

The future of the welfare state

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As the [FT reports](#) this morning:

“Two parliaments of pain” is the phrase used by the independent Institute for Fiscal Studies to describe what is in store for Britain in the years ahead.

With the next government, of whichever stripe, needing to cut nearly £37bn a year from public expenditure by 2014 just to halve the deficit, can the welfare state survive?

“Not as we know it,” says Eamonn Butler, director of the rightwing think-tank, the Adam Smith Institute.

Andrew Haldenby, director of Reform, another right-of-centre think-tank, agrees the fiscal deficit will force a reappraisal of the relationship between citizen and state. “The idea that the state can do everything, or even as much as it is doing, is just not tenable,” he says.

The FT's glee is apparent, as it is in [another article](#) when it says:

Labour has added new welfare entitlements costing more than £8bn a year since 1997, the equivalent of 2p on the basic rate of income tax, according to Financial Times research.

Winter fuel allowances, free bus passes for the elderly and Sure Start make up a lot of that — services massively appreciated by those who have them.

But you can almost sense the excitement in Reform and the ASI at the idea of rolling back the state.

The FT does provide some balance:

Some believe the problem is overstated. Julian Le Grand, professor of social policy at the London School of Economics, says: “I am not convinced about the need for massive spending cuts. As soon as economic growth resumes, a lot of the red ink will disappear. I suspect both the political and the economic reality is that after the election, somehow

the really big cuts won't happen."

Mr Butler sees this as "Micawberish — just hoping that something will turn up".

No it's not. The FT notes that research undertaken for the 2020 Public Services Trust shows the public are deeply unwilling to contemplate big changes to the boundaries of the welfare state. I have no doubt that the Tories will try to do just that if they can, alongside their plan to dismantle democracy itself, if they get the chance. But the reality is that whatever the bankers and economist form the Right say, who currently completely dominate this debate, society will not tolerate this. The backlash will be almighty when anyone tries to introduce these cuts. They just will not happen. People will not, in this country, at this time of massive national prosperity for most (and don't deny it — as a country we are prosperous) see the safety nets that have allowed that prosperity to be created be dismantled by a minority for the benefit of fewer still.

There will be [resort to tax reform](#). I guarantee it.

And there will be dramatic social change. I can't predict precisely what yet. It would be foolish to say I could. But it is perfectly obvious that retrenchment to the ludicrous ideas of Victorian style philanthropy — the Tory response — makes no sense at all, and equally it makes no sense to presume the status quo will be maintained when that was built on the basis of unsustainable neo-liberal economics.

What we will develop will be a new social paradigm. An aging population. Unsustainable resource use. Oil being priced out of the market. And much more will guarantee it.

And we won't go backwards.

Of that I am also sure. People will not tolerate it.