

The Welfare State 2000-2050

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Abstract

This paper sets out to explore the likely shape of the welfare state in 2050. Section1 examines key aspects of the contemporary welfare state relevant to considering its future. Section 2 then sketches the likely shape of the welfare state in 2050. Section 3 moves to look at the pressures for a more active state and the countervailing pressures for less state action. Section 4 explains why the pressures outlined in Section 3 lead to the outcome set out in Section2.

“Where no anticipating utopia opens up possibilities we find a stagnant, sterile present - we find a situation in which not only individuals but also cultural realisation of human possibilities is inhibited and cannot win through to fulfilment. The present, for men (*and presumably for women too!*) who have no utopia, is inevitably constricting and, similarly, cultures which have no utopia remain imprisoned in the present or quickly fall back into the past, for the present can be fully alive only in tension between past and future. This is the fruitfulness of utopia - its ability to open up possibilities” Paul Tillich

“the welfare state, arguably the greatest achievement of European civilisation in this century” (Marquand, 1997. p127)

“Advanced industrial societies provide the kind of welfare states that, politically, they *will*” (George and Miller, 1994, p221)

Thinking about the likely shape of the welfare state over the next 50 years raises a whole range of questions. What shapes the role of the state in welfare? Are past shaping factors a useful guide to the future? Does the very idea of the welfare state belong to the world of nation states which is becoming part of the lumber room of history? Does globalisation mean that markets now really do define the limits of politics? Will the information age mean a mighty creative gale of large scale reconstruction? It also raises questions - which I ignore - about the likely future trajectory of the British economy and British party politics - because I see them as (almost!) second order questions. I assume the British economy will shuffle along much as it has in the past decades with no too awful disasters and certainly no miracles. I leave aside party politics because of what I see as converging approaches and the limited impact of party differences.

I start from 3 assumptions: (1) The future is always more like the present than we expect - though there are rare radical breaks with the past. (2) Welfare state institutions are remarkably resilient and resistant to change. (3) Politics in the sense of what states do matters more than anything else. These assumptions lead me to see the future as the product of coming pressures and constraints banging against the realities of the nature of the welfare state as it is today.

This paper falls into four sections. Section one looks at the present in the light of the future on the basis that knowing where you are is basic to knowing where you are likely to be

going. Section two sketches where I think the welfare state will be in 2050. Section three is the justification for the picture drawn in section two - the pressures on the state to do more, the pressures to do less, the pressures to do things differently, the constraints on change. Section four explores why the issues analysed in section three lead to the outcome outlined in section two.

All I can do - fortunately - is sketch and assert. It's been painful but I have left out most of the qualifications which the cautious, schooled academic mind wants to put in.

(1) The Past and the Present in the Light of the Future

Churchill once said that the further backward you look the further forward you can see. Interesting - but unfortunately not true. But if we are to peer forward to 2050 we do need to try to grasp the essential nature of that agglomeration we call the welfare state - which means looking both at the past and the present - birth, adolescence and untidy middle age. The term, of course, expresses an ideology and an aspiration rather than describes a specific set of institutions. It expresses a view of a state responsibility. The problem is that the key institutions were laid down at a moment in British history which gave them an unfortunate air of finality. We do need to grasp the historically contingent nature of the welfare state as we know it, its particularity. It is as it is - essentially - because of when the concrete was poured and set on the key elements - in 1945-50 and the trente glorieuses which followed 1945. It was shaped by war, by an amazingly long lasting war induced consensus, by a war induced faith in the state, by male full employment, by a particular class structure.

Secondly, as Stein Ringen emphasised, the welfare state is above all an experiment in politics (Ringen, 1987). It came to institutional maturity at a time of perhaps unique faith in the capacity of government. It expressed the triumph of politics over economics. That triumph of course, has since been challenged and overturned. A central element in Third Way thinking, says Glennerster, is 'an explicit acceptance that for most things markets work better than any other mechanism as a way of allocating resources' (Glennerster, 1999, p31).

Thirdly, the policies and institutions put in place between 1945 and 1950 have proved remarkably resilient. Beveridge would still recognise his legacy. Esping Andersen may be right in his judgement that 'the contemporary welfare state addresses a past social order' (Esping

Andersen, 1996, p9) but Paul Pierson is clearly right too in his judgement that 'social policy remains the most resilient component of post war domestic policy' (Pierson, 1994, p179).

Fourth, not only does the welfare state mark a high point in faith in politics, it also marks 'a high point in exclusive nation statism' (Rieger and Leibfried, 1998, p367). It depended - substantially - in faith in the nation state's ability to manage its domestic economy and to make the decisions it thought appropriate about social protection policies. The British welfare state both expresses this triumph and the capacity of the nation state to manage its own economic and social destiny and faith in the national state in relation to other, potential providers of welfare - local government, voluntary corporations and so on. It was a very statist response.

Fifth, the British welfare state was socially embedded in a particular sort of society and that shaped its nature in a way which was left unanalysed. It was a very simple society in terms of class structure and class relations, in terms of gender roles, in terms of race, in terms of patterns of work, in terms of patterns of family life. The welfare state was both the product of that simple, more ordered and more orderly society and a response to it. In that society, state welfare was easy - one size government did pretty much fit all.

Sixth, not only was society simpler, so were the perceptions of need on which the edifice of the welfare state was reared up. 'Simplistic' might be a more accurate description but that suggests wise-after-the-event judgement which is palpably unfair. The welfare state, though, did rest on overtly simplistic notions of the socially equalising capacities of social institutions because the contemporary concepts of, for example, inequality of educational opportunities or inequality in health were too narrow. The result was that failure to achieve desirable and seemingly accessible goals proved unreasonably discrediting.

Seventh, the outcome of these founding or emergent characteristics has been a problematization of the welfare state - in some ways one of Mrs Thatcher's most significant legacies. At her demise the superstructure remained in place even if some of the flags were close to half mast but the foundations had been undermined by a prolonged problematization of the economic and social implications and impact of welfare state policies and of their economy efficiency and effectiveness.

Where will the welfare state be in 2050?

There are, of course, periods in history when change is genuinely and frighteningly radical both because of particularly sharp economic and social pressures - for example industrialisation - and because of specific government actions. At other times, social institutions, customs and practices can change with puzzling rapidity for no very obvious reasons - for example, the changes in 'the family' in the UK in the 1970's and 1980's with rapid increases in births outside marriage, cohabitation and many more women with young children staying in the labour market.

What the prophet needs is the sociological - political ability to see in advance the changes which are going to be mould shattering and to distinguish them from those which are just going to cause a relatively minor *frisson*. The key issue here is the emergence of the information age and whether it will revolutionise within the next half century lots of aspects of life we take comfortably for granted. My position on this is that it will bring major changes but the conservatism of people and the resilience of welfare state institutions will mean the mould is cracked rather than shattered. That, of course, may be the product of lack of imagination and ignorance on my part rather than a perceptive judgement about the nature of social change. Fortunately (probably!) I shall not be around to see whether or not I was right! By definition - almost- one cannot foresee radical breaks in the mould. My model of change therefore has to be an evolutionary one, listening and peering rather anxiously to try and see the signs of the times.

What will be the nature of the welfare state in 2050?

(1) We shall see a continuing 'retreat to the core' (Glennerster, 1999, p34) in state welfare provision between 2000 and 2050. The focus of state involvement will be health care, education, and last resort, means tested social security provision. Health care will survive and expand because Blair has - unwisely in his terms - provided a new expenditure yardstick - the European norm - which commentators will not easily let him forget. Education will survive because of its centrality to a new more competitive global world and because of the accepted gross deficiencies of the UK educational system. Over the last twenty years successive British governments have trimmed back key social security commitments - most obviously in relation to pensions and disability benefits - just as have many other European

governments (Daly, 1997). They have also sharply increased the percentage of total expenditure going on means tested benefits. Historic universalism in social security is on the way out. It will be a leaner and meaner world in which the basis for social policies will be narrowed and focused. Services which are defined by the spinners as politically crucial will survive as will services which are seen as central to competitiveness and to preserving the reserve army of unskilled labour. The goals of promoting human welfare or improving the quality of life by government social action will be quietly relegated to the second or third division of priorities.

(2) Retreat to, or towards, the core will be accompanied by continuing retrenchment in the search for the so called 'affordable welfare state' (George and Miller, 1994, p215). The basic thrust of social policy throughout Europe for the last 20 years - with some exceptions - has been contractionist. The thrust has not always been successful but the goal and intention has been very clear. The strategy has been ingenious and multi-pronged as befits a strategy of snip and nibble. Eligibility conditions for a range of social security benefits have been tightened, benefits have become less generous through judicious adjustment of uprating mechanisms, welfare responsibilities have been transferred to employers - for example for sickness benefits, means testing has been extended. Tax incentives to quit public services have proliferated. Salaries of state employees - e.g. academics in the UK - have been held down. New management techniques have been introduced to improve outputs and hopefully outcomes (George, 1998; Bonoli et al, 2000).

The important point is not what has been achieved. At this point the savings are not much more than candle ends but the cuts and savings will be powerfully cumulative e.g. UK public expenditure on pensions. The contractionist policies are also a powerful indication of intent and aspiration. Would-be cutters and contractionists have discovered - quite predictably - that getting it right takes time. It cannot be done at a stroke. The importance of European policy developments of the late 1980's is that they indicate a change of climate and the very clear hopes, aspirations and intentions of governments of a range of political complexions.

(3) Cerny has stressed the significance of the transformation of the nation-state into a 'competition state' (e.g. Cerny, 1997). This transformation is crucial to the future development of the welfare state. States will, I think, become 'competition states' rather than - or perhaps as well as - 'welfare states'. This means that achieving and maintaining competitiveness will become the dominant concern of governments. In a sense, of course, it always has been, but in

a less explicit, less determined fashion and as less obviously the central concern of domestic policy.

The new emphasis given to competitiveness will have two major implications for the welfare state. First, it will affect its priorities. Promoting competitiveness will become **the** priority. Social policy will become more work oriented and less welfare oriented. Second, this will affect the focus of social policy. It will centre in a new way on the prime working years rather than as in the past primarily on the young and old. The Commission on Social Justice called for 'an intelligent welfare state that will be active throughout our lives' (Commission on Social Justice, 1994, p223). The corollary of this new focus will be an emphasis on active labour market policies, training and retraining and more support for the working poor - e.g. the working families tax credit which is a product of the way globalization is contributing to reducing the earnings of the unskilled. In a more internationalized economy, competitiveness becomes a more dominant concern. Social policy has, then, to become more obviously and centrally the servant of economic purposes. The unproductive or the non-productive will get less attention.

Cerny's 'competition state' is, of course, interestingly similar to Chalmers Johnson's classic concept of 'the developmental state' and to Esping Andersen's concept of 'productivist welfare capitalism'. In East Asia, the primary focus has always been on economic growth, facilitated by state action, as the high road to improved welfare, undergirded and facilitated by 'core' social policies. (cf Holliday, 2000)

(4) The British welfare state today is recognizably the child of what Labour put in place between 1945 and 1950 with romanesque solidity and simplicity. What will be in place by 2050 is a much more gothic structure. Gone will be the awe inspiring rugged solidarity and simplicity. Instead there will be much more complex and mysterious edifice with a wide range of additions, ornaments and excrescences so that the basic structure becomes less obvious and compelling..

One of the central differences between society today and what society will be like in the next 50 years will be its increased and increasing fragmentation. Class divisions have become, and will become, more complex and confusing, experience of gender is clearly no longer simply a matter of the different experiences of men and women but it is mediated by age, class, education and ethnicity. People live much more individual lives less bounded and constrained by family and community ties The outcome is 'fractured identities' (Bradley, 2000, p480).

Social Policy has, in response to these changes, to become more flexible and so inevitably more complex. Governments can be quite efficient in Fordist types of provision, but they are much less good at responding to varied, fragmented and changing needs. A mixed economy of welfare/welfare pluralism is both a product of ideology - the belief the state does not always know best - and pragmatism - varied sources and types of provision are necessary in a more plural society. That plurality both extends to sources of provision - market, voluntary bodies - and to 'lay' as opposed to professional providers because professionals are clearly at a loss in many areas.

In the 1980's we saw the emergence of the so-called mixed economy of welfare and stress on the central importance of voluntary and family provision. Under the Blair government we have seen the addition of other tiers of complexity - all directed at the problem of fragmentation and ineffectiveness in the face of the tessellated pavement of need. 'Zones' are one strategy of trying to secure joined up government in specific areas of policy and in particular geographical areas where traditional approaches are deemed to have failed. Head banging czars are another - for homelessness, heart disease, drug abuse, cancer care, for example. The old institutions have been defined as wanting. That search for solutions, for new systems and structures in a more plural, messier world will continue. The risk of course - and it could be gain for central government - is a bewildering cacophony of ad hocery in which the great principles of comprehensive and universal provision get trampled out of sight. No one quite knows who, if anyone, is responsible for what.

(5) Social policy will become much less national and more international. In 1995, Pierson and Leibfried wrote of the EU becoming 'a formidable actor in the field of social policy' and of what was emerging as 'a system of shared political authority over social policy' (Pierson and Liebried, 1995 pp3-4). Certainly, international bodies have over the last twenty years come to play a much larger role in social policy with international treaties, agreements, and conventions on environmental protection, labour and employment and trade. That will clearly continue. National governments, too, have become more alert to the potential implications of social policy for the investment decisions of multi-national companies and more mobile international capital. The reference groups have changed subtly but significantly. By 2050 we will surely have moved some stumbling way towards international social policies.

(6) Social policies will certainly lay more stress on individual responsibility for providing what the state traditionally organised and provided. Pensions is one of the earliest examples. In the late 1980's, the government began to divest itself of responsibility for providing anything more

than a residual retirement pension to future pensioners. Since 1997 Labour has continued down the road of individual responsibility for providing income in old age. Paying for higher education has become increasingly a responsibility of students and parents. In relation to employment, it is no longer the responsibility of the state to secure and maintain full employment. The key responsibility is now the individual's - to make and keep herself/himself employable and continuously to improve their employability. Security will depend on individual skills not on the state.

A more fragmented, more individualistic, less collective society will certainly see this trend of increased individual responsibility continue.

(7) The welfare state will continue to move from producer dominated service provision to a more consumer shaped and oriented approach (Clarke, 1998). This is partly in response to an ever strengthening consumer culture and the impossibility of maintaining producer dominated provision in a more educated less deferential society. It is also a response to declining confidence in bureaucratic and professional producers and deliverers of welfare (Foster and Wilding, 2000). Most important of all, it is a product of technological change. Producer power cannot survive the ever greater availability of information available to consumers through, for example, the world wide web. Patients can now do their own investigation of their health problems and go to their GP with their own impressive file of information. Computer based diagnostic systems in every supermarket can only be a few years away. Professional dominance and standing and consumer subordination depended substantially on the imbalance of available knowledge. That balance has begun to tilt in favour of the consumer.

Equally, the growth of technology gives a big boost to independent learning. If the lecture course is all on the web who needs lecturers? The whole institutional framework of formal education depended on a few people (teachers) having the knowledge which uneducated needed (and on occasions even wanted!) and controlling access to it. Those preconditions are eroding. De-schooling is now a realistic option but my guess is that the central, formal institutions of education will survive but with changes round the edges in individual course and programmes and bigger changes in part time and further education ie change at the periphery while the heartlands stagger on much as before.

(8) What I have said so far about the welfare state in 2050 is at the conceptual level. What about when we get to the more specific question of what the state will actually be busying itself with in 2050. I think it will still be providing - but it will surely be providing much less than in 2000 and steering rather more. It will be funding, I guess, at a level pretty similar to today.

It will, on the other hand, be regulating much more actively. Regulation of a medley of welfare providing institutions will become more obviously and explicitly a central element in welfare state policy.

(9) Finally, at some point in his second or third term Tony Blair will coin a more New Labour term for the welfare state. 'Welfare' has got a bad name suggesting handouts, a deliberating cushioning, an entangling, constricting safety net, rather than the invigorating hand-up cum spring board which is the aim. The 'opportunity state' is probably already pencilled in as one possible re-branding to be sold to the electorate in Term 2. By 2050, the term 'the welfare state' will only be remembered by historians and the very elderly!

Maybe this sketch is too conservative and too pusillanimous. It rests on a belief in the resilience of current systems in the face of breezes of creative reconstruction. Certainly, the welfare state will look different in 2050 but I suspect its essential contours will be recognizable to a peasant from 2000. Certainly, there are powerful pressures for change. Equally, however, as Thatcher and Blair have both found, there are powerful constraints on reformers and modernizers. Change emerges from the cracks and crannies between these countervailing and at times neutralising pressures. It is to those pressures and counter pressures that we must now turn in search of explanations for the new world of 2050.

Pressures on the state to do more

There will be powerful pressures on the state to expand its role in welfare in the next 50 years - just as there have been since 1950. Some of the pressures are similar, some are different and some are seen differently. I pick out nine which seem to me to be important. They are not in any particular order.

1. Demographic pressures will clearly be strong - though nothing like as compelling in the UK as in other European countries. In Hills' words, 'there is no demographic time bomb' (Hills, 1993, p5). But we will have more elderly people - 5% more over 65s in 2021 than in 2001, for example, and more very elderly, very dependent elderly people - 9% of the population over 75 in 2021 compared to 7% in 2001. The ratio of elderly/retired to prime working age population will become more unfavourable. By around 2016 the number of over 65s will

exceed the number of under 16s for the first time ever, (Social Trends 1999, p31-2). This reflects the other very important demographic change which gets much less attention than ageing - declining fertility. By 1990, almost half EU countries had fertility rates below replacement level. At one level that is good - it eases a range of pressures. At another level it imposes great social strains - fewer workers, fewer carers, less dynamism - and for the first time in human history in many societies there will be more grandparents than grandchildren!

In the UK, pension provision poses no major problems in terms of costs to the public expenditure because of the cuts imposed in the 1980's and what Glennerster euphemistically describes as the 'very sparing' promises to future pensioners (Glennerster, 1998, p326). New Labour inherited a situation which made life much easier - for government if not for the pensioners of the future. The real challenge to come will be in terms of health and care costs rather than pensions. The pressures on expenditure will increase remorselessly as medical science makes more and more things possible - and we fail to come to terms with the implications. Care costs will also increase as the dependency of elderly people becomes longer and heavier as it will unless there are major breakthroughs in relation to the chronic degenerative diseases of old age. It has almost nothing to do with families being less willing to care for their elderly parents, much more to do with families capacity to offer the care that is needed, with the tensions generated by four generation families and so on.

The reality is that there is a new and massive caring task to be faced. No-one knows what to do. Long term care insurance is one option - pursued, for example, by the former West Germany and Israel but if we launched a scheme now it would only reach maturity as we approached 2050.

The state need not provide the care that is needed. That is generally accepted. But, ultimately, there is no alternative to state funding short of making those who need long term care sell or re-mortgage their homes - a deeply unpopular policy. The costs are considerable but affordable. The Royal Commission on Long Term care proposed that personal care be financed from taxation - at a cost of £2.6b in 2021 rising to £6.4b by 2051. Obviously there is an opportunity cost - but the government has so far shied away from a decision on the self-destructively divided report of the Royal Commission on Long Term Care.

(2) Globalization

Globalization is usually seen as a force for welfare state contraction. It is - but it is also at the same time a force for expansion as Rodrik and others have persuasively argued (Rodrik, 1997;

Schulze and Ursprung, 1999). Rodrik's argument is, in essence, very simple - globalization can be economically and socially disruptive. To combat those tendencies and ensure social and political stability and to avoid a backlash against globalization, social protection schemes are required - the so called 'compensation' argument.

The pressures which globalization exerts to improve national competitiveness are at the same time also a pressure for a more active state - in relation to increased investment in education and training and more active labour market policies. There is a choice of roads to improved competitiveness - the high road of improving labour force quality or the low road of driving down the costs of production. Both - oddly but predictably - put pressure on the state - to increase education and training expenditure for the high road and to provide subsidies to families reduced to poverty by the low road drive to reduce labour costs.

(3) Changes in 'the family'

Somewhere between the 1980's and the 90's politicians ceased to talk about 'the family' and began to talk about 'families'. That was a defining moment in the politics of the family because it marked an explicit acceptance of diversity. What has been happening to families since the 1970's is a process of rapid change and diversification. There has been the sharp increase in family break up, the growth in the number of lone parent families, the expansion in the number of step families, the increase in cohabitation, the rapid increase in the number of women with children under five in paid employment - reaching 60% of married and cohabiting women in 1998. The scale and rapidity of these changes has - predictably - led to an outburst of concern about the health and well being of the family as a social institution. That has led to a range of family supportive policies - at considerable cost to public expenditure.

Those pressures will continue. In an unstable world, families will continue to reflect that instability. Concern about the well being of children, crime and anti-social behaviour, family poverty, the problems of reconciling paid employment for both parents with good quality parenting and child care. will continue to put pressure on governments to develop appropriate supporting strategies and services. Families and family policies will surely stay at the centre of political debate exerting pressure on governments. The state needs families and families need the state.

(4) Social order, in the sense of social stability and peace on the streets, has always been pretty much taken for granted in Britain. Public policy was concerned with reacting to disorder rather

than promoting order. In the half century after 1945 more serious criminal offences recorded by the police increased from fewer than half a million in England and Wales to over 5.5million in 1992. Rates then dropped before beginning to rise again at the end of the decade. The British Crime Survey shows that officially recorded offences are only a fraction of the total.

What has happened is that the forces in society which maintain order have weakened dangerously. Families provide less supervision, the community has ceased to be an effective organisation of social control, religion has ceased to have a significant impact on the behaviour of all but a minority. The order maintaining legacy of a pre-industrial, pre secular society has been exhausted.

Promoting and maintaining order will become a major responsibility of government in the 21st Century with initiatives running from pre school programmes through to an invigorated youth service. We know even less about promoting and maintaining order than we know about combating disorder but the bottom line is that being able to walk the streets at night and feel safe and secure in one's own home are fundamental aspects of human welfare and thus a primary responsibility of government (George and Wilding, 1999, Ch 6). Fear of crime has become an important social fact and a major diminution of individual well being. As such, it is inevitably and properly a political issue.

The implications of a concern for order are, however, broader than a concern simply for crime. Levels of unemployment are relevant - particularly among young men. So are levels of inequality which saw an historically unprecedented growth between the late 1970s and the early 1990s (Glennerster, 1999. p38).

(5) The future of work will be another pressure. The OECD estimates that 1 in 10 jobs in the industrial world will disappear every year. People entering today's labour market can expect to change their jobs half a dozen times or more during their working lives (Commission on Social Justice, 1994, p121). Unemployment is one of the heaviest charges on the social security budget. Vic George speaks of it in relation to the EU as 'the most obvious and most powerful economic pressure for increased welfare spending today' (George, 1996, p184). This means that the welfare state will have to get much more involved with employment issues - New Deals, lifelong learning, improved employment services and so on. Entry and exit from the labour market will need much more management.

In Britain, for example, the number of economically active men aged 60-64 declined by 50% between 1971 and 1998 (Social Trends, 1999, p73) - nice for them (or at least for some of them) but socially very costly. Increasing numbers of people are retiring in their 50s to ease

the unemployment problem but this imposes a huge burden on pension funds and is not really sustainable without massive increases in contributions to be paid over shorter working lives. Management of the labour market clearly needs attention

(6) Environmental Protection

No government in Britain until the 1980's had any sense of the need for an environmental policy as we begin to know it. Even after the first White Paper of 1990 described by the Financial Times with uncharacteristic acerbity as 'a compendium of muted declarations of hesitant intent' (Financial Times 26 Sep 1990), the environment remained a 'relatively minor issue on the British political agenda' (McCormick, 1991, p7). In the next half of the century environmental issues will surely become an important area of government activity. If they don't, there is little hope for our grandchildren. Air quality will become a significant issue, particularly in the cities, pushing government towards restrictions on car use. This clearly increases the pressure on government to improve public transport. Global warming will surely at some point provoke decisive political action even though, as seems likely, it will be too late to prevent disaster. There is much that could and should be done. For example, the UK has the lowest standards of domestic energy efficiency in the EU (Commission on Social Justice, 1994, p395). That is easily tackled (and ignored!) - at a cost.

There is clear public concern about environmental pollution, about the impact of science on sustainability, about the trustworthiness of the multi-national interests poking about at the frontiers of science. There is anxiety and there are also massive and well respected, well funded pressure groups mobilising opinion and bringing pressure to bear on governments. What national governments can do, of course, is limited but there will be increased pressure for effective action at national and international levels. And without government action little can be achieved. There has to be law and there also has to be government expenditure to cushion the effects of environmental change or 'a policy of sustainability is likely to find itself defeated before it is even attempted' (Jacobs, 1991, p163)

(7) One of the legacies of the last three or four decades of the 20th Century which will put pressure on governments in the next half century is the development of the idea of social rights. Some commentators - Enoch Powell for example - have always regarded the concept of social rights as mistaken. Others have pressed the idea as part of an evolving concept of citizenship. But there has undeniably been a proliferation of 'rights talk' and demands by a wide and varied

range of special needs and special interest groups for 'rights' - people with disabilities, women, ethnic minorities, gay people, children, young people, elderly people.

All assertions of rights are, of course, claims - and government is the normal focus of such discontents. Claims for rights are claims on government. To deny rights is difficult. To control their implications and ration a response is the best a government can do. For government, the problem is that many of these rights-asserting groups are large, well organised, very vocal and with enviable media appeal. The pressure on government is very plain.

New Labour has followed the Conservative governments in stressing obligations as the corollary of rights but 'duties' and 'obligations' lack the joyous political appeal of rights. The welfare state has fed and fuelled rights talk and claims in ways which can be freedom-enhancing and life enriching but rights claims have become a very powerful goad with which to prod government.

(8) International developments and comparisons

A shrinking, globalizing, internationalising world invites comparison with other countries and their provision of services dear to people's hearts. The most obvious and politically significant example in Britain is health care expenditure. The differential between levels of expenditure in Britain and the norm in continental Europe is around 2% of GDP. The NHS was in the state it was, it was argued, because, quite simply, 'the government' was spending less than other countries in Europe. To sustain such a level of under spending and under provision was clearly judged by key people to be difficult if not impossible - hence Blair's off the cuff Sunday lunch time pledge (or aspiration!) to raise Britain's level of health expenditure to the European norm by 2006. A new aspiration had been nailed to the mast A new norm had been set. A new source of pressure had been accepted by government - with massive implications for public spending on health care and also, presumably, massive opportunity costs. Education is another policy area where international comparisons provide an upward pressure. (eg The Guardian 11 February, 2000)

(9) It was once thought that increased affluence would reduce demands on the state as more people became able to make provision for their own needs. What is now clear is that, in fact, almost the opposite is true. Affluence increases demands on the state because affluence increases expectations of what the state should provide - higher education for all not just secondary education for all - and what level of service the state should provide - a computer

for every three or four children or one computer per classroom. Rising expectations constitute a ceaseless, growing pressure on attempts at expenditure control and leaner government.

Expectations, of course, are closely linked to possibilities. All governments have a love-hate relationship with medical science. On the one hand they laud its triumphs, particularly if the triumphs are national. On the other, they wince, duck, bob and weave as these medical triumphs become transmogrified into social rights with daunting expenditure implications. Once a proven success, hip replacements become the right of everyone assessed as having a medical need for one. Rising expectations and novel possibilities link, of course, with increasing national wealth and the affordability of more and better. Welfare states emerge from, and then nourish, a sense of state responsibility. In welfare states people are schooled to look to the state for the satisfaction of their social needs. As national wealth increases so does demand. More needs become affordable - and so, by definition or expectation they become rights - and so by extrapolation the state must fund them. It must, because it can. Because it can, it should. A successful economy may be a triumph for government; it also scatters dragons teeth along the path of growth.

Pressures on the state to do less

Alongside - and in conflict with - the pressures for an expansion of the state's role in welfare are pressures to do less, for a reduction of the role of the state. Many of these pressures are long standing, sharpened and focused during the Thatcher and Major years - concerns about taxation and incentives, concern about the balance between rights and responsibilities and between individual and collective responsibility, concern about the economic efficiency and social consequences of 'big government'.

In the next half century, these long standing constraining pressures will be sharpened and focused and given impetus by the catch-much term 'globalization'. There is, of course, much debate as to what globalization is - or even whether it is (Hirst and Thompson, 1999). In a sense, that does not matter. If governments believe it is happening and has certain consequences, it is real because it will influence perceptions and policies. For our purposes it is a useful heading under which to explore the pressures on the welfare state to do less. It is also, in Mishra's words 'without a doubt now the essential context of the welfare state' (Mishra, 1999, p15) - and, he might have added, of the debate about its future.

The essence of the pessimist's case is that, as John Gray puts it, 'Global capital markets...make social democracy unviable...Many of the core policies of social democracy cannot be sustained in open economies' (Gray, 1998, p88). The concern is that the trinity of classic welfare state policies - full employment, high levels of public expenditure and progressive taxation - seem to become, at best, difficult and at worst impossible, in a global economy. The constraining pressures exerted by globalization can be drawn together under five sub headings.

1.Ideology

There is a strong symbiotic relationship between globalization and neo liberalism. To quote Mishra again 'the ideology of neo conservatism is having a comfortable ride on the back of globalization' (Mishra, 1996, p316). Globalization is fuelled by, and propagates, a particular world view - though it is marketed as fact and evidence based policy rather than as the ideology which it is. The influential reports of the OECD and the IMF - big hitters in the forward march of globalization and in debated about the proper role of the state - are powerful statements of this dominant ideology (e.g.OECD, 1994). The particular ideology which has come to dominate government's thinking about economic and social policy is competitiveness. It has become a - if not **the** - central preoccupation of governments. In the UK it scarcely appeared in political discourse until the mid 1980's. Now, it has become a primary concern in debates about the level of employers social security contributions, labour market regulation and environmental policies. Competitiveness has all the power and danger of an aspiration which no-one can gainsay and which has a quite spurious look of objectivity. The ideology of competitiveness has become the cutting edge of ideological constraints on welfare state development.

2. The mobility of capital

The increased mobility of capital - particularly financial capital - is a central issue for the future of welfare states. It is argued that it exerts a powerful constraint on governmental policy because of what investors see as constituting sound financial management. The key empirical question is how real are these supposed constraints and how tightly they constrain. Can states only pursue policies acceptable to the particular economic orthodoxies of international capital - or face capital flight, attacks on their currency and so on?

The issues and arguments are complex and need exploring at different levels. There is the empirical question of the reality of the pressures exerted on national governments. There is the

intangible question of how governments perceive the situation. There is the question of how MNC's calculate the trade offs - higher taxation but better infrastructure and a better educated labour force. Clearly there are objective and subjective pressures on national governments and the issue then becomes one of how much manoeuvring space they possess. There are those - Garrett, for example, who argue that the traditional welfare state policies remain a viable option and that the constraints can be controlled (Garrett, 1998 but see Mishra, 1999, p17 for a critique of Garrett's argument). The common view is that capital mobility does constrain state welfare policies but national states can and do respond in different ways. Politics matters a lot.

3. A Policy Making Vacuum

A more globalized economy puts a range of pressures on national welfare states. International or supranational institutions have failed to grow in parallel. Nowhere, can states develop a collective response to the pressures imposed upon them by highly mobile financial and investment capital and the growth of the MNC's. National states face the pressure of global markets without a place in which they can develop coordinated responses. They can only compete with each other.

Institutional development will not, of course, necessarily solve the problem of national rivalries. Britain's carefully calculated approach to the Maastricht Treaty, which was designed to stop a competitive race to the bottom, - opting out in the hope of making herself that bit more attractive to inward investment - shows the problem of achieving collective action in a fiercely competitive world. But its absence puts heavy pressure on national welfare states.

4. The Internationalisation of Policy Issues

Another dimension of globalization which puts pressure on the traditional welfare state is what the OECD describe as 'a growing internationalisation of many policy issues which were previously domestic in nature' (OECD, 1997, p36). In a more global world, an increasing number of policy making issues transcend national boundaries - health issues and most obviously AIDS, crime, drug abuse, environmental issues. Globalization both internationalises issues and makes the international nature of issues previously seen as national more obvious. No state can solve its environmental problems on its own. National policies can only nibble at the problems - and, of course, if states go it alone they may damage their competitiveness.

Internationalisation means national states are clearly no longer in control of their welfare destinies. They were not in the past but they could, to a greater degree, feel they could tackle their own social problems - and be called to account for what they failed to do. Now, problems are bigger and more obstinate. There are clear limits to what states acting individually can do. Equally, there are limits to what states will do together.

5. A Weakening of Solidarity

A welfare state depends on a sense of social solidarity, collective responsibility, common purpose, the common good. Globalization threatens these essential underpinnings. In Mishra's view 'Globalization is weakening the cohesion of the nation state by denationalising the economy' (Mishra, 1999, p99). Capital becomes more mobile and less nationally oriented - for

example the Swedish and German experience. It has less need than in the past to make pacts with labour because of common needs. It can be argued, too, that the increasing inequality which seems to accompany globalization in many countries weakens any notion of shared citizenship. What do we owe one another, Reich asks, as members of the same society who no longer inhabit the same economy (Reich, 1993, p303)? Globalization reduces the sense of interdependence which has always been a force for welfare state development. Its weakening reduces the state's capacity for collective action.

There are powerful pressures on welfare states to constrain their activities and expenditure. Globalization, in its various aspects, usefully captures a range of those constraints, ideology, the power of mobile capital to influence policy, the idea of the hollowing out of the state, the pessimism induced by the internationalization of policy issues and the weakening of a sense of collective purpose,.

It is reasonable to see these constraining pressures as increasing in the next 50 years. The idea of a universal race to the bottom is clearly a gross oversimplification. Nation states can, and do respond, to these pressures in different ways. Those who make the decisions about the movement of financial capital, or where to undertake multinational investment, have to weigh a range of considerations - labour in the former West Germany may be far more expensive than labour in the East but it is notably more productive, for example. But when due allowance is made for all the significant variables globalization has changed the context and it does and will constrain welfare states in the future. These constraining pressures look more powerful than the 'compensation' pressures.

Early on I offered a cameo of the likely key characteristics of the welfare state in 2050. I then went back to set out some of the pressures for an expanded role for the state and some of the constraints on expansion in the next 50 years. I now want to suggest why I think the clash of pressures and constraints will lead to the outcome I sketched.

I focus on four reasons (1) the nature of social change (2) the conservation of institutions (3) the nature and impact of globalization (4) the loss of hope.

- (1) Social change is essentially evolutionary with occasional spurts of radicalism or even revolution. The years 1945-50 and 1986-90 were defining moments in the evolution of

state welfare in Britain. The years 1986-90 with landmark legislation on Social Security, Health, Housing, Education and Social Care were revolutionary years (Glennerster et al. 1991). They broke the mould. What we have seen since - essentially - is an acceptance of those changes by New Labour and a working through of their implications. That, I think, will continue but my guess/prophecy is that that burst of policy change will define the broad lines of development for the next few decades. One thing New Labour clearly lacks is radically new ideas. The immediate future will be conservative in various ways. Beyond that I still see the course of change as essentially evolutionary.

(2) Achieving change in social policies is extremely difficult. It took the Thatcher governments three terms and nearly twenty years to set about radical policy reform. And those governments never achieved the cuts in public expenditure to which they were supposedly strongly committed. Obviously the reasons for this are varied and complex - the tricky nature of the politics of social policy, the strength of public support for the welfare state, the (unanticipated?) costs of unemployment etc. But a vital one is the actual nature of social policy institutions.

In the week during which I was writing this paper there were three interesting stories in The Guardian about the problem of achieving institutional and policy change because of the conservatism of institutions. There was the story of how police forces have failed to respond to the Macpherson enquiry demand for an increase in ethnic minority recruitment (Guardian 24 Feb 2000). There was the Secretary of State for Health's appointment of a modernisation board in a seemingly rather desperate attempt to try to help drive forward changes in the NHS against the forces of conservatism and inertia (Guardian 24 Feb 2000). Lastly, there was the story of the failure of Whitehall departments to make any bids at all for the £100m pot of cash put aside by the Prime Minister to reform the white male domination at the top of the civil service (Guardian 25 Feb 2000).

Of course change is possible but governments battle against the forces of conservatism - Thatcher did, Reagan did and Blair does. At best change is slow and uncertain because of the very nature of the institutions established to administer and implement policies. They are essentially conservative. They can only absorb so much change.

(3) Globalization has positive and negative impacts on welfare state development though more negative than positive. Its overall impact is profound, most importantly in the way it prioritises

the economic over the social. That will be a crucial factor in future welfare state development, particularly in relation to the retreat to the core, retrenchment and the emphasis on the competitive state

(4) Britain is a society which has lost any collective sense of hope, any vision for society, any expectation of different possibilities. Beveridge assured the House of Lords at the age of eighty that he still believed mountains could be moved. Does any contemporary politician have that faith? Or are the aspirations limited to molehills?

We are all disabled by complexity and our human limitations - Hayek's central plank in the case against social planning - by past seeming failures, and by doubts about governmental and human capacity, and by fears about affordability, by postmodern rubbishing of grand narratives. Radicalism has been replaced by incremental adjustment, ideas of a new kind of society by the mantra of growth, growth, growth - or education, education, education!

If we want a high quality of life (or even survival) for our grandchildren and great-grandchildren an active, experimental, responsive, state prioritising the social over the economic is crucial. What we are more likely to see is incremental adjustments round the edges of an unsatisfactory present.

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