



Locating the welfare system of developing countries in the light of welfare regime models: The case of Bangladesh

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ABSTRACT: The state, market, and families are the major players in mitigating human needs, though the state possesses fundamental responsibility about the redistribution process of the resources. However, the role of the state, market, and families varies among societies depending on the political ideology, economic strength, social structure and efficiency of the market. This paper examines the Esping-Andersen's analysis in the comparative social policy of today's world and its relevance to the emerging social protection approaches of the developing countries focusing on the welfare provisions of Bangladesh. The paper attempts to locate the pursuit of welfare system of Bangladesh in the light of welfare regimes model and concludes that Bangladesh has a distinct path dependency of welfare provisions which are not identical to the welfare regimes paradigm. The paper offers insight for the least developed and developing countries in understanding their welfare systems from the viewpoint of the regime approach.

Keywords: Welfare State, Family, Market, Developing Countries, Bangladesh.

1. Introduction

Social policies are intended to develop a mechanism by which resources are redistributed among people of different strata of the society so that the fundamental needs of the citizens are met. In capitalist societies, the market plays a significant role in fulfilling human needs. However, the imperfect market often needs to be regulated to satisfy human needs especially in case of uncertainty. Hence, the state intervention in ensuring human well-being is acknowledged although the level of such intervention varies among countries. Therefore, the concept of 'welfare state' has emerged in the last couple of decades which underpins the idea of state responsibility for securing basic needs of its citizen and protection from any sorts of vulnerabilities, particularly from uncertainties during their lifespan. There is a tripartite nexus of state, market, and family in regard to creating welfare provisions. Traditionally, the family has been considered as a significant source of welfare although industrialization and urbanization questioned the efficacy of its role in some of the industrial nations. Subsequently, state responsibility in welfare provisions is hailed all over the world in a form or another and with a varying degree (Chowdhury, Wahab, & Islam, 2018). However, debate continues regarding the domination of state, market, and family in the welfare realm. Therefore, countries varied enormously in terms of welfare provisions for citizens. Studies are abundant in the welfare system of the developed countries. Welfare regime

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model is also developed on the basis of 18 OECD countries (Abu Sharkh & Gough, 2010; Bamba, 2007b; Esping-Andersen, 2000) and therefore, the model is mostly related to the developed world. Conversely, studies in the context of least developed and developing countries are insignificant (Davis, 2001; Gough, 2013). This paper attempts to fill this gap and contribute to the academic scholarship of the comparative social policy with a special reference to the welfare system of Bangladesh.

2. The welfare regime model

Different scholars have traditionally classified welfare states on the basis of expenditure on welfare provisions. Esping-Andersen breaks the expenditure approach to comparative social policy (Bonoli, 1997) and offers the typology of welfare regimes. He clustered the OECD countries based on their level of de-commodification, social stratification and the nexus among state-market-family (Esping-Andersen, 1990). The welfare provisions are distinct in each cluster and the welfare responsibility of different social institutions such as state, market and family is also differentiated between the clusters. The welfare states are clustered into the following three regimes considering the variations in social rights, welfare state stratification and different arrangements between state, market and the family (Esping-Andersen, 2000):

First, *liberal welfare state* which predominates means-tested assistance, modest social-insurance plans or modest universal transfers. In this model, benefits cater mainly to a clientele of low income, usually working class and state dependents. Entitlement rules are strict and often associated with stigma. The state encourages market either passively by guaranteeing only a minimum or modest benefit or actively by subsidizing private welfare schemes. This model indicates a low level of de-commodification.

Secondly, *conservative or corporatist welfare state* which predominates state-led welfare provision with a marginal role of the market. In this welfare system, preservation of status differentials is essential that the liberal obsession with market efficiency. The Church also shapes the corporatist regimes which are committed to the preservation of traditional family hood.

Thirdly, *social democratic welfare regime* which predominates the principles of universalism and de-commodification of social rights. Social democrats pursued a welfare state that would promote equality of the highest standards.

Esping-Anderson presumes that welfare states tend to ensure education, health and welfare services as a matter of right to the people not as commodities and thereby de-commodify many aspects of what previously has been made into commodities by the market process (Bessant et al. 2006). A highly de-commodifying welfare state is one where generous welfare provisions are available for the citizens, and the benefits are adequate for leading a decent life (Bonoli, 1997). De-commodifying social policies are supposed to ameliorate the inequality by influencing the redistribution of the resources. The level of de-commodification is high in the social democratic regime while the liberal regime is considered the least de-commodifying.

3. Criticisms

The welfare state typology is dominant in comparative social policy although it has been subjected to extensive criticism for methodological error, gender blind and illusory nature of welfare regime. Esping-Andersen's typology is criticized for overlooking unpaid work within the family although the status of a significant number of people, mainly women, depends on those sorts of work. Historically, the family has been the largest provider of welfare (Oakley 1986, cited in Lewis, 1997a), but state-market relation of welfare analysis that has been adopted in his typology ignores the role of family and other informal networks (Bonoli, 1997; Lewis, 1997a). The central point of welfare regimes is to loosening the pure commodity status of workers (Esping-Andersen, 2000) and therefore, countries are clustered on the basis of decommodification which missed out the importance of unpaid work, where primarily women in families are involved (Lewis, 1997a). In addition, the welfare regime model is mostly emphasized on the decommodification of the family by providing support to them so that families are no longer dependent on the market for their survival. However, they did not mention any provision to facilitate women autonomy and economic independence to ensure that women can survive independently of the family relationships (Bambra, 2007a). Therefore, Esping-Andersen has been criticized for not paying attention to decommodify women and not providing any solution as to how to value this unpaid work and how to share it more equally between men and women (Lewis, 1997a).

Esping-Andersen's welfare regimes are also being criticized for containing methodological errors. Some critics raised the questions on "addictive nature of decommodification indexes, weighting within the indexes, the reliance upon averaging and the use of one standard deviation around the mean to classify the countries into regimes" (Bambra, 2007b, p. 1100). This method has a noticeable impact on the classification of certain countries. For example, the UK may not have fallen within the liberal regime if a different cut off point was used (Bambra, 2007b). Besides, his study was replicated and reassessed recently using the same program features used to create decommodification index in the welfare regime typology. However, the results differed substantially from the original findings and numbers of errors in the original formulation was found. The little evidence of 'clustering' among program scores was also found in the replicated study (Scruggs & Allan, 2006). Moreover, the further study also illustrated that the miscalculation of the mean and standard deviation in the original three worlds of welfare capitalism data led to the misclassification of Japan, UK, and Ireland (Bambra, 2005).

Esping-Andersen presented an ideal type of welfare regimes. Kasza (2002) questioned the validity of regimes concept and argues that welfare policies are evolved cumulative way by adopting incremental changes. Different welfare fields have diverse histories and contexts. Numerous policy actors are also involved in the different field of welfare policy. Welfare issues do not reach the policy-making agenda in the same manner. Therefore, variations in the policymaking process move policy in different directions. Further, foreign models often influence the development of welfare policy in most of the countries. Most countries practice an incoherent set of welfare policies because of those typical features of policymaking. Consequently, it is hard to find countries exactly fit in a particular regime type.

4. Welfare regime models in the context of developing countries

Esping-Andersen's welfare state regime has a significant contribution to the comparative social policy discourse. However, his analysis is based on the prevailing socio-economic condition of the 18 OECD countries in the 1970s and 1980s. The regime was proposed for the states whose scenario was "an economy dominated by industrial mass production; a class structure in which the male, manual worker constituted the prototypical citizen; and a society in which the prototypical household was of the stable, one-earner kind" (Esping-Andersen, 1999, p. 74). The socio-political, economic and cultural context of developing countries is entirely different from that of the developed world. Therefore, it is obvious that the regimes may not be uncompromisingly applicable even in the developed countries of today's world.

The welfare regimes signify the tripartite nexus of state, market, and family in the welfare provisions. However, in developing countries, the presence of numerous actors is often observed in the provisions of human wellbeing. In addition, developing countries cannot often initiate development programme and implement it with the domestic resources and skills. Therefore, they have to depend on the expert, as well as financial assistance of the developed world. This dependency creates opportunities for the developed countries and international donor agencies such as IMF, World Bank, ILO to play a crucial role in the policymaking process, financial arrangement and implementation of the development programmes of the least developed and developing countries (Bhuiyan, 2017). Therefore, apart from the state, market, families and informal actors, international organizations also significantly contribute to the policy process of the developing countries.

However, Abu Sharkh and Gough (2010) contend that welfare regimes perspective is a useful paradigm for the welfare policies of the developing countries as well. Though Rudra (2007) argued that developing countries are not identical to one another in terms of their political economy. Additionally, most of the developing countries do not have a stable government. The political parties are also less committed to the wellbeing of the citizen and the country. The market is also seemed imperfect in these countries (Wood & Gough, 2006). Therefore, the welfare system of those countries does not follow a similar trend and path. However, for the convenience of discussion and for examining the applicability of welfare regimes model, this paper analysed the welfare provision of Bangladesh in the light of the regime approach.

5. Welfare system of Bangladesh

Bangladesh is one of the most densely populated countries of the world having 162.7 million populations with 1103 people per square kilometre (BBS, 2018). The low level of national income and lack of safety net lead most of the people prone to the vulnerability. Widespread poverty, illiteracy, lack of health services especially for the poor, unemployment, the incidence of human rights violation and corruption are common phenomena for most of the people. However, Bangladesh has performed very well in eradicating poverty in the last three decades. The country reduced poverty (in terms of national poverty line of 2122 kilocalorie intake per day) from 58.8

percent in 1992 to 29 percent in 2012 (Bangladesh Planning Commission, 2014). Bangladesh has increased social services provisions in terms of coverage and benefits recently. One of the objectives of social protection programme in Bangladesh is to eradicate poverty and establish social justice. Bangladesh government increasingly emphasised on creating a safety net for its citizen. For example, total allocation in the social security programme has been increased from TK. 3732 million in FY 2005-2006 to Tk. 646560 million in FY 2018-2019. The coverage of social security programmes was also increased from 13 percent in 2005 to 28.7 percent in 2016 (Muhith, 2018). The allocation for the social safety net programmes has been increased from 1.3 percent of GDP in 1998 to 2.3 percent of GDP in 2011 (Bangladesh Planning Commission, 2015). The proposed allocation in the social security programmes for the FY 2018-2019 is 2.55 percent of the GDP (Muhith, 2018).

In Bangladeshi social structure, families, religious institutions and communities have been playing a significant role in human welfare since time immemorial. The role of government is marginal, and the market has an almost insignificant role in the welfare provisions. However, the government's role is increasing now a day because of declining informal services by families, religious institutions and communities. Since the late 1990s, the government support system in Bangladesh covered only government employees, in the form of pension, who are a small portion of the population. There was no social security system in the informal sector in Bangladesh where most of the people are involved. For example, 60 percent of the total labour force is accommodated only in the agriculture sector in Bangladesh (Kabir, 1999) where no social security like pension exists to support at the old age.

The welfare provisions of Bangladesh started with the relief programme that was undertaken by the Government of Bangladesh in 1971 responding to the needs of destitute, poor and wounded people due to the liberation war. After independence in 1971, pension programme for the government employees was the dominant welfare provision of the country. The first two decades were dominated by the food relief programme for the poor such as Vulnerable Group Feedings (VGF), Vulnerable Group Development (VGD), Test Relief (TR), Food for Work, etc. During the 1990s, government welfare provisions indicated a shift from relief and social assistance to the social security programme. The allowance for the elderly, stipend for school children and allowance for the widow and people with disabilities was introduced in this period that had a significant impact on the social status and livelihood of a large number of people in Bangladesh. Bangladesh could not provide the safety net for its entire citizen despite the abundance of poor and vulnerable people. However, the country has distinct welfare provisions with limited social assistance program by the government, social security like pension scheme for public servants, welfare services by NGOs and informal services by families and communities. Therefore, Bangladesh has distinct path dependence within the global and historical context which needs to be considered while applying the welfare regime approach. The welfare system of Bangladesh can be classified by following:

State provisions of welfare: The government social security provisions cover only a small portion of the population in Bangladesh. There are pension schemes for public servants and those

working in the semi-government, autonomous and state-run enterprises. Besides, the government provides social assistance to the old, widow, disabled and poor people under various programs although the amount of assistance is not sufficient enough to mitigate basic needs and maintain minimum standards of living.

Welfare services by NGOs: NGOs are playing a significant role in providing welfare services to the poor in Bangladesh. They are implementing a wide range of welfare services including micro-credit, health services, primary and non-formal education, housing, family planning, agricultural extension and immunisation (Davis, 2001).

Informal services by the communities: Bangladesh has a long tradition of voluntary welfare activities undertaken by the well-off section of the community. They spontaneously respond to the poor and needy people especially if there is a natural calamity (Lewis, 1997b). In addition, personal donation to the charitable cause also plays a significant role in mitigating human needs (Kashif & De Run, 2015).

Informal services by families: In Bangladesh, families have been considered as insurance and a significant source of welfare for its members. Membership of various social groups such as kinship and community accords a range of informal entitlements which provide social protection in times of crisis (Davis, 2001). Moreover, *zakat*, a portion of resources that are paid to the poor, *fitra*, obligatory charity, and voluntary charity are the sources of security for poor and disadvantaged people.

International development assistance: Foreign aid has been playing a significant role in the welfare of the poor since the independence of Bangladesh. A significant portion of government welfare services and most of the NGO activities are dependent on foreign funds. The country had to accept the World Bank imposed a condition of 'structural adjustment programmes' because of its dependency on international assistance (Lewis, 1997b).

Private provision of services: There are some private and commercial organizations providing services in some areas, apart from government, such as health, education, and housing.

6. Welfare regimes and welfare system of Bangladesh

State, market, and family are the key players in the welfare regimes approach that are responsible for ensuring social welfare. Esping-Andersen disregarded the contribution of non-state and non-market institutions towards the welfare in the western industrial countries (Esping-Andersen, 1999). The contribution of NGOs and community-based agencies are also largely ignored by most of the western literature. However, they play a significant role in the social welfare arena in Bangladesh. A wide range of actors such as state, NGOs, market, family, kinship, religious institutions, community, and international donor agencies are involved in the welfare system of Bangladesh. Esping-Andersen's model did not consider their role in welfare though it is

almost impossible to ignore the contribution of such organizations in the context of Bangladesh. Therefore, it is difficult to fit Bangladesh in any of the welfare regimes.

Poverty alleviation program in Bangladesh is implemented jointly by government and NGOs which have a massive welfare component. Such programs receive financial support from external donors. However, Esping-Andersen's welfare regimes do not recognize such government, NGOs and foreign donors' nexus in welfare.

Family and religious institutions contribute significantly to the welfare system in the Bangladeshi society. No state or private provision of child care and only limited private provision of old care reinforces the responsibility of family which partly resemble with the conservative regime. However, the participation of women in the labour force is not restricted, although women's participation in the labour market is lower than men. Moreover, the state does not take the responsibility even if the capacity of families is exhausted. Therefore, Bangladesh does not fall with the conservative regime. Furthermore, there is almost no component of social democratic regime seen in the country.

The government social assistance programmes in Bangladesh are means-tested, and recipients are usually subjected to the social stigma that gives the impression of the liberal welfare state. The means-tested social assistance supposed to provide a kind of safety net for the very poor but benefits are too low that recipients cannot survive on this nominal cash transfer. This low benefit does not affect the decommodification process. Welfare recipients also cannot maintain their livelihood without selling physical labour. Moreover, attachment of social stigma discourages welfare recipients to be dependent on the welfare programme. However, in Bangladesh, unemployment is high, a significant portion of people lives below the poverty line, poor people do not have enough skills to ameliorate their situation, and there are no apparent efforts to make poor people self-reliant through providing training and credit. Thus, it is impossible to propel them to participate in the market for private services. Therefore, the liberal proposition cannot work in the context of Bangladesh.

In Bangladesh, provident fund for the employees working in the government, semi-government and autonomous sectors are in place. Besides, different private organizations also introduced the provision of pension and the provident fund for their employees. Therefore, the number of beneficiaries of the pension and provident fund is increasing day by day. This tradition to some extent resembles with the Bismarckian model of social protection (Bonoli, 1997), which is mainly for the population who participate in the labour market. However, it does not seem to resonate with the welfare regimes perspective.

Wood and Gough (2006) advocate that welfare regimes approach is not possible to apply in the country with problematic state and imperfect market. Bangladesh does not have a political economy which is one of the main pillars of the regime approach. Despite the abundance of political parties in Bangladesh, three main political parties ruled the country since its independence in 1971. The contestant political parties belong to two main political ideologies. However, in

practice, it is difficult to differentiate them in terms of political ideology. Their policies are almost similar, and therefore, the economy was not affected by the change of the governments. Moreover, political instability is a common feature of Bangladeshi politics. Furthermore, markets in Bangladesh are not well developed to ensure human wellbeing as suggested by the regime perspective.

7. Conclusion

Esping-Andersen's explanation of the three worlds of welfare has made a significant contribution to the comparative social policy analysis. His analysis is useful to identify and analyse the welfare provision of a country considering the characteristics of the clusters of nations. Nevertheless, in the real world, it is difficult to find a country identical to any of these categories. Esping-Andersen himself acknowledged that there are no 'pure cases' of such regimes rather countries of a particular regime also have elements of other regimes (Bessant et al., 2006). Yet, he introduced an academic debate on comparative social policy which has been attracted the large numbers of scholars.

Esping-Andersen's welfare state regimes are still relevant in explaining the welfare policies of developed countries. Changing social context, human needs, the political economy of the nations and ideological inclinations of governments might cause the shift of a country from one regime to another. However, his analysis is not relevant in the context of developing countries such as Bangladesh. The social protection system of Bangladesh is developing in its distinct path where the state, NGO, family, and foreign development agency nexus are predominated.

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