

Chapter 9 : Inequalities

Part 2 : Welfare

1. Welfare in the United Kingdom

- Origin of the Welfare system

The **Beveridge Report**, officially entitled *Social Insurance and Allied Services*, is a government report, published in November 1942, influential in the founding of the welfare state in the United Kingdom. It was drafted by the Liberal economist William Beveridge, who proposed widespread reforms to the system of social welfare **to address what he identified as five "Giant Evils" in society: squalor, ignorance, want, idleness, and disease**. Published in the midst of World War II, the report promised rewards for everyone's sacrifices. Overwhelmingly popular with the public, it formed the basis for the post-war reforms known as the Welfare State, which include the expansion of National Insurance and the creation of the National Health Service.

The Labour Party eventually also adopted the Beveridge proposals, and after their victory in the 1945 general election, they proceeded to implement many social policies, which became known as the Welfare State. These included the Family Allowances Act 1945, National Insurance (Industrial Injuries) Act 1946, National Insurance Act 1946, National Health Service Act 1946, Pensions (Increase) Act 1947, Landlord and Tenant (Rent Control) Act 1949, National Insurance (Industrial Injuries) Act 1948, National Insurance Act 1949.

It has been left untouched by the conservative revolution led by Prime Minister Margaret Thatcher in the 1980s or by Britain's continuous drift towards a more market-based society.

- the NHS

The National Health Service in the UK is an example of truly socialized medicine and universal healthcare. Health care is provided by a single payer – the British government – and is funded by the taxpayer. All appointments and treatments are free to the patient (though paid for through taxes), as are almost all prescription drugs. The maximum cost of receiving any drug prescribed by the NHS is \$12.

There is also private insurance, but only a minority opt out of the NHS system to receive their medical treatments privately. In 2014 only 10.6 percent of the population was covered by such policies.

It's largely criticized nowadays for being costly and under strain (severe shortages of beds and medical staff in hospitals resulting in waiting times for non-emergency procedures stretching over months, sometimes beyond a year).

However it still ranks among the best in the world.

The problem is that medicine has become more expensive with technology and more costly treatments (and rising expectations : people expect public hospitals to use the latest, most advanced techniques), but **the NHS is insufficiently funded**.

However the Britons are dearly attached to the system and no party speaks of reforming it.

2. Welfare in the USA

- Healthcare before the Obamacare

49 millions of people were uninsured in 2012 (see 2007 film by Michael Moore entitled *Sicko*). The USA spends **17% of GDP (which is more than any other nation) on healthcare, and is the only industrialized nation without a universal coverage**.

It was behind many other industrialized nation for life expectancy (ranked 38th in 2018, it's 78.9 years on average, 76.3 for men and 81.4 for women ; by comparison France is ranked 12th (82.5) and the UK 29th).

Health spending was soaring dramatically (7.4% annually between 1980 and 2009) partly due to waste within the system and opaque pricing. Costs had to be controlled.

Infant mortality rates are also higher than in other developed countries, due to poverty and weak social and health coverage¹.

- the Obamacare or Affordable Care Act

It was signed in March 2010 and a highlight in Obama's presidency.

- x aim of the reform : make coverage affordable and mandatory and address unethical insurance practices, such as **discrimination against patients with pre-existing conditions**.

1. Compared to 19 similar OECD countries, U.S. babies were three times more likely to die from extreme immaturity and 2.3 times more likely to experience sudden infant death syndrome between 2001 and 2010, the most recent years for which comparable data is available across all the countries.

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- x **All Americans must now get insurance.** Healthcare exchanges have been introduced to facilitate the purchase of insurance in each state.
- x Large employers must provide for those working 30 hours a week.
- x Small businesses offering insurance get tax credits, as do individuals and families buying through health exchanges.
- x The poorest can benefit from Medicaid in the 29 states which have voted its extension.
- x Insurers can't **deny coverage** or **charge higher premiums on health grounds** anymore.
- x The consequence is that 10M people have enrolled via the exchanges.
- x Costly and complicated, it was **very unpopular** (51% of Americans disapproved in 2014), there was opposition from the start (fear of Big Government), Republicans feared the burden on middle-class payers. There were **legal challenges** pending (King Vs. Burwell case, settled in 2015, in which the Supreme Court upheld the ACA).

- the Trump presidency

The American Health Care Act of 2017 (H.R. 1628) often shortened to the AHCA, or nicknamed Trumpcare, is a United States Congress bill to partially repeal the Patient Protection and Affordable Care Act (ACA), also known as Obamacare. **Trump was unsuccessful in his attempt as the Senate rejected his Bill**, so he moved on to tax reform (in which he was far more successful) ;

- other social protection programmes

There are a lot of different programmes, the major ones being Medicare and Medicaid (created by president Johnson, 23% of US budget until 2013) to help the poorest, the rest is covered by individual insurance. **However, medical costs remain the number 1 cause of personal bankruptcy in the USA.**

For Americans, healthcare is seen as an individual burden, and full employment has to provide the means to take care of one's health. That's why the priority of the government is more economic growth and fighting against unemployment.

3. Pros and cons of the Welfare system

- ✓ The US public has historically a somewhat unenthusiastic view of government intervention and welfare "entitlements". The middle classes have private sector insurance (over 10% of GDP in 2007) to compensate for rather limited social insurance, while the poor have rather extensive welfare coverage. There is an emphasis on work- conditioned benefits and selective schemes. Employers are the gatekeepers of social entitlements. Obama has been labelled a « socialist » by Republicans for defending this reform.
- ✓ President Obama has shied away from a European-style-payer system. What are the actual advantages of such a system ?
- ✓ There's a heated controversy in the USA about the ethical implications of the commercialization of healthcare. Those in favour of the trend towards healthcare for profit claim that an increased toll for entrepreneurs and competition in the delivery of healthcare will result in a more efficient and effective healthcare system. For others, the making of profit goes against the values central to medicine.
- ✓ How would you convince young people that it is worth spending money on healthcare insurance? Obama promised millennials that they would be able to get insurance for \$100 a month or less, but Obamacare is sometimes no more affordable than the old ad-hoc system of healthcare.
- ✓ Some pretend the Obamacare is unconstitutional, or too costly.