Welfare and punishment

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The relationship between welfare spending and imprisonment

Professor David Downes and Dr Kirstine Hansen

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David Downes is Professor Emeritus of Social Policy and former Director of the Mannheim Centre for Criminology and Criminal Justice, London School of Economics. Kirstine Hansen is Research Director of the Millennium Cohort Study, Centre for Longitudinal Studies, Institute of Education, University of London.

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Introduction

We present here a brief outline of findings from our research, which explores the relationship between welfare expenditure and levels of punishment. We begin by examining research on welfare spending and imprisonment rates across US states and replicate this work using data from 18 countries, including the United Kingdom. The results show that welfare provision relates significantly to penal policy and practice, as measured by the scale of imprisonment, and indicate that welfare cutbacks imply penal expansionism.

Put simply, we find that countries that spend a greater proportion of GDP on welfare have lower imprisonment rates and that this relationship has become stronger over the last 15 years. The consistency in these findings across the United States and the other 17 countries studied makes it difficult to believe that this relationship is simply accidental or coincidental.

We argue that this finding is extremely important from a policy perspective. It indicates that a country that increases the amount of its GDP spent on welfare sees a relatively lower rate of increase or a greater decline in its imprisonment rate than in the past.

Welfare expenditure is an indicative measure of the strength of a welfare state, but it must also be viewed in context. Increased spending on welfare will not automatically reduce imprisonment – the organisation and delivery of welfare also plays an important role. For example, further research is required to understand fully whether increases in public service expenditure via Private Finance Initiatives have the same effect as previous regimes of welfare spending.

Above all, our data imply that a substantial welfare state is increasingly a principal, if not the main protection against the resort to mass imprisonment in the era of globalization.

Penal expansion and welfare contraction

Investment in welfare as distinct from penal capital is now under more severe threat than at any point since 1945. Over the past decade, the contrast between the competing political economies of Europe and the United States has become, if anything, even sharper. What one of us has termed the 'macho penal economy' (Downes 2001) has grown to surpass the mark of two million prisoners held daily in the US – some two per cent of the male labour force. The trend towards mass imprisonment in the US over the past two decades has been accompanied by ever tighter restrictions on welfare rights for the poorest families. Trends in the United Kingdom and some other European countries are emulating these tendencies, both in terms of penal expansion and welfare contraction, yet the relationship between these factors remains largely unexplored.

Arguably, work on the social analysis of punishment during the past three decades has neglected the impact of a commitment to welfare on the scale of imprisonment. For the first two-thirds of the past century, the principal hope of criminologists, penal reformers and most politicians was that welfare, the 'welfare state' and allied forms of social provision for human needs would lead to a reduction in both crime and the need for punishment. However, the apparently remorseless rise in crime rates from the mid-1950s, a trend which persisted until the mid-1990s, eroded that confidence. The watershed of the late 1960s and early 1970s, when researchers threw doubt on the efficacy of treatment programmes, saw those hopes dashed, and the principles and assumptions that supported them subject to fundamental challenge. As a result, the last 30 years have seen a dramatic decline in optimism about welfare in relation to crime and punishment, ironically during a period of continued growth in welfare investment and provision. We are now at a point where 'welfare' aims, ideals and institutions are increasingly and unduly marginalised as key variables in criminal justice policy and practice. The pendulum has swung too far away from the view that welfare can, or indeed should, have any real purchase on the character of crime and punishment.

There has, nonetheless, been a plethora of initiatives, programmes and 'New Deals' mounted by New Labour in Britain over the past nine years. Some of these, such as the 'Sure Start' programme, derive in part from a strong welfarist tradition. Compared with the core institutions of the 'welfare state' – the health, education, income maintenance and social security services that account for some two-thirds of government expenditure – they remain relatively modest or minimally resourced. This briefing is chiefly concerned with this non-penal structure of the welfare system.

Exploring the interaction between welfare and imprisonment

In the most systematic study of the links between welfare and imprisonment to date, Beckett and Western (2001) view social and penal policy as inextricably linked, with policy responding to social marginality. Beckett and Western argue that welfare regimes (US states in their case) vary according to their commitment to including or excluding marginal groups. Inclusive regimes emphasise the social causes of marginality and aim to integrate the socially marginalised by providing generous welfare programmes. These regimes have less harsh views on crime and are likely to have lower imprisonment rates. On the other hand, exclusionary regimes lay responsibility for social problems in the hands of the socially marginalised. The unemployed are thus undeserving, deviancy is unjustifiable and deviants are non-reformable. Such regimes offer less generous welfare provisions, take a harsher stance on crime and are more likely to favour imprisonment.

Beckett and Western test this idea using data from 32 US states for the years 1975, 1985 and 1995. After controlling for a number of factors, such as crime rates, they find that as welfare spending increases, rates of imprisonment increase less sharply or are relatively lower. They also find a clearly positive relationship between imprisonment in a state and the proportion of black and other minority ethnic groups, the poverty rate and Republican representation in that state. Poor states with high poverty rates and large numbers of minority ethnic groups that have Republican majorities tend to imprison more people. Most of these relationships are found to be stronger in 1995 than in earlier periods. This leads Beckett and Western to suggest that social and penal policy are only closely tied at specific times 'when efforts are made to alter prevailing approaches to social marginality' (2001: 46), as was the case with the Reagan administration. Not only did states with less generous welfare spending have higher imprisonment rates in the 1990s, but this later period also saw states with a higher proportion of blacks, other ethnic minorities and greater poverty having higher imprisonment rates. Thus Beckett and Western argue: 'The more exclusionary approaches to social marginality are especially likely to be adopted by states which house more of those defined in contemporary political discourse as 'trouble makers'' (2001: 46). To what extent do cross-national data bear out their analysis of inter-state variations on the welfare versus punishment theme?

Comparative analysis of the punishment and welfare thesis

Cross-country welfare differences

The United States is not the only country where welfare policies are becoming tougher. Policies in European countries where welfare has traditionally been more encompassing than in the United States are increasingly incorporating aspects of the United States' market driven approach to welfare (Gilbert 2002). Gilbert argues that globalization of the economy increasingly means that firms are free to locate where wages and taxes are lower, and that this has placed pressure on countries with strong welfare states, where wages are generally higher and high levels of taxation are required to fund the welfare provisions.

Despite these trends, there remain huge differences in the generosity of welfare provision in different countries. This can be highlighted with reference to two examples. Despite recent changes, Nordic and Scandinavian countries largely continue to provide a generous universal welfare state (Kuhnle *et al* 2000). For example, Sweden provides the most generous paid parental leave, increased child allowances, and increased funding for pre-school and public care. This means that Sweden is a country with high labour market security and, for the most part, low unemployment. A smaller proportion of its workforce is low paid, it has a low incidence of poverty and much less income inequality than seen elsewhere (Freeman and Katz 1995). As Greenberg argues: 'One may thus see the comparative leniency of the Dutch and the Scandinavian criminal justice systems and their low degree of economic inequality (which is substantially a product of their generously funded welfare systems) as manifestations of a high degree of empathic identification and concern for the well-being of others' (1999: 296–7).

On the other hand, liberal market approaches to the welfare state, typified by the United States, provide minimal welfare provisions for their citizens. Worried about creating a culture of dependency, there are strict conditions (that vary by state) for receiving welfare and a time limit on the duration of receipt of welfare. Emphasis is very much on getting people into work, rather than preventing poverty. There is less concern with redistribution or equity across the classes, taxes are low and subsequently so is welfare spending. It is hardly surprising, then, that the United States has a much greater incidence of low pay and earnings dispersion than other countries. For the country that epitomises James's (1993) winner/loser society, inequality among citizens is great, with a small group of high achievers and a long tail of low achievers (Hansen and Vignoles 2005). The costs of such extreme inequality can be high. For example, a major comparative study found that economic inequality and low welfare provision were strongly related to rates of lethal violence: 'overall levels of homicide will be lower in capitalist societies that have decommodified labor by reducing dependence on the market for personal well-being' (Messner and Rosenfeld 1997: 1407).

It is not difficult to see how differences in welfare state generosity could be related to imprisonment. Not only does a generous welfare state insure citizens against income loss, protecting them from poverty and low pay, it also enhances social harmony, and a sense of equality and security for everyone (Atkinson 1999). On the other hand, a less generous welfare state is associated with greater inequality among its citizens and the ensuing social problems that this brings. There are clear differences for the citizens of these countries, not only in the standard of living, but also in perceptions of fairness and ultimately in the social cohesion and stability of their society (Kuhnle *et al* 2000).

Drawing upon these differences, we argue that welfare and imprisonment are inversely related; in other words, states that spend more on welfare will have lower imprisonment rates and vice versa.

This hypothesis is put to the test using comparative data from 18 countries from the Organisation for Economic Co-operation and Development (OECD) [1]. The basic relationship between imprisonment and welfare spending is examined in Table 1, which ranks countries according to their imprisonment rate alongside the percentage of their GDP spent on welfare and their welfare score in 1998 [2].

As Beckett and Western (2001) found using US state-level data, welfare generosity and imprisonment rates appear to be negatively correlated; that is, states that spent more on welfare had lower imprisonment rates. Of the seven countries with the highest imprisonment rates, all spend below average proportions of their GDP on welfare, while the eight countries with the lowest imprisonment rates all spend above average proportions of their GDP on welfare, with the exception of Japan. Supporting the earlier discussion, Denmark, Sweden and Finland all spend among the highest proportion of their GDP on welfare and have the lowest imprisonment rates. At the other extreme, the United States spends the smallest proportion of its GDP on welfare and has by far the highest imprisonment rate of the countries examined here [3]. The United States and Japan are very much outliers in the data, the first with an extremely high imprisonment rate, the second with an extremely low one. When the analysis is re-run excluding these countries, the basic tenor of the results remains unchanged – countries that spend a greater proportion of GDP on welfare have lower imprisonment rates.

Table 1 is just a snapshot of one point in time [4] and is used to illustrate the basic relationship between imprisonment and social welfare. This evidence supports Beckett and Western's (2001) findings of a negative relationship between welfare expenditure and imprisonment across US states in 1995. While Beckett and Western found the existence of such a relationship in 1995, they failed to find it in earlier periods. It is possible to see whether this is also true of the cross-country data analysed here very simply by plotting the relationship between imprisonment and GDP spent on welfare in 1998 and in 1988.

This is important because over the last ten years or so the imprisonment rate of many countries has been increasing. According to Walmsley (2000), the general trend in imprisonment in the 1990s has been upward, with most countries recording increases of around 20 per cent. Only Sweden and Finland have seen declining imprisonment rates. These increases cannot be accounted for by changes in crime rates, which in many countries have been stable or even declining. Moreover, the demographic and socio-economic determinants of crime have seen too little change in themselves to explain the large shifts in imprisonment. Instead, Walmsley (2000) argues that much of the rise in prison numbers is attributable to changes in policy, which have seen a greater use of custody and the imposition of longer sentences. In the United Kingdom the number of people in prison rose by 50 per cent during the 1990s, fuelled by a 40 per cent increase in the use of custodial sentences and a 10 per cent rise in average sentence lengths (ibid). These policy changes were seen as a response to (among other things) a growing fear of crime and loss of confidence in the criminal justice system among the population, which made the general public more favourable towards harsh criminal justice policies. Thus, in certain countries – in particular the United States and to a lesser extent the United Kingdom – public demand for tougher and

[1] The data on imprisonment refers to the number of individuals held in penal institutions, including pre-trial detainees as well as those convicted and sentenced (http://www.umcjin.org/Statistics). From this number an imprisonment rate is calculated as the number of individuals in prison per 100,000 of the adult population in each country. The population figures come from the US 'Bureau of the Census' international database. Welfare expenditure data (which include public expenditure on a range of services) come from the OECD 'Social Expenditure' database (2001), which is published in Society at a Glance (OECD 2002). The OECD also provides the source of 'Gross Domestic Product' (GDP) data, which together with the welfare expenditure are used to calculate the percentage of GDP spent on welfare. A range of control variables such as International Labour Organisation (ILO) unemployment rates and international crime rates are also used (www.unodc.org/unodc/en/crime_cicp_surveys.html).

[2] This is measured as the proportion of GDP spent on welfare in a particular country compared to the mean of all countries examined.

[3] We also ran a number of simple cross-sectional regressions of imprisonment rates on the generosity of welfare spending, unemployment and crime on imprisonment rates in 1998. Even after controlling for a number of factors which may be related to imprisonment, there remains a negative relationship between welfare spending and imprisonment.

[4] 1998 is the latest available for social welfare expenditure (obtainable without paying a fee).

longer sentences has been met by public policy and election campaigns which have been fought and won on the grounds of the punitiveness of penal policy. In other countries, such as Sweden and Finland, where the government provides greater 'insulation against emotions generated by moral panic and long term cycles of tolerance and intolerance' (Tonry 1999), citizens have been less likely to call for, and to support, harsher penal policies and the government has resisted the urge to implement such plans.

Thus, Figure 1 plots two graphs which all have the proportion of GDP spent on welfare along their x-axis and the imprisonment rate along their y-axis. Examining the graphs, it becomes clear that the regression slope between welfare expenditure and imprisonment is more negative in 1998 than in 1988, i.e. expenditure on welfare had a greater impact on imprisonment rates in 1998 than it did a decade before. In fact, while the earlier period produces a negative relationship between the two variables of interest, the results remain statistically insignificant. These differences remain even after controlling for unemployment and lagged crime rates. This is true with or without including the US and Japan.

We have data for all years from 1987 to 1998 inclusive and have analysed the results year on year and as a trend over the period. The overall pattern is clear: the association between imprisonment rates and spending becomes more sensitive as we move towards 1998.

As with Beckett and Western's analysis of US states, the cross-country evidence presented herein suggests that while the inverse relationship between welfare expenditure and imprisonment is not strong in the late 1980s, it is very evident by the late 1990s.

What happens to a country's prison population when the proportion of GDP spent on welfare in that country shifts?

While examining the cross-sectional data at two different points in time informs us about the relationship between countries with high and low imprisonment rates and high and low welfare expenditure at two points in time, utilising national data measured

TABLE 1. DESCRIPTIVE STATISTICS ON IMPRISONMENT, GDP AND WELFARE ACROSS COUNTRIES, 1998

Country	Imprisonment Ranking	Imprisonment Rate (Per 100,000 of the population aged 15+)*	Percentage of GDP spent on welfare	Welfare Score
US	1	666	14.6	-8.2
Portugal	2	146	18.2	-4.6
New Zealand	3	144	21.0	-1.8
UK	4	124	20.8	-2.0
Canada	5	115	18.0	-4.8
Spain	6	112	19.7	-3.1
Australia	7	106	17.8	-5.0
Germany	8	95	26.0	3.2
France	9	92	28.8	6.0
Luxemburg	10	92	22.1	-0.7
Italy	11	86	25.1	2.3
Netherlands	12	85	24.5	1.7
Switzerland	13	79	28.1	5.3
Belgium	14	77	24.5	1.7
Denmark	15	63	29.8	7.0
Sweden	16	60	31.0	8.2
Finland	17	54	26.5	3.7
Japan	18	42	14.7	-8.1

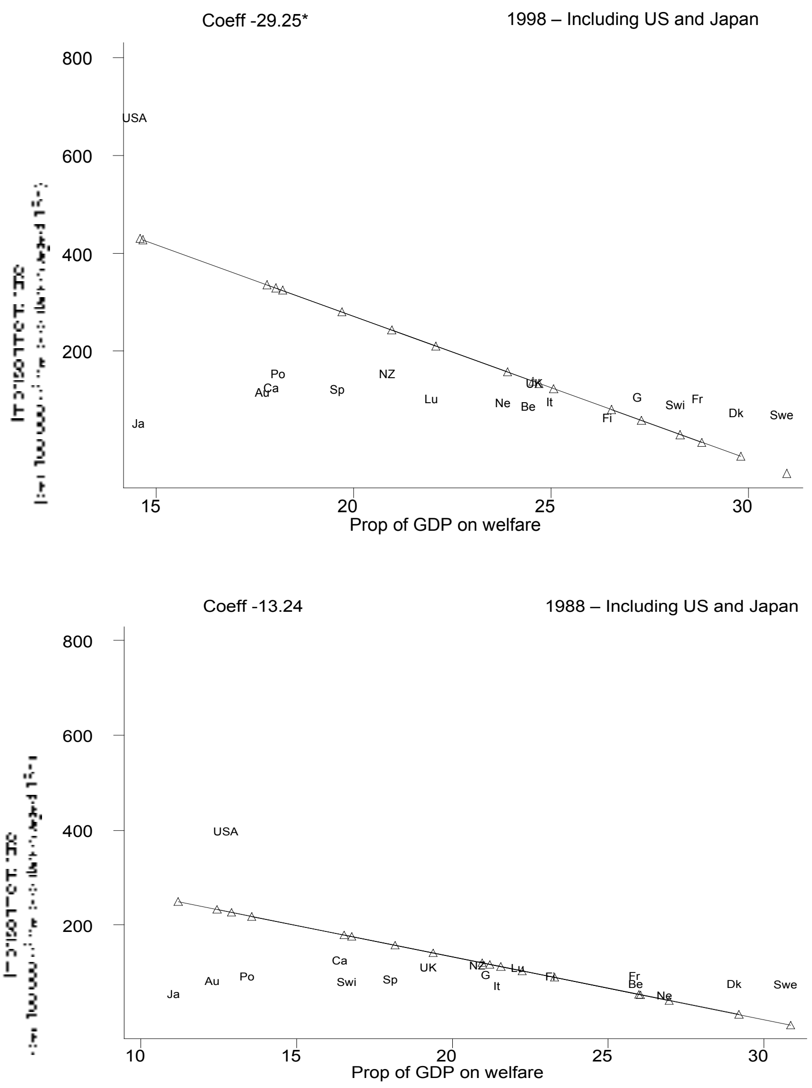
* These are the number of prisoners held either as remand prisoners or those convicted and sentenced per 100,000 of the population aged 15 and over. These numbers are slightly different from those published in the World Prison Population list, which gives the imprisonment rate per 100,000 of the entire population. We have excluded young children here as they are excluded from the imprisoned population.

over time allows a different question to be asked – namely what happens to a country's prison population when the proportion of GDP spent on welfare in that country shifts?

This can be examined with data measured across the same countries through time [5]. By looking at changes within countries through time using a statistical method known as 'fixed effects models', we are able to control for factors that are constant in countries over the whole sample period (for example, a country's permanently high rate of imprisonment or welfare spending) [6]. Identification of the imprisonment-welfare spending relationship will thus come from studying how changes in welfare spending are associated with changes in imprisonment rates.

Using the fixed effect models, we analysed the relationship between imprisonment and the proportion of GDP spent on welfare for annual data between 1987 and 1998. The results confirm earlier findings and indicate that countries which increased the share of their GDP spent on welfare saw relative declines (or lower rates of increase) in their prison population. As with the cross-sectional results above, we have analysed the data year on year and as a trend over the period. The association between imprisonment rates and spending in the fixed effects models becomes greater as the sample progresses over time.

FIGURE 1. IMPRISONMENT AND WELFARE, 1998 AND 1988



This finding is extremely important from a policy perspective. It indicates that a country that increases the amount of its GDP spent on welfare sees a lower rate of growth or a greater decline in its imprisonment rate than in the past.

Another way to approach the relationship between imprisonment and welfare expenditure is to examine the following question: what would the prison population look like in England and Wales today if welfare expenditure, as measured by the proportion of GDP spent on welfare, remained at its initial 1987 level? Our analysis shows that there would be four more prisoners per 100,000 of the adult population today if welfare expenditure had stayed at its 1987 level. This may not appear much of a difference. However, we need to take into account the fact that the average number of prisoners per 100,000 of the adult population was only 75 in 1987 and 95 in 1998. If welfare expenditure had not risen but remained at its 1987 level, the rise in imprisonment would have been 20 per cent greater than actually occurred, i.e. 75 in 1987 and 99 in 1998.

Discussion

The main impetus behind this paper flowed from the growing sense of pressure exerted on social democratic societies to scale back their commitment to welfare and scale up their backing for punitive penalty. We were concerned to explore further how far the two sets of choices those tendencies reflect may be linked empirically as well as theoretically. Our findings confirm that variations in welfare provision relate significantly to penal policy and practice, as measured by the relative scale of incarceration, so that welfare cutbacks do indeed imply penal expansionism. Penal reformers have long sensed this to be the case. They may now have greater confidence that the social policy realm in general does indeed make some impact on the penal estate. Quite how the two interact in policy process terms is a compelling subject for further research. The links are complex and indirect rather than simple. Richard Wilkinson (2000) has argued convincingly that comparative evidence supports the view that, not only crime and punishment, but also public health and economic prosperity, are causally related to altruism rather than competitive individualism.

The relationship between welfare and punishment deserves and requires further analysis and research, but the trend towards the marketisation of welfare is likely to complicate the already marked problems involved in conducting similar analyses in the future. In Britain, the past few years have seen a coincidence of higher welfare spending and prison population growth. One cannot read too much into a single combination. But the striking feature of the increased expenditure has been its evident failure to debouch into schools, hospitals and the caring services in general to the extent expected. New forms of accounting, monitoring and targeting have greatly complicated resourcing. When huge increases in public service expenditure are in reality financing private sector investment, as seems to be the case with Private Finance Initiatives in the National Health Service, then like is not being compared with like in any time series measure. Future research must cope with the greater complexity such developments harbour.

[5] This can only be done for a subset of countries for which we have complete data between the years of 1987 and 1998.

[6] This is a type of regression model which takes account of the nested nature of the data (the same countries measured across time) and controls for factors that are constant across areas and over time that may not be measurable in other ways.

Conclusions

In conclusion, we would like to emphasise three main points:

1 We need to reinstate analysis of the welfare state context in relation to the scale and character of imprisonment, especially as the links are becoming more rather than less significant over the past ten to 15 years. It is difficult to believe that the consistent finding of an inverse relationship between the commitment to welfare and the scale of imprisonment, both cross-nationally and across the United States, is simply accidental or coincidental.

2 The nature of the relationship between the two, nevertheless, remains in need of elucidation by further research, and is likely to be highly mediated rather than simple or direct, calling for the use of different methods to explore its complexities (in this regard, see especially Cavadino and Dignan 2006).

3 The importance of an inclusive welfare state to Liberal Social Democracy remains as vital as ever, more so as it is under threat from the pressures to offload the costs of welfare provision onto individuals themselves or the market, via privatisation, contracting out and/or the voluntary sector. Above all, our data imply that a substantial welfare state is increasingly a principal, if not the main protection against the resort to mass imprisonment in the era of globalization, and what John Gray (1998) has termed the false dawn of the neo-liberal political economy.

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