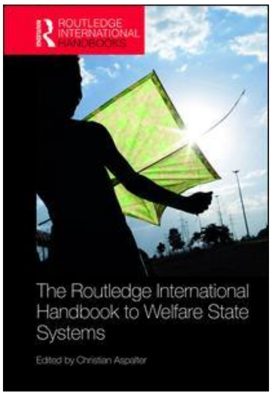

The Routledge International Handbook to Welfare State Systems

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Publication details
https://www.routledgehandbooks.com/doi/10.4324/9781315613758.ch3
Peter Abrahamson
Published online on: 19 Jan 2017

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Future welfare

An uneven race to the top and/or a polarized world?

Peter Abrahamson

Writing about the future is both an easy and an impossible task. Because nobody knows anything about the future – except that "in the long run we are all dead," as John Maynard Keynes reminded us – we are free to speculate about it; but for the very same reason it is impossible: how can one write about something that we do not know anything about? Danish humorist Robert Storm-Petersen was famous for saying: "It is difficult to predict, particularly the future" (*Det er svært at spå, især om fremtiden!*). So, what we are embarking upon here is guesswork, and the way we go about it is to investigate the past and the present, and then judge the possible future strength of general tendencies and various constituencies and other actors in the field of welfare entitlements and provisions, leading to suggestions as to whether existing trends are expected to be continued, or whether curves are expected to break and point in other directions. In retrospect, the social sciences have not been very good at predicting the future. Nobody had foreseen the fall of the Berlin Wall in 1989 and the subsequent crumbling of the state socialist system, or the Arab Spring in 2011. So, qualitative and radical political changes are difficult to foresee. In the field of economics it does not look much better. Nobody had predicted Black Thursday in the US in 1929, announcing the beginning of the Great Depression. The same goes for the first oil-shock crisis in 1974 announcing the new period of globalization, and the Asian Financial Crisis of 1998, nor the recent (and at places, current) crisis – the Great Recession which began in the US in 2008 and quickly spread to most parts of the world.

Demography is, probably, the discipline with the highest success rate when it comes to predicting future developments. Death and fertility rates do not change radically overnight, so demographers have a pretty good idea what populations look like years ahead, everything else being equal. But, and this is the important point, things seldom are equal. So, when there has been a downward trend in absolute fertility in tandem with modernization over the last 100 years, it has been a safe bet most places for many years. But the curve can be broken, and it has been broken for instance in Scandinavia, where fertility reached its (so far) lowest level in 1984 (1.4), but it has steadily albeit slowly moved back to close to 2.0 30 years later. Considering migration, demography resembles the rest of the social sciences, because this variable is so determined by unpredictable economic and political developments, rendering it equally difficult to predict.

Anyway, there are very good reasons for trying to speculate about the future, and perhaps the best one is to warn about negative future scenarios forecasted to occur if everything is equal.

Here the point is to create the necessary understanding of the imperative to change things exactly to avoid an undesirable future. Most forecasting regarding our environment is of that nature. When it comes to forecasting with respect to future welfare state developments, it is often normative in the sense that it is either pessimistic and negative or optimistic and positive, backing particular political and ideological positions. An obvious example is the publication of *Future of the Welfare State* by the OECD in 1980 reflecting on the backdrop of the first oil-shock crisis. Here the welfare state is viewed as a burden on the economy, and the welfare state is forecast as a leaner and more market-oriented system. This was a blueprint for a neoliberal approach to welfare issues with its emphasis on privatization, contracting out, stronger involvement of voluntary organizations and volunteers, deregulation and more choice. Citizens are either considered consumers in a welfare marketplace or clients to be controlled. This publication was the first "official" reflection on consequences of globalization, and it predicted a race to the bottom concerning welfare state development. With the clarity of hindsight 35 years later, it is clear to see that OECD got (most of) it wrong. The document reflected the dominating ideological perspective prevailing then, but that perspective has changed during the course of time, and welfare states have expanded both in breadth and width: more people are benefiting and benefits are better (for most risk categories).

Our own attempt here reflects the situation after another crisis – the Great Recession – and it subscribes to the perspective that we are post-neoliberalism. The political and ideological climates have changed, economic growth has continued but gravitates towards Asia, but cultural institutions are resisting change in many places. Our perspective on the future is also normative, but it is the opposite of what OECD predicted in 1980. Now (in 2015) we foresee an expansion and consolidation of welfare states across the globe having more, not fewer, entitlements to install for citizens. We are optimistic on behalf of the welfare state and predict a positive development of it into the foreseeable future. However, we also expect an uneven development both when it comes to different spaces and territories and when it comes to different risk categories.

The way we go about this exercise is to analyze major trends in welfare development since the OECD report was published. Hence, we are considering welfare states under globalization and we are discussing them within different geographical clusters: Europe and North America, Latin America, Asia-Pacific, North Africa and the Middle East, and sub-Saharan Africa. Quantitatively, we are mostly considering expenditure and coverage data and labor market participation; qualitatively we are sensitive to changing emphasis on particular risk categories or sectors. Adjacent to these descriptive data we rely on (parts of) the vast scholarly investigations into welfare state development. General world trends are shown in Tables 3.1 and 3.2.

Table 3.1 Total public social expenditure (% of GDP 1990–2010 and estimates for 2045)

	1990	*1995*	*2000*	*2005*	*2010*	*2045**
North Africa	4.2	4.3	5.9	6.4	9.0	18
Sub-Saharan Africa	2.4	2.5	3.2	3.8	4.2	8
Asia and Pacific	3.4	2.8	3.5	3.0	5.3	10
Middle East	4.9	5.2	6.6	7.6	8.7	17
Western Europe	20.9	23.6	23.3	24.8	26.7	27
Eastern and Central Europe	12.8	15.5	14.6	16.6	17.6	20
Latin America and Caribbean	8.0	9.6	10.2	11.4	13.2	15
North America	14.0	15.8	14.7	16.1	19.4	20
World	5.8	6.0	6.5	6.7	8.6	–

Source: ILO (2014); * own estimates.

Table 3.2 Health and old-age coverage (latest year) (% of total population and population 65+)

	Health Care	*Old Age*
Africa	24.7	21.5
Middle East	72.9	29.5
Latin America and Caribbean	81.7	56.1
Asia and Pacific	58.0	47.0
Central and Eastern Europe	91.6	94.3
North America	85.6	93.0
Western Europe	99.7	92.4

Source: ILO (2014).

The optimism concerning the future is very much a reflection of the past development where welfare expenditure increased everywhere since 1980. In both Eastern and Western Europe and in North America expenditures are high – 18–27 percent of GDP – and are not expected to increase much relatively, as share of GDP, but per capita they are expected to increase with economic growth which, as a conservative estimate, could be around 1 percent per year. Hence absolute expenditures could be 33 percent higher per capita in 30 years. For the least developed areas expenditures are expected to double in relative terms over the next three decades. Hence Africa could foresee an expenditure level around 8 percent, sub-Saharan Africa and the Middle East are expected to spend around 18 percent in 2045, and Latin America and the Caribbean may spend 15 percent. If economic growth continues at a level around 5 percent in the global south, the region will have significantly more resources to its disposal in 30 years; but the starting level is low. The various expenditure levels spill over into various levels of old age and health coverage, ranging from less than 25 percent in Africa to more than 90 percent in the OECD countries. In 30 years' time the situation is expected to be about the same in the north, but in Latin America it is expected to have reached 75 percent and in Africa 50 percent

The next section analyzes the development of European and other OECD welfare states during the period of globalization, that is from the mid-1970s. It is demonstrated how all states have expanded their social protection expenditure every year from 1980 to 2013, and it then discusses the development with reference to different clusters of welfare states: the UK, Scandinavia and Continental, Eastern and Southern Europe. They have remained distinct, but less pronounced, indicating a weak convergence, and a convergence at the top rather than at the bottom. The OECD countries have met the Great Recession of 2008 with liberal Keynesianism by combining tax cuts and spending increases with monetary easing. The literature that we subscribe to suggests that the old (European) social contract, with its emphasis on tripartite negotiations and full employment which was destroyed with globalization, is now being substituted by a new social contract labeled the social investment state, where a basic level of protection regarding health care, education and social security are guaranteed by the state under an assumption of active labor market policy. Finally, the EU 2020 strategy is recorded as an indication of regional political interests.

The following section treats Latin America in a similar manner. It begins by recalling that the 1980s were considered the lost decade, and it underlined the understanding of Latin America as the most unequal region in the world. But during the 2000s many things have changed for the better. Welfare expenditure has doubled in absolute terms from 1995 to 2012, and the combined effect of rising market incomes and increased social protection has resulted in a reduction of poverty from 42 percent in 2000 to 25 percent in 2012. Then the development during the 21st century is discussed with reference to three different clusters of welfare states: familistic, state productivist and state protectionist. The latter ones and some states in the productivist group have reached a level comparable to Southern Europe, and all are upgrading social protection. Health care and education are approaching universal coverage, and so are pensions for formally employed people. But the high degree of informality within the labor markets in the region is a serious challenge to systems that base many entitlements on contributions from the social partners. The question of taxation becomes vital in Latin America because it has, up to now, been regressive, and it is expected to increase in the future due to tendencies of universalization of transfers and services. Hence taxes have, at least until now, contributed to inequality which must be considered one of the biggest challenges to Latin America in the future. A considerable number of regional organizations are at play in the region, and they all demonstrate solid commitments to social citizenship, eradication of poverty and equal treatment of all classes, genders and ethnic groups. However, it remains lip service and has no bearing on what is happening on the ground.

The next section deals with the third region being considered here: the Asia-Pacific. Compared to the previous regions, this one is by far the most diverse both when it comes to economic development and cultural heritage. Even so, some common features are shared among most of the 35 states in the region: high economic growth and small social protection expenditure with relatively low levels of poverty and inequality. The recent development is discussed in some detail focusing on East Asia as the subregion that has attracted the most interest from the scholarly community. It has been subject to fundamental societal changes during the last three decades with strong welfare effects: for example the abandonment of lifelong employment and the severe reduction of three-generation households. The first one provided income and welfare services and the latter provided care, but with their withering away a serious care deficit has occurred across East Asia, a situation aggravated by huge waves of migration from rural to urban spaces. The subregion is again subdivided into three regimes: developmental welfarism, productivist welfarism and market-socialist welfarism. Common for them all is the world's lowest fertility equilibrium, where women on average have between 0.8 to 1.4 children during their lifetime. This is strongly linked to the care deficit and women's labor market careers, which again reflect the high level of education that women receive. Hence, the East Asian welfare regime is challenged regarding gender equality. Development, including welfare provisions and entitlements, has happened rapidly in East Asia, and all of the countries in the region have committed themselves to comprehensive – and in the case of the People's Republic of China to universal – welfare coverage. Like the two previous sections, this one ends with a discussion of regional organizations of integration, and as was the case with the others they all signal a commitment to eradicate poverty and facilitate gender equality and a prosperous life for everyone in the region. And just like in the Latin American case, it has had no bearing on the lived life of people in the region.

Then follows sections on North Africa and the Middle East and sub-Saharan Africa, the latter being the region in the world with the least developed systems of social protection. On paper, nearly all states have committed themselves to provide social security in the form of old-age protection, and many have set up health care, but only for formally employed workers. So, in reality coverage is very low.

The last section sums up the general trends as they have been discussed throughout the chapter leading to the conclusion outlining some probable features of future welfare systems.

Formulating utopias: international organizations and future welfare

The section attempts a global stocktaking of human development in general and welfare state development in particular, by relying on recent reports from two UN organizations (International Labour Organization, or ILO, and the UN Development Programme, or UNDP) and the World Bank. To get an idea about dominating political ideologies associated with welfare state development, we analyze current policy documents from official international, mostly regional, organizations announcing their perspectives. We are well aware of the often huge discrepancy between what is said and what is being done, but the ideal or ideological formulations are nevertheless important information because they demonstrate the dominant normative perspective.

Regarding welfare state developments, the ILO concluded in 2014 that only a minority of the world's population (28%) is enjoying satisfactory social protection coverage, even when a huge majority and its politicians are supportive of a comprehensive coverage. This led the ILO to conclude that global social protection is an unfulfilled promise. Looking at various policies it concluded that the largest gaps exist with respect to unemployment protection and family policies, but other sectors, such as health care, show that a majority of the populations are covered, and an expectation of universal coverage is within reach.

Major societal changes are summed up as climate change, migration, women (gender), youth and the world of work, which all call for welfare arrangements. The various official reports also assess to what extent progress has been made, and they unanimously conclude that indeed across the board there has been a positive development. This is being exemplified with reference to the so-called Millennium Development Goals which to a large degree have been met, with some important exceptions, namely that most African countries remain off track. UN's own conclusion is that much has been accomplished saving and improving the lives of many people, but the agenda remains unfinished. The process has led to formulation of so-called post-2015 development goals that stipulate the total eradication of all forms of poverty and the need to address inequality.

Global stocktaking: the unfulfilled promise and the unfinished agenda

Welfare systems are contested and different ideological positions advocate different institutional and financial structures and procedures. During times of crisis welfare systems find themselves in the paradoxical situation of being most in demand while being the least easily financed. Yet, overall, most political ideologies accept a space for welfare systems, and, generally, crises have facilitated increased public intervention into the well-being of citizens. This current situation is a result of a learning process where the crisis of the 1930s became the backdrop for a substantial creation and expansion of welfare systems in what later became the OECD-area (Europe and the Anglophone settler territories); and the 1997 Asian financial crisis had similar effects in that region. In between the first oil-shock in the mid-1970s facilitated a renewal of liberal criticism suggesting that the welfare state was part of the problem and not part of the solution.

Latin America became, to some extent, a test bed for a neoliberal turn through the implementation of the so-called Washington Consensus, but it resulted in what has been identified as the lost decade of the 1980s. However, this neoliberal perspective has now been abandoned by most international organizations, regional trading blocks and nation states, and instead a modest state intervention into health, education and basic social security is now being advocated across the globe. This has been labeled the social investment state perspective, and it suggests that states have an interest in providing conditions for a healthy, well-educated and secure workforce in order to survive and strive in the enhanced global competition (Taylor-Gooby, 2008; Abrahamson, 2010; Jenson, 2010; Morel *et al.*, 2012). It resembles the competition state perspective (Cerny, 1997) and a perspective considering the welfare state being productivist, which has been a widespread and accepted perspective in East Asia (see e.g. Holiday, 2000).

Furthermore, practically all general, ideological and political communication concerning social rights as they are to be found in resolutions, recommendations and solemn declarations unanimously advocate a universal approach where all citizens are covered and where coverage is adequate. Global and regional organizations emphasize the importance of poverty orientation of investments as is clear from the current negotiations of the establishment of the Asian Investment bank, and this year is the year when poverty should have been reduced by half since the millennium. It seems that all regional organizations of cooperation share a commitment to develop and enhance social citizenship, and they all operate with a three-fold definition of sustainable development: it should be financially, environmentally and *socially* sustainable (Abrahamson, 2015). Hence from a rhetorical point of view social protection is widely recommended.

Yet, on the ground it looks less promising, as the ILO summed up the global situation (2014):

> While the need for social protection is widely recognized, the fundamental human right to social security remains unfulfilled for the large majority of the world's population. Only 27 percent of the global population enjoy access to comprehensive social security systems, whereas 73 percent are covered partially or not at all.
>
> *(ILO, 2014: xxi)*

Nevertheless, the commitment is there:

> The ILO Social Protection Floors Recommendation, 2012 (No. 202), reflects a consensus on the extension of social security reached among governments and employers' and workers' organizations from 185 countries at all levels of development. Further, the roll-out of social protection floors is endorsed by the G20 and the United Nations.
>
> *(ILO, 2014: xxi)*

Europe and the OECD-area

The 2008 financial crisis hit Europe pretty hard, and unemployment rose from 7 percent in 2008 to 11 percent in 2013; then it declined somewhat to 10 percent in 2014, and it is unevenly distributed where the hardest hit countries suffered the most. Hence in Greece and Spain overall unemployment is around 25 percent, while in Portugal and Ireland it is around 15 percent. Yet this unfavorable situation has not, until now, affected welfare expenditure negatively. On the contrary, all European states (but two) have increased their social spending since 2008 measured as share of GDP; on average for EU-28 it increased from 26.7 percent in 2008 to 29.5 percent in 2012; and when social spending is measured per capita in PPP it has increased everywhere in Europe (Eurostat, 2015). This is continuation of an unbroken trend that started more than 100 years ago: year by year European states have spent more, not less, on welfare issues. This has generally been recognized in the literature when it comes to the Great Depression of the 1930s and the golden age of welfare state development, but has been challenged regarding the period of globalization from the mid-1970s onwards.

European welfare states and globalization

Hence the literature is divided between an austerity and retrenchment position on the one side, arguing that globalization and crisis compel welfare states to cut back state intervention in general and social entitlements in particular guided by a neoliberal ideology. The other side argues that development and democracy, to put it short, result in an upward pressure on social protection, and even if "the jury is still out over the future impact of EMU, a scenario of across-the-board retrenchment seems most unlikely in the foreseeable future" (Bolukbasi, 2009: 528).

This tension between, normatively speaking, a positive or optimistic versus a negative or pessimistic view on the present and future of welfare entitlements and provisions has been carried over into the current assessment of welfare development. At first sight it may seem surprising that social scientists can reach such fundamentally opposite conclusions, but the confusion is largely based on imprecise definitions of time, space and context. One of the important lessons learnt from welfare state development hitherto is that "there is no such thing as *the* welfare state" (Arts, 2013: 20). Welfare states come in plural even when they cluster around four or five regime types; thus being accurate about which spatial entity is being analyzed is vital. Equally important is being precise about what time frame is being investigated (short- or long-term, crisis or prosperity, 1980s or 2000s, etc.). Furthermore, different sectors may develop differently, thus it is paramount to specify which policies and policy instruments are viewed. Finally, there are often great differences between what is being said and what is being done, so being precise about whether policy documents and other input variables are analyzed, or whether outcome variables are being considered, can point in different directions.

Analyzing European welfare states during globalization until the current Great Recession (i.e. from the mid-1970s to the late 2000s), we found that neoliberal rhetoric dominated the political discourse especially during the 1980s and 1990s, the period by some labeled a time of uncertainty and challenge (Taylor-Gooby, 2008), but faded during the 2000s to give way for a new welfare state settlement around productivist welfare arrangements labeled the social investment state. Hence, overall, the way welfare was talked about varied greatly during the 1980s and 1990s where it was seen as a burden on the economy, and during the 2000s where welfare is seen as a necessity for the economy. Most recent data on European citizens' attitudes towards welfare policies and support for the poor strengthen this picture, because "social policy seems to be on solid ground, and citizens' satisfaction does not erode the welfare-state's attitudinal base" (Toikko and Rantanen, 2015: 38).

Europe in the Great Recession

Considering the most recent development, all European welfare regimes met the 2008 financial crisis – the Great Recession – with traditional Keynesian means leading to an expansion of welfare expenditure as already mentioned. Taking the whole of the OECD-area into consideration the trend is the same: before the crisis (2005) total public social expenditure in OECD stood at 19 percent of GDP, but since 2009 it has increased to 22 percent (OECD, 2015). Every year during the crisis absolute expenditure measured as per capita expenditure in US$ PPP has increased; in 2005 the average for OECD was 6.022 and it increased to 6.856 in 2011 (OECD, 2015). There are, however some indications pointing to a shift towards a less expansive policy in order to accommodate strict fiscal discipline from 2011 and onward especially in the hardest hit countries like Greece and Spain.

Equally important we should recall that "whatever caused the public debt crisis in the South, it was not welfare profligacy," as Göran Therborn reminded us (Therborn, 2013: 472). Or, as expressed by another observer: "After all, it is not the European social model in its different national incarnations that has brought Europe close to bankruptcy" (Tsoukalis, 2012: 48). Yet, "political discourse calling for the reduction of public spending, and the implementation of strict austerity measures in Southern Europe, openly recommended the reduction of social rights and welfare entitlements" (Marí-Close and Moreno-Fuentes, 2013: 486). What is characteristic of the South European welfare state is its bias towards protection the elder population ("the strong age-bias orientation of social policies," Marí-Close and Moreno-Fuentes, 2013: 479), because they have all "significantly reduced poverty among the retired" but "minimum income systems was not able effectively to confront poverty risk before the crisis, and much less, during it" (Gutiérrez, 2014: 389–390). Neither have they managed to establish social care services which would enable women both to have children and pursue a labor market career, and they are therefore still trapped in a low fertility equilibrium, because women choose careers over motherhood.

Another subregion anticipated to have gone or stayed neoliberal was Eastern and Central Europe, yet that has not happened; instead a diverse development has occurred where the Baltic states and Romania and Bulgaria are characterized by high inequality, low social expenditure and modest degrees of social inclusion, while the Visegrad countries score quite high on these indicators (Adascalitei, 2012: 62). But, in general the whole region performed quite well in comparison to other regions at the same level of economic development (Haggard and Kaufman, 2008), and they have preserved a strong element of social citizenship rights over from the socialist legacy (Inglot, 2008). So, despite the diversity

> there is some consensus in the literature that post-socialist countries have, by and large, exhibited a range of commonalities in the way in which social policy transformations took place, amounting – overall – to the residualization of underfinanced and institutionally fragmented, but universalist welfare states.
>
> *(Polese et al., 2014: 186)*

Turning to the liberal welfare regimes in the OECD-area the development in the UK since the 2010 election which brought to power a coalition government where the Conservative party had the upper hand could have been a showcase for neoliberal retrenchment if political statements were taken for granted. Perhaps the most confusing thing about assessing welfare development in current societies is the marked difference between rhetoric, which stipulates privatization, contracting out, retrenchment and cutbacks, and actual policy development indicating continuation and consolidation more than radical changes and reductions. Analyzing the attempt of the Coalition government 2010–2015 to roll back the state, both John Hills (2011) and Peter Taylor-Gooby (2012: 78) found that it is unlikely that the coalition will succeed. So, rather than change, continuation can be observed, as when Hills (2011: 606) wrote: "Looking back over the last thirty years, the scale of welfare activity in the UK has greatly increased, but shape of its architecture has changed relatively little."

In a detailed analysis of how the Scandinavian countries reacted to the current crisis, we showed that all of the countries used it as a pretext for shaping up the welfare state, momentarily expand coverage and period of receiving help, particularly regarding families and the elder population. The crisis has meant a consolidation and expansion of welfare entitlements and provision with the important exception of unemployment and social assistance benefits (Abrahamson, 2012, 2015).

Generally, European reactions to the crisis can be characterized as liberal Keynesianism as opposed to (traditional) social Keynesianism. By the former is meant "combining tax cuts and some spending increases with monetary easing, while resisting protectionist measures" (Pontusson and Raess, 2012: 14). This is in contrast to "the early phase of the crisis [which] proved to be a Keynesian moment" (Ladi and Tsarouhas, 2014: 173). There is a widespread agreement in the literature that

> initially the European welfare states indeed mitigated the worst effects of the economic downturn that started in 2008 . . . However, the situation changed in the second phase of the crisis, when a number of European governments turned from deficit-spending to austerity . . . The cuts were particularly severe in those countries that were hit hardest by the crisis . . . Measures included the reduction in unemployment pay and social assistance as well as cuts in care, sickness, and housing benefits.
>
> *(Hermann, 2015: 83)*

A study particularly on minimum income provisions by Marchal, Marx and Mechelen (2014) confirms this picture with two important nuances. During the first phase of crisis management some governments tried to boost the income package of those relying on social assistance, but this was mainly achieved through "hikes in child-related benefits." Furthermore, in some countries "activation efforts aimed at minimum income recipients were intensified" (Marchal *et al.*, 2014: 263). Another comparative study showed a "contractarian understanding of fairness, particularly in restricting eligibility to unemployment benefits and increasing sanctions to sharpen focus on the responsibilities of social citizenship" (Windebank and Whitworth, 2014: 100).

Towards the social investment state

A convincing part of the literature sums up the development in the OECD-area as the development of the social investment state. According to Keersbergen and Hemerijck (2012: 478) "the novelty of the new approach lies in the combination of investment in human capital and stronger work incentives." This is also true for the otherwise liberal welfare state of the US. It has performed an expansionary policy in the welfare area including establishing something bordering on a public, "universal" health care system. Measured conventionally as public expenditure as share of GDP the US still trails the OECD-average by 3 percentage points (19 vs. 22); but measured as net public expenditure the US is among the highest spenders in the world, with 29 percent of GDP devoted to social protection, compared to the OECD average of 22 percent (OECD, 2015).

One negative consequence of the crisis has been an increase in populist, nationalist and xenophobic movements across Europe (Nicolaïdis, 2012; Tsoukalis, 2012; Polyakova and Fligstein, 2013). This is a very serious and troublesome development in many respects, but from the perspective of the welfare state this development is not posing a threat, because the xenophobic political right in Europe is positioning itself to the left on the social scale and is supportive of welfare policies.

Survey data indicate that Europeans are highly supportive of their welfare states as summed up by Patrick Diamond and Guy Lodge (2014: 46): "The welfare state remains broadly popular, widely supported among a range of constituencies and classes . . . there is little appetite to move away from universal 'solidaristic' welfare systems to 'liberal' regimes largely targeted at the poor." The major problem identified is a weaker support for covering so-called new social risks compared to traditional ones. "As such the threat to social justice in Europe is not radical institutional change, but the 'frozen' welfare state landscape where resistance to change is institutionalized, and major interest groups are able to define how welfare systems operate" (Diamond and Lodge, 2014: 57). Unsurprisingly in the wake of the global recession, key principles of the welfare state such as protecting individuals from unforeseen risks and ensuring income security in old age appear to command widespread public support. Those who predicted "the end of welfare" given the realities of a post-industrial, globalized economy and a crisis in the public finances have largely been proved wrong. The welfare state in Europe remains broadly popular and widely supported among a range of constituencies and classes (Diamond and Lodge, 2013: 10).

Latin America

The 1980s, which announced the beginning of the most recent period of globalization, was across Latin America labeled the "lost decade," and it lasted well into the 1990s. It was a setback for the mostly immature welfare states in the region and it underlined Latin America as the most unequal region in the world. During the 21st century, however, things have changed decisively with significant improvements in social citizenship. As many observers have noticed: "Between 1998 and 2011, leftist presidents were elected in 11 different Latin American countries, placing two-thirds of the regional population under the authority of national governments of the Left" (Roberts, 2012: 1). Kenneth Roberts also observed that many of the governments have remained relatively cautious and orthodox in their management of macroeconomic policies, but they all have introduced or expanded redistributive social policies. Hence social expenditure more than doubled in most Latin American countries from 1995 to 2012 in absolute terms, and relatively it increased from 15 percent of GDP in 1995 to 19 percent in 2013 (ECLAC, 2014). The combined effect of rising incomes and increased social protection have resulted in a reduction of poverty in the region from 42 percent in 2000 to 25 percent in 2012, calculated as those living on less than US$4 a day (UNDP, 2014: 2). A similar trend is found when the Economic Commission for Latin America and the Caribbean calculated the national poverty rates for the region: in 1980, 42 percent of the region's residents were poor; this increased to 48 percent at the end of the lost decade, but it gradually fell to 28 percent by 2013 (ECLAC, 2015).

Like other regions the averages mask considerable dispersion among the states, and the literature identifies three different versions of the Latin American welfare regime similar to Esping-Andersen's *Three Worlds of Welfare Capitalism* (1990). Juliana Franzoni Martinez (2007) distinguishes between *state protectionist* (Brazil, Costa Rica, Cuba, Mexico, Panama, Uruguay, Venezuela), *state productivist* (Argentina, Chile) and *familistic* (Bolivia, El Salvador, Honduras, Guatemala, Nicaragua) welfare states. Scholars affiliated with ECLAC have calculated what they consider welfare gaps, as listed in Table 3.3.

Severe welfare gaps are concentrated among the familistic welfare states in the region, even when some of the countries, noticeably Bolivia, have made enormous progress by reducing poverty from nearly two-thirds of the population in 1997 (62%) to a little more than one-third (36%) in 2013 (ECLAC, 2015).

Table 3.3 Latin American states according to degree of welfare gap (2012)

Severe Gaps	*Moderate Gaps*	*Small Gaps*
Bolivia, El Salvador, Honduras, Guatemala, Nicaragua, Paraguay	Colombia, Ecuador, Mexico, Peru, Dominican Republic	Argentina, Brazil, Costa Rica, Chile, Panama, Uruguay, Venezuela

Source: Cecchini, Filgueira and Robles (2014: 21–23).

As of today all states in the region declare themselves welfare states, but for some of them, this is a relatively new label. Countries such as Bolivia, Ecuador, El Salvador, Honduras and Guatemala have been labeled exclusionary welfare states, where a small privileged part of the population had access to social protection, and Fernando Filgueira (2007: 156) holds that "most of these countries do not in reality have a social state or a state for that matter until the 1970s, but rather a coercive apparatus servicing the privileged." This is different today, where these states in the familist cluster spend between 8 and 12 percent of GDP on social protection. Like everywhere else, trends are not uniform for different sectors of policies and risks, but the general trend does point to wider coverage both of risk groups and of people.

State protectionist welfarism

Considering the state protectionist cluster most countries have obtained universal coverage regarding health care, and it is anticipated that the whole region will allow universal health care access for all citizens soon (Atun, 2014: 14). Basic education has universal coverage in the whole region, but like health care, out-of-pocket expenses apply. The state protectionist group also expands higher education (Pribble, 2014). Regarding pensions, nearly 90 percent of the populations were covered in Brazil and Uruguay already in 2009; about 60 percent were covered in Costa Rica, and in Mexico and Panama about 50 percent were covered (ECLAC, 2011). While there is still a way to go to obtain full universal coverage, it is very much due to the fact that even within this cluster of the most advanced Latin American states, a considerable share of the population is still working in the informal sector. In 2011 that was the case for 25 percent of the population in Uruguay (Grassi, 2014: 124). Going beyond the three pillars of the social investment state (education, health care, basic social security, i.e. pensions) public care policies are under-developed and they operate in a "weak institutional framework." Costa Rica and Uruguay are highlighted for their (new) focus on care for dependent people, but overall, commitments are more programmatic than real (ECLAC, 2012: 218–219).

Estimating outcomes this cluster of countries has experienced a decrease in inequality from 1990, when it ranged in terms of the Gini index of income distribution from 0.63 to 0.44, to 2013 where the range was 0.55–0.38, and poverty rates in Costa Rica and Uruguay are comparable with European values (18% and 6%). On the average, poverty within this cluster was 35 percent in 1990, and it has dropped to 22 percent in 2013 (ECLAC, 2015).

State productivist welfarism

Turning to the state productivist cluster of the Latin American welfare regime, we find that in Argentina, Chile, Colombia and Peru there is now a high coverage of access to health care, but it is segmented along occupation and there is a considerable co-payment (Atun, 2014: 14). Regarding pensions at least 85 percent of Chileans and Argentineans are included, compared to about 30 percent in Colombia, Ecuador and Peru (ECLAC, 2011). The most impressive progress is found in the area of poverty reduction, where the establishment of the so-called conditional cash transfer schemes is a dominant Latin American feature. Social assistance is given under conditions usually tied to health or education: Help can be conditioned on children attending school, or pregnant women having regular checkups. Such programs reach 25 percent of the population in Colombia, 44 percent in Ecuador and 22 percent in the Dominican Republic (Cecchini and Martinez, 2011; see Aspalter, 2016).

Measured in relative terms, social protection expenditure has increased significantly during the most recent period among this group of countries. For instance Ecuador doubled its performance from 4 to 8 percent of GDP devoted to social welfare, and the richer countries such as Argentina and Chile now spend 28 and 15 percent of their GDP on social protection, respectively. Viewed in absolute terms, as expenditure per capita, all the countries in this cluster have doubled or tripled their social expenditure from 1991 to 2012. For instance, expenditure increased from US$728 to US$1,614 at fixed prices, and in the Dominican Republic the development was even more pronounced, but starting from a much lower-level expenditure rose from US$66 to US$243. There are, thus, huge differences among the countries but the trend is uniform: a much stronger emphasis on social protection in general, and especially on conditional cash transfer systems.

Consequently, poverty rates have been reduced drastically, and the levels in for instance Argentina and Chile are now comparable to those of Europe, with 5 and 8 percent of the populations respectively living in poverty and very few living in extreme poverty. Regarding the other countries poverty ranges from 25 to 40 percent in 2013, but in 1990 the range was 50–60 percent, so the share of the poor population has nearly been halved, which is quite impressive. However, the reduction in poverty has not spilled over to decreases in inequality since the Gini (of income distribution) varied from 0.44 to 0.54 in 2013, and in 1990 it was 0.46–0.55 (ECLAC, 2015).

Familistic welfarism

Regarding the familistic welfare regime, universalization of health care has some way to go. For instance in Bolivia there is still a very segmented and uncoordinated system, which has resulted in one of the lowest coverage rates in the region. So, at least until the mid-2000s most of the indigenous and rural population was not covered, because this is linked to formal employment, and these people mostly work informally (Mesa-Lago, 2007: 198). Guatemala, Haiti, Honduras and Paraguay all have a public pension system, but parallel to health care it is linked to formal labor market performance. Therefore, coverage has been low in these countries as it has been for Bolivia, El Salvador and Nicaragua (under 20%), but in 2007 Bolivia introduced the so-called *Renta Dignidad* (dignified pension), which is a non-contributory universal entitlement to everybody 60 years and older (Riggirozzi, 2010: 74), and at time of writing (Spring 2015) in La Paz enormous billboards announce that *La Rentaes un Derecho* ("Pension is a right"). There has also been an increase in health care services as a result of the proliferation of conditional cash transfers which, in the case of Bolivia in 2010, included 18 percent of the population. In Guatemala, one of the countries that historically has prioritized social protection the least, the conditional cash transfer systems (CCTs) have been expanded to include 23 percent of the population, and in the other countries within this group they reach about 10 percent (Cecchini and Martinez, 2010).

Not surprisingly, this group of countries spends the smallest share of their modest GDP on social protection in 2013, ranging from 8 to 18 percent. These are moderate rates, but they are a huge increase compared to 1990, when Jamaica topped the list with 8 percent and when El Salvador spent 3 percent ECLAC, 2015). Partly as a result hereof inequality has dropped more than 10 percent (Gini index for income distribution: from 0.53 to 0.47) from 2000 to 2013 in Bolivia, El Salvador, Honduras and Nicaragua. Guatemala remains the most unequal state in all of Latin America with a Gini of more than 60 percent, which by the UN is considered such a high level that it threatens social cohesion.

Poverty has decreased within this group of countries at it has across the whole region, and the most impressive development is that of Bolivia where nearly two-thirds of the population (64%) was poor in 2005, while this only applied to about one-third (36%) in 2013. More modestly poverty decreased from 80 percent in 2000 to 69 percent in 2013 in Honduras, the highest in the region. Hence, there is a long way to go for Central America, with the important exception of Costa Rica, because 41–69 percent of the population still lives in poverty, even when extreme poverty has been reduced substantially (ECLAC, 2015).

What can be observed for the whole region is a significant decline in inequality, and, "overall, the important contribution of social policy to the reduction in inequality through the expansion of education and public transfers is evident" (Lustig *et al.*, 2013: 138).

Scholars from Tulane University's Commitment to Equity Project confirmed the situation described and analyzed by the scholars from the Economic Commission for Latin America and the Caribbean, when they demonstrated that there is significant variation rather than a common Latin American welfare state. But they also found some common elements.

> The most progressive major tax instrument in modern fiscal systems, personal income taxes, represents a small share of total tax revenues (2.1 percent of GDP on average versus 9 percent on average for the OECD. Including all taxes and transfers, the first group of countries (Argentina, Brazil, and Uruguay) achieves a reduction of inequality between 20 and 25 percent, while a second group (Peru, Bolivia, and Mexico) reduces inequality by 7.6–16 percent. However, when we add the effect of net indirect taxes, the poverty headcount in Bolivia and Brazil is higher than it was for market income. In these two countries, consumption taxes more than wipe out the poverty reduction achieved through direct transfers.
>
> *(Lustig et al., 2014: 292; see also Lustig, 2013; Tanzi, 2013)*

Asia-Pacific

This region is the most diverse with respect to culture, geography, economic development and social protection. It comprises 35 states spreading across all economic categories: low-income, lower-middle-income, upper-middle-income and high-income states; covering the subregions of Pacific, South Asia, South East Asia, East Asia, and Central and West Asia. Each subregion shows internal differences, but more prosperous states usually also spend more on social protection, even if the relationship is far from one to one. On the contrary, particularly East Asia has demonstrated impressive economic growth for decades, while social protection expenditures have expanded at a much slower pace. Regarding the whole region OECD summed up the dispersion thus: "Public social spending in Japan, New Zealand and Australia is around 20 percent of GDP, and around 10 percent of GDP or more in Korea, the Kyrgyz Republic, Mongolia and Timor-Leste. By contrast, public spending on social protection is around 2 percent of GDP in Cambodia, Indonesia, Lao PDR and Pakistan" (OECD, 2014: 104). In comparison to Latin America, for instance, the Asia Pacific stands out as a small spender with an average of social protection expenditure reaching about 5 percent of GDP, while it was 13 percent in Latin America, which has had much smaller economic growth rates.

Social protection index

Investigating development of social protection in the region, the Asian Development Bank (ADB) constructed a so-called social protection index (SPI) for all 35 states. "The SPI is a relatively simple indicator that divides total expenditures on social protection by the total number of intended beneficiaries of all social protection programs. For assessment purposes, this ratio of expenditures to beneficiaries is compared with poverty-line expenditures" (ADB, 2013: xii):

> There is a wide range of results for the SPI across Asia and the Pacific as a whole. The SPI varies between 0.416 for Japan and 0.005 for Papua New Guinea. Thus, Japan's social protection spending represents about 42 percent of poverty-line expenditures, while Papua New Guinea's represents a mere 0.5 percent. These percentages are equivalent to 10.5 and 0.125 percent of GDP per capita. Only four countries have SPIs of 0.200 (or higher), representing 20 percent (or more) of poverty-line expenditures, or 5 percent of GDP per capita. Two of the four, Japan and the Republic of Korea, are high-income countries; the other two, Mongolia and Uzbekistan, are post-Soviet transition economies.
>
> *(ADB, 2013: xv)*

Data are from 2009 and focus on three major areas of social protection: social insurance (pensions and health care), social assistance and active labor market policies, and it is demonstrated that social insurance is the predominant form of social protection in Asia and the Pacific. Furthermore, it is also the measures with the largest depth meaning having the most generous benefits. Social assistance has a much smaller depth but a wider width, meaning it reaches many more beneficiaries. Finally, active labor market policies are the least developed sector in Asia Pacific.

> In East Asia, over 83 percent of all potential beneficiaries of social protection receive some benefits. In South Asia and the Pacific Islands, the breadth of coverage of social protection is relatively low. For example, in South Asia only about 20 percent of potential beneficiaries of social protection receive benefits, and in the Pacific Islands, only about 12 percent. Across Asia and the Pacific generally, the higher a country's GDP per capita the broader its coverage of social protection.
>
> *(ADB, 2013: xviii)*

Not surprisingly, the non-poor benefit disproportionately from social insurance, while the poor benefit mostly from social assistance. Importantly, the report identifies what it labels the "missing middle" of social protection systems: they are neither in a position to benefit from social insurance (because they are not employed in the public sector or large private sector firms) nor in a position to benefit from social assistance (because they are not regarded as poor). Viewed in a gender perspective it is clearly so that women benefit decidedly less from social insurance than from social assistance. Overall, the report concluded that there is room for improvements in the region:

> These general results suggest that many countries in Asia and the Pacific have not yet developed very extensive or advanced systems of social protection. In particular, the many countries graduating to middle-income status in the last decade or so have not correspondingly developed their social protection systems, and the record of upper-middle-income countries does not appear to be much different from that of lower-middle-income countries. Most post-Soviet transition economies seem to perform better than other countries but this might be attributable primarily to their pre-1990s historical context.
>
> *(ADB, 2013: 24)*

Focusing on East Asia: latecomers and small spenders

From a scholarly perspective the subregion that has attracted most attention is East Asia, which, particularly by Western scholars or observers from the global north, has been considered comprising a distinct welfare regime. Early on it was referred to as a Confucian model, emphasizing familialism and filial piety under normal circumstances, but where the Prince resumes responsibility in cases of orphans, widows, persons with a handicap, the ill and the childless. More recently this perspective has been criticized for being overtly generalizing and culturalizing, and instead different labels such as oriental, Pacific, Pacific American, productivist, developmental, informal or hybrid have been applied. Geographical focus has also changed over time. To begin with analyses concentrated on Japan, later the "four tiger economies with a dragon head" (Castells, 1992) – South Korea, Hong Kong, Taiwan and Singapore – became the academic focal point; and more recently, analyses of Mainland China and some of the South East Asian states like the Philippines, Malaysia and Thailand have appeared. Many have referred to the apparent paradox of East Asia being at the same time characterized by low levels of social expenditure and high life expectancy and relatively few poor. In order to reduce complexity, the remainder of the discussion here will narrow in on East Asia as the most advanced subregion.

One thing that East Asia demonstrates is that a comprehensive commitment to social citizenship does "not" follow automatically from development and modernization. This subregion has seen the most rapid economic growth ever obtained, simultaneously with a very modest social protection system. This has led some scholars to define the East Asian welfare model as productivist; seeing it as an adjunct to the economy or subsumed by it. That is, the purpose of welfare policies was to underpin a particular economic system, rather than response to peoples' social needs and risks (Holiday, 2000). Somewhat parallel to this view, others have suggested to label the welfare regime developmental (Kwon, 2005), again suggesting that social policies are subordinated to an economic development imperative.

Others have indicated that focusing on low social protection expenditure is a backward looking perspective (Haggard, 2005) which can be illustrated with reference to Japan, for instance, which spent 24 percent of GDP on welfare policies in 2012, similar to European states, and South Korea and Taiwan spent about 10 percent, which is the same as Chile and Mexico, for instance. Having said that, it is remarkable that the two city states, Hong Kong and Singapore, with a GDP per capita of US$53,000 and US$79,000 respectively, only spent respectively 5 percent and 3 percent on social protection. As already mentioned, less developed countries in the region like China, Malaysia and Thailand also spent one-digit figures on social protection in 2012 (3–7%); but it is worth recording that when comparing 2012 to 1990, social protection expenditure expanded relative to GDP five times in Thailand, three times in South Korea and double that of Japan and Singapore, at the same time as the countries had at their disposal an ever-increasing GDP year by year. Hence the relative growth masks a substantially higher growth in absolute terms as social expenditure per capita. As first pointed out by Stein Kuhnle and Sven Hort (2000), what characterizes East Asia is that the states in this region developed their welfare systems late in chronological time, but early in developmental time. This was confirmed by the OECD-study reminding us that presently East Asia is where Europe was in the 1960s, and it took Europe about 100 years to get to that level, while in East Asia it only took about 50 years (OECD, 2014).

Rapid societal changes

Earlier assessments of social protection in East Asia have pointed to elements that we recognize from Latin America like the high degree of informal work, particularly regarding women and the unskilled, and the absence of collective care services concerning persons with a handicap, children and the elder population. In both regions welfare systems focus on education, pensions and health care. This has led to the characterization of both welfare regimes as informal care regimes (Abrahamson, 2011) or informal security (Barrientos, 2004); this is indeed an issue, but it is now on the political agenda, and the most advanced states have already introduced child and elder care. For instance, Japan introduced the so-called Gold and Angel plans for children and the elder population during the 1990s as a reaction to the "graying" of society, and in its own understanding Japan has considered itself a welfare state since 1973 (MHW, 1999). South Korea and Taiwan have followed suit during the 2000s and in all three countries these new policies were a reaction to fundamental changes in society.

First the lifetime employment scenario, where male workers were associated with the same company the whole working life and where they and their families enjoyed a number of welfare benefits including vacation homes and housing in exchange for a high degree of loyalty. In Japan the phenomenon was called *kigyochusinchugi*, which literally means "corporate centrism," and according to Ito Peng (2000: 88) this was equivalent to the social contract in Europe in the post-World War II period. A similar role was taken in Korea by the so-called *Chaebols* – big capitalist conglomerates, often controlled by one family. This situation of lifelong employment is, however, in the process of being phased out, together with another traditional institution, namely the three-generation family household.

In this the different generations could reciprocate help and care, but that is no longer possible when they are separated by long distances because of migration to the cities. Hence, since the 2000s only a minority of the populations in the region live in three-generation households. This has put age-old traditions of care under tremendous pressure because it is no longer possible for grandparents to care for their grandchildren or for adult children to care for their frail elder population. This situation is being challenged by declining fertility which either results from a deliberate one-child policy, as is the case in China, or from women pursuing careers on the basis of high educational achievements, but finding it close to impossible to be responsible for children at the same time, because they receive no collective help. This has resulted in the lowest absolute fertility rates in the world; depending on the source it ranges between 0.8 and 1.4 children per women in most of the countries in the region (ADB, 2014). In China these demographical changes are schematized as the 4–2–1 family structure, indicating that the one child can foresee having responsibility for two parents and four grandparents. This has already proven an enormous challenge, and governments have started introducing, albeit inadequate, public care.

Developmental welfarism

Huck-Ju Kwon (1998) has suggested the East Asian welfare regime which he labeled developmental is divided into a selective and an inclusive variant. Common for them is that the role of the state predominantly is that of regulator rather than facilitator, and there has been an absence of trade union and social democratic influence. The inclusive regime refers to Japan, Korea and Taiwan, which are the countries that were the first ones to introduce basic security regarding pensions, health care and education. Hence, pension coverage in Japan in 2012 was 95 and 80 percent in Korea (ADB, 2014; OECD, 2014). As already mentioned, Japan has introduced some child and elder care and the other countries are developing similar services. They are, however, seriously inadequate, and those who can afford it are importing domestic help from the surrounding poorer countries to solve the problem on a private basis.

Reconciling work and family life – the work-life balance – has become a serious challenge because there still exists a strong expectation that grown-up children will take care of their old folks. Women throughout the region have reacted by having one child relatively late in life, or by not having children at all and instead pursue a labor market career. In Korea this has resulted in a situation where every tenth marriage is with a foreigner (Statistics Korea, 2015), because highly educated and emancipated Korean women refuse traditional Korean men, who then import mail order brides from South East Asia and Mainland China, who are seemingly more willing to accept a traditional division of labor within the family. This group of countries is the most advanced in the world when it comes to technology and civilization with one important exception: equality of the sexes. Generally, women are better educated than men, but they are subject to significant discrimination in the labor market and they are nearly absent in the political arena, and they are expected to live up to the Confucian dictum regarding caring and honoring for family members. Otherwise, income inequality is moderate with an income distribution Gini of 0.31 in Korea, which is equivalent to Germany, and in Japan and Taiwan it is 0.34, similar to Southern Europe. The poverty rate of about 15 percent is also similar to Southern Europe, and the UNDP Human Development Index places these countries on the top together with the Scandinavian countries. A major reason for this is the longest life expectancies in the world, and here women are more privileged than men: 83 years for women and 80 for men in 2012 (ADB, 2014; OECD, 2014).

The selective developmental welfare regime refers to the two city states of Hong Kong and Singapore. Here social security revolves around the so-called Provident Fund (PF), which the British established in Singapore in 1955, and it was continued after independence in 1959. It is a mandatory social insurance system for all citizens in the labor market, and it covers four areas: pension, housing, health and invalidity. It is based on individual accounts with a limited public subsidy and limited redistributional effects. To begin with, contributions were moderate, but over time they have expanded to about 30 percent of wages and salaries. It covers family members too, and the housing element is central, because it enables citizens to borrow and become home owners, which has happened to a large degree. Hong Kong remained a British Crown colony until 1997 and had established various pension funds for different groups of public employees such as school teachers and administrators. In 1997 it was decided to establish the mandatory Provident Fund which started operating from 2000 and which should cover everybody. Common for both Hong Kong and Singapore is a very liberal, market-oriented welfare policy. Measured against GDP social protection expenditure is very low, respectively 5 and 3 percent. Yet, pension coverage is respectively 79 and 84 percent, but inequality is high, similar to Latin America with an income Gini of 0.54 in Hong Kong and 0.48 in Singapore. Poverty is also quite high, and recently (2013) it reached 28 percent in Singapore.

Considering the future for Asia the development in China is, of course, of utmost importance, simply because of its size. China is special with respect to having developed a dual system of social protection separating urban and rural communities by allocating different systems for each area. This system has made the *hukou*, the household registration system, completely determining, because it implies that one is only eligible for help where one is registered. In a situation with an internal migration of 250 million people each year, this creates enormous problems. Migrants are working and de facto living in big cities in the eastern and southern parts of the country, but they officially live in rural areas, and thus are not eligible for services where they are. Combined with the unintended consequences of the one-child-policy – the care deficit – strong pressure has been mounted, and the Chinese Communist Party has taken steps to develop and expand care services particularly for the elder population, although they are grossly inadequate.

With an eye to the future, it is interesting that with the five-year plan of 2009–2014 it was announced that China has decided to develop a universal social protection system (CDRF, 2012). In 2012 China spent 7 percent of its GDP on social protection, and in absolute terms expenditure has increased substantially every year. Only about one-third of Chinese are covered with pensions so far, but education and health care are universal, even when out-of-pocket payments apply. China has taken a gigantic step forward by eradicating extreme poverty, and with less than 19 percent poor, China is similar to the other states in the region. On the other hand, inequality has expanded in step with economic growth and now stands at Gini 0.42 (for income distribution) and this has been a strong motivating factor for expanding social protection since 2012 (ADB, 2014; OECD, 2014). Summing up, Gao, Yang and Li concluded that "the Chinese welfare state is likely to become more integrated, generous, and progressive in the future" (2013: 743).

Middle East and North Africa (MENA)

Like in the other regions scholarship has sought to define an overarching concept for social welfare organization in the MENA region. The welfare regime that developed during the 1950s and 1970s has been labeled "authoritarian corporatist," thereby indicating that its key objective was "nation building and consolidation" rather than responding to democratic and grassroots demands. Nevertheless, most states were able to provide free schooling, health care, subsidized grain and public utilities and pension plans for state employees. But it was limited in scope. "The main beneficiaries were the largely male employees of the public sector and their families" (Karshenas *et al.*, 2014: 727; see also Prasad, 2014). However, special to this region, subsidies on food and fuel were very important elements. For instance, in Egypt in 2007 subsidies took up 8.5 percent of GDP compared with 2.3 percent public expenditure on health, and in Syria fuel subsidies amounted to 10.3 percent of GDP while public spending on health was 2.1 percent, on par with food subsidies (El-Laithy, 2011, cited in Karshenas *et al.*, 2014). Even more than elsewhere benefits go disproportionately to the middle classes (Loewe, 2013). States in the region are not small spenders, but because of the occupational bias large groups such as agricultural workers, household and family domestic workers, and migrants are excluded from coverage (Jawad, 2015). A third element particular to this region (and large parts of sub-Saharan Africa) is the high level of conflict and militarism. Erkan Gunes and Mehmet Aysan (2014: 83) demonstrated that militarism is associated with poor welfare distribution and more generally with poor political economic outcomes. Fourth, religious non-governmental organizations (NGOs) have played and continue to play an important role in the region. For instance, in Jordan the Muslim Brotherhood has become more active than the state since 1989 in providing social welfare (Harrigan, 2009).

Also like in other regions, the regime has been differentiated to accommodate the high degree of dispersion within it. Hence, many sources rely on Blandine Destremau (2005), who suggested that four distinctly different models were at place: contributory with a wide range (Algeria, Tunisia, Egypt), contributory with limited coverage (Lebanon, Morocco, Jordan, Yemen, Syria, Sudan), category-based or paternalistic state system (Gulf countries) and generalized system of insecurity (Iraq, Palestine). Semuhi Sinanoglu (2013: 8–9), before presenting his own cluster analysis of the region, held that one of the earliest attempts to create a typology for MENA was Guy Grossman (2007), who suggested that the countries in the period from the 1950s to the 1980s fell into three groups: a redistributive-republican regime (Egypt, Tunisia, Algeria, Libya, Iraq); a residual, pluralist regime (Jordan, Lebanon, Morocco); and a distributive, oil-rich, monarchical regime (United Arab Emirates, Kuwait, Saudi Arabia, Oman, Bahrain). This is very much in line with Destremau. Based on the most recent data Sinanoglu (2013: 20), did a cluster analysis and came up with the following: protective, oil-rich regimes (Kuwait, Oman, Bahrain, Qatar); non-protective oil-rich regimes (Libya, Saudi Arabia, United Arab Emirates); corporatist regimes (Morocco, Tunisia, Algeria, Egypt, Syria, Iran, Yemen); and mixed regimes (Jordan, Lebanon, Turkey). In a single case study, Mohamed and Ezz (2014: 23) found that Egypt overlaps with the Latin American model because of its bias towards formally employed segments of the population.

Similar to other regions of the global south or developing countries, the welfare state in MENA is a moving target. The original authoritarian corporatist regimes in their different variations have been seriously challenged during globalization, and many countries liberalized their economies during the 1980s and 1990s, which led to economic growth. However, it did not trickle down to the poor and remained beneficial only for the established elite while still excluding the majority of ordinary citizens (Harrigan and El-Said, 2014: 119). They showed that growth alone is insufficient to alleviate poverty. Having said that, poverty rates in the region are relatively modest: "Income poverty in the MENA region is among the lowest in the world: it is low and declining" (Ncube *et al.*, 2013: 12). Yet, observers like the World Bank or the UNDP suggest that the region turn away from universal subsidies, which are characterized as "inefficient, and pro-rich" (Silva *et al.*, 2012: 26).

Several observers have pointed to the Arab Spring in 2011 as a new window of opportunity for changing the old social contract and exchange subsidies to the non-poor with universal services and non-contributory provisions. Hence, Naren Prasad (2014: iii) suggested that

> as a result of economic hardship, increasing repression, and lack of political space . . . the middle class eventually rejected the social contract and thus endangered political and social stability which led to the recent uprisings in the Arab region.

The World Bank summed up the current situation thus:

> An analysis of household surveys revealed that many of the poor in MENA are not reached by safety nets. The region's spending on safety nets is dominated by universal subsidies (making up, on average, 6 percent of GDP), with most of this spending going towards fuel subsidies (4.5 percent of GDP). While a SSN system based on subsidies ensures affordable access to food and fuel for all citizens and many in the region currently rely on this system to stay out of poverty, it does not promote social inclusion of the poor and vulnerable.
>
> *(WB, 2015b: 1)*

In a future perspective the region seems ripe for a radical change away from subsidies towards more universal social policies. Whether that will also happen remains to be seen.

Sub-Saharan Africa

The region in the world with the least developed systems of social protection is sub-Saharan Africa, which is reflected in the lowest share of social expenditure that has developed from 2 to 4 percent of GDP from 1990 to 2010 (ILO, 2014). On paper, nearly all states have committed themselves to provide social security in the form of old-age protection, and many have set up health care, but only for formally employed workers (Mokomane, 2013: 254). So, in reality coverage is very low; for all of Africa it was estimated to be between 22 percent and 25 percent respectively (ILO, 2014). So, "until the late 1990s, a few countries have managed to establish social security institutions covering more than a fraction of workers, largely civil servants" (Niño-Zarazúa *et al.*, 2012: 164). Zitha Mokomane echoes this judgment when stating that "social protection programs remain more the exception than the rule in the region" (2013: 255–256). There exists a high degree of diversity reflecting both different colonial legacies and different levels of economic and political development. The former has meant that what used to be French colonies, for instance West Africa, have more emphasis on family allowances than former British colonies, for instance in East Africa (Schmitt, 2015: 335). The relatively high level of economic development in Southern Africa has meant that this subregion has the highest coverage of social protection, which has also been identified as a "transposition of the European model of social assistance to South Africa" (Niño-Zarazúa *et al.*, 2012: 169). On the whole it is under-developed, however, and consequently sub-Saharan Africa "is the region in the world with the lowest access to basic social services" (Mokomane, 2013: 255).

Miguel Niño-Sarazúa *et al.* identified two models of social assistance in sub-Saharan Africa: "one model based on age-based social transfer programs dominates in the middle income countries of Southern Africa; and a second model based on social transfer programs targets extreme poverty" (2012: 164). The latter includes conditional cash transfer schemes as we know them from Latin America, and they seem to indicate a new wave of social protection substituting the otherwise preferred form of protection – emergency food aid and humanitarian responses to problems of food insecurity. A similar distinction was suggested by Frank Ellis: "self-targeted 'safety net' approach, the poverty-targeted approach and the universal provision approach" (2012: 211), where the first one equals the traditional food aid programs, the second one equals the targeted approach and the third one equals the age-based social transfer programs.

In sub-Saharan Africa it has been more difficult than anywhere else to get social protection onto the political agenda. If this trend is not reversed, the future of social protection looks bleak in the region. We expect conditions to improve across the region, but within the next 30 years it is only Southern Africa that is expected to have developed considerable coverage regarding health care and old-age security. Areas such as family allowances and unemployment benefits are expected to remain rudimentary. Hence, a full-fledged welfare state is not foreseen for most of sub-Saharan Africa in the foreseeable future.

Generalizing trends in welfare development: universalism, social investment and welfare mixes

From an ideational perspective there is a continuous and growing support for comprehensive welfare systems. People in general support the welfare state in its various forms, which is demonstrated again and again in surveys – and in most places, people are voters. It is no longer so, if it ever was, that it is only the political left that supports welfare systems, while the right suggests tax cuts and austerity. Most political parties will, ideally, support collective systems of risk insurance, and this is even more outspoken when consulting the international organizations that try and guide and influence national governments. Neoliberalism is no longer the "new black." The Washington-based international organizations gave up that perspective around 1997 and have since then promoted what can best be described as the social investment state perspective. Here the state is obliged to safeguard investment in citizens so that their human capital is sufficiently high to be able to contribute to the production in society. Welfare entitlements no longer refer to an obligation to secure everybody a life in decency free of poverty, rather the reference is to the necessity of having available a healthy, well-educated and secure workforce as an important element in staying competitive in an increasingly global economy. This is obtained through basic health care, education and social security; again, not because we love or feel sorry for the poor, but because we need good workers to keep the capitalist market economy running. A very tangible illustration of this approach is the proliferation of conditional cash transfer schemes across the regions of the world.

Other international organizations, notably the UN, go one step further and support a universal approach to welfare policies. This is clearly the case with ILO, UNDP and ECLAC. Included in their welfare strategies is an emphasis on gender equality, non-discrimination, anti-corruption, support of sustainable development in its three dimensions, and a growing focus on care deficits as a welfare issue calling for a strong support for family policies. We know that, historically, family policies are the last set of policies introduced in the welfare state. Welfare policies come in sequence, as Christopher Pierson (2005) has reminded us, starting with industrial accident insurance, followed by health care and pensions; last comes unemployment and family benefits. This sequence applies to all welfare states and indicates that an emphasis on family policy announces a mature, comprehensive welfare state, and that is exactly what these organizations promote. More generally, UN foresees a world where poverty has been eradicated and where inequality has been tamed. So, if the UN could decide the future of welfare systems it would be a bright one.

General tendencies in Europe and the OECD

Extrapolating dominating trends in welfare systems of the real world is more complex than tracing the ideational currents. In the OECD-area the liberal welfare states have behaved more social liberal than neoliberal, and the US has, finally, embarked on a road to universal health care. Furthermore, when social protection expenditure is calculated as net social expenditure, the US moves from number 23 to number five in the ranking among all OECD countries; from spending 17.4 percent of GDP to spending 27.5 percent (Adema *et al.*, 2011). Irrespective of method of calculation all OECD states have expanded their spending on social protection every year since such policies were introduced. Sometimes this has not shown up in calculations relative to GDP, but that is because the latter has grown faster than the former. The advanced welfare states in this region have consolidated their social protection efforts around 25–30 percent of their GDP, which means that in absolute terms, measured per capita, social budgets increase in tandem with growth rates every year. We have found no evidence to suggest that this development should not continue into the foreseeable future. But this general trend masks changes in the composition and organization of entitlements and provisions, supporting the insight that in order for welfare states to survive they have to change. In the European case we have observed a pluralization and a weak convergence of welfare systems, meaning that, for instance the Scandinavian regime has been inspired by the Continental one to put more emphasis on contributory elements, thus weakening universalism which is otherwise the hallmark of the Scandinavian regime. The Continental regimes, on the other hand, have been inspired by Scandinavia in their efforts to expand care services through public provision, thus weakening the contributory element, and Eastern and Southern Europe have shown a general tendency of catching up. But all these changes have taken place within a welfare mix approach where the various regimes become less distinct over time because of the pluralization of approaches within all regimes. The most dominant trend in development of welfare systems in Europe and the OECD-area has been steady growth within a framework of pluralism and flexibility, rather than austerity and cutbacks. Particularly regarding Europe, the European Union has adopted fair and square the social investment strategy, thus stipulating a safeguard of basic entitlements and provisions for the "active citizens."

Before this turns into a too rosy picture of the future, it is important to add to these general trends other tendencies that point in different directions. The policies that have been safeguarded are those who cater to middle-class family and core workers, while policies targeting the marginalized have been cut in many places. Hence, immigrants, refugees, youth, some women, and unskilled segments of European welfare states have seen their living conditions deteriorating because of insufficient public support. Thus another general tendency has been a dualization of welfare states into a comprehensive contribution- and rights-based system of entitlements for the middle classes and other well-integrated citizens on the one hand, and on the other hand a selective, means-tested and lean system of social control policies towards the marginalized with an emphasis on mandatory labor market activation. Thus the future welfare state system in Europe is one of fairly generous and very comprehensive entitlements providing risk management for the integrated middle classes together with policies that act as social control of the poor and marginalized. Richard Titmuss's (1971) dictum that "services for the poor tend to be poor services" is expected also to be valid in the future.

General tendencies in Latin America

Had this exercise on telling the future been carried out 15 years ago considering data from 1980 to 1995 in Latin America, the extrapolated tendencies would have been very gloomy. However, as is also the case for Asia-Pacific, in this region the welfare state is a moving target, and what we saw analyzing the period from the 1990s and till now was one of introduction and expansion of entitlements and provisions together with a substantial reduction of poverty and a consolidation of inequality. Chile and Mexico are already members of OECD, Costa Rica and Colombia are in the process of accession, and Brazil is associated in a partnership suggesting that at least parts of Latin America will follow general trends within OECD. The regional UN organizations, particularly ECLAC, are strongly promoting universalization of welfare systems, and the general trend in the whole region is one of expansion and consolidation of welfare systems rather than one of rolling and cutting back.

Yet, diversity is huge in Latin America and the poorer familistic welfare states still have a long way to go before social citizenship is exercised as a right for everyone. The major problem being that social insurance entitlements are connected to formal labor market participation, which in reality excludes most of the rural and much of the female population. The question of informality also applies to the more developed state productivist welfare regimes in the region, while some of the state protectionist regimes (Argentina, Chile and Uruguay for instance) have facilitated social insurance for domestic workers, a huge otherwise unregulated female dominated sector across Latin America. Breaking the dominance of informality is also the continuous expansion of conditional cash transfer schemes which are women oriented and focus on the core elements of the social investment strategy: health care and education.

Perhaps the most serious question with respect to the welfare of citizens is the consolidation and expansion of inequality which has been a dominant trend across the globe. The good news is that Latin America is the only region where there has been a fall in resource inequality, from income Gini 0.533 in 2005 to 0.497 in 2012, but the bad news is that Latin America is still the most unequal region in the world, and a number of countries have income Ginis above the already very high average of 0.5 such as Chile, Colombia, the Dominican Republic and Paraguay. What the future has in store for Latin Americans also depends on how tax systems are expected to evolve. If the countries in the region are to increase universal welfare systems they are bound to raise more public revenues. This may happen. From 1990 to 2009 the average taxation rate in the region increased from 14 to 19 percent of GDP, but when disaggregated it was the categories of personal income and capital gains and VAT that contributed to the increase, other tax sources remained the same or shrank. We can then expect taxes to continue to be regressive in Latin America contributing to higher revenues but also to maintenance of high levels of inequality.

Regarding care deficits and women Latin American future looks less bright. Rights of women and their equal treatment are challenged by the persistence of a culture of machismo. There are signs of change facilitated by for instance a low-fertility equilibrium among middle-class women in the more advanced states exercising pressure on their states to provide public care arrangements, but it is anybody's guess how far that will take Latin America towards profound changes.

One more thing to consider is the future influence of regional organizations. Overall, we subscribe to the idea that globalization, to a very large degree, shows itself in the form of regionalization. Most exchanges and communication take place within regions, rather than between regions. The European Union is the most advanced regional organization today and it has been seen as a role model for regional integration, securing peace, security and prosperity. As demonstrated Latin America has a host of regional organizations all committed to safeguarding and improving the welfare of all citizens in the region. If these organizations are granted more sovereignty and decision making capacities in the future, it is good news for people in the region. That, however, remains to be seen.

General tendencies in the Asia-Pacific

For the poorer parts of the Asia-Pacific region we anticipate a slow improvement in social citizenship rights. Unlike OECD and Latin America, there is no long historical tradition for public welfare policies, and the region has demonstrated that it can develop fairly harmonious and prosperous societies without huge welfare budgets. In the more advanced parts of the region, particularly in East Asia, there are mounting pressures for enhancing both traditional social security arrangements and new care services, and the extremely low fertility rates in those subregions already exercise a huge pressure for collectivizing care services. But we also anticipate that the productivist orientation of welfare policies will be continued, indicating a limited scope for universal policies. Rather expansion is expected within the traditional social insurance systems of contributory health care and pension systems.

One element of earlier achievements is expected to be continued and that is the comprehensive emphasis on education now being supplemented with an aim towards innovation. Part of Asia's economic prosperity is explained by the existence of a well-educated workforce.

The decisive role of the extended family is also under pressure because of internal migration and dissolution of the three-generation household. Yet, we expect family ties to be very important for the welfare of the individual in the foreseeable future, and the argument is based on an assumption of the stickiness of culture. Throughout the region the family has been the central pillar of community for thousands of years as expressed through dominating religion and politics. Intergenerational transfers are expected also in the immediate future to be of outmost importance for the well-being of Asians.

What we labeled the inclusive developmental welfare regime is the one we expect to maintain expenditure levels on par with similar OECD countries and expanding them relatively in the short run and absolutely also in the long run. Differently with the selective developmental welfare regimes, they are expected to continue on a dual structure with adequate protection for formally employed citizens, and very limited provision and no entitlements for the marginalized people and migrants.

Whatever is going to happen in the region in the future very much depends on what will happen in China. On the one hand, China has committed itself to developing a universal welfare system. On the other hand, it has developed a dual system with different levels of generosity for urban and rural citizens respectively, and all major systems are built on contributions from labor market actors. We expect the reality of differentiated contributory systems to dominate in the foreseeable future, rather than the idea of a universal welfare state. The *hukou* system is under tremendous pressure and we expect social protection for migrants to be implemented in the foreseeable future. We also anticipate mounting pressure from modern urban nuclear families resulting in some coverage of public collective care services for children, the elder population and persons with handicaps. Currently, hardly any public services exist to help parents coping with the issue of caring for a child with a handicap – a situation China shares with its neighbors in the region – and services for frail elder population and preschool children are grossly inadequate. They will also be in the immediate future, but less so.

The strongest motivating factor for the Chinese Communist Party's commitment to welfare state development was the rapid increase in resource inequality that followed from opening up the economy since the late 1970s. Apart from the city states of Hong Kong and Singapore that have the highest Ginis in the whole region – 0.54 and 0.48 respectively – China is with an income Gini of 0.42 the fourth most unequal state in the region, surpassed only by Malaysia, the Philippines and Fiji, and quite some way from the average of 0.36. There is no indication that inequalities will diminish by themselves, and we expect this to continue to apply a pressure on Chinese authorities towards strengthening the welfare system.

Like the other regions, the Asia-Pacific is encapsulated in regional organizations of cooperation and integration. We foresee these institutions to grow in importance in the region, and to the extent that cooperation revolves around free trade agreements that will spill over into enhanced labor rights, as we have seen in the immediate past elsewhere.

General tendencies in North Africa, the Middle East and sub-Saharan Africa

The MENA region is on the one hand one with low levels of poverty and relatively high levels of government spending. On the other hand it is a region together with sub-Saharan Africa that is most plagued with civil conflict, war and personal insecurity. Generally, crises have proven supportive of expansion of social rights and social protection, while war has not. It would take radical reforms to change the precarious situation of many vulnerable groups, and there are indications that such reforms are under way, but they are preconditioned a more peaceful development with more respect for rights of women and immigrants.

Another take on differentiating the world: the BRIC countries

When generated in the early 2000s the BRIC thesis (covering the countries of Brazil, Russia, India and China) suggested that China and India will, by 2050, become the world's dominant suppliers of manufactured goods and services, respectively, while Brazil and Russia will become similarly dominant as suppliers of raw materials. Due to lower labor and production costs, many companies also cite BRIC as a source of foreign expansion opportunity, and promising economies in which to invest (IP, 2015). More recently, South Africa has joined the club, hence making it BRICS. Ian Gough has together with Göran Therborn (2010) speculated how social policies might develop in the global south to some extent drawing on a cluster analysis that Abu Sharkh and Gough (2010) did on 65 countries outside of the OECD based on 2000 data. At that time, in their analysis, the global south consisted of eight clusters: the first was labeled proto-welfare states and includes the former Soviet Union countries and the Southern Cone countries in South America; the second cluster included China and most of East Asia; South Africa was located in the fourth cluster and India in the fifth. This indicates "a highly variegated pattern of welfare and illfare systems across the global south and even among the BRICs" (Gough, 2013: 6). Gough and Therborn (2010) concluded that first, the developmental path of European welfare states is not likely to be repeated; second, the global south already has a number of social programs in place, but they have not yet coalesced into an alternative "social policy model"; and third, these programs are likely to expand, but along their own paths.

Similar conclusions were reached by Danny Pieters and Paul Schoukens (2012: 162) when they warned us that

> we must not make the mistake that the challenges being comparable, the ways to address them may be similar. . . . In the BRIC countries the main challenge consists of bringing more people under social security by transferring them from the informal to the formal sector.

Furthermore, the lack of a coherent social policy paradigm is another challenge, and it reflects the various intensions associated with welfare among this group of countries, for instance the privileging of civil servants. Internal diversity, particularly along the urban-rural divide is yet another challenge. Demographic changes in the form of new family patterns and graying of societies (in Russia, China and Brazil) and population growth (in India) must also be considered.

Gough and Therborn (2010: 714–715) summed up profound challenges to the global south in nine issues, where five of them mostly refer to sub-Saharan Africa (disease and ill-health (AIDS), malnutrition, poverty, unsustainable population growth, urban amenities including clean drinking water), while systematic discrimination of girls and women, financial dependence on rent and climate change are common, and old age are challenges mostly in China and East Asia.

Conclusion: an uneven race to the top and/or a polarized world?

To sum up: challenges are global; solutions must be local. Among the global challenges the following are the most pressing. First and foremost, all welfare state expansion hitherto has been accompanied by economic growth, but the way we have pursued the latter has led to unsustainable environments, which in itself is a threat to peoples' well-being. Hence, in the future we have to combine welfare development with sustainable growth. That may be possible. The literature to date has shown three important things with respect to welfare and growth: (rapid) economic growth does not necessarily spill over into expanded social citizenship (as demonstrated by the East Asian case); but when it does it does not threaten international competitiveness (as demonstrated by the European case); and abundant social spending does not necessarily go to the needy, but can go to the privileged (in the case of MENA). The question of resources is and remains a political question, not an economic one. So, if there is a will, there is a way. Unfortunately, despite the overall popularity of social protection among citizens as all surveys have revealed, there are social forces that actively combat social solidarity on political ideological grounds or out of misperceived egoistic behavior. A precondition for developing an elaborate welfare system seems to be a stable social contract. It was suggested that such a new social contract has come about in the OECD countries revolving around the idea of the social investment state, but in other regions, such as MENA and sub-Saharan Africa, the old social contract has been dropped, but yet without an alternative one in place.

Second, demographic developments are challenging, but in different ways in different places. In the OECD countries and the rest of East Asia the share of old citizens indicates higher expenditures on health and old-age care, which already consume the large majority of budgets everywhere. So, more resources are needed in the future. It is different in sub-Saharan Africa where population growth is still high and considered another kind of challenge.

Third, the degree of war or peace within a given territory is determining for welfare outputs, and war and peace are very unevenly distributed across the globe with sub-Saharan Africa and the MENA region the most challenged. Strongly connected to the issue of war and civil conflict is the issue of international migration, which again is either considered part of the problem, as demonstrated by current xenophobic reactions in Europe, or part of the solution to the challenge of a shrinking labor pool in the global north – an understanding promoted by for instance employers' organizations.

OECD countries are expected to continue their consolidation and absolute expansion of welfare entitlements and provisions. As regards the global south, Gough and Therborn (2010: 714) concluded:

> In central and parts of eastern Europe and parts of South America, despite serious erosion of their traditional welfare systems, we see a potential for new forms of social citizenship. In much of east and southeast Asia, much of Latin America, Iran, Turkey and possibly other parts of the MENA region, we find distinctive, different yet moderately effective informal welfare systems alongside small state sectors. In the Indian subcontinent, there is a plethora of formal and informal programmes but with little realization in terms of spending, delivery or welfare outcomes. In much of sub-Saharan Africa, what social programmes there are have been eroded and submerged beneath a rising tide of human need; this remains a zone of high insecurity and illfare.

We do not expect the whole world to turn into a copy of Scandinavia, with its universal welfare state, in the immediate future just because ECLAC or UNDP suggest so. But we are absolutely convinced that we can expect more, not less, welfare state in the future, and it will, to some extent, follow the path-dependent course of the welfare regime it belongs to. The changes that we foresee in the otherwise stipulated development are a pluralization and an individualization of social citizenship, leading to a situation where the various regimes are less different: universal regimes will apply more welfare mix solutions, making it less universal over time. Contributory labor market regimes will supplement with public services making it less social insurance-only oriented. Liberal regimes will employ more public solutions, making them less liberal, and familistic regimes will slowly but steadily evolve into a mixture of universal and contributory entitlements and provisions.

So far, the emphasis has been on extrapolating positive tendencies towards enhanced social citizenship; there are plenty of such tendencies within all of the regions of the world. There is, however, also a tendency of dualization of welfare systems where the vast majority of mainly middle-class citizens via a combination of contributory and universal entitlements is able to form very secure and safe lifestyles; but where a large minority of various marginalized groups more and more have to rely on handouts from the local state and charity from local NGOs which will not enable them to live a decent life. These spaces of marginality may take up subregional territories where the majority of people are de facto excluded from major institutions of social integration such as reasonable schooling, housing and work and living environments. This is a possibility for parts of West and South Asia, parts of sub-Saharan Africa, parts of the MENA region, parts of Latin America and parts of Central and Eastern Europe. These territories have the highest degrees of inequality and environmental problems, and the twin issues of environment and inequality are precisely the issues that cause the most alarm regarding the future. Environmental disasters and huge inequalities are exacerbated by war and conflict, which, again, are more prevalent in the indicated areas. If conditions worsen they will trigger more migration, primarily to North Western Europe and North America, which could lead to highly differentiated and segregated living spaces that are next to each other geographically, but worlds apart socially.

Future welfare state systems will be organized according to the ideas behind the social investment state taking into consideration the original welfare regime principles which an individual country or subregion belonged to. Hence, education and health care will see close to 100 percent coverage everywhere in the foreseeable future, as will be the case for very basic retirement pensions. The majority of the populations will be able to supplement public basic provisions with occupational entitlements and private insurance, but a large minority will have to rely on handouts and charities and meager public provisions conditioned on living up to the idea of the social investment state. Simply put: we expect more of the same; inequalities will persist, but poverty will be reduced.

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