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The past three decades of work on the social analysis of punishment have arguably neglected the impact of the commitment to welfare on the scale of imprisonment. This chapter explores several possible reasons for its marginalization and argues the case for its reinstatement as a topic of central importance. The achievement of penal welfarism in relative decarceration gains support from the work of Beckett and Western (2001) and from cross-national data on prison numbers and welfare spending. Time series analysis suggests an increasing trade-off between welfare and penal capital, and that the commitment to welfare constitutes a growing constraint on the shift to a more punitive culture of control.

A. Penal-welfarism or penality vs. welfare?

Welfare, the 'Welfare State' and allied forms of social provision for human needs were for the first two-thirds of the past century the principal hope of criminologists, penal reformers and most politicians for the reduction of crime and punishment alike. The high point of that system of beliefs in Britain was arguably reached in the 1950s, with the publication of *Penal Practice in a Changing Society* in 1959 (see especially Bailey 1987; Bottoms and Stevenson 1992; Garland 1985; and Garland and Young 1983). The watershed of the late 1960s and early 1970s saw those hopes dashed, and the principles and assumptions that supported them subject to fundamental challenge. As a result, the last thirty years have seen optimism about welfare in dramatic decline, 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 marginalized as key variables in criminal justice policy and practice. The pendulum, as pendulums tend to do, 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 are several substantial developments that account for so fundamental a shift in criminological perspectives:

First, the long and broad reach of the 'Nothing Works' standpoint triggered a vehement reaction against the largely unexamined commitment to rehabilitation as the main aim of punishment. Martinson's widely unread but hugely influential paper (1974) was in many respects a necessary corrective to facile optimism about the aims and methods of rehabilitating offenders. It brought to a head an upsurge of studies which showed little or no beneficial impact being made on young offenders even by 'enriched' forms of residential treatment (see, for example, Bottoms and McClintock 1973; Clarke and Cornish 1975). It did not state that nothing could ever work. But it did tend to focus on general rather than specific impacts, so that the extent to which some programmes might work for some groups, but by no means all, was obscured. And its impact did contribute, or even amount to a paradigmatic revolution. The post-Martinson era was bleak indeed for the 'caring' professions of social work, probation and parole in particular, with the heady idealism of the past half century suddenly hitting the buffers of scientific rebuttal.
And even when the groundswell of opposition to its pessimism about rehabilitation became the 'What Works?' counter-movement, it was on the changed basis of programmes which had to prove their worth, in crime reduction and/or cost terms, rather than that worth simply being assumed, on broad ‘help and support’ principles. The programmes also tied the hands of practitioners in ways which subtly undermined their professionalism in counselling and claims to expertise in interpersonal skills. Moreover, the gloom about rehabilitation came to be extended to welfare in general. Whatever claims could be made for an increased investment in welfare, they could no longer include any assumptions about reducing crime or punishment. At the same time, the case for disconnecting the process of sentencing from welfare considerations was forcefully mounted by proponents of the ‘just deserts’ principle (notably by Von Hirsch 1976).

There have, nonetheless, been a plethora of initiatives, programmes and 'New Deals' mounted by New Labour in Britain over the past eight years of office, some of which, such as 'Sure Start' (the UK version of the US Head Start) programme, derive in part from a strong welfarist tradition. But they remain relatively modest or minimally resourced compared with the core institutions of the 'Welfare State' - the health, education, income maintenance and social security services which still account for some two-thirds of government expenditure. It is with this basically non-penal structure of the welfare system that this paper is chiefly concerned.

Second, an emerging dominant influence on scholarly thought meant academic research in the area began either to ignore the distinctive importance of welfare, or to see it only for its social control similarities to punishment. If after Martinson the field could never be the same again, how much more so was that the case after the work of Foucault (1977), whose major analytical aim was to connect punishment with post-Enlightenment processes of normalisation, regulation and discipline throughout all social institutions? Whilst taking issue with key aspects of Foucault's work, in building upon it, Cohen (1985), Garland (1985) and Rose (1980) have tended to view welfare institutions and practices as essentially complementary to, rather than competing with, penality. Two consequences flow from this form of analysis. First, welfare tends too easily to become little more than a novel set of bureaucratic and constraining methods: the ends come to be seen as ineluctably subverted by the means. It becomes extremely difficult to accommodate forms of mutual aid and altruism within this model, despite their active development as part of welfare services (see, for example, Titmuss 1974). Secondly, the linking of welfare to penalty in Garland's conception of penal-welfarism (1985, 2001) has the effect of welfare becoming subsumed rather than analysed as a variable in its own right. Garland's path-breaking work (1985) analysed how the re-drawing of the social contract, the enlargement of citizenship and the intervention of the State into the market for welfare ends, enabled the parallel movement towards a much greater use of community and rehabilitative measures for offenders to be established. And Garland (2001) has in particular linked the waning of penal-welfarism with that of relative decarceration. Yet the concept of penal-welfarism also lends itself to an uncoupling of its two components: penal and welfare capital, as it were. The logic of the formulation points to an inverse relation between them. Hence the eminently justified warnings that are borne out in a host of changes to welfare 'contracts', and even their liquidation, in the
USA, as accompaniments to the rise of mass imprisonment. Legislation under President Clinton literally and symbolically abolished a welfarist approach to family benefits. The Personal Responsibility and Work Opportunity Reconciliation Act (1996) (PRWORA) created the Temporary Assistance for Needy Families state block grant programme which replaced the Aid to Families with Dependent Children Act, a founding piece of New Deal legislation that created a not quite unconditional but still a moral and non-time limited duty to aid poor families. The replacement of this core commitment with law and policy language using the words ‘work opportunity’ and ‘temporary’ captures the move to a contractarian, time limited and otherwise heavily conditional approach. It is a historical irony that the less stringent but still clear shift in Britain to this approach is dignified by the term ‘New Deal’.

A related development is the ingenious adaptation of the insurance principle to the actuarial character of the newfound 'Risk Society' (Beck 1992; Feeley and Simon 1992). Social insurance as the collective, public and (often though by no means always) state provided cover against risk is increasingly deemed archaic. As collective provision is withdrawn to devolve responsibility onto individuals themselves to insure against risk – a trend most pronounced in Britain in the pensions field - new forms of marketization have been developed to bridge the gap between the two. Insofar as the State still has to foot the bill, it demands ‘value for money’ and older notions of judging public services are replaced by an economistic paradigm of measuring performance in financial management accounting terms. As the ‘audit society’ (Power 1997) fuses with the ‘risk society’, means notoriously over-determine ends, so that the very character of health and education provision, for example, come increasingly to be shaped by performance indicators. *In extremis*, the sale of school playing fields and hospital closures to release land for the property market counts as enhanced health and education. This might be so where the resources so released are devoted to better provision of those services. All too often, however, they are used to trim budgets. Insofar as these developments also permeate the areas of criminal justice and penal policy, they have comparable effects, as for example in the ‘privatization’ of court services and prison management.

However, the fields of crime and punishment can run counter to those of welfare. Budgets for the former have often waxed as those for the latter have waned. Forms of blanket crime prevention coverage proliferate, as in the explosion of electronic surveillance and adolescent curfew, whilst universal provision of welfare is displaced by selective provision or none at all. In sum, the effect of this important stream of work has been arguably to over-emphasise the symmetry between welfare and penal institutions and to underplay their distinctive differences.

Third, the evident failure of welfare provision to prevent rising crime has undoubtedly damaged the case that its proponents can mount for its expansion and even, in some respects, its retention. Scandinavian criminologists in particular have been hard-pressed to defend the scale of the commitment to welfare in the teeth of crime rates which, in post-war Sweden for example, have climbed as substantially as in far less welfare conscious societies, though Henrik Tham analysed the evidence to show a steeper rise in crime in England in the Thatcher era of the 1980s and early 1990s than occurred in
Sweden (Tham 1998, cf. David Smith 1995). A 'double failure' is implicated in one sense: not only has welfare failed to prevent rising crime, but also criminology has failed to predict and explain that failure (Young 1985). But Jock Young could only make that case against a particularly spavined type of criminology, a multi-factorial meliorism. His solution, Left Realism, had its roots in a far more sociologically informed criminology, the tradition of anomie theory which rested on analysing the consequences for deviance of structural inequality. Once welfare provision, however redistributive along social democratic lines, is located within a fundamentally capitalist political economy, its impact is necessarily shaped by the immense inequalities that obtain in almost every sphere of social, cultural and economic experience. Without substantial welfare provision, it remains the case that far worse forms of criminality than burglary and disorganized street crime would arguably ensue, mafiasation and far higher rates of lethal violence among them (see Currie 1998, pp. 120-57 for a convincing distillation of comparative evidence, especially on the USA; and Rawlinson (1998) and Panasyuk (2000) on the transitional states of Russia and Ukraine respectively).

Moreover, the gradual dawning of the realisation that welfare has limited, if any, impact on rising crime rates all too easily gives way to the presentiment that welfare actually makes things worse. In the hands of Charles Murray (1984, 1991), welfare, far from being any kind of solution, becomes the source of the growth of the problem. Murray's widely publicised and corporate think-tank backed thesis runs that generous welfare services promote 'underclass' dependency and illegitimacy which in turn promote spiralling rates of crime and delinquency. The answer is not more but less welfare and not less but more prison. That the balance of evidence weighs heavily against all parts of this thesis (Jencks and Peterson 1991; NACRO 1995) has done little to deflect Murray from its active propagation. The more recent work of Beckett and Western (2001) in effect amounts to a devastating refutation of Murray. Murray's case, however, is fundamentally immune to refutation, being the tip of the iceberg of what Robert Pinker (1971) memorably termed the 'Spencerian underground': the ideology that state intervention in the 'free market' for welfare ends promotes the survival of the unfittest.

A fourth source of disillusionment with the prospects for welfare provision is the evident failure of social services to deliver the goods in key fields, most lamentably to the most deprived and vulnerable groups. For example, Pat Carlen (1996) has long criticised the 'care' services for amounting to the uncaring services: having been 'in care' is heavily associated with imprisonment. A succession of reports on catastrophic failures in child protection, involving fatalities and sexual abuse, has dented faith in the capacity of the system to do its most fundamental job well. It is worth adding that social workers may be the only profession to be denied any public record of success, for reasons well analysed by Dingwall, Eekelaar and Murray (1995). By contrast, prison officers 'foil' escape attempts. Police ‘swoop’ on drug-dealers and ‘break’ organised crime. Even teachers, a usually maligned group, are allowed occasional success stories. The net result is the public association of the personal social services with failure and neglect rather than successful intervention. Moreover, a long-standing tradition of work in the social policy field has been to discover yet further ways in which the system benefits the more prosperous rather than the most disadvantaged (see Glennerster and Hills 1998, esp. pp.
This eventually had the unwanted side-effect of discouraging the case for increasing welfare provision as it would only help those who needed it least. The main point of the critics, that welfare provision needed to be far better resourced and shaped to meet the needs of the most disadvantaged, was missed or ignored.

Fifthly, the case against the 'Welfare State' from the neo-marxist Left has long been that its development is fundamentally a prop for capitalist exploitation, a spur to false consciousness, and a set of concessions made to the working class to be withdrawn when the going gets tough. Theories of fiscal crisis which, in the 1970s (O'Connor 1973) focused on the growing resistance by the more affluent workers to meet the taxation bills for increased welfare, tend now to be couched in the new 'realities' of globalisation. Welfare has become too great a cost to bear in a deregulated world of fast-moving capital and largely immobile labour. The idea that 'welfare' can ever do more than mask punishment, never taken seriously by the radical Left, meets even greater resistance in the era of turbo-capitalism.

In combination, and despite their immense differences, these powerful critiques have made it difficult to sustain the view that commitment to welfare continues to offer, indeed has ever offered, a viable alternative to imprisonment and such carceral equivalents as house arrest and electronic tagging. Yet the evidence for the view that welfare capital offers just such a real alternative to penal capital is too substantial to be dismissed or ignored. As Bottoms argued 20 years ago, ‘...perhaps the very fact that Britain has developed more extensive state welfare provision [than the USA] allows a degree of social control in the informal structures of society such that the formal supervision of offenders - by in effect disciplinary means - becomes less necessary.’ (1983, p. 194). Despite the wealth of theory and research since that point was made (see Hudson 2002 for a comprehensive overview) it remains what he termed a 'neglected feature' of contemporary penal systems.

B. The Poisoning of the Wells

Added to its own merits as a case worth examining, the basis for investment in welfare as distinct from penal capital is now under more severe threat than at any point since 1945. In the past few years, the contrast between the competing political economies of Europe and the USA has become, if anything, even sharper. What one of us then termed the 'macho penal economy' (Downes 2001) has grown in size to surpass the mark of two million prisoners held daily in the USA. Even more deadly, in terms of prospects for the reversal of that trend to mass imprisonment, has been the outcome of the American presidential election of 2000. In the most rigorous assessment of the impact of not only prisoner but felon disenfranchisement on election results in the USA, Uggen and Manza (2002, p. 794) conclude:

‘In examining presidential elections, we find that the Republican presidential victory of 2000 would have been reversed had felons been allowed to vote, and that the
Democratic presidential victory of 1960 may have been jeopardized had contemporary rates of disenfranchisement prevailed at that time. Disenfranchised felons and ex-felons currently make up 2.28 percent of the voting age population, a figure that we project may rise to 3 percent within 10 years...Because the margin of victory in 3 of the last 10 presidential elections has been 1.1 percent of the voting age population or less, felon disenfranchisement could be a decisive factor in future presidential races.’

Uggen and Manza go on to summarize felon disenfranchisement as but one of the many factors making for the social exclusion of minority and especially African-American groups, a large majority of whose votes are historically for Democrat rather than Republican candidates, and argue for the restoration of voting rights to ex-felons as a key step in any social inclusion programme. However, it is worth noting an all too evident implication of these findings for the future of American democracy. Whether or not they were aware of it before, the immense political bonus of felon disenfranchisement for the Republican Party will hardly have escaped the attention of its strategists. It is this factor above all which logically constitutes an extraordinary incentive for the Republicans to maintain or even drive up the momentum of their 'war on crime and drugs' penal legislation, locking America in even more permanently to a macho, supermax-ridden system of mass imprisonment. For the Democratic Party, which presided over the doubling of the scale of the prison population in the 1990s, to contest this state of affairs at all vigorously would mean their risking the charge of being 'soft on crime' - the very fear which led Clinton to adopt 'tough on crime' policies in the run-up to the 1992 election and throughout two presidential terms. Yet it is that prospect which any new Democratic Party leadership must face if they are to contest future presidential and State elections, crucial for the composition of the Senate, on anything like an equal footing. Democrats could mount such a challenge on a number of grounds. The denial of the vote to several million citizens makes a mockery of democracy. The vast penal archipelago is also a threat to public health. As Megan Comfort has shown (2003) in convincing detail, the US prison system is a hugely disproportionate source of hepatitis C, HIV and tuberculosis, by its neglect of basic health care among prisoners.

It may well be, of course, that mass imprisonment in the USA comes in time to lose its sway as the automatic answer to problems of crime, drugs and 'law and order'. It may come about through recession, and the huge budgetary costs of the penal system becoming unsustainable. But the pressures for it to be maintained have increased sharply over the past few years for electoral reasons. What this huge trend represents is a poisoning of the democratic wells. It also means that, albeit indirectly, US criminal justice and penal policy is making an unprecedented impact on global politics. It is, for example, improbable in the extreme that the invasion of Iraq would have been mounted by President Gore.

The same forces are at work in Britain, though to a far less damaging extent. England and Wales in particular, Scotland much less so (see Smith 1999), have since 1992 been ruled in bipartisan fashion by political parties who favour a hybrid version of European and American policies in both social and economic realms. Thus Britain has been characterized famously as a country which prefers European levels of welfare paid for by
American levels of taxation. The country has come to adopt a quasi-American winner/loser culture (James, 1993) alongside a monarchy and adapted aristocratic forms. New Labour's 'third way' policies have been a complex confusion of reformist and punitive measures, within which are discernible trends towards the 'criminalization of social policy' (Crawford, 1998) and indeed the ‘criminalization’ of criminal justice policy. The first takes as its chief criterion of worth whether or not and the degree to which certain social reforms have crime prevention or reduction outcomes, rather than the extent to which they are worth doing in their own right. The second elevates crime reduction to the principal end of the criminal justice system, which one may have thought should be the actual accomplishment of criminal justice. Some 40 years ago Jerome Skolnick (1966) posed the dilemma for all systems of striking the balance between law versus order, and Packer (1968) talked of 'due process' and 'crime control' models of law enforcement. That dilemma is increasingly being resolved in favour of the latter, 'tougher', more illiberal and authoritarian set of options. In Britain, serious erosion of the presumption of innocence, double jeopardy, trial by jury and other, formerly bedrock attributes of the rights of defendants are imminent or already enacted.

C. Exploring the Interaction between Welfare and Imprisonment

In the most systematic study to date of the links between welfare and imprisonment, Beckett and Western (2001) view social and penal policy as inextricably linked, both relating to the way policy responds to social marginality. Informed by Esping-Anderson’s (1990) concept of ‘policy regimes’, Beckett and Western argue that regimes (in their case US states) 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. They therefore have less harsh views on crime and are likely to have lower imprisonment rates. Exclusionary regimes, on the other hand, lay responsibility for social problems in the hands of the socially marginalized. Thus the unemployed are 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 which could affect the relationship of primary interest they find a negative relationship between imprisonment and welfare spending. They also find statistically significant positive associations between imprisonment in a state and the proportion of the population that is black, the percentage of other minority groups such as Hispanic, the poverty rate and Republican representation in the state. Most of these relationships are found to be stronger in 1995 than in earlier periods and 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’ (p. 46) as was the case with the Reagan administration. Not only did states with less generous welfare spending having 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 ‘troublemakers’ (p46).

The major criticism justifiably made of their analysis is that ‘implicit in the statistical procedures used by Beckett and Western and all previous analysts of state imprisonment is the assumption that each state formulates its penal policies independently of every other state. This seems unlikely. Governors meet periodically to discuss state policy. It would be surprising if they did not at times attend to policy innovations and outcomes in other states.’ (Greenberg, 2001, p.73). However, the soundness of his criticism of the view that each state generates its own ‘policy regime’ regardless of that in other states, and of the over-arching influence of the national government to promote punitive policies by financial leverage, should not be taken to apply to the reality of the immense variation between states in the delivery of penal pain and its inverse relationship to welfare provision. By the same token, as Newburn (2001) has argued, ‘policy transfers’ take place between nation-states, often in a highly asymmetrical fashion, as exemplified by the impact of US criminal justice policies on the politics of law and order in Britain. That does not negate the need to look at cross-national as well as inter-state variations on the welfare vs. punishment theme.

D. Comparative Analysis of the Punishment and Welfare Thesis

a. Cross-Country Welfare Differences

The US is not the only country where welfare policies are becoming tougher. Such policies in other countries where welfare has traditionally been more encompassing than in the US, such as those of Europe, are increasingly incorporating aspects of the United States’ market driven approach to welfare (Gilbert, 2002). According to Gilbert this is occurring for a number of reasons, including the fact that an aging population places additional burdens on the welfare state. He also argues that globalization of the economy increasingly means that firms are free to locate where wages and taxes are lower and 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 across different countries. This can be highlighted with reference to two examples. Withstanding recent changes, the 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 are 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, pp.296-7).

On the other hand liberal market approaches to the welfare state typified by the USA 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 welfare receipt. 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 too is welfare spending. It is hardly surprising then that the US 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 2003).

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 construct the key hypothesis of this paper, namely that welfare and imprisonment are inversely related.

b. Data

This hypothesis is put to the test using comparative data from 19 OECD countries. The data on imprisonment refer to the number of individuals held in penal institutions including pre-trial detainees as well as those convicted and sentenced. 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 data base (2001), which is published in Society at a Glance (OECD, 2002). The OECD also provide 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 ILO unemployment rates and international crime rates are also used.

c. Descriptive Statistics

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.
As Beckett and Western (2001) found using US state-level data welfare generosity and imprisonment rates appear to be negatively correlated. A Spearman rank correlation between the imprisonment rate and the percent of GDP spent on welfare is -0.56 (with an associated p-value of 0.01). 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 US spends the smallest proportion of its GDP on welfare and has by far the highest imprisonment rate of the countries examined here.

This table is just a snapshot of one point in time and is used to illustrate the basic relationship between imprisonment and social welfare. However, examining data over time allows us to set these numbers within a wider context of the temporal evolution of imprisonment and welfare spending. This may help inform us about the determinants or driving forces which lie behind differences in imprisonment rates observed in the cross sectional data.

This distinction between levels at a point in time and changes over time is important. 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%. Only Sweden and Finland have seen declining imprisonment rates. These increases can not be accounted for by changes in the 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, 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 UK the number of people in prison rose by 50% during the 1990s, fuelled by a 40% increase in the use of custodial sentences and a 10% 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, particularly the US and to a lesser extent the UK, public demand for tougher and 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 support, harsher penal policies and the government has resisted the urge to implement such plans.

d. Regression Analysis
The previous analysis shows a point in time link between lower imprisonment rates and higher welfare spending across countries. This negative association can be probed and examined more rigorously by carrying out regression analysis. This permits us to consider the role played by other factors correlated with imprisonment (and welfare spending) and to examine whether the negative relationship remains once these additional factors are controlled for.

Table 2 shows a number of simple cross sectional regressions of imprisonment rates on the generosity of welfare spending on imprisonment rates in 1998. The table reports results from six specifications. The first specification in column 1 is the simple regression of imprisonment rates on the proportion of GDP spent on welfare. The second specification (column 2) controls for ILO unemployment to try to proxy for some of the structural differences across countries which may be associated with imprisonment.\textsuperscript{xiii} The third specification (column 3) additionally controls for a lagged measure of the crime rate. It is important to include this measure in the model as we do not want to confound our results with other factors which may be related to the dependent variable.\textsuperscript{xiv}

The first specification, in column 1, simply restates the finding of a negative association between welfare spending and imprisonment, as shown in the descriptive statistics. This is statistically significant at the 10 percent level, indicating that countries which spend a greater amount on welfare have lower imprisonment rates. The inclusion of controls for ILO unemployment in specification 2, has little effect on the coefficient of interest, which remains negative and statistically significant at the 10% level. The coefficient on unemployment itself is statistically no different from zero. When a measure of the crime rate (one year lagged) is entered into the model in column 3, the coefficient on the percentage of GDP spent on welfare retains its statistical significance and increases in magnitude. The coefficients on both the unemployment rate and the lagged measure of crime remain statistically insignificant. Thus, even after controlling for a number of factors which may be related to imprisonment, there remains a negative relationship between welfare spending and imprisonment.

These results very much confirm the earlier picture and appear robust even when crime rates are included in the models. However, the USA and Japan are very much outliers in the data, the first with an extremely high imprisonment rate, the second an extremely low one. This is shown in Figure1 and in Table 1 above. Including these observations in the data may not only be causing the coefficients and standard errors in the analysis to be misleading, but they may in fact be driving the negative relationship found between welfare expenditure and imprisonment. For this reason the right hand side of the table reports specifications 4 to 6 that are identical to 1 to 3 except that they exclude the USA and Japan.

When this is done, the magnitude of the coefficient and the size of the standard errors are greatly reduced, but the basic tenor of the results remains unchanged. In all three specifications countries that spend a greater proportion of the GDP on welfare have lower imprisonment rates. These results are statistically significant at a greater than 1 percent
significance level. As when the US and Japan were included in the data the measure of ILO unemployment and the lagged crime rate remain statistically insignificant.

TABLE 2 ABOUT HERE

These results suggest the existence of a negative association between welfare spending and imprisonment across countries. Those countries that spent more of their GDP on welfare in 1998 had lower imprisonment rates. This relationship is true whether or not the US and Japan are included in the data, although obviously the exclusion of these countries does affect the magnitude of the relationship.

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 the two variables in 1998 and in a previous period, 1988. Thus, figure 1 plots four graphs \textsuperscript{xv} which all have the proportion of GDP spent on welfare along their x-axis and the imprisonment rate along their y-axis. The plotted line is simply the regression coefficient, which is given in the top left of each graph. Examining the graphs it becomes clear that, with or without the outlying countries, the regression slope between welfare expenditure and imprisonment is more negative in 1998 than in 1988. 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.\textsuperscript{xvi}

We actually have data for all years from 1987 to 1998 inclusive. A more flexible way of considering changes over time in the sensitivity of imprisonment rates to welfare spending is to either estimate statistical models year on year, or alternatively to let there be a time trend interaction to pick up shifts in the coefficient over time. When we do this we obtain a statistically significant trend interaction, showing (for the full sample) that the coefficient on welfare spending becomes 1.45 more negative on average per year. Thus the coefficient is -10.13 in 1987 and falls to -26.08 by 1998. When the US and Japan are omitted the 1987 coefficient is -1.72 and falls by -.16 per year to -3.48 in 1998. Thus the overall pattern is clear: the association between imprisonment rates and spending becomes more sensitive in the cross-sectional models as the sample progresses over time.\textsuperscript{xvii}

FIGURE 1 ABOUT HERE

e. Examining the Relationship in Changes

Thus, like Beckett and Western’s analysis of US states, the cross country evidence presented herein suggests that the negative relationship between welfare expenditure and imprisonment is evident in the late 1990s, but is not robust to considering earlier time periods. However, 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, utilizing national data measured over time allows a different question to be asked. Namely what happens to the prison population of a country 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 by constructing fixed effects models. By looking at changes within countries through time, fixed effects models are able to control for factors which are constant in countries over the whole sample period (e.g. being a permanently high imprisonment or welfare spending country). Identification of the imprisonment-welfare spending relation will thus come from studying how changes in welfare spending are associated with changes in imprisonment rates.

**TABLE 3 ABOUT HERE**

Table 3 reports the results from fixed effects specifications of the relationship between imprisonment and the proportion of GDP spent on welfare for annual data between 1987 and 1998. The table reports four specifications. The first is a basic model controlling for country and time fixed effects that includes the USA and Japan. The second is the same model but this time excluding these two influential observations. The third specification includes controls for unemployment, while the fourth specification additionally controls for the lagged crime rate.

When the USA and Japan are included in the basic model the coefficient on the change in proportion of GDP spent on welfare attracts a negative, sizable coefficient, which is statistically significant at a greater than 1 percent significance level. Thus the negative association between imprisonment and welfare spending is also present in these models that investigate the relationship in terms of changes through time. As noted above, this is important since results from these fixed effects models much more closely resemble the conceptually more appropriate question: what happens to imprisonment if welfare spending changes?

One might think that expressing the relationship in changes, so as to net out country fixed effects which show that some countries have permanently higher imprisonment or welfare spending, might eliminate the important influence that the US and Japan have on the cross-sectional, levels results given in Table 2. However, this is not the case. When these two countries are dropped from the estimation, the coefficient on welfare spending remains statistically significant at a greater than 1% level, but its magnitude is considerably reduced. This suggests two things. First, the US and Japan are influential observations in terms of changes as well as levels. This may not be surprising when one considers the massive rate of increase in the imprisonment rate that occurred in the US over the 1990s. Second, whilst higher welfare spending is always linked to lower imprisonment, a different relationship (in terms of magnitudes) emerges depending on what countries are studied.

Adding in the control variables does not alter this pattern of results. This is shown in the final two columns of the Table. Inclusion of crime rates and unemployment rates slightly
affects the magnitudes of the estimated coefficient on welfare spending, but it remains highly statistically significant. Thus, these results indicate that countries which increased the share of their GDP spent on welfare saw relative declines (or smaller increases) in their prison population.

The increased sensitivity of imprisonment to welfare spending over time also emerges in these fixed effects specifications so the welfare spending effect is more negative in 1998. Letting a time trend interaction pick up shifts in the coefficient over time indicates a statistically significant trend interaction. For the full sample (which includes the US and Japan) the coefficient on welfare spending becomes 1.14 more negative on average per year. Thus the coefficient is -1.35 in 1987 and falls to -13.89 by 1998. When the US and Japan are omitted the 1987 coefficient is -.610 and falls by -.17 per year to -2.48 in 1998. As with the cross-sectional results, the association between imprisonment rates and spending in the fixed effects models becomes greater as the sample progresses over time. This finding is extremely important from a policy perspective as it indicates a country that increases the amount of its GDP spent on welfare sees a greater decline in its imprisonment rate than in the past.

From the above results we are able to say what happens to the prison population when a country shifts its spending on welfare. Another way to approach the relationship between imprisonment and welfare expenditure is to examine the following counterfactual question: what would the prison population look like today if welfare expenditure, as measured by the proportion of GDP spent on welfare, remained at its initial 1987 level? This can be calculated simply as the coefficient from the full model multiplied by the mean of welfare expenditure in the first period (1987) minus the mean of welfare expenditure in the last period (1998). The results of this calculation (-1.39*(21.53-24.17)=3.67) show that after controlling for other factors which may affect the relationship of interest there would be 4 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, but when we 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 this means that if welfare expenditure had not risen but had remained at its 1987 level there would be 20% more prisoners today than there actually are.

E. 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 a little 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 do 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. For example, as a quite disproportionate amount of welfare expenditure is devoted to the elderly, who hardly figure at all in terms of either crime or punishment, it is germane to ask what precisely the welfare/punishment relation amounts to? But the elderly represent much that is symbolized in the fear of crime and the quality of care for the most vulnerable, indirect pointers to the societal balance struck between altruism and self-interest. 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 to competitive individualism.

The trend towards the marketization 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. Too much cannot be read into one such 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, at least 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.

F. Conclusions

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

First, 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 10 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.

Secondly, the nature of the relationship between the two is nevertheless still 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, forthcoming).

Thirdly, 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 off-load 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 globalisation and what John Gray (1998) termed the false dawn of the neo-liberal political economy.
References


Table 1. Descriptive Statistics on Imprisonment, GDP and Welfare across Countries, 1998

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

Notes: Data are from 1998.
* 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.
Table 2. Percentage of GDP Spent on Welfare and Imprisonment Rates across 18 OECD Countries in 1998.

<table>
<thead>
<tr>
<th></th>
<th>Including the US and Japan</th>
<th>Excluding the US and Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Percentage of GDP spent on Welfare</td>
<td>-29.25* (16.78)</td>
<td>-24.87* (13.77)</td>
</tr>
<tr>
<td>ILO Unemployment Rate</td>
<td>-</td>
<td>-10.90 (9.95)</td>
</tr>
<tr>
<td>Lagged Crime Rate (1997)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>R-Squared</td>
<td>.366</td>
<td>.382</td>
</tr>
<tr>
<td>Sample Size</td>
<td>18</td>
<td>18</td>
</tr>
</tbody>
</table>

Robust standard errors in parenthesis

*** >1% significance level, ** 5%, * 10%
Table 3. Fixed Effects Regression of Relationship Between the Imprisonment Rate and the Change in Percentage of GDP spent on Welfare between 1987 and 1998.

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Including USA and Japan</td>
<td>Excluding USA and Japan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of GDP on Welfare</td>
<td>-11.93*** (3.46)</td>
<td>-1.54*** (.491)</td>
<td>-1.38** (.544)</td>
<td>-1.39** (.559)</td>
</tr>
<tr>
<td>Control for Country Unemployment</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Control for Lagged Country Crime Rates</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Year Dummies Included</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Excluding USA and Japan</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>R-Squared</td>
<td>.957</td>
<td>.811</td>
<td>.811</td>
<td>.825</td>
</tr>
<tr>
<td>Sample Size</td>
<td>216</td>
<td>192</td>
<td>192</td>
<td>192</td>
</tr>
</tbody>
</table>

Robust standard errors in parenthesis
*** >1% significance level, ** 5%, * 10%
Figure 1. Imprisonment and Welfare [4 Graphs]

- Coeff -29.25* 1998 – Including the US and Japan
Imprisonment Rate (per 100,000 of the population aged 15+)

Coefficient -2.89*** 1998 – Excluding US and Japan

Coefficient -1.58 1988 – Excluding US and Japan

1 Defined as the grouping of particular social and economic policies, where each group is characterized by a particular kind of welfare state policy regime.
In 2000 the total tax wedge rate (including employer’s social security contributions) for the US was 29.6%. Amongst OECD countries only Japan and Korea, with 27.1% and 26.1% respectively, had lower rates (OECD 2002b). The UK had a rate of 37.4%, while Sweden, Denmark and Finland the rates were 54.2%, 48.8% and 46.9% respectively.

With 24.7% of full-time workers earning less than two-thirds of full-time median earnings the US has the highest incidence of low pay in 2000 of the 23 Countries examined in OECD Society at a Glance (2002). In terms of earnings dispersion the US, with a 10th decile to 1st decile earnings ratio of 4.64 has the second largest gap between those at the top of the pay scale and those at the bottom, and is second only to Hungary which has a ratio of 4.92 (ibid).

Such as a high teenage birth rate. In 1998 the US teenage birth rate was 52.1%, by far the highest of the 28 Countries compared by UNICEF (2001). The UK which had the next highest rate of 30.8% looks small in comparison. The comparable rates for Sweden, Denmark and Finland were 6.5%, 8.1% and 9.2% respectively.


Due to the way the population data were grouped by age the adult population includes all those over the age of 15. This was done because children are not included in the imprisoned population (the numerator) so including them in the denominator would be misleading. Also Beckett and Western use only the state adult population in their analysis. However, for this reason the numbers are in places marginally different from those published in World Prison Population List (Home Office 2003) which uses the entire national population as the base group.

These include old age cash benefits, disability benefits, funding for occupational injury and disease, sickness benefits, services for the elderly and disabled, survivors, family cash benefits, family services, active labour market programmes, unemployment benefits, health, housing, and other contingencies.

ILO unemployment rates include, but are not limited to, individuals claiming unemployment related benefits. This broader measure is less likely to be correlated with the welfare expenditure variable.


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

Although it should be borne in mind that in Japan at least some of the welfare provision is corporate in nature. This is not accounted for in the data used here.

That time is 1998 and is dictated by the fact that data from 1998 are the latest available for social welfare expenditure (obtainable with out paying a fee).

As mentioned previously ILO unemployment should be less correlated with welfare expenditure than claimant count unemployment.

To reduce the endogeneity of including the crime rate as a right hand side variable in a model of imprisonment, the crime rate has been lagged by 1 year.

The first two graphs include the US and Japan, the second two exclude these outliers.

For example, excluding the US and Japan, the coefficient on the full model (equivalent to specification 3 (column 6) in table 2) in 1988 is -1.95 (1.33) compared to -3.04 (.789) in 1998.

When unemployment and the lagged crime rate are controlled for in the full sample (including USA and Japan) the coefficient on welfare spending in 1987 is -24.01. This declines by -1.90 per year so that in 1998 the coefficient is -44.94. Excluding the USA and Japan, but controlling for unemployment and the lagged crime rate produces an annual decline in the welfare coefficient of -.18, so that in 1987 the coefficient is -2.05, by 1998 this has declined to -4.03.

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

When unemployment and the lagged crime rate are controlled for in the full sample (including USA and Japan) the coefficient on welfare spending in 1987 is -1.42. This declines by -1.11 per year so that in 1998 the coefficient is -13.63. Excluding the USA and Japan, but controlling for unemployment and the lagged crime rate produces an annual decline in the welfare coefficient of -.12, so that in 1987 the coefficient is -2.11.

This is calculated as: (1) the actual rise in imprisonment between 1987 and 1998 = 95-75 = 20. (2) the counterfactual rise if welfare spending had remained at its 1987 level = 24. (3) the difference between (1)
and (2) in numbers: 24-20 = 4. (4) the difference between (1) and (2) as a percentage change: 4/20 = .2, 
.2*100 = 20. If the USA and Japan are included the corresponding figures are 11 more prisoners, or a 32% 
rise had welfare stayed at its 1987 level.