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Improving Welfare Systems in LEDCs

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Introduction

The welfare state regime is currently seen as a government policy aimed at ensuring the protection of people or groups within a given society. This social protection was originally implemented during the 1945 to 1960 time period, and it was later expanded to cover a wider variety of social services and dangers. The socioeconomic phenomena of welfare states have been expanding since the 1980s, encompassing a broader range of contemporary society. Welfare states have been shown to be important accelerators for the growth of economic success, since they may reduce socioeconomic disparity and shield individuals from social phenomena like unemployment or illness, both of which are kinds of suffering.

The international community has considered this issue of utmost importance, especially during the pandemic that has resulted in poverty rates skyrocketing, having released extensive reports on the development of minimum welfare states in Less Economically Developed Countries and adopting several conventions to establish a fulfilling legal background. Nonetheless, a large number of countries have not enacted minimum welfare state policies, which has exacerbated the impact of socio-economic concerns in a broader sense.

As a result, it is critical to design policies to encourage the adoption of minimal welfare states, given that without them, the phenomena of social disorder, as well as other economic concerns, would worsen. Previous operations have been judged critical, but the issue's intricacy and relevance should not be underestimated.

Definition of Key Terms

Welfare State

The term welfare state refers to a system of national governance that is intimately linked to the preservation and management of an individual's, group's, or socioeconomic institution's well-being. Welfare governments are based on the ideas of equal allocation of income and equality of opportunity.

Welfare System

Welfare systems are a type of welfare state that focuses on assisting individuals and groups in need. These might range from unemployment benefits to medical help.

Welfare State Reform

A welfare state reform is the reorganization of a welfare state's specialized systems. The goal of common welfare state changes is to reduce the number of people who need government aid and support (mostly financial) in order to make welfare systems more affordable.

Entitlement

The term entitlement refers to a state's legal responsibility to provide payments to people, corporations, and governmental organizations. However, in order to receive such, it is important to follow the already established legal standards.

Otto von Bismarck

During the 19th century, Otto von Bismarck was a conservative Prussian statesman. His political prowess earned him dominance in European affairs from 1860 until 1890 when he was in charge of uniting Germany's states into a mighty German Empire. Given that he was the first politician to develop the notion of a welfare state, Bismarck has a strong connection to the subject at hand.

General Overview

History of welfare states

The tension shown to welfare systems increased in time. Although it is a fairly new concept its origin traces back to the 19th century.

19th century

Attempts to improve how the government dealt with the impoverished persisted throughout the 1800s. Some improvements aimed to assist the impoverished in finding jobs rather than relying on government support. In the 1880s and 1890s, reformers promoted social casework, which involved caseworkers visiting the impoverished and teaching them morality and work ethics. Prior to the Great Depression, the US Congress backed a variety of poor-assistance programs. A Civil War Pension Program, which was enacted in 1862 and gave assistance to Civil War Veterans and their families, was one of them. Many households were affected by the Great Depression. During the worst of the depression, one-fourth of the labor force was expected to be jobless. After this Otto von Bismarck introduced the concept of welfare gaining the support of the working class.

20th century

The Head Start State Collaboration Offices were established in 1990 as a trial initiative, similar to the Head Start program, which began in 1965 as a research study. Initially, funding was provided to 12 states. The goal was to establish large statewide collaborations between Head Start and the

states to address the increasingly complex, interconnected, and demanding difficulties of enhancing services for financially deprived children and their families. Two years later, eight additional states received funding. Collaboration Offices were established in all 50 states, Washington, DC, and Puerto Rico by 1997. Collaboration Offices were formed in 2008 for the American Indian/Alaska Native, Migrant, and Seasonal Head Start programs. In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act was signed by President Bill Clinton. The legislation authorizes the federal government to provide annual lump sum payments to states for the purpose of assisting the impoverished. As a result, governments must follow particular guidelines to guarantee that persons receiving assistance are encouraged to transition from welfare to employment. Despite certain criticisms, many people agree that the initiative has been a success.

Importance of a Strong Welfare State

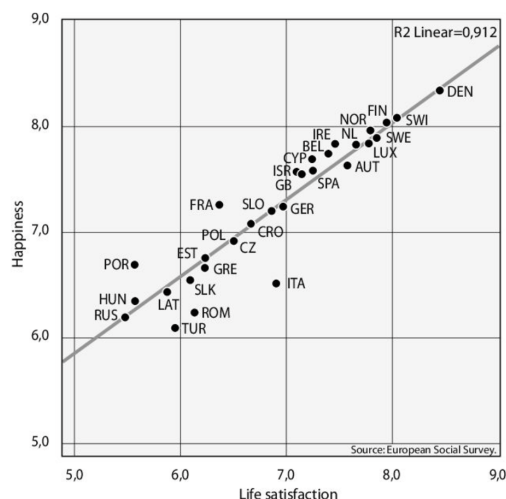
Maintaining strong social welfare systems, for example, has aided in the creation of stable societies and thus a favorable environment for businesses to invest, while left-leaning governments around the world have pursued policies of expanding welfare provision and improving employment rights to ensure that workers benefit from the new global economy. Indeed, as globalisation widens the gap between wealthy and poor and fosters a more "flexible" working environment, national populations will continue to rely on governments to look after them both throughout their working lives and when they retire.

Reduction of Poverty

The international community, particularly the International Monetary Fund (IMF) and the International Labor Organization (ILO), believe that developing a minimal welfare state in countries with high poverty and low economic performance will help to alleviate these social problems. However, given the interplay of this phenomenon with demographic, sociological, and societal changes in the model society, measuring the influence of minimal welfare states on poverty reduction is extremely difficult. When one considers that poverty is defined as a state or organization with less than 50% of disposable income, the need of establishing a minimal welfare state becomes clear.

Well-being and happiness of individuals

Figure 1: Well-Being in welfare states



Given that one of the fundamental characteristics of minimal welfare states is higher social insurance, one may argue that giving individuals with such benefits could improve their quality of life. The above-mentioned governmental protection brings more satisfaction to individuals who are in need of fundamental necessities, such as food, shelter, or healthcare. However, there are certain welfare states that do not give as much protection as others. The flexibility of labor markets might potentially assure pleasure and well-being in such welfare nations.

Major Parties Involved and Their Views

Sweden

Sweden has created one of the most affluent welfare states in the world, successfully establishing a new model of the minimum welfare state for the rest of the world. Sweden's reliance on the international trade industry, as well as the country's strong productivity and living standards, are just a few of the causes that have contributed to the creation of such a successful and affluent minimal welfare state.

The Netherlands

The Dutch welfare state has a long history dating back several decades. The Dutch minimum welfare state, which was originally implemented in the 1960s and 1970s, has served as a model for the rest of the world. The Dutch welfare state model was intended to be based on the one chosen by Sweden, albeit being many years late owing to various socio-economic concerns that occurred during that period.

International Monetary Fund

The International Monetary Fund (IMF) is one of the most important non-governmental organizations (NGOs) that has incorporated the great majority of Less Economically Developed Countries (LEDCs) in its programs in order to help them financially. In such countries, fewer than 20% of the people living in poverty are socially protected and covered by existing, but undeveloped welfare governments. As a result, hundreds of millions of people are unable to exercise their human rights and maintain a basic standard of living.

As a result, the International Monetary Fund has gone about seeking to cover the core parts of the state's social protection, thereby becoming the sole NGO having a say in how social protection is distributed. Prior to its effect on this phenomenon, the IMF was in charge of defining and addressing poverty-related socioeconomic concerns by temporarily supporting countries while causing deeper macroeconomic problems.

International Labor Organization

Another NGO that has focused a lot of its study on the formation of minimal welfare states is the International Labor Organization (ILO). The ILO has identified many difficulties concerning the

repercussions that the expansion of a given welfare state might create on a macroeconomic level, as evidenced by papers such as the "Comparative Study on French Social Policy."¹

Timeline of Events

Date of Event	<i>Description of Event</i>
1860-1890	The development of the first welfare state.
1881	The first welfare state done by Otto von Bismarck.
1945-1960	The Decolonization Period and the interest of unions to distribute socio-economic issues.
1948	Adoption of comprehensive measures of social insurance in the United Kingdom.
1960s	Development of the Dutch welfare state model.
1970s	Seperation of the social-democratic welfare state.
1990s	The term christian-democratic welfare state was explored.
2000s	Dutch welfare system collapsed, hence proving that a states' political status is crucial for the development of such regimes.

Treaties and Events

- *Ministerial declaration on generating full and productive employment and decent work for all, United Nations Economic and Social Council (297/WP/SDG/1)*
- *C117 - Social Policy (Basic Aims and Standards) Convention 1962, International Labor Organization (No. 117)*

Evaluation of Previous Attempts to Resolve the Issue

The international community, and notably the United Nations, has made a few attempts in the past to build efficient and contemporary minimum welfare states. In terms of the United Nations, numerous sub-bodies have been established to focus on the creation of minimal welfare states. The United Nations Statistics Division has focused on collecting data from a variety of social security regimes and has collaborated with non-governmental organizations (NGOs) such as the International Labor Organization

¹ "Is There A Welfare State Crisis? A Comparative Study of French"
<http://www.oit.org/public/english/protection/ses/download/docs/welfare.pdf>.

(ILO) to evaluate the cost and consequence of developing minimal welfare states. In the past, the United Nations Department of Economic and Social Affairs created the Department of Social Affairs as a sub-department. This subdivision focused on the development of social welfare and has released several documents surrounding this field.

Possible Solutions

Earned Income Tax Credit (EITC)

The EITC, which was enacted in 1975 largely to help low-wage employees balance payroll taxes, currently gives a 40 percent cash supplement for every dollar of earnings up to nearly \$10,000 for families with two or more children. The EITC is refundable, unlike some other tax credits, which means that households with little or no income tax responsibility receive a check from the Treasury. Up to a little more than \$13,000 in earnings, the maximum benefit of \$4,000 remains stable, and subsequently phases off at a rate of about 20 cents for every dollar earned beyond \$13,000. When wages hit around \$32,000, the bonus is totally gone. By 2000, the federal EITC had provided over \$30 billion in cash supplements to working families, making it the largest program that offers benefits to low-income families outside of Medicaid and Supplemental Security Income. It also gives assistance primarily to working families, unlike practically every other program for low-income families. In a nutshell, it's the archetypal job assistance program.

Creation of legal documents

It is important to construct legal agreements (such as conventions and treaties) on this subject in order to provide a legal basis incorporating characteristics that each nation must adhere to when opting to form minimum welfare states. Setting a baseline guideline would make it illegal for governments to exploit people or mistreat groups of the general public.

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