

The Irreversible Welfare State: Its Recent Maturation, Its Encounter with the Economic Crisis, and Future Prospects

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This article describes the influence of the current economic crisis on the welfare state in the advanced capitalist countries. The authors discuss how, under the surface of welfare state growth, the political relations of force have changed in favour of those social forces advocating fundamental reappraisal of the welfare state over those supporting its maintenance or extension. It is argued that, as long as democracy prevails, the welfare state is an irreversible major institution of advanced capitalist countries. While the building of a majoritarian anti-welfare state coalition seems impossible for the foreseeable future, the authors do not rule out significant cuts in welfare expenditure in some countries and specify some of the economic and political preconditions for such cuts.

(This article was originally prepared for the conference on 'The Future of the Welfare State' held in Maastricht, Netherlands, in December 1984 and is reprinted here from the International Journal of Health Services, Volume 16, No 3, 1986.)

RARELY in the modern history of advanced capitalism has there been a major institution that is so much talked and argued about with so little knowledge as the welfare state. Very little is known—in the sense of being digested by prevailing social scientific as well as political knowledge—of (a) the recent developments of the welfare state, (b) its part in the current international crisis, and, consequently (c) the future prospects of the welfare state. Given the severe space limitations of this paper, what will be attempted here can be no more than a modest contribution toward some enlightenment in these three problem areas.

Welfare State in Contemporary History

History is the mother and teacher of the future. Any attempt at an analytical understanding of future options and possibilities, therefore, has to start from a historical grasp of the present. Here we will concentrate on two aspects: the location of contemporary welfare states in state history, and the socio-economic size and ramifications of current welfare states.

Public social insurance, public health, and social care have at least a century-old history. The major international theoretician and architect of public welfare arrangements, William Beveridge, made his epochal contribution in the 1940s, and the accompanying economic theory got its major statement in 1936 with Keynes' *General Theory*. This is common knowledge, but for an understanding of the present—and of the future—it is quite inadequate.

In fact, the welfare state as we experience it today is an outcome of the 1960s and the 1970s. In a long time perspective, the extraordinary changes, little theorised and little even noticed, of the sixties and seventies stand out.

In the relatively uneventful years of 1960-1982, overall public expenditure on the average grew by 24 percentage points in our ten selected countries. The combined effects of the two World Wars and the 1930s with its, sooner or later, ensuing turn of economic policy orientation (the arrival of Keynesianism)

brought an increase in public expenditure of 16 percentage points between 1913 and 1949. In the 1950s, during the unprecedented boom, the average increase was 1.4 points, compared with 8.4 in the 1960s, and no less than 14 percentage points between 1970 and 1981.

The accelerated growth of Western states after 1960 has mainly been due to welfare state growth. In other words, the welfare state has been the major factor in the growth of state-involvement in the life of the people it governs. No other force is comparable to it. The rather limited proportion of welfare commitments in the growth of the Danish and Swedish states is most probably in part a statistical artifact, hiding an increase in the number of public employees working in the welfare administrations of the ordinary state apparatus.

This silent change has also meant a major internal transformation of advanced capitalist states. In their everyday activities, Western states have changed from being mainly apparatuses of armed forces, bureaucratic ordering, and public transport and communication into predominantly institutions of transfer payments to households, public education, and public caring and social services. In short advanced capitalist states have in their everyday routines become welfare states. In Belgium and the Netherlands, welfare expenditure in the sense above occupied more than half of all public expenditure by 1960 (1, pp 88, 93). In Sweden this jump occurred between 1966 and 1968 (2,3). By 1981, all advanced capitalist states devoted more than half of their public expenditures for welfare state purposes, even the United States and Japan (1, pp 70). With regard to terms of public employment, in the Scandinavian states employees in education, health care, and social care now comprise between two-thirds and three-quarters of all public employment (4). (The actual figures are 62 per cent in Sweden (1981), 68 per cent in Denmark (1981), and 76 per cent in Norway (1980). All figures except employees in public enterprises operating on competitive markets.) In the Netherlands in 1977, about 57 per cent of all government and government-subsidised para-statal personnel were occupied with

teaching, caring, and other social and medical services (5). (From the total of the "kwartaire sector" (5) have been subtracted private practitioners of medicine, dentistry, and physiotherapy as well as personnel in private child care.) In brief Western states have (largely) become post-bureaucratic welfare states.

Socio-Economic Ramifications of Welfare State

We have seen that the contemporary welfare state is not an elderly institution, susceptible to the ailments of old age. On the contrary, the developed welfare state is a very recent phenomenon, better characterised by the sometimes extravagant vitality of youth. In our time, the welfare state has also become a major institution of advanced capitalist societies. One expression thereof is the significance of the welfare state as a source of income. Between one-fifth (Japan) and one-third (Netherlands and Sweden) of the sum of the household income derives directly from the state. Calculated in terms of income recipients, the significance of the welfare state is even greater. By the late 1970s, old age pensioners and public employees together made up more than half of the voting-age population in Britain and Sweden, and close to half in Germany. In the United States, public employees plus recipients of social security and of social assistance constituted about 35 per cent of the adult US population in 1975 (6).

In the Netherlands, old age pensioners and public employees are not so many—roughly 30 per cent of the electorate in 1981 (7,8). On the other hand, given the massive failure of Dutch capitalism to provide employment the total number of people receiving their main income from the state is huge. In 1983, 49 per cent of all income recipients below the general pension age of 65 got their income from the welfare state, 27 per cent as receivers of social benefits and 22 per cent as public or para-public employees (9, p 320).

Welfare State and Economic Crisis

The current, now ten-year old, international economic crisis has, of course, affected the parameters of the welfare state. However, from the discrepancy noted earlier between the dramatic growth to maturity of the welfare state and the relative lack of attention to and comprehension of it, we should expect another lack of fit between real developments and the foci of prevailing public discourse. This is in fact the case. Ideologically and politically, the welfare state is currently under heavy attack. This phenomenon is most briefly summarised in the election of the militantly right-wing liberal regimes of Thatcher and Reagan, seconded by several other governments, most wholeheartedly by the Lubbers Cabinet in the Netherlands, and in the retreating positions of the Mitterrand government, of the US Democrats, the Dutch and the Danish Social Democrats, and the disarray of the British Labour Party. In social science, the way the wind is currently blowing is, most directly left

from the strongly increased influence and assertiveness of anti-Keynesian economics. But major social institutions can hardly be knocked down by rhetoric alone, either from electoral platforms or from academic chairs. Let us take a look at a few facts about actual developments.

Developed capitalist welfare states remain subordinated to the business cycles and the structural crises of the international capitalist economy. The current crisis has shown that generous systems of social security in themselves provide no security against unemployment. But anti-welfare statist cannot "have their grain ground" here; there is no *inverse* relationship between social policy extension and unemployment. The evidence is contradictory (Table 1).

Economic growth has become a weak predictor of unemployment, only a quarter of the variation in unemployment at the end of 1983 can be accounted for by the economic growth between 1978 and 1983 ($r^3 = 0.25$). Between the size of social expenditure (from which education has been excluded here in order to accentuate the more controversial social security aspect) and low unemployment there is a small negative relationship ($r^2 = 0.11$); as there is between social expenditure and economic growth ($r^2 = 0.12$). In other words, only one-ninth and one-eighth, respectively, of variations in unemployment and in economic growth may be statistically accounted for by the extension of public social commitments.

Briefly and crudely summarising a long argument (which is developed and sustained empirically at some length in reference 10), contrary to the McCracken Report (11) and other conventional wisdom, states can maintain a low level of unemployment even in the face of a deep international crisis, provided there is a deeply institutionalised commitment to high employment. But general Keynesian demand management is not enough; a compatible monetary policy and/or an extensive selective labour market policy is also required. And a crucial factor is non-market control over employment, whether through extensive public works and retraining as in Sweden, public subsidies as in Norway, public industrial employment as in Austria, publicly supported paternalism as in Japan, or public control of immigration in an immigrant-dependent economy such as that of Switzerland.

Combining the extension of social security commitments and institutionalised full employment commitment, Scheme I shows the typology of welfare states with regard to both employment and social security. Commitments to social security and commitments to full employment thus vary independently of each other, something that must be brought into the centre of the welfare debate and analysis. We may give our typologised countries descriptive labels:

1. The strong welfare state (Sweden), highly committed to social security and capable of preventing mass unemployment, even in the face of a deep worldwide economic crisis and a low rate of national economic growth (12).

2. The soft welfare states (Belgium, Denmark, Netherlands), generously committed to social security, but unable to control their labour market.

TABLE 1: UNEMPLOYMENT, ECONOMIC GROWTH, AND SOCIAL EXPENDITURE^a

	Unemployment	Economic Growth ^c	Social Expenditure ^d
Australia	9.5	1.8	12.8 (1980)
Austria	4.2 ^c	1.8	24.1 (1980)
Belgium	14.9	1.5	32.6
Canada	11.1	1.6	15.5
Denmark	(10.6) ^f	1.6	29.0
Finland	6.2	3.8	23.3 (1980)
France	8.8	1.8	23.8
Germany	7.8	1.5	26.4
Italy	10.0	2.1	22.7
Japan	2.6	4.3	12.5
Netherlands	14.0	0.7	29.1
Norway	2.8	2.5	21.0
Sweden	3.4	1.5	(31.9) ^g
Switzerland	(0.4) ^h	1.5	9.4 (1979)
United Kingdom	13.1	1.1	19.0
United States	8.4	1.8	15.0

Correlations: Spearman's rank order correlation
 between unemployment and economic growth,
 $r = 0.50$
 between unemployment and social expenditure,
 $r = 0.35$
 between economic growth and social expenditure,
 $r = 0.34$

Because of the less than perfect comparability of the data, differences in unemployment rate of 0.5 per cent or less and of social expenditure of 1 per cent or less have been left out of consideration. Since the Swedish figure was lower in 1980 than 1981, Belgium alone is top-ranking in social expenditure.

Notes: a The selected countries are meant to be exhaustive of all advanced capitalist countries, except the smallest—Iceland and Luxembourg. New Zealand has been left out for lack of reliable employment data.

b Standardised rate of unemployment as percentage of the labour force in the fourth quarter of 1983. Data for Denmark, from *Det Okonomiske Rad Dansk Okonometri* December 1983, p 52 Direktoratet for Statens Indkob, Copenhagen 1983. For Switzerland, from *OECD Observer* 127, March 1984. The remaining countries from *OECD Quarterly Labour Force Statistics 1984*, p 76, Paris 1984.

c Average annual growth of GDP 1978-1983, in per cent. Data for 1982-1983 from *OECD Observer* 127, March 1984. For 1978-1981, from *OECD Economic Outlook* 33, July 1983, p 160.

d Public expenditure for health, social and welfare services (transfers, public consumption, capital expenditure, exclusive of education) as percentage of GDP in 1981 prices. From *OECD Statistical and Technical Annex*, Report No SME/SAIR/SE 83.02, pp 31-69. OECD, Paris, 1983 (unpublished).

e Third quarter of 1983.

f Non-standardised rate for 1983.

g The original data source had no final consumption and capital expenditure for social and welfare services. The latter have been assumed to be of the same size in relation to social transfer payments as those in Denmark. This will be seen as a conservative estimate.

h Non-standardised rate for 1982.

3. The full-employment oriented medium welfare states (Austria, Norway), giving priority to employment policy.

4. The states of socio-economic mediocrity (Finland, France, Italy, United Kingdom), distinguishing themselves neither in social nor in employment policy.

5. The full-employment oriented market states (Japan, Switzerland), dedicated to maintaining full employment but with limited commitments to social security.

6. The market-oriented states (Australia, Canada, United States) where, in spite of significant welfare state developments in recent years, the market is unequivocally given the upper hand in income as well as in employment determination.

The world of advanced capitalism is a world of wide variations in public and in individual life chances (1).

Real Impact of the Crisis

Table 2 shows that the average yearly growth of social security expenditure declined in almost all western countries under review (except in France) between 1975 and 1981. However, up to and including 1981, social security expenditure continued to grow at a respectable pace. There were considerable yearly variations, but with the exception of Italy in 1977, the United Kingdom in 1977 and 1980, Australia in 1979, New Zealand in 1980, and Sweden in 1984, in no country was there in any year an overall absolute decline, although there were declines in individual programmes, most often in family benefits (1).

For developments after 1981 we will have to resort to national data of various kinds. The Reagan administration has concentrated its cuts on the means-tested programmes for the poor, but social security (old age, disability, and survivors) benefits grew in real

SCHEME 1: A TYPOLOGY OF CONTEMPORARY WELFARE STATES^a

Social Security Commitment ^b	Full-Employment Commitment	
	Institutionalised	Non-institutionalised
Major	Sweden	Belgium Denmark Netherlands
Medium	Austria Norway	Finland France Germany Italy United Kingdom
Minor	Japan Switzerland	Australia Canada United States

Notes: a Data from Table 4 (social expenditure) and the analysis of economic and labour market policies in reference 10;

b The procedure of trichotomisation of social security commitments has been guided by a search for significant break points such that the difference between the lowest scoring country of one group and the highest scoring country of the group below should be larger than the difference between the lowest and the second lowest country of the same group.

terms by 15 per cent between 1980 and 1983, and hospital insurance (for the aged) grew by 25 per cent (13, 14). In Britain under Thatcher, public expenditures on social security and personal benefits grew from £ 25.336 million in fiscal year 1978/79 (under Labour) to £ 28.444 million (in 1978 prices) in fiscal year 1982/83 (15, 16). In the Netherlands, net public transfers to households (net insurance premiums paid) grew from an average of 3.3 per cent of national income in 1976-1980 and 4.6 per cent in 1981 (when the Social Democrats took part in the government) to 5.0 per cent in 1984, exclusive of the growth caused by the rise of unemployment (and of unemployment compensation) (9, p. 157).

But figures do not always tell the whole truth. The welfare state expenditures are still growing, but this is not to deny that painful cuts and redistribution measures from labour to capital and from the poor to the well-to-do are being made by governments. This is true not only for right-wing liberal regimes, but also for coalition governments with social-democrat participation. The measures are nearly the same in most Western countries: (a) changes in indexation of benefits, implying less than full compensation for price increase; (b) more strict entitlements to benefits, such as unemployment insurance and taxed paid services; (c) certain tendencies toward privatisation, e.g., a relative increase in number of beds in private hospitals compared with public hospitals, and accommodation of public-controlled services, especially in the sector of health services, to the private sector; (d) a tendency toward de-individualisation of rights on social insurance and restrengthening of the "family breadwinner principle" in entitlements to social insurance; (e) rationalisation, especially in the health services; and

(f) shifting costs: less redistribution over the public budget and more emphasis on direct payments for services and insurance premiums. In Belgium, the Netherlands, and the United Kingdom these measures are accompanied by a discussion about a more fundamental reappraisal of the system of social security on the basis of actions taken by the government.

With regard to the welfare state as a whole, the real impact of crisis policies has so far been marginal and unable to break the trend of growth. But it is worthwhile to investigate if these policies reveal recent changes in the political relations of force.

Welfare State and Political Relations of Force

The explosive growth of the welfare state in the sixties and early seventies is accompanied on the political plane by a strengthening of the position of labour *vis-a-vis* capital. This is the effect of wide-ranging social processes that have undermined patriarchy and the family control over production, challenged clientelist and religious forms of social control of production and class division, increased the scarcity of labour on the market, and diminished the dependence of the propertyless upon the labour market for their support (17). This development resulted in a compromise of the main political actors, wherein the welfare state provisions occupied an important place.

What happened to the political relations of force from 1975 onward? In most countries the crisis policies cracked the existing compromise. To answer the question more carefully, we have made, for a selected group of Western countries, a more thorough analysis of government social policy in the crisis.⁶ (The analysis is based on materials from the project *The Political Future of Social Security: Political Demands and Social Relations of Force*, financed by The Commission for Research on Social Security (COSZ) of the Dutch Ministry of Social Affairs and Employment.) As a first result, we present two schemes. Scheme 2 contains an overview of the points in time at which a "crisis statement" is given, the "first significant cuts" are carried out, and the discussion about a more "fundamental reappraisal" of an important part of the welfare state, the system of social security, begins. Scheme 3 reveals the composition of the government at these points in time.

At the time of a "crisis statement" (and also of the "first significant cuts"), with one or two exceptions (Netherlands and Sweden) the social democrats formed a coalition government (in Belgium with the confessional and liberal parties) or took a dominant position within the government. Second, discussion about a more "fundamental reappraisal" of the system of social security and the launching of plans in that direction took place exclusively under right-wing governments. In the two countries where the discussion was advanced and the governments proposed plans for the reappraisal, the right was, in a relative sense, best represented in the governments that announced the "crisis statement" and carried through the first "signifi-

TABLE 2: ANNUAL GROWTH OF THE EXPENDITURES ON SOCIAL SECURITY^a

	Percentage Growth		
	1965-70	1970-75	1975-81
Australia	5.3	15.6	2.8
Austria	6.4	5.8	4.6
Belgium	9.1	10.5	5.1
			(1975-80)
Canada	11.5	12.9	3.3
Denmark	9.0	6.6	4.5
Finland	10.7	9.5	5.5
France	5.0	6.6	7.4
Germany	5.5	8.6	2.0
Italy	8.2	6.5	3.9
Japan	10.4	12.3	8.6
Netherlands	11.6	3.3	4.5
Norway	15.3	8.0	6.2
Sweden	10.2	9.6	4.4
Switzerland	8.9	10.4	2.7
			(1975-79)
United Kingdom	5.3	6.3	3.9
United States	9.3	9.9	3.7
Average	9.4	9.2	4.6

Note: a. Calculated from reference 1, in constant 1970 prices. Expenditures on health, temporary sickness, pensions, unemployment, family benefits, and other transfers.

cant cuts." In the three countries where the discussion was started by conservatives and liberals (Denmark, Germany, and the United Kingdom), social democrats were defeated in an election after a (long) period of governmental power and were sent back to the opposition. These developments indicate that under the surface of a relatively unbroken growth of the welfare state, a change of the political relations of force has taken place: a development that needs more attention with regard to the future of the welfare state.

This shift in the relations of power should not be understood as an exclusive effect of changes in electoral favour. It is a more structural development not only of social and political relations, but also of social and political moods. It is a field of forces in which

political parties, labour unions, employees organisations, and other organisations try to influence decisions that are made within the government, the parliament, and other organs. In this field one can, in general, distinguish two fronts with regard to the welfare state: on the one hand the organisations and forces that advocate a fundamental reappraisal of the welfare state, and on the other hand the organisations and forces that stand for maintenance and, where necessary, further extension of the welfare state. The first front is composed mainly of the conservative, the liberal, and larger or smaller parts of the confessional parties, the employers' organisations, and sometimes middle-class organisations. The other front is made up of the social democratic, communist, and other progressive parties, the labour unions, and organisations of consumers of services and recipients of benefits. The development in the relations of force since 1976 indicates a shift in the direction of domination from the "maintenance front" to the "reappraisal front" (Scheme 4).

We can come to the more general conclusion that the resistance to significant changes within the welfare state, even when there is domination by the "reappraisal front", is so strong that a fundamental reconstruction of the welfare state is excluded. Even in the Netherlands, it is not obvious that the defeat of the trade unions in December 1983 weakened the position of the "maintenance front" to such an extent that the announced reconstruction of the social security system will be carried through.

Future of the Welfare State

On the basis of the evidence given earlier on the socio-economic ramifications of the welfare state, and further sustained by the record of the effects of the welfare state upon the economic crisis, we conclude that the welfare state is an irreversible major institution of advanced capitalist countries. Or, to be more precise. It is irreversible by democratic means. The size of the population benefiting from the welfare state ensures that as long as democracy accompanies advanced capitalism, the core of the welfare state is safe. This goes against a great deal of hopes on the right and fears on the left. But it is not enough. We have seen above that the welfare state is a variable, not a fixed, entity; an assessment of its possible future will have to pay attention to possible variations. Our general analytical perspective involves two fundamental causes of welfare developments: socio-economic tendencies and socio-political relations of force.

The major push ahead of the welfare state is the aging of the population of advanced capitalist countries, except that of Belgium. The aging of the population means not only more pensions and more old-age services, it also means a great increase in health care. For the Netherlands, it has been calculated that for the period between 1981 and 2000, a growth of expenditure (for pension benefits, nursing homes, old people's homes, old people's welfare work, and medicines) of

SCHEME 2: THE POLICY OF WELFARE: A SEQUENCE OF ACTIONS

	Crisis Statement ^a	First Significant Cuts ^b	Fundamental Reappraisal ^c
Austria	1983	—	—
Belgium	1976	1980	1983
Denmark	1980	1980	—
France	1982	—	—
Germany	1975	1977	—
Netherlands	1978	1980	1983
Sweden	1980 ^d	—	—
United Kingdom	1976	1977	1983

Notes: a "Crisis statement" refers to the moment that the government announces that the policy of welfare cannot be continued without changes.

b As a criterion for "first significant cuts" we use three standards. First, two quantitative standards: an annual growth of expenditures on social security of less than 2 per cent and/or a decline in the annual growth rate of more than 3 per cent. Also a qualitative standard: the changes in a quantitative sense are the result of obvious alterations in policy. This estimation is based on materials up to and including 1983.

c "Fundamental reappraisal" refers to the statement by which the government takes the initiative for a possible fundamental change of the social security system as a whole. This is usually done through the setting up of a public commission of investigation with far-reaching tasks.

d In Sweden the "crisis statement" was made by the incumbent bourgeois government in 1980. After the reelection into office of the social democrats in September 1982, the social cuts that followed the "crisis statement" were redrawn and did not take effect.

SCHEME 3: THE POLICY OF WELFARE AND THE COMPOSITION^a OF THE GOVERNMENT

	Crisis Statement	First Significant Cuts	Fundamental Reappraisal
Austria	left	—	—
Belgium	coalition	coalition	right
Denmark	left	left	—
France	left	—	—
Germany	left	left	—
Netherlands	right	right	right
Sweden	right	—	right
United Kingdom	left	left	right.

Note: a Here we use a threefold distinction: "right" (conservative-liberal-confessional), "coalition" (social democrats in a balanced coalition with one of the right-wing parties), and "left" (a government dominated by social democrats).

more than 20 per cent is needed to maintain existing standards (18).

A second push for welfare state expenditure derives from unemployment. Currently, almost all predictions point to an enduring rate of massive unemployment among two-thirds of advanced capitalist countries, which have failed since 1975-76 to maintain more or less full employment. This means the establishment of a virtually permanent pool of unemployed. Except in Belgium, existing unemployment insurance is not geared to handling long-term and permanent unemployment. Under existing political conditions, permanent mass unemployment is likely to produce mounting pressure for economic provision for the long-term unemployed at a level above that of social assistance.

A third major pressure for increased public social commitments may be expected from population concerns. In most Western European countries the current rate of reproduction is negative, and it may be expected that procreation-stimulating social policies will be adopted. The Sweden, this is already a consensual issue.

Fourth, the number of single mothers is likely to increase. Particularly in countries with current high unemployment and low rates of female participation in the labour force, this implies an increasing demand for social assistance.

One significant alleviation of the pressure is the visible tendency of expenditure for public education to decline, because of demographic changes in Western populations. For the Netherlands, this means a possible decline of expenditures between 1981 and 2000 of 20 per cent while maintaining the existing level of education (18, p 86).

The fiscal constraints of social policy are not absolute givens. They are to a large extent politically defined and affected by policy outcomes. The enduring crisis does not mean a permanent depression, as shown by the current upturn in which a growth rate of 2.5 per cent is forecast in 1984 for the European Community and 4.5 per cent for the OECD as a whole (9, p 19). A provisional calculation by the OECD

SCHEME 4: CHANGES IN THE RELATIONS OF FORCE BETWEEN THE "MAINTENANCE FRONT" AND THE "REAPPRAISAL FRONT"^a

	Dominance Maintenance Front	Balanced Relations	Dominance by Reappraisal Front
Austria	1975-1982	1983-present	
Belgium		1975-present	
Denmark	1975-1980	1980-1982	1983-present
France	1975-1982	1982-present	
Germany	1975-1977	1977-present	
Netherlands	1975-1977	1977-1982	1982-present
Sweden	1975-1980	1980-1982	
United Kingdom	1975-1976	1976-1979	1979-present

Note: a This overview has been made on the basis of electoral results, changes in the composition of governments, actions to economise, and the results of confrontation between both fronts.

Secretariat for the seven major Western countries estimates that, because of declining needs for education expenditure, a constant GDP share of welfare state expenditure could ensure a 0.7 per cent annual growth in real social benefits till 1990 (1). One the whole, and by and large, there seems to be little reason for doubt that the current level, or even a moderately higher one, of social welfare commitments is payable.

However, there are at least two qualifications to be made here. Pensions insurance schemes in many countries are very sensitive to lower rates of growth and/or to high rates of employment. In some countries revisions have already been made, and further ones are not unlikely. Second, some countries have already incurred large financial deficits in their public sector. The mounting interest burden, of this debt and the narrowed policy margins of big structural deficits are most likely to constrain future social policy. This holds, above all, for Italy and Belgium, but also to a lesser extent for Denmark, the Netherlands, Canada, and Sweden (16, p 27).

Socio-Political Forces of Welfare State Demands and Defence

At least one major social force behind the welfare state is growing and is likely to become more active and demanding in the future: that is old people, the "senior citizens." They are growing in numbers, and they are becoming more vital and active because of the combination of increased longevity and reduced retirement age. The aged are also by far the most important beneficiaries of the welfare state. Pensions and health care of the aged make up the bulk of social security expenditures in all countries. As the French specialist Anne-Marie Guillemard has said: "The welfare state is, first and foremost, a 'welfare state-for-the-aged'" (19). The demands of the aged are likely to grow for social, cultural, and recreational services, and the aged are likely to be vigilant with regard to their pension rights and level.

Another interested welfare state defender is the group of welfare state employees. Their number is unlikely to grow in the near future, but it is quite significant already, between a quarter (in Sweden) and a tenth (United States, Germany, and Italy) of the economically active population (20). This is a well organised and highly articulate category of people. Welfare state employment has been especially important for the emancipation of women, who usually occupy most of these jobs. Large-scale attacks on the welfare state are therefore likely to meet with resistance from articulate women, even those outside welfare-state employment.

Finally, the labour movement is in modern times the major political protagonist of the welfare state. In countries with high unemployment, the labour movement is currently being weakened, and tendencies to division between private and public employees are appearing. However, even after some recent setbacks, the labour movement in most advanced capitalist states is

located on a historically high plateau of strength and acquired rights (17).

Precondition of a Right-Wing a Roll-Back

We have given a number of reasons for our conviction that the welfare state is irreversible by democratic means, and also for our belief that in the foreseeable future even successful cuts and restrictions will not change its fundamental base. However, countries already vary in their line-up for or against the existing welfare state and further variation cannot be excluded. On the contrary, there are strong grounds to expect a further divergence among advanced capitalist states over the coming five to ten years. This divergence derives mainly from the divergent impact of the current economic crisis, in particular with regard to unemployment. The enormous differences in the rate of unemployment (shown by Table 1) are likely to have an enduring, diverging impact for two reasons. First, all OECD estimates indicate that these differences will remain for the rest of the 1980s (21). Second, and also an explanation in part for the first reason, contrary to pre-crisis predictions or fears, mass unemployment has not led to massive socio-political upheaval. Mass-unemployment Netherlands remains as calm as low-unemployment Sweden.

Before going further, however, a major qualification has to be made. Politics and policy are not amenable to scientific prediction. Rather than expecting their specific predictions to come true, political scientists would do well to adopt as a major law of politics the title of a book of stories by Andre Maurois, *Toujours l'inattendu arrive* (always the unexpected happens). We should formulate all of our predictions as conditionals: "if *a*, then (probably) *b*."

The fundamental precondition for a significant right-wing roll-back of the welfare state is a division, a demoralisation, a decomposition, and an at least partial political marginalisation of the broad coalition of socio-political forces that supported and sustained the welfare state expansion in the 1960s and 1970s. The building of a socially majoritarian anti-welfare state coalition, dedicated to capital accumulation and to private business ideology seems impossible in the foreseeable future. The best evidence for the latter assertion is given by the comparative class analysis of Erik Olin Wright. Wright combines the scientific commitment of Althusserian Marxism with post-orthodox theoretical sophistication and the large-scale empirical surveys of American Big Science. His results indicate that even in the United States, about 60 per cent of the labour force has at least a minimum of pro-labour or working class consciousness. In Sweden the corresponding figure is 90 per cent (22, 23).

What then are the preconditions for a division, demoralisation, decomposition, and partial marginalisation of the welfare coalition? First, high unemployment and/or other kinds of worsening in the condition of labour, incurred under a government in which the major left-of-center party takes a significant part. The record of the successful low-unemployment

countries strongly suggests that such a major policy failure is not primarily due to the openness to and force of the international economic system, but to half-hearted, contradictory, or adverse policies. The electoral defeats of British Labour (in 1979), of the US Democrats (in 1980), of the Danish Social Democrats (in 1982), and the Dutch center-left (in 1982) fit into this pattern, as does the current defensive of the Mitterand regime. However, the original division and demoralisation of the forces of the left and the center-left have to be reproduced for the right to be able to make significant inroads into the welfare state. There are a number of possibilities for this reproduction, which are not mutually exclusive.

Second in our list of preconditions, and the strongest and most reliable mechanism for reproducing division, demoralisation, and decomposition of the left, is a dualistic socio-economic development. A dualistic economy and society—a dynamic, well-off sector and a stagnating or declining sector of low-wage or unemployed misery—is the medium-term goal of the new right, consciously or unconsciously. And the fact is that some advanced capitalist societies are beginning to take on those features earlier held to be characteristic only of Third World societies. Thus in Britain, an increase of unemployment from 5 per cent in 1979 to 12 per cent in 1982 was accompanied by a slight increase of consumer expenditure, measured in constant prices (24). The US economy grew by 7.6 per cent between June 30, 1983 and June 30, 1984, but unemployment was still 7.1 per cent at the latter date (25). The more a dualistic economy and society is created, the stronger the roll-back pressure on the welfare state. The current upturn of the international business cycle is likely to produce significant dualistic effects even in societies and politics not so extreme as those of Britain and the United States. The economy is also beginning to grow again in Belgium, Canada, Denmark, and the Netherlands, but mass unemployment and the misery of the unemployed remains.

Managing a dualistic economy and society by democratic means is largely dependent, however, on the character of the political system. This is our third variable: the more elitist the political system, the easier a right-wing attack on the welfare state. One important measure of elitism is the prevailing electoral turnout. In this respect, the Western democracies currently fall into three groups (26).

1 The exclusive democracies, with an electoral turnout of about 50 per cent of eligible voters: Switzerland and the United States.

2 The reduced participation democracies, with a 70-85 per cent participation rate: the United Kingdom, Japan, the Netherlands, Finland, Denmark, Norway.

3 The full participation democracies: the remaining countries.

Elitist politics, reinforced by first-past-the-post electoral systems, mean that Thatcher and Reagan were elected into office by less than a third of the electorate.

Finally, there are policies reproducing left-wing

defeat. We began our list of variables conducive to right-wing attacks on the welfare state by indicating the fateful effects of anything less than whole-hearted commitment to full employment in the period 1975-1982. We will end it by listing a set of policies most likely to ensure the reproduction of the dominance of the right. From the point of view of the right, the policies may be read as goal targets.

1 Disunity between trade unions and the political parties representing labour. The greater the disunity, the greater the chances of a right-wing roll-back. This is partly a question of institutional structure—the extent of elitist middle-class character of the party, which is thereby starkly distinguished from the unions. The US, British, Dutch, and French cases indicate this. But it is also something that is affected by policy, as exemplified by the *Schulterschluss* between the Social Democratic Party and the unions in Germany after the eviction of the Schmidt government.

2 Concessions from a weak position in the hope of reciprocity. Givebacks of collective-bargained wages and other benefits in a weakened position are likely to produce mainly internal division and demoralisation, and unlikely to bring forth equivalent concessions from the counterpart. This tactic has been pursued by some US unions—that of the steelworkers above all—and, en masse, by the Dutch unions, seconded by the Dutch Labour Party. The main effect of this is likely to be a strengthening of the self-confidence and assertiveness of the political right and of the employers. The West German unions and Social Democrats have, after losing office, opted for another tactic, the result of which is more respect for the concerns of labour.

3 Selective social policies. There is a dilemma in social policy between general and selective policies. In order to be effective and truly general, general policies have to be high in transfer payment and in quality of services. This makes them very costly and also tends to reduce their redistributive effects. On the other hand, selective social services tend to be or become of lower quality, and selective social policies are or become very vulnerable to political attacks, since the set of beneficiaries is restricted. Therefore, the more selective (geared only to the poorest) the social transfers and social services, the more likely they are to be subject to roll-back attempts. Thus, to the extent that left-of-center parties and trade unions adopt selective social policies, e.g., in the form of "basic" services and transfers plus optional superstructures, the more likely it is that the level of the "basic" provisions will become the object of attack.

4 Decentralised labour policies. The strength of the labour movement, and of the welfare coalition as a whole, rests on its numbers and its unity. To the extent that policies are adopted that are not based on those assets, the right and the anti-welfare state coalition will gain. This implies that the more collective bargaining is decentralised, and the more specificities of private and public sectors, of industrial branches, and of enterprises are opted for in the current period, the stronger will be the position of capital, and of the

anti-welfare state forces.

The welfare state has become a major and irreversible (by democratic means) feature of advanced capitalist societies. The current discussion of the welfare state crisis is little more than an ideological fad, which serious researchers cannot take seriously. On the other hand, a divergence of Western welfare states is likely to take place in the foreseeable future. The failure to maintain full employment that began in 1975 is likely to have enduring effects. Further, the reactions to the earlier failures diverge. The West German labour movement seems to have learnt from its past, whereas in the Netherlands, for example, we see strong left-of-center forces heading for further defeats. However, we would rather end by saying that the future remains open. As political human beings, we are committed to full employment and to social security.

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