A perspectival analysis of welfare states in the world is a challenging task, since the subject is vast and complex. Each country has its own story to tell in the context of its own historical background, the state of its economic development and the level of its people’s social and political consciousness. In spite of these perceptible difficulties, the subject merits deep and wide study. Giving shape within a democratic structure to a fully-fledged welfare state, first in Sweden and thereafter in Britain and the rest of Western Europe and across the Atlantic after the Second World War, was indeed a civilizational leap in human history. For the first time the welfare of common people became the central concern of the state.

However, in recent times the concept of the welfare state is being questioned from different angles and even being undermined in some countries. Therefore, a collective, international and in-depth study is called for to indicate what is in store for the twenty-first century.

In India the idea of a welfare state is an alluring mirage. The country does not even have a semblance of a welfare state; only a minuscule section of the country’s vast population of a little more than one billion, such as government servants and employees of big industries, enjoy a degree of social benefits. But, all the same, the idea has a powerful attraction because the human problems which a welfare state deals with abound in the country, and there is an increasing urge among the people to improve their condition. The sheer accident of one’s birth should not condemn a person to eternal damnation in terms of deprivation of his/her most basic needs and rights. Yet this is the position which affects the overwhelming majority of the people of India, who are no longer prepared to accept their fate as ‘god’s will’, or the consequences of one’s past deeds.

Their minimum aspirations in terms of nutrition, health, education, housing and economic well-being as a whole can be assured only in a welfare state, whatever might be its exact form or content. But this, unfortunately, is a distant dream for India and most of the countries in the Third World. With India’s per capita GNP at around $350 and China’s
$550, the welfare state, in a comprehensive sense, is a far cry for all these countries.

In the erstwhile so-called Second World, that is Russia and East European countries, there were fairly developed welfare systems which virtually collapsed with the demise of the Communist regimes. The economic dislocation which followed naturally impinged on the welfare systems in an adverse way. A significant portion of the populations of these countries, especially those belonging to the older generation, have a nostalgic longing for the old system, not for its dark side of dictatorships, but for the social benefits that people enjoyed then, even though they were of inferior quality to those of Western Europe. Until those economies revive and reach a higher stage of development, the welfare system which was a part of their culture cannot be satisfactorily restored.

The most developed welfare state systems still prevail in Western Europe. However, since the mid-1970s some serious questions have been raised about their character and functioning. This occurred soon after the oil crisis in the early 1970s, which shook the whole global economic system in a disturbing way. Countries in Western Europe began to experience structural changes which affected labour markets, and this period was the beginning of substantial, long-standing and ‘stable’ unemployment. For instance, in 1985 unemployment in West Germany, ‘the engine of West European economy’, reached approximately 10 per cent. This situation has, more or less, continued in most West European countries.

Unemployment and social security

Unemployment affects social security systems in several ways. First there are fewer people making contributions; second, the increase in wages falls and thus the increase in contributions falls as well; and third, the number of those claiming unemployment benefits rises. In addition to the problems of unemployment, there has also been a shift in the demographic balance of the population – an ever-increasing percentage reaching retirement age. All these factors have led to larger contributions demanded from employers and workers. The increasing deficit in the state budget results in cuts in benefits offered to unemployed and old-age pensioners, while payments made to the health services are substantially reduced. This is indeed a vicious circle.

Experts are of the opinion that there are limits to ‘the equilibrating game’ – the attempt to equilibrate incoming contributions and outgoing benefits, since this leads to a situation where the employment of labour becomes increasingly uneconomic. In Western Europe today we witness a situation where people are used to obtaining social benefits, and governments committed to maximizing benefits now find themselves in a situation where many of these benefits are not economically viable. Herein lies the basic crisis of the welfare state system in most industrially advanced countries today.