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Economic Wealth and Social Welfare: A Longitudinal Analysis of Transnational Well-Being

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I am submitting herewith a dissertation written by Kelly Brooke Martin entitled "Economic Wealth and Social Welfare: A Longitudinal Analysis of Transnational Well-Being." I have examined the final electronic copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Social Work.

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Economic Wealth and Social Welfare:

A Longitudinal Analysis of Transnational Well-Being

A Dissertation Presented for the

Doctor of Philosophy

Degree

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Dedication

This dissertation is dedicated to my eldest son Gabriel who ignited my passion for social justice, and my youngest son Liem, who keeps my flame alive.

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I would like acknowledge my graduate professors for their contribution to my academic, professional, and personal growth. I would especially like to acknowledge my Dissertation Committee for their unyielding support, mentorship and scholarly guidance. Thank you for liberating me through the gift of education.

Abstract

Macro changes in the financial arena have prompted ongoing research focused on global economic trends. As America emerges from an era of stagnant wages, rising unemployment, and growing class stratification it is necessary to explore differences in cross-national socioeconomic behavior to address the changing needs of our country. Many studies attempt to describe statistical correlations between economic wealth and social well-being domestically and abroad by utilizing methodological perspectives that do not account for longitudinal change. To address the gap in existing research, this study seeks to measure variations in econometric indicators between the U.S. and Nordic countries to further explicate the dynamic relationship between transnational wealth, welfare, and social well-being over time.

Preface

Citizens of the United States reap the rewards of a strong domestic and international trade system. We have a continuous availability of goods and services available at market cost. Supply and demand circulate like blood through the body of our economic system; our country is indeed the richest in the world (International Monetary Fund, 2015). America has a wealth of specialized trades and multi-disciplinary professions in the corporate and non-profit sector that all work together, providing the backbone of our economic foundation. Indeed, the dynamic interplay within the American socioeconomic system is truly majestic.

American social welfare consists of a vast number of policies, programs, and organizations. Policies are generated to fulfill social need; agencies govern the programs initiated to carry out political and social objectives. Some social welfare agencies and programs are privately funded, while many receive federal and other government grants to sustain them. Social welfare programs that are vital to the overall health of our country are currently malnourished, with limited operational funding. Without funding, these programs starve and are thus unable to provide crucial services to those who are in need. Social service workers are the farmers who cultivate these programs – working to ensure they are viable and strong. Service workers also feed communities with the fruits of this labor through direct service and individual care. Without the funding needed to sustain social welfare programs, these programs will slowly wither – as will social work, a profession committed to serve (National Association of Social Workers, 1999) and, most importantly, as will the populations who are in need of social service.

The preceding narrative introduces current trepidation over the future of American welfare and well-being. This is a shared concern that carries significant social implications, and once explored, could potentially change the direction of American social welfare as we know it.

This study begins to investigate this issue by bridging interdisciplinary fields of knowledge in order to gain a holistic understanding of multifaceted socioeconomic and political systems, domestically and abroad. This approach will explore America's socially constructed reality and transcend the conventional boundaries of social work research by deconstructing the ideological and theoretical foundations of American society. Additionally, this study will present the reader with an in-depth understanding of international social welfare and the associated behaviors of four industrialized countries with diverse approaches to social and economic well-being. The final objective of this study is to provide a longitudinal empirical analysis of outcome measures concerning a hypothesized relationship between transnational wealth, welfare expenditure and overall social well-being via rigorous use of theoretical modeling and scientific methodology.

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CHAPTER I: INTRODUCTION

Since the onset of the War on Terror in 2003 America's debt has skyrocketed. The effects of our national deficit were profoundly apparent at the height of the Great Recession in 2010 when the annual unemployment rate reached 9.6 percent, outstandingly close to the highest unemployment rate ever recorded by the Bureau of Labor Statistics at 10.8 percent during the Reagan Administration in 1982 (Bureau of Labor Statistics, 2011). The economic downturn was preceded by corporate tax cuts enacted during the Bush Administration, further contributing to vulnerability in the labor market when noticeable job loss began in the last quarter of 2007. In 2008 corporate profits from current production decreased to 60.2 billion in the second quarter, compared to a 17.6 billion decrease during the first quarter (Bureau of Economic Analysis, 2008). Additionally, production cash flow – internal funding available for corporate investment – decreased 60.5 billion in the second quarter of 2008, in contrast to an increase of 10.1 billion in the previous quarter (Bureau of Economic Analysis, 2008). These numbers imply the initiation of market instability, otherwise known as economic shock. When such market instability occurs, demand decreases, production decreases, and unemployment rises (Clark, 1998). The effects on the American socio-economic system have been widely observed to date.

During the same time as the economic instability of the past decade, the federal minimum wage remained effectively stagnant despite apparent increases for almost ten years. A seventy-cent increase in hourly wage in 2007 (U.S. Department of Labor, 2008) and a minimum hourly wage of $7.25 in 2009 still meant that a full-time working class citizen, earning $7.25 per hour, would live below the federal poverty guideline before adjusting for income taxation.

While each state is at liberty to impose its own minimum wage, states such as Louisiana, Mississippi, Alabama, South Carolina and Tennessee have no minimum wage law (U.S.

Department of Labor, 2010). The variable ability to earn a living wage, in addition to the increased costs of goods resulting from economic shock following the recession, alludes to the notion that the ability to earn a sustainable income is, for some, difficult to attain. As America emerges from the deepest economic downturn since the Great Depression our nation must support efforts that sustain recovery while promoting economic growth, rising employment and an equitable share of income gains (OECD, 2012[j]).

System Dynamics

National social welfare programs in the United States are predominantly disseminated according to the Federal Social Security Act of 1935, which emphasized the use of fiscal measures to provide economic security for American citizens (SSA, 1935). These federal welfare efforts include provisions such as retirement benefits, disability insurance, and aid to dependent children (healthcare coverage for the economically eligible was included in 1965). Specific state-level benefits are also funded through this Act – benefits which often serve as the backbone of a frail economy and in turn contribute to an overall social well-being. These benefits are funded by government taxation, which tends to convey a negative image of dependency that collides with American ideals of self-reliance regardless of the realities of national economic stability. However, in a free-market economy, such as that in the U.S., fiscal stability is dependent upon individual consumption, a contributing factor in the circular flow of the economic system.

Policy initiatives and government funding allocated for welfare programs are in place to rectify issues associated with poverty, such as loss of employment, low wages, and lack of access to health care. These welfare programs are contingent on market stability in addition to public support of deficit spending (Himmelweit, 2007; Lundy & Van Wormer, 2007). Knowledge of the intricate relationship between economic stability and the fiscal capacity to fund federal welfare programs will lead to an understanding of how these two seemingly dichotomous constructs directly affect nearly every aspect of the social service arena; the end result may be social and political support for programs funding and direct services.

The American Economy

The American economic system relies on fiscal and monetary policy to moderate economic shock during extreme market fluctuations. Fiscal policies are thus constructed by federal taxes and spending. A progressive income tax is the major source of U.S. federal revenue. Along with the welfare system, it acts to increase aggregate demand during economic recessions. Monetary policy is controlled by the Federal Reserve and is completely discretionary. Monetary policy relates to fluctuations in interest rates that adjust based on aggregate supply and demand. Fiscal and monetary policies are subject to democratic delegation; views on the use of both are as divided as the two-party system. During the Obama Administration the Federal Reserve acted on measures instigated by American Recovery and Reinvestment Act of 2009 in order to lower mortgage lending rates as an ad-hoc measure addressing the 2008 economic downturn (U.S. Publishing Office, 2009).

Census data ending in the last quarter of 2008 showed that the U.S. endured a drastic change in fiscal surplus and was further indebted by trillions in 2009 (U.S. Census Bureau, 2010). These changes also contributed to the number of those who were – and are still – unable to secure employment and live below the federal poverty guideline (U.S. Census, 2011). Census data reported in the last quarter of 2009 revealed a stagnant unemployment rate hovering around 10%, the highest reported rate between 2008 and 2012 (Bureau of Labor Statistics, 2012). March of 2012 brought the lowest unemployment rate since February 2009, decreasing 0.6% from February 2011 (Bureau of Labor Statistics, 2012). Clearly, by that point little had changed in long-term unemployment for those who remained jobless for 27 weeks or longer.

A 2012 study at Indiana University found that the number of people living below the poverty line in 2012 rose by 27% since the beginning of the Great Recession (Seefeldt et al., 2012). The report warned that poverty would increase as a result of ongoing cuts to social welfare. In addition, the study noted that the availability of new – yet low-paying – jobs could lead more people to financial distress The authors concluded, "Poverty in America is remarkably widespread", and added, "The number of people living in poverty is increasing and is expected to increase further, despite the recovery" (Seefeldt et al., 2012, p. 5). One particularly striking detail is that children represent the largest majority of those who live below the federal poverty guideline (U.S. Census, 2011). Consequently, the American people are facing a time when social welfare services are greatly needed. Although it is difficult to measure an aggregate sum of social welfare allocations within both private and non-profit sectors, economic trend analyses have suggested that public social welfare expenditures have significantly declined over the past several years (OECD, 2010[s]).

The History of the American Welfare System

To understand the economic policies governing wealth allocation, one must also understand the social foundation governing socio-political ideology as it relates to wealth, welfare, and global hegemony. The late Howard Zinn (2005) traced the American economy back to the pursuit of European settlers throughout the 16th, 17th, and 18th centuries when he wrote of the fiscal motivations that led to American land acquisition. The New World began as a colonial economy, progressed to a smaller, more independent farming economy, and then developed into an intricate industrial economy. During this evolution, the United States developed increasingly complex institutions to keep up with its growth (Zinn, 2005). While government participation in the national economy has been consistent throughout history, the extent of this involvement has gradually increased over time (U.S. Department of State, 2008).

Government-funded social welfare programs were not implemented in the United States until after the Great Depression and WWII during the second quarter of the twentieth century, a period of extreme social need (Zinn, 2005). Compared to the American Reinvestment Act of 2009, which aimed to alleviate the consequences of the Great Recession, the Social Security Act of 1935 was enacted to stabilize a socioeconomic system that had been weakened by the Great Depression; the implementation of the 1935 Act now encompasses most of the federal policies used to fund social welfare programs (Social Security Administration, 2011). Through the process of devolution, welfare policy has become less of a fiscal concern for policymakers at the federal level and left more to state-level governments. Increased market integration, shifting demographics, and dwindling public budgets have also contributed to a pervasive redefinition of the state's role in social welfare provision (Gonzales, 2007).

Reform and Residual Policy

Historical changes to American social welfare policies and expenditures have been observed over the past few decades, beginning with the Reagan Administration. The most notable changes came with the Omnibus Budget Reconciliation Act of 1981, enacted by Congress during the Social Security financing crisis in the early 1980s, which substantially altered the monetary benefits of Social Security, SSI, AFDC and other residual welfare programs, sparking changes to provisionary social welfare for decades to come (Social Security Administration, 2014). In addition to the OBRA, President Reagan signed the Social Security Amendments of 1983, prompting legislative actions affecting Social Security and Medicare programs and negatively impacting the redistributive benefits of the Social Security Act of 1935.

A few of the legislative actions spawned by the 1983 amendments included a federal taxation of Social Security benefits, increasing the Social Security tax rate, and further pushing back retirement age into the next century (SSA, 2014).

Throughout the 1980s and into the 1990s, bipartisan support for removing SSA from the federal umbrella and establishing it as an autonomous organization grew (SSA, 2014). The Personal Responsibility and Work Opportunity Reconciliation Act signed by President Clinton in 1996 further fueled the wealth versus welfare debate. Known as the 1996 "welfare reform" Clinton's legislation served to end Aid to Families with Dependent Children (AFDC), an original component of the 1935 Social Security Act, by imposing stringent time limits and work requirements on program beneficiaries (SSA, 2014). The PRWOR Act also implemented regulations that tightened Supplemental Security Income (SSI) eligibility and enrollment standards for non-citizens and disabled children. Clinton went on to make one of the most profound changes to disability policy when he signed the Ticket to Work and Work Incentives legislation of 1999 shifted program emphasis away from benefit maintenance toward rehabilitating disabled individuals in effort to obtain productive work (SSA, 2014).

The Future of America's Well-Being

Production, exchange, and consumption in the American socioeconomic system involve millions of individuals, households, firms, government agencies, private institutions, and non-profit social service organizations (Day, 2008). The dynamic interplay of this system often leaves the future well-being of this country in question. While many feel the impact of economic fluctuation and political change, some of those involved in the social service arena argue that America's current system does not adequately address the welfare of our nation's people (Archbar et al., 2003; Gonzales, 2007; Himmelweit, 2007; Lundy, & Van Wormer, 2007; Zinn, 2005). Unlike political doctrines in neighboring countries that declare a national concern for human rights, the U.S. Constitution only declares ownership rights for personal property and personal wealth, without mention of social welfare (The Charters of Freedom, n.d.). Conservative economists argue that market forces are a contributing force behind this country's social well-being, and thus the role of our nation's federal government is not to secure the social welfare of American citizens (Rocha, 2007; Rocha 2009). Implicit within this argument is the assumption that the American economy should provide social welfare services to its citizens, rather than adhering to an individualistic "pull yourself up by your bootstraps" view of self-sufficiency. [1]

[1] The conservative "pull yourself up by your bootstraps" mentality stems from the concept of Protestant Work Ethic, which encourages self-reliance in the promotion of economic sustainability (Henslin, 2011).

CHAPTER II: LITERATURE REVIEW

This study used critical theory as a framework to aid the reader in understanding the premise behind socio-political ideologies. In addition, theory compares dualistic perspectives concerning economic wealth and social welfare provision. The following section of this literature analysis will assess prevalent theoretical approaches to the relationship of social welfare and related expenditure in an effort to detect overarching theoretical themes. The literature that is cited is multidisciplinary and multi-systematic in nature, comprised of domestic and internationally published books, scholarly articles, government data, and statistics compiled by the Organization for Economic Cooperation and Development[4] (OECD). A deductive approach identified the theories most applicable to this area of research by considering the following: (a) were the theories used in both domestic and international literature, (b) were the theories used in cross-disciplinary research, and (c) were the theories used in conjunction with the scientific method. The following sections of this chapter will reveal the theories and empirical research used to guide this study in order to exhibit the intrinsic relationship between the use of theory and the aim of this investigation.

Critical Theory

Critical theory contributes to the epistemology of this research. A working definition of critical theory is provided in Dahms (2002):

> Critical theories are concerned with identifying and analyzing those dimensions of social life that "traditional" theories presume as non-problematic (e.g. capitalist,

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[4] "The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalization. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The organization provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies" (OECD, 2008[r]).

> gender-based, and Western definitions of social reality). The rigorously critical elucidation of these dimensions is essential to determining what it would take to solve, or to resolve once and for all, the social problems (e.g. poverty, unemployment, discrimination, exclusion) prevalent in modern societies today – in light of the fact that modern societies are not capable of overcoming these social problems given currently prevailing conditions. The kind of fundamental change that would be necessary for solving these problems, however, would change the nature of modern society (Dahms, 2002, p. 306).

Postmodern scientific research is characterized by what is known as the crisis of representation, which rejects the notion that a researcher's work is considered an "objective depiction of a stable other" (Lindlof & Taylor, 2002, p. 53). Instead, postmodern scholars encourage discourse concerning the theoretical and practical implications of their written work and empirical analyses. While modern critical theory focuses on "forms of authority and injustice that accompanied the evolution of industrial and corporate capitalism as a political-economic system," postmodern critical theorists politicize social problems "by situating them in historical and cultural contexts," thus directly engaging themselves in the process of scientific inquiry (Lindlof & Taylor, 2002, p. 52).

Critical theory replays the fundamental assumptions that have grounded socio-political thought. Use of critical theory in post-modern society must begin by questioning the onset of political thinking (Dahms, 2002; Dahms, 2005; Edkins & Vaughan-Williams, 2009). Traditional theorists have explored ideas of co-existence and the forms of institutions that promote co-existence. Translated to the global sphere that has traditionally been regarded as distinct from the domestic – hence the rationale for a distinct field of study – questions about defining early sociological thought became familiar topics in international relations (Dahms, 2002; Dahms, 2005; Edkins & Vaughan-Williams, 2009).

The Social Construction of the American System

The role of government structure in social well-being could be attributed to a single defining piece of literature, Adam Smith's (1776/1904) *The Wealth of Nations,* advocated a free market economy, an unregulated market of voluntary exchange, as most productive and beneficial to society. Used as a guide to ground societal interaction, *The Wealth of Nations* recommended that in order to prosper in new colonies acquire land by replacing natives. This action was implemented, in part, by civil society through the "use of superior agricultural knowledge, subordination, laws and regular administration of justice" (Smith, 1776/1904 p. 37). Smith's work provided the framework for mainstream capitalist ideology.

In addition to Smith, the writings of Max Weber's (1904/1930) *The Protestant Ethic and the Spirit of Capitalism* detailed an explanation of societal perception relating to fiscal achievement. Weber identified religious indoctrination as a contributing factor in the social construction of capitalism. Weber's theory of the protestant ethic asserts that through means of an individual's work ethic, the productivity ensued is that individual's contribution to the overall good of humanity, which had been defined by Smith (1776/1904). It was further stated by Smith (1776/1904) that God willed that an individual's contribution to society in living a full, successful, productive life will reflect upon that individual in heaven, implying that to earn such place in heaven, one must work to achieve personal wealth. This ideology has endured, explicitly indoctrinated in the American Creed[2] (1917) and implicitly indoctrinated through the American Dream[3]. Although the role of God in capitalist ideology has evolved, a capitalist work ethic continues to reinforce America's monetary relationship with residual social welfare policies.

American Socioeconomic Theory

America's socioeconomic system is the product of Economic Theory and Economic Determinism. This fusion is the implicit norm of American society, and most Americans consider any questioning of that foundational construct to be a radical position. Economic theory has transformed into modern day neoclassical economic theory, providing the basis for America's current socio-political structure where the sole focus is on "markets, supply, demand and profit, or capitalism, as primary objectives" (Campus, 1987, p. 323). Econometric studies employ the use of scientific methods to empirically validate economic theory by testing hypotheses of economic variables. As Campus (1987) further revealed, econometrics focuses on the determination of prices, output, and income distribution in market economies through the cycle of supply and demand mediated by a hypothesized maximization of income-restricted utility, revenue, and production.

America's governing body supports the use of both Neoclassical and Keynesian economics by implementing various laws and policies within a framework respective to each. Further explanation of this humanistic drive for fiscal achievement can be traced to the early

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[2] A belief in the United States of America as a government of the people, by the people, for the people; whose just powers are derived from the consent of the governed; a republic democracy; a sovereign Nation of sovereign states; a perfect union, one and inseparable; founded upon the principles of freedom, equality, justice, and humanity for which American patriots sacrificed their lives and fortunes (Page, 1917).

[3] The American Dream asserts that everyone has equal opportunity to achieve dreams of wealth and prosperity (Henslin, 2011).

builders of neoclassicism. Jackson (2003) explained that early theorists "imagined atomistic, self-regarding motivational structures as models of human psychology, thus economic theory was then built around these models" (p. 731). Neuroeconomics is a theory based on the premise of a socio-cognitive rewards system stemming from a sense of achievement within a capitalist structure (Camerer, Loewenstein, & Drazen, 2005). Neuroeconomic studies, according to Camerer et al. (2005):

> provide a neurophysiologic underpin to cognitive structures surrounding economic theory and fiscal motivation and a combination of economic and neuro-scientific approaches may succeed in providing a methodology for reconciling prescriptive and descriptive economics by producing a highly predictive and parsimonious model based on the actual economic computations performed by the human brain. (p. 61)

The concept of Economic Determinism is viewed as the motivating factor of American economic theory (Camerer et al., 2005; Nadeau, & Kumar, 2008), serving as the idealistic driving force that operationalizes economic theory as the achievement of individual fiscal supremacy, or personal wealth (Fleischer, 1973). Thus, Economic Determinism is a behavioral theory which acts to reinforce the doctrine of America's political and economic systems and is deeply ingrained within our culture.

The Divide Between Wealth and Welfare

Karl Marx (1956/1978) states that "reason has always existed, only not always in reasonable form" (p.14). Questions relating to the dichotomy between capitalist and social welfare systems can be traced back to the founders of sociological thought. Marxian theory assumes a political agenda although much of Marx's work carries significant philosophical and social connotations. Marx's (1859/1938) early writings on Historical Materialism revealed an opportunity-based system where nothing is certain and predictions were useless. Marx used dialectics[3] as a tool for social change. He viewed the economic process as a system in which production should simply fulfill human need; however, his ideas failed to account for the exchange of values as being socially constructed. For example, profit can be a value to some individuals while social well-being can be a value to others. This notion of rational economizing, according to Marx, is essential to stabilization and sustainability based on the premise that what we take out we must put back in, which as Marx asserted must be not only constructed through hierarchical means, i.e. government structures, but also transposed to the societal level. To elaborate, social welfare in this context would focus on shared core values and human need to attain optimal economic distribution. By shifting the focus of societal norms from individual fiscal motivation to a unified social well-being, a revolutionary process of change would ensue; how we exist as individuals is an expression of how well a society is working (Marx, 1843). Sociologist Cynthia Willett (1995) agreed that modern political philosophers must be mindful of Marxian views on economic well-being in addition to theories addressing the well-being of children in order to adequately understand America's socio-political landscape. Willett's position is best explained when she urged readers to ask, "How do the material conditions in which human beings live affect their ability to meet the needs of their children?" (p. 135).

Social Inequality

Income inequality has rapidly increased since the turn of the millennium, continuing a longitudinal trend that began in the 1970s (OECD, 2008[r]). In a report assessing income

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[3] Dialectics is a method of reasoning that aims to understand things concretely in all their movement, change and interconnection, with opposite and contradictory sides addressed in unity (Marx, 1843).

distribution and poverty, the OECD (2008[r]) identified the United States as the country with the third highest level of inequality across all OECD countries, after Mexico and Turkey. The effect of U.S. residual welfare policies on reducing inequality is considerably lower than the OECD average (2008[r]). Government redistribution plays a relatively insignificant role in reducing inequality in the U.S. due to the amount of spending on social benefits is categorically low at just 9% of household incomes, while the overall OECD average is 22% (OECD, 2008[r]).

In a fluid market economy, families and individuals are able to achieve upward social mobility over time and across generations (Carasso, Reynolds, & Steuerleu, 2008). This type of economic achievement, known as upward social mobility, is associated with cultural expectations such as The American Dream[4]. While Horatio Alger stories play to the myth[5] that all children have an equal chance to succeed, the social status assigned to them at birth has been found to correlate with their future fiscal success (Carasso, Reynolds & Steuerleu, 2008; Bratsberg, Raaum, Österbacka, & Eriksson, 2006).

Regardless of theoretical economic approach, nearly 50% of children born into poverty continue to live in poverty as adults in the U.S. (Björklund et al., 2003; Bratsberg et al., 2006; Corak, & Heisz, 1999; Dearden, Machin, & Reed, 1997; Hertz, 2004). The percentage of intergenerational downward social mobility is also high in the United Kingdom and Canada, where approximately 30% of low income children do not escape low income conditions throughout adulthood (Corak, 2006).

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[4] The American Dream implies that anyone can achieve wealth and success regardless of external social and political factors (Carasso, Reynolds & Steuerleu, 2008).

[5] The Horatio-Alger Myth is the belief that limitless possibilities exists for everyone (Henslin, 2011).

On the other hand, social welfare considerations balance unregulated capitalism in Nordic countries. Denmark, Finland, and Sweden boast overall child poverty rates that are remarkably lower than the U.S. – only about 20% of low income children live in poverty when they become adults. (Björklund et al., 2003; Bratsberg et al., 2006; Corak, & Heisz, 1999; Dearden, Machin, & Reed, 1997; Hertz, 2004). This notable difference prompts further inquiry into the role of a nation’s socio-political economy in individual achievement. The American Dream is alive and well in the U.S. (Carasso, Reynolds & Steuerleu, 2008; Bratsberg, Raaum, Österbacka & Eriksson, 2006); however, with evidence supporting comparative measures of upward social mobility between similar countries, the question of why America is different from other developed nations must be raised.

Before the national economic recession in 2006, about 1.6% of America’s gross domestic product was budgeted for direct spending, and 4.1% of GDP in tax subsidies went to programs aimed at promoting mobility, adding up to about $746 billion (Carasso et al., 2008). This yields a system of direct spending and tax subsidies that encourage economic mobility for some, while hindering mobility for others. While the outcomes of American social welfare expenditures ultimately contribute to a low grade of social mobility, such policies are also likely to promote a continuation economic and class stratification (Carasso et al., 2008).

Health and Well-Being

In addition to stable employment, health insurance is a commodity with increasingly limited access. In 2009 there were 50.7 million Americans without health insurance (Kaiser Institute, 2011), despite a national Medicaid program covering the poor and chronically ill. Those who earn too much to qualify for Medicaid but cannot afford private health insurance represent a disproportionate majority of those who receive little to no healthcare provisions

(Kaiser Institute, 2011). Studies show a longitudinal decline in employer-based health insurance before the Great Recession (Ethoven, & Fuchs, 2006; Batistella, & Burchfield, 2000; Rocha, & Strand, 2004). Ethoven and Fuchs (2006) in particular found that access to employment-based health insurance peaked in the eighties, but has sustained a series of declines of about 6.3% between 1987 through 2004. Although the highest national unemployment rate was officially reported in December of 1982 at 14.3% (Bureau of Labor and Statistics, 2010), projections revealed that the U.S. was not likely to fully rebound from the effects of the recession until as late as 2014 (Murray, 2010). With continuing unemployment, inflation, and rising national debt, it is possible that increasingly fewer federal dollars will be allocated to expenditures that address public need, such as access to and availability of healthcare.

The Impact of the Great Recession

Many Americans lost their jobs and were thrown into poverty during the Great Recession (Roberts et al., 2011). However, the percentage of working Americans began to fall years prior to that point and median family income was stagnant or declining (OECD, 2012[j]). Economic growth following the recession was sluggish and driven by a rise in consumption and wealth from an unsustainable escalation in housing prices as opposed to increased employment and income. From the start of the twenty-first century through November 2007, only 7.4 million new jobs were created (OECD, 2012[j]). If job availability had continued at the same rate through 2009, this era would represent the slowest employment growth since the Great Depression (OECD, 2012[j]).

The recession also impacted the financial security of working Americans who remained employed (Roberts et al., 2011; OECD, 2012[j]). During this time the number of low-income working families steadily increased, resulting in a dwindling middle class and challenging the assumption that hard work pays off in America (Roberts et al., 2011). Data from the U.S. Census Bureau (2010) showed over 10 million low-income working families in the United States at the height of the recession. Between 2007 and 2010 the population of working families defined as categorically poor rose from 28% to 31%, revealing that approximately one out of three working American families struggled to meet their basic needs (Roberts et al., 2011). When President Obama took office in early 2008, wage earners were losing over 800,000 jobs per month and the GDP was shrinking at an 8.9% annual rate (OECD, 2012[j]). The Obama Administration attempted to alleviate the effects of our nation's economic distress by implementing the American Recovery and Reinvestment Act (ARRA) and the Financial Stability Plan; the longitudinal effects of each have yet to be analyzed.

Measures of Social and Economic Well-Being

During the pre-crisis period between 2000 and 2007, OECD member countries across the globe reduced government spending by an average of 0.6% of their total GDP (*Government at a Glance*, 2011[a]). Average government expenditures increased by 4.9% across all OECD countries the height of the crisis between 2007 and 2009 (OECD, 2011[a]). Increased government expenditures were executed in the U.S. through changes in residual social welfare and served as an ad-hoc response to ensure market stability during a time of economic crisis (OECD, 2011[a]).

According to the OECD (2011[a,b,c,d,e,g]), there is a general consensus that public social welfare spending in the U.S. is unstable. The nature of America's national economy lends itself toward reactive measures to heal undesirable social effects caused by market instability (Karger & Stoesz, 2002). In other words, U.S. social welfare policies attempt to remedy problems associated with economic distress. In an effort to better understand the implications of future socioeconomic policies, the OECD (2011[a]) has produced national estimates of the fiscal consolidation needed to promote social well-being and economic sustainability.

A New Direction

Several theories also hypothesize alternative plans to address the disparity in America's overall social well-being. A common recommendation throughout the literature suggests restructuring our nation's current residual welfare system into a universal system as has been achieved by Nordic countries with less capital and a more equitable distribution of means (Archbar et al., 2003; Jackson, 2003; Himmelweit, 2007; Gonzales, 2007; Lundy, & Van Wormer, 2007; Zinn, 2005).

Sweden, Norway, Finland, and Denmark recovered more successfully from the Great Recession than most EU countries and had a better employment and unemployment records throughout the recovery than the U.S. (Freeman, 2013). Recognizing the exemplary performance of the Nordic Countries, U.S. economists pointed to the region as the next economic supermodel in 2013 (Freeman, 2013). Similarly, the Nordic Countries rank very well on overall measures of social well-being, and child poverty rates are significantly lower than those of the U.S. (OECD, 2008[r]; OECD, 2009[t]; OECD, 2010[q,s]; OECD, 2011[a,b,c,f,g,h,k,l,m,n]; OECD, 2012[j,p,u]).

The United Nations' Advancement of Human Rights

In 1948 the United Nations[6] developed The UN's *Universal Declaration of Human Rights* (United Nations, 2010), outlining the rights of human beings respective to socio-political sanctions. The rights defined in this document are multidimensional and specifically relate to economic security, legal protection, and cultural safeguards for minorities (2010). The inclusion

[6] United Nations developed in 1945 and is "an international organization whose stated aims are facilitating cooperation in international law, international security, economic development, social progress, human rights, and the achieving of world peace" (UN.org, 2010, article 1 of chapter 1: Purposes and Principals). There are currently 192 UN members, each are also a member of the United Nations General Assembly (UN.org, 2010).

of economic rights in the declaration may surprise some because, as Gil (1998) has noted, the Bill of Rights of the American Constitution guarantees political and civil rights only. By contrast, the UN's Declaration of Human Rights provides for the protection of overall fiscal and social well-being in addition to civil and political rights (Lundy & Van Wormer, 2007).

The United States has been considered a powerful social, military, political and economic force, but because the United Nations was not developed to promote a hegemonic world system America's dominance has led to increased conflict among other UN member nations (Holcberg, 2001). Those who oppose international constraints on U.S. foreign policy assert that the U.S. should withdraw from the UN and claim that the U.S. is better equipped to unilaterally manage the global order (Holcberg, 2001). These same arguments also maintain that the UN should conform to U.S. policy and leadership (Weisman, 2005).

Interestingly, most Americans publically support the United Nations and believe it should be strengthened (Chicago Council on Global Affairs, 2008). Noam Chomsky, a leading scholar of U.S. foreign policy, has reasoned that if the U.S. relinquished veto power in the Security Council and submitted to rulings of the International Court of Justice, the UN's ability to advance democratic growth, world peace, and the protection of human rights could be significantly improved (Chomsky, 2006).

In September 2000, the United Nations Millennium Declaration outlined eight international development goals that all 192 United Nations member states agreed to accomplish by 2015 (United Nations, 2010). The goals include objectives such as reducing extreme poverty, decreasing child mortality, and building global partnerships (United Nations, 2010). Target 4A of this set of goals is to reduce the infant mortality rate by two-thirds between the years 1990 and 2015. Subsequent to Target 4A, Target 5A is to improve maternal health through means of increasing the availability of health care coverage for pregnant mothers and their children. To measure the progress of these goals the UN publishes an annual Human Development Index (HDI) consisting of comparative outcome measures that rank countries by poverty, literacy, education, life expectancy, and other social factors (United Nations, 2010).

Transnational Infrastructure

National welfare programs are public social expenditures controlled by the General Government and distributed to individual beneficiaries. Public social welfare expenditures account for an average of 13% of a nation's GDP across OECD member countries (OECD, 2011[b]); however, there is substantial variation across non-OECD countries. There are large variations in the size and scope of services across OECD member countries as well. For example, the shares of in-kind services as a percent of GDP range from around 8% in Turkey and Chile to roughly 20% in Denmark and Sweden. For the most part these services consist of health care and education, while some consist of provisions for children, the elderly, and public housing (OECD, 2011[b]).

Verbust, Forster, and Vaalavuo (2012) suggested that expanding in-kind social benefits would increase a household's resources, thereby reducing economic stratification and poverty, and hypothesized that if all social programs were allocated as disposable cash income, household resources would increase by an average of 30 percent. The inclusion of in-kind benefits would increase average household income and purchasing power parity of a typical OECD nation (Verbust, Forster & Vaalavuo, 2012). Verbust and colleagues (2012) further suggested that expanding public social welfare benefits could contribute to a reduction of income inequality.

Governing Systems

Parliamentary systems of government are found in most Nordic countries (with the exception of the dual executive system in Finland), while the U.S. employs a presidential governing structure. Parliamentary Theory requires that government and assembly must merge together in unified form (Puig, 2002). The merger of government and assembly is a key factor in differentiating between parliamentary and presidential democracies. The expression “parliamentary governments” defines a fusion of powers by which the legislative and executive branches govern together (Puig, 2002).

In the Unites States, the congressional assembly remains true to its original structure as Presidential Theory is opposed to the assembly's parliamentary transformation. The presidential system reinforces a distinct division of power by keeping executive and legislative branches separate yet balanced (Puig, 2002). Another difference between parliamentary and presidential systems relates to the structure of the executive branch: in parliamentary governments the executive branch is fragmented by the head of government, cabinet, and head of state, while presidential governments require the executive branch to be undivided (Puig, 2002). Some analysts agree that the fragmented structure of a parliamentary government allows for an increase in government transparency and accountability. Specifically, the OECD’s annual *Government at a Glance* reports (2011[a,b,c,d,e,f]) have revealed that the United States ranks very low in overall government transparency, while governments in Nordic countries rank high. Clarifying the distinction between parliamentary and presidential governments adds to a comprehensive understanding of transnational social and economic welfare policies.

The Universal Nordic Model

References to a social welfare system specific to Nordic countries, collectively identified as the Nordic Model, are found throughout the relevant academic literature. Most often the Nordic Model refers to a particular adaptation of a mixed-market economy[7] characterized by the universal provision of social welfare (Esping-Andersen, 1991). The Nordic Model is distinguishable from other welfare states with similar goals in the promotion of work force participation, gender equality, egalitarianism, redistributive social benefits, and liberal fiscal policy (Esping-Andersen, 1991). Anderson et al. (2007) further described the Nordic Model to be "widely regarded as a benchmark" (p. 11). Anderson et al. (2007) identified principal features of the Nordic Model:

1. a comprehensive welfare state providing transfers to households and publicly social welfare services financed by taxes;
2. a substantial amount of public and/or private spending on human capital investments including child care, education, health, and research development;
3. a set of workforce market institutions which include strong labor unions and employer associations, significant wage coordination, generous unemployment benefits and an active role in labor market policies and corporate profit. (p. 13-14)

Outcome studies of social and economic performance rank Nordic countries high in cross-country comparisons due to their economic efficiency, peaceful labor markets, fair income distribution, and overall social cohesion (Anderson et al., 2007; OECD, 2010[q]; OECD, 2011[b,c,d]; OECD, 2012[j,o,p]). While each Nordic country differs slightly in national outcomes, the OECD

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[7] In a mixed market economy is most decisions are made by producers (firms) and consumers (households). A government's direct role in the economy is usually limited to oversight and intervention (Stilwell, 2006).

(2011[c,h,k]) has outlined several notable differences in comparison with the United States. The following section of this chapter will discuss international variations in socio-economic policies and outcomes between the U.S. and Nordic countries.

Denmark boasts the second lowest poverty rate throughout OECD countries at only 6.1% of the population, well below the 11.1% OECD member (2011[h]) average. Only 6% of Danes find it difficult to live on their current wages, also far below the 24% OECD average (2011[h]). Danes also convey high levels of trust in others at 89%, the highest of all OECD member nations (2011[h]). Also, 75% of Danes believe that their communities are tolerant of ethnic minorities, migrants, and gays and lesbians, which is above the 61% OECD average but below the highest tolerance level recorded in Canada at 84% (OECD, 2011[h]).

According to findings updated in the OECD *Better Life Initiative* (2012[i]), Finland does a good job of balancing work and family life. The study (2012[i]) reports female employment in Finland at 66%, above the OECD average of 55 percent. More than 9 out of 10 employed Finnish woman work full-time (2012[i]). Furthermore, 76% of mothers return to work when their children begin school, which is higher than the OECD average of 66%, suggesting that Finnish mothers are able to effectively maintain a balance between family and career (OECD, 2012[i]). An important component of achieving a work-life balance relates to time spent at work. Evidence (2012[i]) has suggested that excessive work hours negatively impact physical health, jeopardize safety, and increase stress. Finnish employees work roughly 1,652 hours per year, lower than the 1,739 average (OECD 2012[i]). Furthermore, citizens of Finland devote an average of 16 hours (or 67%) of their day to self-care according to the OECD (2012[i]). The Finnish work and family reconciliation model stands above international comparisons due to the extent of choices provided to parents with young children. Model policies reduce employment barriers by providing all families with young children access to government subsidized childcare (OECD, 2012[i,j]).

The Swedish government is one of the largest across the OECD, with revenue and expenditures exceeding 50% of the nation's overall GDP (OECD 2011[k]). Sweden allocates a large share of fiscal resources to social welfare programs that provide generous protection for families, children, illness, and disability OECD (2011[k]). It also provides a larger share of monetary resources to general public services, which in turn is balanced by a lesser share of spending devoted to financial affairs and health (OECD, 2011[k]).

The OECD routinely uses assessment of a country's Gini-coefficient[8] before and after tax transfers to evaluate the impact of government transfer policies on income inequality (2011[k]). The effect of tax transfer policies on income inequality in Sweden is slightly higher than the OECD average (OECD, 2008[r]). Monetary social benefits in Sweden exceed 30% of average household incomes, and are among the highest throughout OECD countries (2008[r]).

The Residual Model of the United States

In regard to social welfare, America's residual policies are often described as exceptional; however, the governing system of the United States lacks an explicit social welfare model (Beland, 2005). The words liberalism and neoliberalism are often used throughout the relevant literature to classify trends motivating U.S. capitalist agenda, outlined earlier in this chapter. Kose et al. (2006) explained that neoliberalism seeks to transfer control of the economy from public to the private sector under the belief that it will produce a more efficient government and improve the economic health of the nation. John Williamson (1994) devised a list of policy

[8] The Gini-coefficient varies between 0, reflecting complete equality and 1, indicating complete inequality and is the most common statistical measure of inequality, according to the World Bank (2012).

proposals for the Institute for International Economics that have gained approval among international economic organizations, including the International Monetary Fund (IMF) and the World Bank (Bergsten. & Henning, 2012; Serra & Stiglitz, 2008; The World Bank, 2005). Williamson's list outlines ten points related to the role of neoliberalism in U.S. policy:

1. deficits only have a short term effect on the level of employment and should be used sparingly;
2. redirection of public expenditure from subsidies and spending deemed wasteful toward broad provision of key pro-growth services such as primary education, primary health care, and infrastructure investment;
3. expanding the tax base by adopting moderate marginal tax rates to promote innovation and efficiency;
4. interest rates that are market driven, positive, and moderate in real terms;
5. fluid exchange rates;
6. trade liberalization through the liberalization of imports, with particular emphasis on the elimination of quantitative restrictions to encourage long-term growth;
7. liberalization of the "capital account" of the balance of payments, allowing citizens the opportunity for international investment while permitting foreign funds to be invested in the home country;
8. privatization of state enterprises by promoting market allocation of goods and services which the government cannot effectively provide to promote choice and competition;

9. deregulation through the abolition of regulations that impede market entry or restrict competition, with the exception of safety regulations, environmental and consumer safeguard and oversight of financial institutions;
10. legal protection for property rights; and
11. the financing of capital (p. 26-28).

Referred to as the residual “American Model,” some theorists claim that neoliberalism promotes low wages and high inequality (Howell, & Mamadou, 2007). According to Beland (2005), the American welfare state is a disjointed system in which residual policies often supplement – and compensate for – the absence of public social benefits. For example, total public spending on education and child welfare for those under 18 in the U.S. was $160,000 in 2012, well above the OECD average expenditure of $149,000 (OECD, 2012[p]). Despite public spending, the U.S. ranks relatively low on educational outcomes and measures of social well-being. This, according to the OECD (2012[p]), means that investments outside of education, including childcare and support for families at and around the time of birth, could be improved. Furthermore, the OECD (2012[p]) suggested that the U.S. could reduce poverty rates and assist working families early by strengthening services and benefits for children through legislation promoting paid parental leave and advancements to child education and care services such as the Head Start program (OECD, 2012[p]).

Female employment has been falling for the last decade despite American women having better career prospects compared to most other OECD countries and lower employment costs associated with child-rearing (OECD, 2012[p]). The United States is the only OECD country without a national policy for paid parental leave, although some states do provide leave payments (Scott, 2014). While such changes will involve a cost to employers, they will ultimately benefit child well-being in addition to the labor market: mothers in the U.S. who utilize their full maternity leave are more likely to return to work than mothers who do not (OECD, 2012[p]). Overall family well-being is strongly linked to employment due to a significant proportion of public family support disseminated through tax breaks and refunds in the U.S. (OECD, 2012[p]).

The distribution of national income may impact individual and population health as well, according to a study by Macinko, Shi, and Starfield (2004). Unlike the U.S., Nordic countries do not rely on non-profits or private institutions to provide services directly to end users (OECD, 2011[d]). In 2008 100% of the total populations in all Nordic countries were covered by government subsidized universal health care coverage, whereas in the U.S. only 28.5% were covered by residual health care programs, and 56.7% were covered by private health insurance (OECD, 2011[d]). U.S. public health care expenditure ranks third lowest of all OECD countries, followed by only Turkey and Mexico (OECD, 2011[c]). Programs in Denmark and Sweden aimed at maintaining child well-being are characterized by regular publicly advanced payments and reduce child poverty by 2.5% (OECD, 2011[n]). In contrast, the United States, where the proportion of single parents is higher and payments are not allocated in advance, the contribution to child poverty reduction amounts to only 1% (OECD, 2011[n]). Increasing income stratification creates social, economic, and political challenges that could further jeopardize the opportunity for upward generational social mobility in the United States.

Domestic and International Rates of Taxation

The last century has witnessed numerous reforms in socioeconomic policy in the U.S., as statutory tax rates have reduced dramatically on both corporate and individual income since 1954 (McBride, 2013). The top tax rate on individual income in the U.S. was above 90% from World

War II until 1964 during the Kennedy tax cuts, and then decreased to 28% under President Reagan (McBride, 2013).

American wage earners face two major forms of taxation: an individual income tax, and a payroll tax (Pomerleau, 2014). The average national tax wedge of earned income in the United States was 31.3% in 2013, which is 4.5% lower than the 35.8% average across OECD member countries for the same year (Pomerleau, 2014). In comparison to the U.S., the Nordic countries of Denmark, Finland, and Sweden place a relatively high burden on tax payers with revenues coming mainly from income tax, carbon tax and other related traffic taxes (Sumner et. al., 2011). The average tax burden on labor income in those countries in 2013 varied at 38.2% for wage earners in Denmark, 43.1% for wage earners Finland, and 42.9% for wage earners in Sweden (OECD, 2014[w]), with a combined tax wedge 5.6% higher than the OECD member average.

Global Measures of Wealth

Throughout the body of cross-disciplinary literature reviewed for this study, Gross Domestic Product (GDP) is the most widely used indicator of economic progress across nations (OECD, 2011[s]). It is often defined as an estimate of market throughput calculated by adding together the value of all goods and services produced and traded for money within a given period of time (Constanza, Hart, Posner, & Talberth, 2009). A country's GDP is typically measured by combining its private consumption expenditures (household payments for goods and services), government expenditures (public spending on the provision of goods and services), net exports (the value of a nation's exports minus the value of imports), and net capital construction (the value increase in total stock of monetary capital goods) (Constanza et al., 2009).

Economists emphasize that GDP is a measure of fiscal activity, not financial well-being (McCulla, & Smith, 2007). In 1934, Simon Kuznets, then chief architect of the national accounting system, opposed analyses that equate GDP growth with economic or social well-being (Constanza et al., 2009). However, notable studies throughout the literature involving transnational social and economic comparisons have often used measures of GDP per capita based on Purchasing Power Parity (PPP) in models gauging quality of life (Reinert, & Rajan, 2009; OECD, 2011[g]; Eurostat & OECD, 2012). This method addresses potential measurement issues associated with population size differentials among countries and national variation in nominal versus real GDP by calculating an exchange rate between countries equal to the ratio of the countries' price levels while compensating for weaknesses in local currencies between international markets (Cassel, 1918; Reinert, & Rajan, 2009). In this study, use of GDP reports will be limited to measures of Gross Domestic Product per capita PPP.

Global Measures of Well-Being

Because measures of GDP are limited by monetary transactions related to the production of goods and services, they provide an incomplete picture of people-driven operational systems (Constanza et al., 2009). Constanza and his colleagues (2009) further explained:

> The economy draws benefits from natural, social, and human capital and that the quantity and quality of such capital, in turn, is affected by net investment from the economy. By measuring only marketed economic activity, GDP ignores changes in the natural, social, and human components of community capital on which the community relies for continued existence and well-being." (pg. 9)

Given that GDP limits measurement to marketed economic activity, the use of GDP alone as an indicator to measure social well-being could potentially affect the construct validity of such analysis as GDP is only part of an interrelated whole.

Operationalizing Measures of Well-Being

Recently, it has become a matter of concern that economic statistics do not portray an accurate image of the way people live (OECD, 2011[g]). Previous contributions have focused on the conditions of poorer countries and on a narrow range of dimensions (i.e. the Human Development Index). In response to the lack of accurate ways to measure social well-being, the OECD (2011[g]) has developed a global method to measure variables that define social well-being.

As outlined in OECD's publication, *Better Life Initiative: Compendium of OECD Well-Being Indicators* (2011[g]), two approaches are commonly used to define and measure well-being: material living conditions and overall quality of life. The framework for these two domains includes eleven dimensions: income, wealth, jobs, earnings and housing, which operationalize material living conditions indicators; health status, balance of life and work, skills, education, civic engagement and governance, social partnerships, environmental quality, personal safety and lastly, subjective well-being measure overall quality of life (OECD, 2011[g]). The selection of the aforementioned indicators relies on two quality criteria, according to the OECD (2011[g]), which specifically refer to conceptual soundness and reliance upon data of high quality. The OECD has used these global indicators to measure well-being across member countries in their *Better Life Index* report (2012[j]); however, none of these measures are statistically robust.

Studies have focused on child well-being as a quality indicator of how well a country fares socially (Ben-Arieh, & Frones, 2007; OECD, 2011[g]). Although the academic literature has not clearly defined a universal method to measure child well-being identified, the OECD (2011[g]) explicitly defined child well-being as "a multi-dimensional construct incorporating mental/psychological, physical and social dimensions" (OECD, 2011[g] p. 65). This definition excludes a material perspective significant to many studies that investigate child poverty and material dispossession (OECD, 2011[g]). More recently, Ben-Arieh and Frones (2007) discussed the challenge in defining child well-being:

> Child well-being encompasses quality of life in a broad sense. It refers to a child's economic conditions, peer relations, political rights, and opportunities for development. Most studies focus on certain aspects of children's well-being, often emphasizing social and cultural variations. Thus, any attempts to grasp well-being in its entirety must use indicators on a variety of aspects of well-being." (OECD, 2009[t] , p. 24).

This statement infers the inherited methodological weaknesses associated with cross-cultural measures of well-being. Analysis of child and family well-being extends beyond financial measures and highly-subjective social indicators. For instance, in a review of the health outcomes for children throughout the last twenty years, a broad picture of child well-being showed mixed success in improving social outcomes of future generations (OECD, 2011[m]). Additionally, infant mortality rates have been steadily decreasing since the 1980s, while low birth weight in newborns throughout many countries has been increasing (OECD, 2011[m]). Newer studies have revealed maltreatment and neglect in a small yet significant number of children, with evidence pointing towards low financial resources as a main risk factor (OECD, 2011[m]).

International comparisons have also shown that social inequalities are correlated with negative health outcomes (Macinko, Shi & Starfield, 2004; Chan, Ng & Van, 2010). Transnational studies articulating a relationship between social inequality and health exhibited three unified characteristics: statistical use of Gini-coefficients to measure income, cross-sectional time-limited design, and comparisons between developing and industrialized countries. Results of these studies vary; however, one of the few consistent results concerns outcomes measuring overall health. Studies using statistical rates of infant mortality (number of deaths in children under age one) have been previously linked to social inequalities, especially in wealthier countries (Hales, Howden-Chapman, Salmond, Woodward, & Mackenbach, 2000; Judge, Mulligan, & Benzeval, 1998; Lynch et al., 2001 as cited in Macinko, Shi, & Starfield, 2004; Rocha, 2007).

Further assessment of available studies relating to measures of social and child well-being revealed an important finding: All governments in OECD member countries provide a range of child health interventions in order to reduce rates of infant mortality: prenatal, after birth and during infancy. After identifying the inherent methodological weaknesses prevalent in the available relevant literature, measures of infant mortality were found to be the most statistically-robust indicator of overall social well-being.

Limits in Existing Literature

Throughout the relevant literature GDP is consistently linked to health outcomes (Wilkinson & Pickett, 2009; Macinko et al., 2004). In spite of the identified advantages of political reform hypothesized in domestic healthcare literature, the theoretical nature of the available studies is limited by statistical observance of interventions that impact population health. Similarly, much of the existing literature assessing social welfare programs in other countries focuses either on case studies or an analysis of countries with greater proportion of middle- to low-income populations (Jimenez-Rubio, 2011). Cross-sectional research has provided information about how social welfare impacts well-being, but is limited to one point in time (Rocha, 2007; Rocha, 2009). Current studies on social reform and health outcomes typically rely on econometric data provided by the International Monetary Fund (Ebel & Yilmaz, 2002; Rodden, 2003) as cited in Jiménez-Rubio, (2011). While these studies provide valuable cross-sectional and cross-national results, they do not account for the longitudinal social, economic, and political differences between similar industrialized countries over time.

Conceptual Framework

Positivist theorists were known for trying to develop social science based on a natural sciences framework. In *Society and Government,* August Comte (1965) related empiricism to what he refers to as social physics:

> The philosophical principle of the science being that social phenomena are subject to natural laws, admitting of rational prevision, we have to ascertain what the precise subject is, and what the peculiar character of those laws. The distinction between statical and dynamical conditions of the subject must be extended to social science; and I shall treat of the conditions of organization under the head of anatomy; and then of the laws of social movement, as in biology of those of life, under the head of physiology. (p. 125-126)

The conceptual framework for this study was operationalized through a deductive identification of the most distal determinants of social well-being, which are identified as the Nordic universal and U.S. residual social welfare systems. This framework included those social welfare policies and programs outside of the health sector that affect overall social well-being. Objective determinants of social well-being are identified as measures of infant mortality. Overarching macro-level health determinants included respective socioeconomic environments, with the most common indicator used to assess the socio-economic environment consisting of measures of Gross Domestic Product PPP per capita. Rajaratnam et al. (2010) indicated that statistical results concerning health and related expenditures are directly impacted by social policy in the United

States, which ranks among the highest among nations in overall GDP but, as noted by Jiménez-Rubio (2011), has yet to achieve a meaningful reduction in rates of infant mortality.

In the absence of quantitative studies measuring the impact of welfare reform over time, little can be said about U.S. residual welfare in terms of overall cost and benefit to population health and overall social well-being (Jiménez-Rubio, 2011). Recent evidence has contributed to a conceptual understanding of socioeconomic variations between U.S. and Nordic countries; however, in-depth longitudinal analyses of transnational social and economic well-being have remained largely unexplored.

CHAPTER III: MATERIALS AND METHODS

Methodology

A comparative longitudinal analysis between specific Nordic countries and the United States would identify key issues of domestic and international significance, but has yet to be empirically addressed. Therefore, this study serves to bridge the gap in existing literature by answering the following research questions:

1. How do Gross Domestic Product and social welfare expenditures relate to rates of infant mortality between countries with universal and residual social welfare models over time?
2. Are there within-group variations in GDP, social welfare, and rates of infant mortality specific to the U.S. and each individual Nordic country over time?

Subjects

Individual countries over time served as the units of analysis for this study. The four countries analyzed in this study consist of the United States and the Nordic counties of Denmark, Finland, and Sweden. Selection of the three Nordic countries and the United States was based on the following criterion:

1. Rankings between the two groups (i.e., the Nordic countries and the United States) are relatively close in respect to overall GDP
2. Both groups ranked differently in previous outcomes measuring overall social well-being, and
3. The countries in each group are members of the Organization for Economic Co-operation and Development (OECD).

As previously noted, the Nordic group in this study is limited to the countries of Denmark, Finland, and Sweden. Under typical circumstances, the countries of Norway and Iceland would be included in the Nordic group; however, Norway and Iceland are excluded from this study due to their non-membership of the European Union, in addition to a high reliance on fishing and oil, which could skew economic comparisons.

Data Collection

Existing public data provided by the OECD (2015[x]) and The World Bank (2015[a,b]) were utilized for this study. Annual data collected between 1981 and 2013 were examined, beginning with the first major administrative reform to Social Security 1981 and ending with the most recent data available for year 2013. The thirty-two year time frame for this research consists of social and economic metrics gathered during six U.S. presidential administrations, throughout two major recessions, and at a time when the unemployment rate was the highest since the Great Depression (U.S. Department of Labor, 2011).

Use of GDP in this case has been refined to standardized metrics of GDP PPP per capita (World Bank, 2015[b]) to adjust for size variation and price differentials across countries. Likewise, social welfare expenditures (OECD, 2015[x]) were measured as a percentage of GDP to further control for population differentials between countries. This study serves to explain statistical differences in existing outcome measures of social well-being reported by the World Bank (2015[a]) and operationalized through objective rates of infant mortality respective to the aforementioned countries. To increase the validity of the data, subjective self-reported indicators of social well-being have been excluded as such variables have been found to carry methodological weaknesses in previous studies. Objective rates of infant mortality are considered to be the most statistically robust measure of social well-being and are more sensitive to social welfare policy changes than other health indicators (Jiménez-Rubio, 2011). In addition to an analysis of outcome measures relating to transnational economic and social well-being, this study seeks to explain the effects of residual and universal social welfare models respective to the U.S. and Nordic countries of Denmark, Finland, and Sweden.

Design

This study seeks to explain longitudinal outcomes of transnational social well-being through secondary analyses of existing time-series data. Specifically, this research empirically addressed the relationship between continuous measures of infant mortality and continuous independent measures of GDP PPP and social welfare expenditures between countries with both Nordic (universal) and U.S. (residual) social welfare systems.

Data Analysis

Least Squares estimation is widely used throughout existing studies analyzing a comparison between group means (Allison, 1999; Chen et. al., 2002; Ritchey, 2008; Poot, 2013; Wooldridge, 2009). Experts warn that time-series regressions carry the possibility of residual correlation when using econometric data (Ostrom, 1978; Beck & Katz, 1996; Wooldridge, 2009). In this case, post-hoc testing addressed the risk of making a Type II error. A longitudinal analysis of variance (ANOVA) consisting of three independent predictor variables and one dependent outcome variable serves as the focus of this study. The overall regression equation is modeled as:

Infant mortality = Bo + B1(GDP) + B2(SWE) + B3(M) + e

Whereas,

1. Infant mortality is the dependent variable
2. GDP is operationalized as Gross Domestic Product PPP per capita, in current U.S. dollars

3. SWE is operationalized as total national welfare expenditures, as a percent of GDP
4. M serves as a dummy-coded marker indicating each individual country
5. e is the residual term, or error within the model

Data for this study consists of annual metrics collected from 1981 to 2013 (N=132) and are inherently longitudinal, omitting the need to include a monotonic time trend built into the model. Collinearity diagnostics show the Variance Inflation Factor (VIF) score is < 5.0 and post-hoc statistical power =1, confirming the ability to draw conclusive results from this study (Greene, 2000; High, 2000; Cohen, 1998).

Statistical Procedures

In order to address the first research question, a graphic representation of country-specific variation in predictive variables identifies overall mean differences throughout the 32 year timeframe of this study. An Analysis of Variance (ANOVA) test answered the second research question by identifying group mean differences in dependent and independent variables specific to each individual country. A variable identifying each country served as the independent factor; GDP, social welfare, and infant mortality served as three separate dependent variables. The dichotomous marker *M* takes the form of a series of dummy-coded country indicators as outlined in the overall model.

ANOVA F-test results were limited to the identification of differences among means. If the omnibus F-test results are statistically significant, the associated ANOVA Levene Statistic must then be used to check for heterogeneity or homogeneity of statistical variance. In order to discover which mean value is significantly different from the other, additional post-hoc tests must be conducted when the overall ANOVA F-test is significant. Tukey HSD (abbreviated for honest significant difference) and Games-Howell are two common post-hoc statistical procedures used in conjunction with the Levene Test reported by the one-way ANOVA (Klockars, Hancock, & McAweeney, 1995; Kromrey, & La Rocca, 1995; Seaman, Levin, & Serlin, 1991). The Games-Howell procedure further identifies specific mean differences when the Levene test shows heterogeneity of variances, while Tukey HSD specifies mean differences when the Levene test statistic is significant for homogeneity of variances.

CHAPTER IV: RESULTS AND DISCUSSION

Results

Results of the model are statistically significant, indicating that 82% of changes to the dependent variable $R2 = .819$ are predicted by the independent variables $p = .000$ with post-hoc statistical power = 1. The research questions in this study consider how GDP and social welfare expenditures impact rates of infant mortality among countries with universal and residual social welfare models over time. The first step was to identify the overall descriptive statistics for ratio-level variables (Table 1). Table 2 provides the descriptive statistics for each country.

ANOVA Least Squares Estimation

It is important to empirically comprehend the longitudinal differences in predictive variables among U.S. and Nordic countries. ANOVA tests reveal significant differences among Denmark, Finland, Sweden, and the U.S. To answer the first research question, graphs of each independent variable provide a visual representation of between group statistical variation over time to show the longitudinal differences between the U.S and Nordic countries (Figures 1-3).

Table 1: Sample Descriptive Statistics

	N	Minimum	Maximum	Mean	Standard Deviation
Infant Mortality, rate per 1,000 live births. Source: World Bank	132	2.10	12.10	5.5644	2.32103
GDP PPP, current US dollars. Source: World Bank	132	10505.83	64181.61	32353.6754	14154.82720
Total Social Welfare Expenditures, percent of GDP. Source: OECD	132	12.80	35.50	24.0621	6.00413
Valid N (listwise)	132				

Table 2: ANOVA Descriptive Statistics

		N	Mean	Standard Deviation
Infant Mortality rate per 1,000 live births Source: World Bank	1- Denmark	33	5.5212	1.84607
	2 - Finland	33	4.2424	1.44006
	3 - Sweden	33	4.2909	1.58949
	4 – US	33	8.2030	1.84094
	Total	132	5.5644	2.32103
GDP PPP in current US dollars Source: World Bank	1- Denmark	33	34934.8547	16508.62727
	2 - Finland	33	28665.9005	13120.47144
	3 - Sweden	33	33101.1361	14286.58988
	4 - US	33	32712.8103	12240.40348
	Total	132	32353.6754	14154.82720
Social Welfare Expenditures as a percent of GDP Source: OECD	1- Denmark	33	26.6152	2.14084
	2 - Finland	33	25.4970	3.91420
	3 - Sweden	33	29.1030	2.19666
	4 - US	33	15.0333	1.93191
	Total	132	24.0621	6.00413

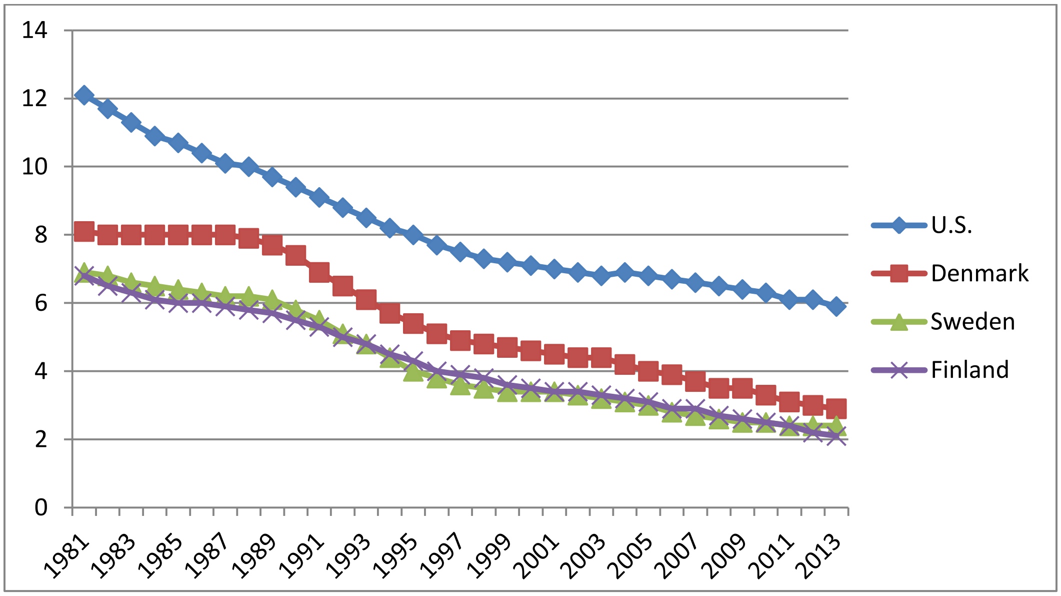

Figure 1: Infant Mortality Line Graph

Data source: World Bank (2015[a])

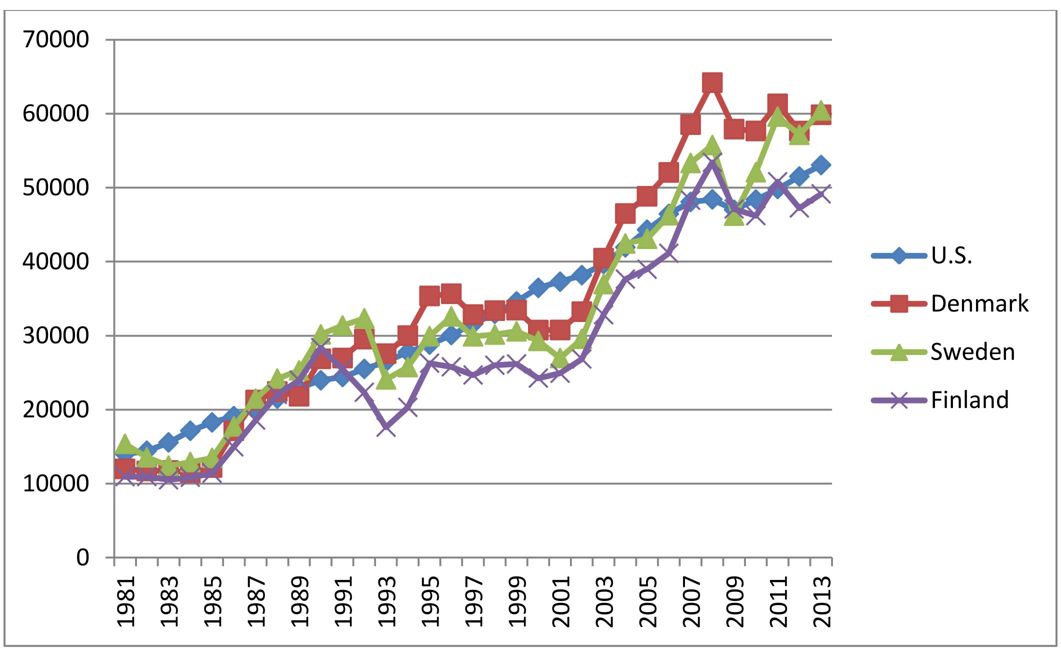

Figure 2: GDP PPP Line Graph

Data source: World Bank (2015[b])

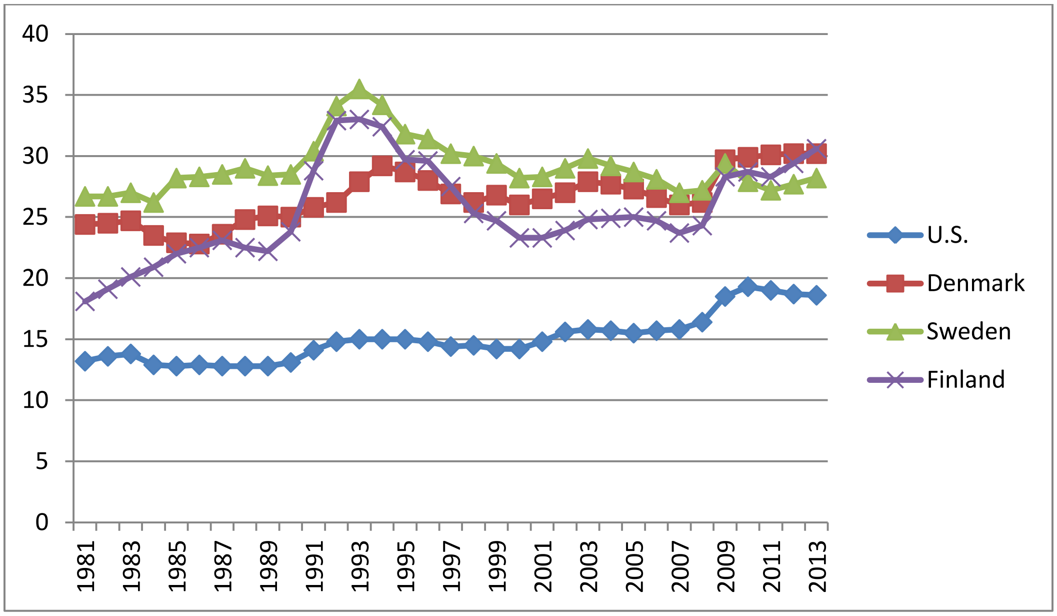

Figure 3: Social Welfare Expenditure Line Graph

Data source: OECD (2015[x])

Figure 1 shows that while Denmark has higher rates of infant mortality compared to its Nordic counterparts, infant mortality is still significantly lower than in the U.S. over time. There is some variation in GDP PPP over time between the four countries analyzed in this study; however, a similar linear pattern over the thirty-two year emerged during the span of this research (Figure 2). Social welfare expenditures in Nordic countries demonstrate similar patters over time. The linear cluster of Nordic welfare expenditures is noticeably higher than social welfare expenditures in the U.S. throughout the time frame of this analysis (Figure 3).

The second research question asks whether there within-group variations in GDP, social welfare, and rates of infant mortality specific to the U.S. and each individual Nordic country over time. To answer the second research question, results from an overall omnibus F-test were used to detect statistically-significant mean differences between four independent countries for any given dependent variable (Table 3). Results of the overall F-test indicate a statistically significant within and between group variation in infant mortality $F(3, 128) = 39.96, p = .00$ and total welfare expenditures $F(3, 128) = 178.57, p = .00$. While infant mortality and welfare expenditure are both statistically significant beyond the .001 alpha level, GDP PPP $F(3, 128) = 1.15, p = .33$ is not statistically significant at or above the .001 alpha level, indicating a low level of between and within group difference in Gross Domestic Product (Table 3).

Levene Test of Homogeneity of Variance

Levene test diagnostics were used in conjunction with ANOVA to reveal the presence of heterogeneity in the mean averages of total welfare expenditures as a percent of GDP $p = .00$, homogeneity of variances within the mean averages of infant mortality $p = .15$, and GDP PPP $p = .43$ among Denmark, Finland, Sweden, and the U.S. (Table 4). Based on the Levene statistic, additional post-hoc tests then specified the significance of country-specific variation.

Post-hoc Tests

Post-hoc ANOVA testing utilizes both Tukey HSD and Games-Howell procedures to confirm where differences occur between groups. Tukey HSD multiple comparison results revealed that average the infant mortality rate for Denmark is significantly different from that of Finland $p = .01$, Sweden $p = .01$, and the United States $p = .00$ (Table 5). The average rate of infant mortality for Finland is statistically different from Denmark $p = .01$ and the U.S. $p = .00$, but not from Sweden $p = 1.0$. Likewise, the average infant mortality rate for Sweden is significantly different from Denmark $p = .01$ and the U.S. $p = .00$, but not Finland $p = 1.0$, while the average rate of infant mortality in the United States is significantly different from Denmark, Finland, and Sweden $p = .00$.

Table 3: ANOVA F-test Results

		Sum of Squares	Df	Mean Square	F	Sig.
Infant Mortality rate per 1,000 live births Source: World Bank	Between Groups	341.010	3	113.670	39.894	.000
	Within Groups	364.713	128	2.849		
	Total	705.723	131			
GDP PPP in current US dollars. Source: World Bank	Between Groups	691344892.495	3	230448297.498	1.154	.330
	Within Groups	25555701541.231	128	199653918.291		
	Total	26247046433.726	131			
Social Welfare Expenditures as a percent of GDP Source: OECD	Between Groups	3811.715	3	1270.572	178.566	.000
	Within Groups	910.775	128	7.115		
	Total	4722.491	131			

Table 4: Levene's Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Infant Mortality, rate per 1,000 live births. Source: World Bank	1.798	3	128	.151
GDP PPP, current US dollars. Source: World Bank	.932	3	128	.427
Total Social Welfare Expenditures, percent of GDP. Source: OECD	9.089	3	128	.000

Games-Howell multiple comparison tests found the average of total social welfare expenditures as a percent of GDP for Denmark is significantly different from those of Sweden $p = .00$ and the U.S. $p = .00$, but not Finland $p = .48$. Similarly, averaged social welfare expenditures for Finland are significantly different from Sweden $p = .00$ and the U.S. $p = .00$, but not Denmark $p = .48$. Average total welfare expenditures for Sweden and the U.S. are statistically different between both countries, with significance levels at $\mathrm{p} = .00$ for each comparison (Table 5).

Limitations

Allison (1999) explains that time-series data are often at risk for autocorrelation (otherwise known as multicollinearity). While post-hoc testing for this analysis revealed similarities in mean averages between econometric variables associated with certain Nordic countries, these variables are naturally prone to serial correlation due to their intrinsic and often overlapping statistical relationships (Table 5). Multicollinearity was identified as a potential methodological weakness associated with this type of research; the longitudinal design of this study increased sensitivity to this issue. The original model for this study included time as an independent predictor and exhibited high levels of multicollenearity. Given that the data for this research were inherently time specific, a new model was revised to control for serial correlation by omitting time within the equation. While post-hoc tests identified correlation in predictive variables between countries, it was not enough to significantly threaten the internal validity of the study; estimating the joint influence of the two variables and all other regression parameters presented no obstacle (National Research Council, 2011).

Table 5: ANOVA Post-hoc Test Results

Dependent Variable	Country	Country	Mean Difference	Std. Error	Sig.
Infant Mortality Tukey HSD	1 - Denmark	2 - Finland	1.25455*	.41395	.015
		3 - Sweden	1.23030*	.41395	.018
		4 - US	-2.68182*	.41395	.000
	2 - Finland	1 - Denmark	-1.25455*	.41395	.015
		3 - Sweden	-.02424	.41395	1.000
		4 - US	-3.93636*	.41395	.000
	3 - Sweden	1 - Denmark	-1.23030*	.41395	.018
		2 - Finland	.02424	.41395	1.000
		4 - US	-3.91212*	.41395	.000
	4 - US	1 - Denmark	2.68182*	.41395	.000
		2 - Finland	3.93636*	.41395	.000
		3 - Sweden	3.91212*	.41395	.000
Welfare Expenditure Games-Howell	1 - Denmark	2 - Finland	1.11818	.77663	.481
		3 - Sweden	-2.48788*	.53395	.000
		4 - US	11.58182*	.50198	.000
	2 - Finland	1 - Denmark	-1.11818	.77663	.481
		3 - Sweden	-3.60606*	.78134	.000
		4 - US	10.46364*	.75985	.000
	3 - Sweden	1 - Denmark	2.48788*	.53395	.000
		2 - Finland	3.60606*	.78134	.000
		4 - US	14.06970*	.50924	.000
	4 - US	1 - Denmark	-11.58182*	.50198	.000
		2 - Finland	-10.46364*	.75985	.000
		3 - Sweden	-14.06970*	.50924	.000

*. The mean difference is significant at the 0.05 level.

Furthermore, it is possible that the outcome variable and covariate(s) can affect one another in the ANOVA analysis of this study. According to the National Research Council (2011), there are no statistical tests to determine the absolute direction of causality; instead, the researcher should be prepared to defend his or her interpretation of the results based on methodological knowledge and holistic understanding of supportive evidence. Research in general cannot hope to investigate all the intricacies that characterize statistical perfection. Despite perceived limitations, this investigation was intended to be an empirically sound contribution to a growing body of multifaceted knowledge.

Discussion

Results of this study revealed significant differences in objective rates of social well-being between the dichotomous residual and universal country groups. Gross Domestic Product and social welfare expenditure both have a statistically significant effect on reducing rates of infant mortality in Nordic countries over time. GDP also significantly impacts infant mortality rates in the U.S.; however, there is no relationship between social welfare expenditure and infant mortality. Predictive and dependent group variables reinforce the profound effects of distributive welfare. While GDP does not significantly differ among the countries analyzed in this study, social welfare expenditure and subsequent rates of infant mortality are both statistically different. Graphing longitudinal measures of infant mortality explicates the vast disparity in social well-being between U.S. and Nordic countries of Finland, Denmark, and Sweden, with the U.S. consistently falling behind over time.

CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Regardless of time, sociopolitical climate, or fluctuations in the global economy, the Universal Nordic Welfare Model protects overall social well-being. Although the Nordic tax wedge is slightly higher than that of the U.S., the cost of universal welfare outweighs the cost of life. This study supports the idea that social well-being does not have to be sacrificed in order to preserve economic wealth. Unlike the Universal Nordic welfare model, U.S. residual welfare policies do not statistically improve overall social well-being, and the results of this research provide a strong argument for domestic social reform. Addressing America's current approach to welfare is imperative to the health of our nation as well as to the direction of our profession. This research leaves only the question of the likelihood of change.

Recommendations

It should be said that outcomes of interdisciplinary research may seem uncertain or controversial due in part to varying theoretical interpretations and procedural methodology specific to a particular field (National Research Council, 2011). However, as the scope of social work continues to expand, it is imperative that professionals utilize cross-disciplinary research to make meaningful connections between policy and practice. This study provides evidence that ad-hoc residual welfare policies do not promote the overall well-being of this country. Future research needs to further explain the absence of a statistically significant relationship between social welfare expenditures and infant mortality in the United States. A multiple linear regression would contribute to the statistical relevance of this research. Replication of cross-national longitudinal studies among similar industrialized countries with alternative methodological perspectives would further explain the dynamics between wealth, welfare, and social well-being.

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VITA

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