

Beveridge **versus** Bismarck

British Welfare State versus Germany Welfare State

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Beveridge

- William Henry Beveridge, (5 March 1879 – 16 March 1963) was a British economist, noted progressive and social reformer.
- He is best known for his 1942 report Social Insurance and Allied Services (known as the Beveridge Report) which served as the basis for the post-World War II welfare state put in place by the Labour government elected in 1945.
- Lord Beveridge, considered an authority on unemployment insurance from early in his career, served under Winston Churchill on the Board of Trade as Director of the newly created labour exchanges and later as Permanent Secretary of the Ministry of Food.
- Beveridge published widely on unemployment and social security, his most notable works being: Unemployment: A Problem of Industry (1909), Planning Under Socialism (1936), Full Employment in a Free Society (1944), Pillars of Security (1943), Power and Influence (1953), and A Defence of Free Learning (1959).

Bismarck

- Otto von Bismarck, (1 April 1815 – 30 July 1898) was a conservative Prussian statesman who dominated German and European affairs from the 1860s until 1890.
- Bismarck implemented the world's first welfare state in the 1880s. He worked closely with big industry and aimed to stimulate German economic growth by giving workers greater security. On 20 March 1884, Bismarck declared:
«The real grievance of the worker is the insecurity of his existence; he is not sure that he will always have work, he is not sure that he will always be healthy, and he foresees that he will one day be old and unfit to work. If he falls into poverty, even if only through a prolonged illness, he is then completely helpless, left to his own devices, and society does not currently recognize any real obligation towards him beyond the usual help for the poor, even if he has been working all the time ever so faithfully and diligently. The usual help for the poor, however, leaves a lot to be desired, especially in large cities, where it is very much worse than in the country.»

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Beveridge

- Financing of the Beveridge system is from **taxes**.
- Beveridge system contain **a redistribution**

NB: There is a trend in Europe for the two financing systems to converge.

Bismarck

- Financing of the Bismarck system is based primarily on social insurance **contributions**;
In other words, an optimal
- Bismarck system leads to **no redistribution** between various income groups

NB. There is a trend in Europe for the two financing systems to converge.

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Beveridge

The Beveridge system is marked by the following:

- ✓ It includes the entire population;
- ✓ It is primarily financed from the state budget;
- ✓ It calls for uniform contributions.

The Beveridge system focuses on securing a subsistence level.

Bismarck

The Bismarck system is characterised by the following:

- ✓ The insured persons are employees or gainfully employed;
- ✓ The financing is via contributions, graduated according to income;
- ✓ The contributions to be paid are based on wages or salaries.

The Bismarck system assure a standard of living