

Example of welfare essay

[Technology](#), [Development](#)



Abstract

Welfare is to provide the minimum level of the well-being as well as the social support to all the citizens. Welfare is also sometimes called the public aid. However, provision of the welfare in most of the developed countries is the duty of the government to a larger extent, and it is also provided by the religious groups, informal groups of the society, charities, and the intergovernmental institutions to a lesser extent. Additionally, welfare is also considered as the quality of the standard of living and the prosperity level in the society.

Introduction

Economically, the welfare of the population can be measured by several factors that include GDP, literacy, the pollution level, and the number of the doctors. Economic welfare indicates how well the individuals are performing. The economic welfare is, however, in terms of the real GDP, and real income. If the real income and the real output increases it means that the individuals are better off and the economic welfare is increasing. The annual GDP growth of the countries of the world can be analyzed from the following table 1.

(Source: World Development Indicators <http://databank.worldbank.org/data/views/reports/tableview.aspx>)

If the real GDP and real income of the Pakistan, which is a developing country, is considered, then it is evident from the table that the real GDP of the country has shown considerable increase. However, the country has also shown remarkable increase in the real income 1. This situation is indicating

the the welfare of people living in Pakistan has increased. But, if a comparison is made between the developing and the developed countries, then it can be realized that the the real income and the real GDP growth of the developed countries is more as compared to the developing countries, so people living in the developed countries are enjoying more welfare as compared to people living in the developing countries.

The welfare of the individuals in microeconomics can also be described in terms of the utility. The utility indicates happiness as well as satisfaction of the consumer. In this regard, Pareto principle can be considered, which explains that the the change is favorable when some people are better off without making others worse off, because it promotes welfare. But, if the rich are better off as compared to the poor who are better off to some extent, then such a change is not favorable, as it will not promote the welfare. If the rich are better off as compared to the poor, then it will pave the way to the income inequality in the country, and the welfare become difficult to achieve in such a situation 2.

It is considered that with the increase in the public social spending such as the unemployment benefits, and retirement benefits, etc., increase the growth of the country, as a result of which the welfare of people increases. An example of this fact is that in Africa, the government has increased the public spending, or the welfare programs, which resulted in the improvement in the growth of the country 3. Welfare can, however, take several forms, such as subsidies, payments, housing assistance, and the vouchers. The welfare system, however, vary from one country to another, every country make its own welfare system according to the resources, but the welfare is

generally provided to the unemployed, disabled, elders having age more than 60, veterans, and ill people. Moreover, it can also be analyzed from the following graph that there is a positive relation between the economic growth and the welfare payments. The higher the welfare payments, the higher will be the economic growth.

Figure 1: The Public Social Spending Increases the Growth of the Economy
(Source: OECD “ Social Expenditure Database (SOCX)”

<http://www.oecd.org/social/expenditure.htm>)

It can be analyzed from the above graph in Figure 1 that the increase in the welfare payments in Australia, France, Japan, United States, member countries of OECD, and European countries, the economic growth increases, as there exists positive relationship between the economic growth and the welfare payments. However, if the welfare spending in the United States, which comprise of the Medicare, as shown in Table 2, is considered then it becomes evident that in most of the years the increase in the GDP or the growth of the economy has increased the provision of the Medicare that has improved the standard of living and promoted welfare of the individuals living in the society.

(Source: U. S. Government Debt, “ Government Spending Data Series”

[http://usgovernmentdebt.](http://usgovernmentdebt.us/spending_chart_1992_2015USp_05s1li111mcn_10f)

[us/spending_chart_1992_2015USp_05s1li111mcn_10f](http://usgovernmentdebt.us/spending_chart_1992_2015USp_05s1li111mcn_10f))

However, there is also a criticism regarding the concept of welfare. For example, Marshall has indicated that there is a concept of the material welfare as well as non-material welfare in economics, but economics mostly deals with the material economics. But, Robbins has criticized this and

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argued that the economic study should not be confined only to the material welfare, because there are several things associated with the non-material welfare that help in promoting the welfare of humans. The services offered by the lawyers, doctors, engineers, teachers, and professors are included in non-material welfare that is beneficial for the mankind 4. These goods fulfill the wants but their supply is limited.

Furthermore, the economists focus on maintain balance between the economic activity and the welfare, but Robbins has pointed out that there are certain economic activities that do not ensure welfare for the individuals, such as the selling of the heroine, marijuana, and cocaine. So, Robbins considers that the concept of the welfare is elusive and indefinable; this is because welfare is a subjective concept 5. Economics is considered as a quantitative science, but it is not possible to measure welfare quantitatively, and no agreement can be reach on the factors that contribute in improving and creating the welfare. Further, most of the scientists are of the view that the concept of the welfare involves value judgments. For example, the value judgment is that the social welfare is positively associated with the well-being of the every individual living in the society, and the factors that are not associated with the well-being of an individual are not included in the social welfare. However, the well-being of an individual exerts its influence in a symmetrical manner 6. Furthermore, method of aggregation is used in economics for the value judgment as well as for the welfare as this method helps in combing the well-being of different individuals into a sole measure of the social measure as a whole.

Furthermore, the welfare also helps in the reduction of the poverty, which

can be analyzed from the fact that the U. S, government has invested and is investing more for providing the welfare payments in order to reduce the poverty, because the government is of the view that if social benefits are provided to the individuals they can get proper treatment, and can have food to eat. The reduction of poverty along with the increase in the real GDP, which is measure of the welfare and the future estimates of the Government of America, can be analyzed from the following table 3.

[http://www.usfederalbudget.](http://www.usfederalbudget.us/spending_chart_1965_2019USp_XXs6li111mcn_11f12f13f14f_Medicare_Parts_A_B_C_D)

[us/spending_chart_1965_2019USp_XXs6li111mcn_11f12f13f14f_Medicare_Parts_A_B_C_D\)](http://www.usfederalbudget.us/spending_chart_1965_2019USp_XXs6li111mcn_11f12f13f14f_Medicare_Parts_A_B_C_D)

Additionally, the federal spending in the United States has also increased for the welfare, and health sector, so that the poverty can be controlled. The Federal spending in the form of the percentage can be analyzed from the following figure.

Figure 2: U. S. Federal Spending in FY 2014

(Source; U. S. Governmental Spending. “ Total 2014 Spending By Function”.

[http://www.usgovernmentspending.com/total_spending_2014USrn\)](http://www.usgovernmentspending.com/total_spending_2014USrn)

In a nutshell, in order to provide the welfare to all the individuals that ensure the growth of the economy as a whole, it is necessary to consider the growth of the real GDP and real income. The government should invest more on the health sector and welfare in order to control the poverty. The societies aiming to achieve the welfare for every individual and for the state have tried to adjust their work incentives in a way that the welfare programs such as the social spending programs helps in making the people each individual creative and productive that can compel them towards achievement of

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growth for themselves as well as for their state. Furthermore, in most of the countries rigidity is prevailing in the labor market, there is unrest among the workers. The unemployment compensation helps in overcoming the rigidity, but the government should try to control the problem of the unemployment so that every individual can earn and improve their standard of living, which help in ensuring increase in the welfare level. However, if the unemployment compensation is provided generously, it helps in increasing the productivity per labor.

Further, the government of both the developing as well as developed countries should invest more on the education of poor children, incentives should be provided for educating the girls, and for ensuring flexible arrangements in the schools. The government of every country should conduct an analysis and identify those people that are living in severe conditions, and should help them in effective manner. For ensuring welfare at individual level, the government should provide housing benefits to the individuals so that the ownership of the homes can be increased, and the work disincentives can be reduced. Building of more houses ensures reduction of the unemployment, work disincentives, and increases the welfare of individuals. The government should allocate the expenditures in an effective manner so that welfare and economic stability can be ensured. The system of social insurance should be improved so that every individual can be insured, and if the schemes of the social assistance are introduced they should be implemented in a way that welfare of every individual living in the state can be ensured. Furthermore, in most of the countries, whether they are developed or developing the tax system is corrupt, because tax is

collected from the middle class or from the poor, and it is not collected from the rich, which is paving way to the income inequality. So, the governments of countries should introduce such as system of tax collection that tax is collected from the rich and is given to the poor so that the prevailing income-gap can be controlled. In this way, the real income of the poor and middle class can be increased, which ultimately helps in the improvement of the welfare at individual as well as at social level.

Notes

- 1). See Per Capita Income Rises Marginally, <http://www.dawn.com/news/720636/per-capita-income-rises-marginally>, Mubarak Zeb Khan, Dawn
- 2). See Per-Olov Johansson, An Introduction To Modern Welfare Economics, p. 34
- 3). See African Welfare Programs Boost Economic Growth, <http://www.bloomberg.com/news/2014-04-30/african-welfare-programs-boost-economic-growth-unicef-says.html>, Franz Wild, Bloomberg
- 4). See Ravi S. Samuel, A Comprehensive Study Of Education, p. 479
- 5). See Jeffrey M. Herbener, The Pareto Rule And Welfare Economics, pp. 79-106
- 6). See Louis Kaplow, Steven Shavell, Fairness Verses Welfare, p. 18

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