 'high group' i.e. the more well educated moves in the North-Western direction which as it stands for less believe in tradition and greater focus on money is interpreted as a move in a more individualistic direction. People in the 'low group' moves in the South-Eastern direction which is in the direction of more tradition and less focus on money which might be interpreted as a more solidaristic direction.

In general the distance between the overall country values – also shown on the map – and the values of the high and low groups are minor. There are differences in respect to this for the different countries but all in all national values seems to be of great importance for the groups as they are defined in this analysis.

Therefore a second analysis with a different definition of the high and the low group is performed. Now the high group are only those with the highest level of education i.e. the academics.

The result of this analysis is shown in figure 3

Figure 3



Now it becomes more clear that the elite i.e. the 'high group' in the countries included in the analysis moves further away from the national values – and the move is still in the North-Western direction – interpreted as a move in a more individualistic direction.

The move is especially visible in the case of Denmark. This means that highly educated Danes in lesser degree than highly educated persons in other countries share the national values. They are more individualistic and focused on money than are the population of Denmark in general.

The difference between the elites and the rest of the population is also quite high in Norway while this is the case to a lesser degree in Sweden and Finland.

Also in the UK one finds a more visible difference between the elite and the rest of the population as is the case in Germany. The results on Germany seems to be the only ones that do not at least to some degree support the thesis of this analysis. People in Germany elite or non-elite seems to be into traditionalists with little emphasis on money i.e. non-materialists.

The results seems to be somewhat in line with the analysis of Szakolczai & Füstös (op.cit). They construct a number of value types. One of these – the classic social democratic – is more common in Sweden (28.4 per cent of the population) than in Norway (16.3 per cent) and Denmark (21.3 per cent). Another – the materialist – is much more common in Denmark (10.2 per cent) than in Sweden (3.6 per cent) and Norway (7.7 per cent). According to their analysis there are also more

hedonist – another value type - Danes (15.4 per cent) and Finns (19.4 per cent) than Swedes (12.6 per cent) and Norwegians (6.7 per cent).

The most widespread value type in West-Germany and in Britain in their analysis is the classical social democrat (20.7 percent and 18.4 per cent respectively). They do not divide the population by education but it is reassuring to notice that their more general results are in line with the results of the analysis in this paper.

Discussion and conclusions

Based on inspiration from recent sociological theory this paper tries to find support for the thesis that increasing individualisation poses a threat to the nation based welfare state as we know it. The threat should arise because individualisation implies a decreasing support for collective social security arrangements i.e. the national based welfare state and increasing support for individual social security arrangements linked to an individual work contract i.e. marketisation of social welfare – as this should be in the interest of the most resourceful individuals – who are expected in increasing numbers to pursue an international career.

The analysis shows moves in the theoretically expected direction by the elites – measured through level of education. They are more individualistic and materialistic.

The analysis uses a very strict definition of the elite – only including people with a university degree in this group. The elite group therefore becomes quite small in the countries included. One should note though that one of the policies of many European countries in trying to deal with the challenges of globalisation is exactly to try to increase the number of people with education at the academic level. So even though this group might be small today it will increase in the future.

And Governments might solve one problem by pursuing politics to increase the number of graduates from universities as an answer to the globalisation challenge – while creating another problem namely a bigger fraction of the population being critical to nation based solution on social security and pursuing an international career detached from the (welfare) state that in many cases invested quite a lot in these people.

An important question then is if the results of this analysis can be interpreted as the welfare state being threatened. It is hardly surprising that people with academic education are on average more individualistic and materialistic than is the population in a given country on average. And in most of the countries included in the analysis the differences between the elite and the rest of the populations is minor.

The exception is Denmark and to some degree also Norway. It is hardly surprising though that this is the result in two of the countries representing a Nordic welfare model. These are countries with a relatively low dividend on taking an academic education due to a highly suppressed wage structure and high tax rates. Analysis show though quite high rates of support for the present welfare system in these countries not least by people with high degrees of education.

A possible conclusion on the analysis in this paper is then that there seems to be no major problems of support confronting the European welfare states. The differences in attitudes towards welfare

between the elites and the rest of the population is minor i.e. there is sufficient support for the present welfare model to be legitimate.

On the other hand as stated earlier in this paper, the welfare state as we know it will not disappear through political decisions to let it go. Its legitimacy can deteriorate if important groups in society i.e. the elites – find that their social security is taken better care of by other arrangements than the collective, nation based welfare state. And maybe the analysis in this paper indicates that there is fertile ground for this to happen – as elites of Europe today have more individualistic and materialistic attitudes than the population in general. The aspect that the elite group defined as people with academic education will increase in the future might also be of importance.

Welfare states have always changed through gradual improvement and piecemeal change. Future change of the welfare state should take the challenges from the attitudes of a more international and individualistic elite into consideration.

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AppendixThe 21-item Basic Human Values Scale

IMPORTANT.....

A	IPCRATIV	TO THINK NEW IDEAS AND BEING CREATIVE
B	IMPRICH	TO BE RICH, HAVE MONEY AND EXPENSIVE THINGS
C	IPEQOPT	THAT PEOPLE ARE TREATED EQUALLY AND HAVE EQUAL OPPORTUNITIES
D	IPSHABT	IMPORTANT TO SHOW ABILITIES AND BE ADMIRERD
E	IMPSAFE	TO LIVE IN SECURE AND SAFE SURROUNDINGS
F	IMPDIFF	IMPORTANT TO TRY NEW AND DIFFERENT THINGS IN LIFE
G	IPFRULE	TO DO WHAT IS TOLD AND FOLLOW RULES
H	IPUDRST	TO UNDERSTAND DIFFERENT PEOPLE
I	IPMODST	TO BE HUMBLE AND MODEST, NOT DRAW ATTENTION
J	IPGDTIM	TO HAVE A GOOD TIME
K	IMPFREE	TO MAKE OWN DECISIONS AND BE FREE
L	IPHLPPPL	TO HELP PEOPLE AND CARE FOR OTHERS WELL-BEING
M	IPSUCES	TO BE SUCCESSFUL AND THAT PEOPLE RECOGNIZE ACHIEVEMENTS
N	IPSTRGV	THAT GOVERNMENT IS STRONG AND ENSURES SAFETY
O	IPADVNT	TO SEEK ADVENTURES AND HAVE AN EXCITING LIFE
P	IPBHPRP	TO BEHAVE PROPERLY
Q	IPRSPOT	ITO GET RESPECT FROM OTHERS
R	IPLYLFR	TO BE LOYAL TO FRIENDS AND DEVOTE TO PEOPLE CLOSE
S	IMPENV	TO CARE FOR NATURE AND ENVIRONMENT
T	IMPTRAD	TO FOLLOW TRADITIONS AND CUSTOMS
U	IMPFUN	TO SEEK FUN AND THINGS THAT GIVE PLEASURE