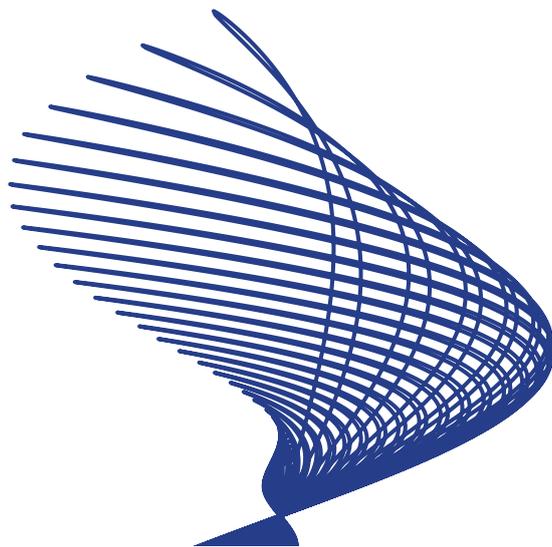


NORFACE

Research Programme

Welfare State Futures



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Introduction

The NORFACE (*New Opportunities for Research Funding Agency Cooperation in Europe*) network proposes a major 15-nation research programme over the next four years on the topic of “Welfare State Futures”.

Welfare states are at a critical turning point. The development of welfare systems was one of the defining characteristics of the 20th century, especially in Europe. However, in times of change, it will be important to re-think ‘the welfare state’ with a programme of innovative research designed to ask, and answer, fundamental questions about the design, delivery and experience of welfare in the 21st century. The current economic crisis is clearly casting a shadow over the future of welfare states, and the research in the programme will, no doubt, engage with the issues raised by the crisis. However, the programme aims to look beyond the crisis to examine the core aims, functions and designs of welfare states in the 21st century.

The title “Welfare State Futures” emphasizes that the future is not pre-determined. Countries have choices about how to respond to economic and social challenges, and their choices will shape the future of their welfare states. The aim of the programme is not to predict the future of the welfare state. The aim, which is ambitious, is to analyse the societal, economic, political and legal contexts in which the welfare state will develop in the future, to understand better the logic of its evolution, and to build knowledge about the challenges, opportunities and choices that lie ahead.

The title “Welfare State Futures” and our use of the term welfare state(s) should be interpreted broadly as also referring to other formulations, such as welfare systems, welfare society and welfare regimes (even though one has to acknowledge that each formulation contains differences). It should also be seen as open to perspectives that go beyond the nation state to incorporate local, regional and supra-national levels, especially the European Union.

Research on the welfare state is a well-developed field in social science, solidly based on various theoretical approaches and strengthened through a long tradition

of comparative studies. The large amount of literature reviews and handbooks on welfare state research testifies to its vigour as a field of study. However, the aim of this programme call is not simply to sustain a well-explored field. Rather, the goal is to encourage innovative thinking: to stimulate novel research questions, to orient research towards the future, and to bring disciplines together in collective and comparative projects. In these ways, it hopes to foster theoretical, conceptual and methodological innovation.

The context for welfare states has been redefined by powerful transformations: globalisation, deindustrialization, the entry of women into the labour market, changes in education, changing migration flows, the ageing of populations, changes in fertility rates, increasing inequalities both within and between the global North and the global South, and the increasing importance of emerging nations such as Brazil, China and India. The economic crisis that started in 2007 is also likely to change the long-term context for welfare state development. There is a need to revisit and sharpen conceptual and theoretical ideas and tools used to analyse these mutations and the complex ways in which welfare states react to them. There is also a need to analyse critically established classifications, typologies and models, which may have been useful in explaining development in the 20th century but may be less effective in understanding the challenges of the 21st century.

Given the changing context, one could ask whether the welfare states are responding effectively to the challenges of the 21st century. During the 1990s, path dependence remained a key word. During the 2000s, research focused more directly on change, but the literature repeatedly demonstrated the continuing imprint of the past. The literature on globalisation, new social risks and social investment, to take three examples, have emphasised the need for renewed welfare structures, but social programmes seem unable to escape their origins. Will this attachment endure? Can other models of welfare be developed and implemented? Are better models of the welfare state being imagined and elaborated? These questions concern the

welfare state and the development of welfare. What about the research? Has the focus on explaining the historical development of the welfare state, which characterised the last two decades of research, created intellectual 'path dependencies' in research that have obscured the analysis of crucial transformations? This call is especially interested in sponsoring innovative research that focuses on important puzzles, unanswered questions and neglected issues. It encourages research that is innovative in the questions it asks, in the way it uses theories and data, and in the methodologies it deploys.

The programme will advance globally excellent research which holds the promise of theoretical, methodological and empirical advance. It also seeks to promote research-based knowledge and insight which has societal, practical and policy relevance. This theme is open to a variety of social science disciplines, including demography, economics, education, human geography, law, political science, political theory, psychology, social policy and sociology. The programme has an open approach to research, encouraging inter-disciplinary and comparative analysis, with micro-macro-level analyses and interlinkages between thematic fields. While the focus is on the European experience, comparative research that looks outside of Europe to understand better European future developments is welcome. NORFACE countries provide excellent examples of various kinds of welfare models and systems, and excellence in research on welfare states. In addition, the programme is particularly interested in receiving proposals that plan to integrate the economic, political, social and personal dimensions of welfare states, which are too often analysed separately. Finally, the programme hopes to engage but also broaden, renew and rejuvenate the present academic community dedicated to welfare state research, and to motivate capacity building for research on welfare state futures on a cross-national basis throughout the NORFACE countries.

This call identifies five themes of research on welfare state futures:

1. People and the welfare state
2. Inequalities, diversity and welfare states
3. Rethinking the economics of the welfare state
4. The future politics of the welfare state
5. Shifting responsibilities for welfare

Interdisciplinary research that cuts across these five themes is highly encouraged.

1. People and the welfare state

The promise of social rights and entitlements was fundamental to the development of the welfare state in the 20th century. Will these aspirations remain central in this new century? To answer this question, research should start with the everyday lives of people. There is a need to analyse their experiences, behaviour, needs, expectations and preferences about the future of the welfare state.

Mapping social citizenship in the 21st century

The promise of social citizenship is the promise of social integration. The expansion of citizenship was part of a powerful historical process which progressively incorporated emerging social classes into a common community. Does social citizenship remain an instrument of social integration? What are the contemporary patterns of inclusion and exclusion?

Important developments have made the pursuit of social citizenship more complex. Changes in family patterns, partnerships, household structures and, more generally, increasing diversity in life course dynamics challenge uniform programme structures. Changes in employment patterns and labour markets have created stark differentials: employees with long and stable work histories are better able to enjoy social rights than those with precarious attachment to the labour market. Migration within Europe and between Europe and the rest of the world has created populations with very mixed social citizenship status.

More subtle differences have also emerged. Access to some forms of welfare, both private and public, seem increasingly dependent on an individual's ability to source, negotiate and manage transfers and services. In relation to care services, for instance, recipients are increasingly assumed to operate as informed 'consumers' who choose services and providers, or even directly hire them. In addition to the complexity of formal social rights and entitlements, people living within European welfare states have differential access to informal sources of support; for instance, some families with children and some older adults with care needs receive help and support from members of their extended families and other informal social networks.

Research is also needed on changes in the organisation of working life and labour market policies. The organisation of working life is different throughout Europe. The relationship of people to the labour market is a fundamental component of social integration and the sustainability of the economy. Analyses are needed of individuals' and various groups' experiences within the labour market over time with regard to health, capacity to function, recruitment, participation and discrimination. The challenges relating to working life vary across regions and between urban centres and outlying districts.

What is the impact of welfare state policies on people's lives and on their well-being? How are social rights differentiated by labour market attachment and citizenship/residential status? What are the implications of these developments for our understanding of social citizenship? What are the relationships between social programmes and individual behaviour?

Redefining social citizenship: the role of human capital and capabilities

Understandings of social citizenship need to be redefined. People have higher expectations of welfare states today. Most importantly, people increasingly seek to develop their capacities and to chart distinctive life courses. Opportunities to develop one's capacities, especially through access to education and life-long learning, lie at the heart of modern citizenship. Access to education is increasingly key to economic security for individuals and for societies.

Does the *capabilities approach*, which has been highly influential in development policy, offer the potential to reinvigorate welfare state research as well? This approach focuses on people's capabilities, seen as their opportunities and abilities to achieve important outcomes which they value. People can be deprived of such capabilities in many ways, including ignorance, lack of financial resources and lack of opportunities to act.

What is the role of the welfare state in expanding human capacities? Enhancing the *capacity* to act seems to point to investment in human capital. The potential role of programmes ranging from early childhood education to higher education and adult education, from active labour market programmes to health care should be investigated. What works? What are the most effective points of intervention?

Enhancing *opportunities* to act points to the need for flexibility in programme design. For example, the social rights established in the 20th century do not always serve the needs of people engaged in the new economy. For example, a *requirement* to retire at a statutory age transforms individuals from economically active individuals into pension recipients overnight, an occurrence that serves neither the wishes of many retirees nor the needs of the society or the economy. Similarly, a focus on opportunities points to the importance of policies that help reconcile work and family responsibilities, such as childcare and maternity and paternity leave.

Are capabilities also enhanced by the erosion of the formal divide between service users and service providers? Service users increasingly demand more involvement in the design and delivery of services. This is especially evident in relation to services for disabled people, where decisions about services have traditionally been made by carers and central ‘experts’. This is now challenged as users of services are increasingly engaged in decisions about what kinds of services they need and how they might access them. The communications revolution is opening further horizons here. The potential of Web-based interactions seems endless. In the health sector, for example, e-health will enhance individuals’ capacity to monitor their health status and manage their own health care regime, reducing the formal division between consumers and providers and allowing greater co-construction of services.

The post-war social model was premised on the concept of social rights and entitlements. Later in the century, many observers emphasised the importance of choice and responsibilities. Which approaches offer an opportunity to integrate these norms? There is a major research agenda here.

Understanding public preferences

Rooting our conception of social citizenship in everyday life also requires an understanding of public preferences. What are people’s preferences about the welfare state and what it should do for them?

Public attitudes matter. The strength and legitimacy of welfare states depend critically on public support. Public attitudes do evolve, and their long-term evolution is critical to the sustainability of welfare states. Not surprisingly, contemporary welfare state structures tend to reflect the preferences and attitudes of the generations who put them in place. Such attitudes become part of the historical memory of the population, and tend to change slowly, often over generations, constraining radical change in the short term. Moreover, the structure and functioning of welfare states themselves shape public attitudes and expectations. The bi-directional nature of the relationship between attitudes and the welfare state needs to be explored. The programme is interested in the evolution of public attitudes and how they vary within and across countries.

Two types of attitudes are important. The first concerns general social values about equality, social justice and the role of the state in responding to social needs. Historically, public attitudes have been strongly supportive of encompassing welfare states, but there have always been important differences across class, gender, labour market status and other social cleavages. Are emerging social cleavages, such as that between the native-born and newcomers, driving change? What is the impact of nationalistic sentiments? Are there some groups who are increasingly turning their attention and trust to other forms of security, such as the market and the family? What are the implications for the long-term sustainability and development of the welfare state?

The second type of attitude concerns more precise expectations held by the public about the mix of programmes and the nature of specific services. How ready are people to accept change in the current programme architecture? What are public attitudes towards the balance between cash and services? What kinds of services do the public value? How do citizens assess the quality of the services they receive?

Conclusion

The issues addressed in this section interact with those in every other theme discussed in this document. Addressing also the daily lives of people, their experiences, their behaviour, their capabilities and their preferences may be one way to reinvigorate research on welfare state futures.

2. Inequalities, diversity and the welfare state

There has been a widespread and significant increase in income inequalities throughout OECD countries in the last 20–30 years. The promise of wealth ‘trickling down’ for the benefit of all has not been fulfilled, and some argue that the high levels of inequality have contributed to, perhaps caused, the current economic crisis. Whatever the cause of the economic crisis, the consequence seems to be that spending on welfare states will be reduced, poverty will increase and particular groups, particularly young people, will see a reduction in their incomes, well-being and future life opportunities. This theme addresses these issues but goes beyond the immediate issues raised by the current crisis by asking fundamental questions about the nature of inequality, diversity and welfare states.

Different types of inequality

During the post-war era, inequality was conceived of largely in terms of income and class, with welfare states generally designed to protect the working class, as well as other powerful socio-economic groups, such as public servants. They did so by regulating the labour market and creating social benefit systems targeted largely at the needs of full-time (male) members of the labour force. Welfare states have generally redistributed income across people’s lifecycles but also across different income groups. Such redistributive effects have cushioned the impact of economic change over the last 20–30 years; however, after a period of decline in inequalities (up to the early 1980s), there has been a widespread and significant increase in income inequalities over the last three decades (see theme 3 also). Changes in labour markets and labour relations, including wage formation and occupational change, undoubtedly explain part of these trends.

While income inequalities have been central to research and analysis of welfare states in the past, it is important to ask why this is the case and whether other forms of inequality are also important. This calls for, first, better documentation of the different dimensions of inequality, which go far beyond income inequalities in the here and now to entail long-term inequalities in life opportunities. Of particular interest are increasing inequalities in education, health and housing. What is the relationship

between income inequalities and inequalities of wealth? And what is the relationship between material inequalities (of income and wealth) and inequalities of life chances, opportunities, capabilities, inclusion/exclusion, welfare and well-being? How are these varying forms of inequality related to welfare services – for example, in relation to access to education, health and housing? Analyses of social mobility may be helpful in integrating and assessing the scope of these diverse dimensions of inequality.

Interesting questions also concern the representation of various forms of inequality. How does the public view inequality? How is it represented in public debate as well as in various realms such as philosophical theories of justice, legal systems or political reflection?

The changing nature of inequality

The earliest welfare states were based on Fordist models, which have been challenged in more recent times by changes in the labour market and in gender roles. These changes have created new social risks and inequalities which have undermined the effectiveness of welfare states and led to policies and processes of dualization, re-commodification and de-familialization. There is already considerable research on this and on the challenges to the welfare state linked to demographic changes, such as increases in divorce/lone parenthood and increases in longevity. However, there is still much to be studied. For example, will rising average longevity increase inequalities over the course of life? Why do gender inequalities persist? How well are women and men managing work and care responsibilities and how does this affect their personal time/private lives? How are class inequalities changing with the new forms of the labour market? Why do young people seem to be suffering particularly as a result of the economic crisis and how might this be resolved? Who might we now consider to be ‘old’ for the purposes of welfare services and cash transfers given that people are living longer? Are there issues of inter-generational justice to be considered?

A key issue within this theme is the link between structural trends and welfare systems. The welfare state is indeed often poorly designed to deal with new inequalities and

may have contributed to a new or re-enforced insider/outsider divide, with important groups excluded from full social protection. The excluded include many women, especially single parents, who have cycles of labour force participation with associated risks that the current welfare systems do not cover. The young, new migrants and ethnic minorities often confront high barriers to labour force entry. It may even be the case that recent employment policies and welfare reforms have themselves contributed to increasing inequalities. Comparative research would help to identify which mechanisms involving employment and social policies have contributed to the increase in inequality and which might tackle inequalities. Which social policies are able to address these inequalities and render societies more inclusive?

Some forms of difference and inequality have received less attention from researchers than others. For example, human rights and equalities legislation typically identifies a number of social cleavages, such as those based on ethnicity, religion, sexuality, nationality, partnership status, disability and so on. What issues are faced by people in such groups in relation to access to welfare services and benefits? Various national and international (e.g. EU and UN) conventions and laws on equalities and human rights place emphasis on such inequalities and help to show the blind spots in national welfare and legal systems, and also in research. What are the relationships between these international conventions, legal systems and national welfare state systems?

And what about new forms of inequality such as digital exclusion/fracture as the Internet becomes an increasingly important feature of society in general and welfare services more specifically?

Increasing diversity and complexity

Populations in the 21st century are increasingly diverse and complex in family form, lifestyle, ethnicity and so on. For example, patterns of ethnic diversity have been made more complex with the migration from Eastern and Central Europe to Western Europe. How do different ethnic groups experience welfare systems and how are they received by those welfare systems? What is the origin and nature of 'welfare chauvinism' (or the exclusion of newcomers from social benefits and services) throughout Europe, and how can it be challenged?

There is also an important question about the ways in which welfare states are affected by diversity, with claims made that less homogeneous countries may have more negative attitudes towards welfare provision. As Europe becomes increasingly 'transnational' and 'super-diverse', how will welfare states develop in response to heterogeneity? And could tensions about particular groups (e.g. some faith groups and sexuality groups) undermine support for welfare or lead to exclusion from some welfare services?

There is also a need to understand better the combined/multiple inequalities/intersectionalities where people are not just members of one particular group but belong to a number of different disadvantaged groups. How does membership of more than one disadvantaged group affect people's life chances and interactions within the welfare state?

It is essential to better document these growing and cumulative inequalities, alongside income and class inequalities, and to analyse their relationship with welfare systems. A central challenge in defining welfare state futures is to incorporate the excluded and tackle new forms of inequality. Does being in a minority faith group have more of an effect on outcomes and life chances in one welfare state than in another? How do different combinations of potential disadvantage interact and how does this vary across different welfare states? What are the precise mechanisms which limit resources and life chances in different welfare states? What can be learnt from different welfare states in terms of how disadvantages can be overcome or 'designed out' of the system?

Conclusion

How is the development of welfare states affected by growing and more complex inequalities within the population? To what extent are welfare states an instrument of social integration and inclusion? This is a central research agenda for welfare state futures and invites several kinds of analysis for further investigation of the questions of inequalities and diversities of the future of welfare states.

3. Rethinking the economics of the welfare state

This theme seeks to stimulate a rethinking of the economics of the welfare state in the 21st century. The comparative welfare state literature tends to analyse the welfare state as a whole, but has paid less attention to the economic aspects of welfare, and the interlinkages between welfare, work and economy. In contrast, the economics literature tends to be divided into sub-fields (such as health economics, labour economics and pension economics), and asks specific questions about individual programmes. While this approach has provided penetrating analyses of the economic implications of specific programme elements, studies of the economic impact of the overall structure and internal complexities of welfare states are less common. More comprehensive approaches are needed, particularly at the macro-level.

The economic crisis that began in 2007 highlights the importance of deepening our understanding of the relationships between the macro-economy and the welfare state. In the immediate aftermath of the economic crisis, the work of Keynes was revisited for guidance and countries implemented strong stimulus plans involving automatic stabilisers and specific social benefits. In effect, there was a rediscovery of the counter-cyclical stabilising functions of the welfare state. However, within two years, the private debt crisis turned into a public debt crisis and most European countries shifted their macro-strategy towards “austerity plans” that rely heavily on cuts in welfare benefits, wage moderation, flexibilization of the labour market, pension reforms and privatisation of health and social services. What are the consequences of these shifts for the structure of the welfare state, for its capacity to protect individuals and for its economic stabilisation function? What are the politics and the economics of these shifts, and will these shifts be long-term or short-term policies? What is the appropriate balance between benefit reduction and tax increase? What is the role of EU institutions? How differently have European countries reacted to the crises, and what are the consequences of the different strategies implemented?

The challenge of the economics of welfare

It is time to move beyond traditional arguments about the economics of the welfare state. One still hears arguments that there is an inevitable trade-off between our efficiency and equity goals. However, the assumption of a hard trade-off has been contested empirically by cross-national studies which conclude that, controlling for other factors, there has not been, so far, any significant negative relationship between social spending and productivity growth. The relationship seems to depend more on the type and architecture of social expenditure than on its volume. Other empirical studies underline the economic successes of egalitarian societies.

In recent decades, economists have focused on the implications of labour market policies for economic efficiency, employment and productivity growth. They have invested considerable energy in developing supply-side theories of economic growth, and have highlighted the importance of incentive structures, flexibility in labour markets, and investment in human capital in explaining employment growth and the long-term economic security of both individuals and entire societies. These perspectives informed the OECD Jobs Study in the 1990s as well as other official documents, and remain influential in many countries.

While it remains important to understand the micro-mechanisms through which welfare benefits influence actors' behaviour, it is also important not to understate the economics of the welfare state as a whole. The welfare state is likely to remain a central feature of European society in the 21st century. The issue is not whether it should be eliminated. Rather, the issue concerns the relationships among the general architecture, functioning and financing of welfare states and the impact on economic life. These issues call for a major re-evaluation of the relationships between the welfare state and macro-economic growth and stability.

The economic contributions of the welfare state

In analysing the relationship between the economy and the welfare state, it might be important to incorporate an assessment of the potential positive contributions of welfare systems to economic development. To do so requires going beyond traditional nostrums. One conventional argument is that one has to first produce economic growth and redistribute wealth only afterwards. In the current economic crisis, this concern has returned in the form of questions about whether European countries can afford expensive welfare states in the future. Such discussions need to incorporate more sophisticated understandings of the ways in which social policies can contribute to economic development. Which aspects of the welfare state can be considered a sound investment? From this perspective, financing the welfare state is not only a question of sharing increasingly scarce resources, it is also a question of how certain state-supported policies, including education, may help to increase the resources to be shared.

According to theorists of the knowledge-based or learning economy, the contribution of the labour market and social policies to the new economy are likely to become more crucial than ever. New conceptions of the welfare state - defined in terms of capabilities or social investment or a developmental approach - have been advanced, but need elaboration and translation into models for action. Progress in the understanding of national economic systems is necessary. What, for instance, is the role of education policy and other social policies in national systems of innovation? How important are risk-sharing mechanisms in stimulating technological changes and innovation? Economists have devoted less attention to the study of comparative economic systems in recent years. Interdisciplinary research, such as the “varieties of capitalisms” literature, has helped to fill the gap, highlighting the economic functionalities and institutional complementarities within welfare regimes. However, as in other fields, this literature has a tendency to emphasise historical path-dependency and continuity rather than change. More needs to be done in order to analyse the major transformations of the economies in which the welfare state is embedded.

The financing of the welfare state represents another key agenda. Who should pay and how? What are the efficiency implications of different tax mixes? Combining such

analyses with an assessment of the politics of taxation and public attitudes to taxes (as discussed in theme 4) could deepen our understanding of the choices governments face. The tax mix varies considerably across countries, with different balances among income taxes, corporate taxes, consumption taxes and social security contributions. What are the economic, social and political factors that shape the choices of different governments, and what are consequences of the mixes they choose? What is the role of tax competition, for example, in shaping the transformation of welfare state financing?

A global vision that extends beyond Europe’s borders and incorporates the experience of rapidly emerging economies is welcomed. The dynamic economies of Korea, China and Brazil are in search of new social models. New research can examine the global development of models of welfare, non-European perceptions of European social policies, processes of diffusion of policy ideas and models from and to Europe, and “social world regions” other than the EU.

Redefining concepts and indicators

To build stronger economic theories of the welfare state, new tools are needed to address the challenges and to measure progress. For example, better ways of measuring wealth and well-being (beyond GDP) are needed, as well as new ways of measuring productivity. There is a need to renew our national accounting systems. How can multifaceted and varying understandings of well-being be integrated in a robust way into the measure of the wealth of a nation? Or should they be kept separate and complementary measures precisely because of the immaterial and incommensurable nature of those commodities? How should the depletion of natural or human resources be integrated into the financial calculation of production? Should some social expenditure be counted as investment? If social outlays can yield long-term dividends for both individuals and society as a whole, there is a case to be made for counting such outlays as productive investments rather than as consumption. This in turn means the development of a new National Accounts System. Furthermore, how do we measure productivity in services, especially services such as education, training and care? How do we calculate the collective utility of social and education services?

Research is also called for in the exploration of whether there is a need to change our understandings of unemployment. How can the increasing differences in the risk of unemployment between skilled and non/or poorly skilled individuals be understood? Will this change explanations of unemployment?

The distinctive features of the service sector point to yet another research agenda. Little is known about how the service economy works. Studying the precise functioning of welfare services, such as formal and informal care, varieties of health care or education can possibly open up new ways of understanding the complexity of welfare state futures. Activities performed by informal care-takers and the third sector need to be incorporated in our understanding of production and reproduction. One should also look at the development of e-services in welfare, education and health. In what ways are the new information and communication technologies, the Internet and numeric revolutions complementing, improving and/or challenging current social services? Can they be conducive to new ways of providing welfare, care and services?

Conclusion

Since the economic issues to be studied also have social, political and philosophical dimensions, multidisciplinary projects that combine economics with other social sciences are invited and particularly encouraged. Projects should combine theoretical ambition and empirical analyses in order to provide evidence to assist policy-making in the future. In the process, the social sciences need to revisit the relationships between equality, redistribution and economic efficiency.

4. The future politics of the welfare state

Politics will play a central role in shaping the future of the welfare state. What will be the primary cleavages structuring the political landscape of the 21st century welfare state? How will the coalitions among organised interests and political parties evolve? Which factors will strengthen or undermine the legitimacy of the welfare state in the future? Will welfare states continue to be instruments of social cohesion in European societies?

Industrialisation, democratisation and nation building framed the politics of the welfare state in the 20th century. Researchers have analysed the role of organised labour and employers, service providers and welfare beneficiaries, as well as the implications of electoral rules and the party system. How will deindustrialisation, the so-called ‘women’s revolution’, the multiplication of governance levels and changes in democracy alter the politics of the welfare state in the 21st century? These questions invite many kinds of research settings.

Changing groups, demands, values, ideas

Changing economic, demographic and social contexts are reshuffling the power resources and relations between traditional interests that helped build the welfare state, such as labour and capital. Economic and social change is also generating new cleavages and thrusting *new groups* into social policy debates. A growing literature focuses on the labour market insider/outsider divide in Europe, as well as the related division between public and private employees. Will these overlapping cleavages represent the defining political conflict over the future of social policy? In addition, the long-term unemployment and marginalisation of youth represent a staggering problem. Will intergenerational conflicts become central to redistributive politics in ageing societies? How will the interests of vulnerable minorities be represented and taken into account? How do socio-economic inequalities affect individuals’ ability to participate in politics? The political terrain is being transformed by migration. Will the rise of welfare chauvinism and populist parties redefine redistributive politics in the 21st century?

New groups are likely to advance *new demands*, triggering conflicts between beneficiaries of the old and new welfare states. For example, most welfare states have traditionally given priority to cash benefits, but are now under growing pressure to expand services such as care and education. Will the transition towards a more service-oriented welfare system be contentious? Who will win and who will lose? What are the political implications of a similar shift from social protection to social promotion?

Societal changes, such as higher average levels of education or more individualistic behaviour, may transform *values*. Are equality, solidarity, redistribution still valued in contemporary European societies? Are changing perceptions of deservingness undermining solidarity? Have values such as freedom of choice and personalisation become more prominent? If so, can the welfare state incorporate changing values, and transform them into sources of support? What are the implications for the legitimacy of welfare states in the future?

Changing groups, demands and values will undoubtedly generate *new ideas* about the design of social programmes. Research on past ideational shifts, such as the introduction of Keynesian economics in the mid-20th century, the neo-liberal ‘revolution’ or the more recent diffusion of the ‘social investment’ paradigm, demonstrates that changes in ideas can contribute to policy change, even without significant shifts in the balance of power among organised interests and political parties. But how are ideas translated into models of action? How do political actors interpret new problems and identify solutions? Do existing institutions enhance the role of evidence in the translation from problem to perception to policy? Can these processes be ideologically driven and evidence-free?

Evolving social understandings and expectations need to be placed from a comparative-historical perspective. The process of generating new values is highly complex, in which political decisions based upon specific ideologies play a crucial role. The political sphere is fundamental for establishing values resulting from continuous political struggles of different socio-political groups. In addition,

European experience of welfare is not homogeneous, but is increasingly shared transnationally and transculturally within the EU. This might be especially the case in the post-socialist EU, where memories of past models of social justice, security and solidarity in many ways interfere with contemporary experiences and contribute to disappointments with processes of Europeanisation.

Evolving institutions and processes

Inevitably, new ideas are refracted through old institutions. Previous research has demonstrated that political institutions do evolve over time, but they tend to change more slowly than the demands of organised interests or the ideas that dominate policy debates. The mechanisms of change also differ and are subjected to change. The result is a recurring tension between the demands and ideas at play in political life and the institutions within which policies are defined and implemented. Both welfare institutions and broader political institutions matter here. Are existing welfare institutions capable of adapting to changing interests and ideas? Which welfare institutions are most challenged by new interests and ideas, and how can they be changed?

Analysts of the development of the welfare state in the 20th century focused on differences between majoritarian democracies and consensus democracies, and the implications of electoral systems, federalism, and presidential versus parliamentary regimes. Will these institutional dynamics continue to leave deep imprints on welfare state futures? In the 21st century, greater attention will undoubtedly focus on the implications of multilevel governance. What will be the impact of the evolution of the European Union and crisis in the Eurozone on the welfare state in Europe? With the Eurozone crisis, much emphasis has been put on the remaining institutional heterogeneity among European countries, including differences between labour markets and welfare states. How will member states and EU institutions deal with this type of heterogeneity in the future?

In addition, what are the implications of the trend towards decentralisation within states? Is decentralisation a means of avoiding blockage at the national level and responding to regional diversities, or a mechanism for restricting the scope of state action? What are the different impacts of decentralisation in programme design versus

decentralisation in fiscal responsibility? What is the role of bottom-up innovations?

Finally, the cumulative impact of institutional change on the capacity of governments to govern is an important dimension to be studied. Is institutional fragmentation weakening governments' capacity to monitor, coordinate and reform the complex assemblage of programmes known as the welfare state? Can new ideas be translated into new models and implemented as new programmes? Are lines of accountability between elected leaders and the electorate becoming obscure? What does the current economic crisis say about the relationship between a common economic space at the European level and democratic processes at the national level in shaping welfare state futures?

Political processes are critical for the capacity of political systems to respond to the challenges of the future. Novel demands will not automatically be translated into politics and policies. While integrating the bearers of new social risks into the political game seems crucial but difficult, one should not overlook the fact that the so-called 'old' social risks still continue to constitute the bulk of welfare spending and welfare constituencies. How do biases in the political decision-making process contribute to the perpetuation of inequality?

In addition, we would benefit from a deeper understanding of the ways in which welfare politics feeds back to shape and reshape political preferences and interests. Processes of policy feedback and the level of congruence or mismatch between public preferences and policy-making would be worth studying. Finally, do the new forms of political participation and mobilisation that transcend national frontiers, including those flowing through social media, transform or change the politics of welfare?

Politics of taxation and expenditure

In recent decades, the great bulk of welfare state research has focused on the expenditure side of the ledger. With a few notable exceptions, the politics of taxation and the financing of the welfare state have been neglected. The current fiscal crisis dramatically underscores the importance of redressing this balance. As noted in theme 3, the tax mix is a critical issue. What are the implications of the tax mix for the legitimacy of the welfare state in the eyes of the electorate? What is the evolving role of 'fiscal welfare', the

pursuit of social objectives through tax expenditures? How do different governments solve difficult trade-offs within the welfare state?

Conclusion

New groups, new demands, new values and new ideas: the success with which welfare states incorporate these will determine their capacity to remain an instrument of social integration and social cohesion in European societies. The questions above highlight the need for multidimensional analyses of the political systems.

5. Shifting responsibilities for welfare

The very notion of the welfare 'state' is currently under challenge both from 'horizontal' changes in the mixed economy of welfare within nation states and also 'vertical' changes in government and governance at the sub- and supra-national levels. This challenge began in the 1980s as many political reforms partly shifted the social production of welfare from the state to markets, households and civil society in many European countries; however, the current economic crisis has supplied a new dynamic. As noted previously, during the early days of the crisis, arguments were strongly voiced that the failure of the private sector (financial sector in this case) demonstrated the need for strong state involvement in the economy and in welfare. But within a short period, concerns over public debt began to lead to more discussion of reducing rather than expanding the role of the state. Austerity packages have been implemented, implying strong reduction in welfare benefits (pensions, minimum income schemes as well as more competition within services). This will have fundamental consequences for the specific roles of different actors (public, private, third sector, as well as family) involved in the regulation and provision of welfare. However, beyond the impact of these austerity packages, what seems to be at stake here is the structural transformation of the mixed economy of welfare and the new welfare models that emerge from these shifts in responsibilities.

The roles and responsibilities of different actors

Individuals and families have always played a key role in supporting themselves and each other in terms of financial help and informal care. However, the responsibilities of individuals are featuring more prominently now in most welfare states. Policies to 'activate' people and turn them from 'passive' recipients of welfare into 'active' co-producers of welfare have been a key feature of recent welfare state change. This has been particularly central in relation to un/employment policies but has also been a feature in relation to pensions. 'Personalisation' and choice are also important here as 'consumer-citizens' demand greater choice and a more personal service from the welfare state (see theme 1 also). User involvement in services is

also increasing as welfare states are being challenged to be more responsive to individual needs rather than providing uniform, centralised services.

At the same time as 'individual' choice and responsibility is being promoted, there is also an emphasis on taking responsibility for family members. This is particularly important in relation to providing care for children, the disabled and the elderly. It seems likely that families will be expected to provide even more care in the future. For 'families' read 'women' as it is typically, though by no means exclusively, women who provide most care. At a time when women are also increasingly expected to engage in the labour market, this situation may become unsustainable. How will families balance their different responsibilities and with what consequences? What might be promising or sustainable solutions? What role will migrant women play in the care functions in the future? Will migrant carers become a new component of the welfare/care mix? What policies will trigger this? What kind of protection will these new carers benefit from? How do we ensure the quality of care and the protection of the carers if this new form of care remains informal?

Employers and the private sector more generally also have a long track record of being involved in providing welfare, particularly to better-off groups. It is a much stronger feature of some welfare states (e.g. the US, Canada, Japan and, until recently, Eastern Europe and China) than others. But how is occupational welfare changing? To what extent are employers retreating from providing generous pensions and other benefits? Inequalities are often reinforced by occupational welfare as such welfare tends to advantage the highest paid and most secure employees. So does any decline in occupational welfare lead to reduced inequality?

The role of the private sector is also changing, notably in relation to private health, education (including higher education), pensions and care. What is the nature of this change and to what extent is it reinforcing inequalities if some people are much more able to buy such services than others? In what ways is the privatisation of welfare provision shifting risks onto individuals? How much

will the austerity packages imposed to address the debt crisis lead to more private forms of welfare? Does private welfare lead to a form of voluntary social exclusion at the top of society which mirrors the forced social exclusion of marginalised groups at the bottom? How does this relate to social cohesion and support for the welfare state? Private services are sometimes assumed to perform better than public services, but is this the case? For example, does the financial crisis call into question the reliance on funded pension schemes?

Before the emergence of modern welfare states, the voluntary sector, including charities and churches, played a particularly important role in relation to welfare. This sector became less important when welfare states were at their peak but always remained and may be increasing again now in certain areas. The role of the voluntary or third sector or 'civil society' as it is widely known appears to be experiencing a revival. However, in what ways and with what effects on welfare? In some countries, such as Canada, the state increasingly contracts with voluntary sector organisations to deliver a growing range of social services. While this trend is expanding the role of the voluntary sector, is it also constraining the ability of such organisations to engage in their more traditional advocacy roles, muting social policy debates?

Different levels of governance

The nature of the mixed economy of welfare within different countries is one of the major changes facing welfare 'states'. Another change is the role of sub- and supra-national levels of government and governance. Local and regional levels of responsibility for welfare services are important and changing. For example, devolution in the UK and decentralisation in France have led to variation in the way services are provided, but what is the impact of this on welfare systems? How does this compare with federal approaches in different countries?

The role of the European Union is also important here and this is complex given that some institutions in the EU tend to promote and protect national interests (e.g. the Council of Ministers), while others are expected to consider European-wide interests rather than those of individual nation states (the Commission and the European Court of Justice). Furthermore, some countries, notably the UK, have been reluctant at times to engage

fully with the 'European project' (e.g. in relation to the Euro and the Social Charter). The expansion of Europe has also created challenges and with the Euro crisis currently straining some intra-European relationships, Europe is at a key turning point. What is the future of 'social Europe'? How will this impact on welfare states?

Finally, there are a number of international governmental organisations (e.g. the World Bank, the International Monetary Fund, the United Nations, the World Trade Organisation and the OECD) and non-governmental organisations (e.g. the World Economic Forum, the World Social Forum, the International Confederation of Free Trade Unions and Oxfam) that have an impact on welfare policy. However, what exactly is that impact? What kinds of new policies, ideas and models are they promoting?

Towards new models of the welfare mix

The role of the state now varies across Europe and within sovereign countries: sometimes it plays the role of providing/delivering welfare services; funding welfare services provided by others; regulating, auditing and inspecting welfare services provided by others; and 'enabling' and working in partnership with others to provide welfare. It may also be expected to provide security if non-state schemes fail – for example, if company pension schemes or care homes go bust. In such circumstances, should the state step in to support those who had been reliant on these companies or should the state allow companies to fail, regardless of the consequences? New conceptions of the welfare state may also lead to new roles for the state; for instance, shifting its role from protection to promotion (investing in early childcare and education services, emphasising education of high quality for all). At macro-level the legal obligations of social rights are concern of not only States but also of intergovernmental organizations and agencies. How is the role of the state changing and with what consequences?

Given recent trends in both horizontal (welfare mix) and vertical (levels of governance) dimensions, the time is right to develop new models of the welfare mix. Looking at the evolving role of different actors and the evolving place of the state within the economy, within welfare provision and within the emerging multi-level system of governance, research should map the emerging welfare systems or regimes. Such models could benefit from using concepts such as 'institutional complementarities' coming from

the Varieties of Capitalism literature, or concepts coming from a more sociological perspective, such as the notion of 'configuration'. New concepts of this kind are welcome, since they would help to delineate and understand the new shape and functioning of the welfare systems of the future.

Conclusion

This theme addresses, among other things, questions of how the divisions between sectors and levels have changed over time, how and why they differ between societies, whether and why directions of change vary between countries, and what the implications are for social cohesion, social and economic inequalities, the sustainability of societies, and individual well-being. It would be important to widen the scope of welfare state analysis beyond state structures and formal institutions to understand better the relations among different actors in welfare production.

Research methods for the programme

The research in this programme should be ambitious and innovative. Projects should combine theoretical and empirical analysis when relevant for solving the research questions. They should be comparative, with a clear rationale for the choice of country and analyses which go beyond simple country descriptions. There is a general lack of comparative studies, and this programme is designed to stimulate such analyses. When selecting countries for comparative study, researchers would benefit from considering new rationales for such selection rather than necessarily drawing on existing and much used categories, classifications and typologies. Projects that extend comparison beyond the NORFACE countries to other OECD and non-OECD countries, emerging economies included, are welcome as long as they draw lessons for Europe. Comparative historical analysis can also offer insights as long as it informs and relates to the analysis of welfare state futures.

The research should provide very clear ‘European added value’. When relevant, there should be a strong comparative element in projects that generate broad lessons across Europe. Detailed empirical research is welcomed but it is relevant that the outcome and the conclusions have generalisable and far-reaching value across Europe and beyond. Research in this programme should also be novel in its settings, instead of being repetitive, and ground-breaking rather than following in the paths of previous studies.

Research which cuts across the five themes outlined in the programme call will be particularly welcomed, as the question of welfare state futures is multidimensional and complex by nature.

The programme welcomes theoretical work in social science disciplines including demography, economics, education, human geography, law, political science, political theory, psychology, social policy and sociology, as well as inter-disciplinary theoretical work. When relevant, it needs to relate to adequate empirical analyses. Empirical

work should use the most appropriate, ethical and robust methods and materials to meet the objectives of the projects commissioned. Mixed methods studies may be most fruitful in terms of the ambition of the programme.

Depending on the research question, the use of the relevant international comparative data sources is advisable: sets such as the European Social Survey (ESS), European Value Survey (EVS), Luxembourg Income Study (LIS), as well as longitudinal studies such as the Survey of Health, Ageing and Retirement in Europe (SHARE), the British Household Panel (and Understanding Society) Surveys and the German Socio-Economic Panel. Data sources provided by Eurostat, the UN, the OECD, the World Bank, the IMF and alike, are also relevant for the programme.

Researchers will find information on and access to all such existing resources at the European Data Centre for Work and Welfare website (EDACWOWE.EU). EDACWOWE provides details of comparative data on: opinion surveys which focus on people’s values, beliefs and attitudes on issues of work and welfare; socio-economic surveys which measure work, income and household situations at the level of individuals and/or households; indicators and statistics with aggregated social indicators; and data banks and reports with information on policies and institutions that are relevant in this field.

Where existing data does not exist to answer key questions about the future, the programme may support the collection of new data. The programme is particularly keen to encourage the use of innovative methods alongside more traditional methods. Innovative methods of research may involve technological innovation (including visual, digital and online methods as well as experimental methods), the use of theoretical approaches and methods, and novel ways of combining different disciplinary approaches. The use of innovative methods of cross-national comparative analysis, such as Qualitative Comparative Analysis (QCA) and fuzzy sets, may be of particular use in this programme. Issues of conceptual and functional equivalence and broader issues of methodology will need to be considered in projects.

Conclusion

Historically, the rise of social policy in European countries since the 19th century and, more specifically, the rise of the welfare state in the post-war decades was only possible because social policy was seen to serve vital functions and interests of society beyond merely enhancing individual welfare. Welfare states can perform an economic role, in sustaining consumption capacities, in providing an educated and healthy labour force, as well as directly providing jobs for those engaged in welfare provision. Welfare systems also perform a political role in maintaining a level of cohesion, solidarity and legitimacy necessary to sustain democracy. They perform a social role in reflecting and/or promoting social values relating to broader notions of citizenship, equity and well-being. These roles of the welfare state are currently being questioned and redefined.

The institutional framework of European societies will be crucially important in coping with the challenges confronting the welfare state in the future. Institutions are vital in determining how societies are able – or unable – to cope with economic crises, to innovate, and to foster sustainable economic growth as well as social inclusiveness. Achieving inclusive, innovative, fair and secure societies is not only a question of developing innovative technologies, but also of developing and sustaining the social infrastructures for legitimising, embedding and implementing these technologies. Markets cannot operate without legal frameworks and adjudicatory institutions that provide for transparency, fairness and equity. Social inclusion is weakened without educational and social infrastructures that provide for an equal distribution of opportunities and wealth. Institutional checks and balances provide democratic legitimacy for public policies and public organisations which enhance broad welfare and opportunities. Whether one wants the inclusiveness of societies to emerge through markets, through non-governmental organisations and cooperations, or through public policies, these social and political infrastructures are determining the outcome and its legitimacy.

The future of the welfare state hinges on whether the welfare state continues to make a positive contribution to the economy, to politics and to social life. Welfare state futures will be shaped by and will be shaping new economies

(marked by the post-industrial revolution, the service economies, the financial, fiscal, debt crises), new societies (more diverse, more unequal, marked by new expectations and understandings of equality of opportunity), and new politics (changing political cleavages and actors, multi-level systems of governance, end of monopoly of the sovereign nations, crisis of democracy). For these reasons welfare state futures require innovative research, innovative in their scope, their disciplinary complementarities, their concepts and methods, and their orientation towards the future.