Beveridge 2.0: Sustainable Societies and the Welfare State

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Divided societies and social sustainability

We live in increasingly divided societies where the social contracts that bind us are fraying. One of the reasons is globalisation which has intensified competitive pressures. Another is technology which has increased the returns to highly skilled labour, thereby exacerbating inequality. Technology has also transformed our awareness of what is happening around the world and the way we communicate and organize ourselves socially and politically, sometimes in a way that builds social cohesion, but often in ways that divide. The consequence of this is that social sustainability, which I will define as a society's internal cohesion and ability to hold together over time, is in jeopardy.

How do we overcome these divisions? I believe part of the answer lies in rethinking the systems that bind society together and looks after those who are adversely affected by structural changes in our economies. Since the beginning of human existence, societies have had mechanisms for looking after the young and the old, for spreading income over the life cycle, and for looking after those who have fallen on hard times. It has always been some combination of family, community organisations, the market and the state. Those four elements tend to vary across countries and time. More traditional societies tend to rely more on family and community organisations, including religious ones. More advanced economies tend to assign a greater role for the state and the market.

Part of the reason these systems are no longer working is because they are under new and intense pressures. Ageing means that the cost of looking after the old has risen, both in terms of pensions and the higher costs of advanced medical technologies that prolong life. More specialised economies, the need for higher levels of education and training as well as unaffordable housing mean that adolescence is prolonged and young people need to be supported by families for even longer. Technology and automation are destroying and creating jobs faster than some workers can adapt and this will only increase over time as the effects of the digital revolution are felt more widely. In most countries, fiscal space to address these issues has diminished as debt levels have risen, particularly after the financial crisis of 2008. And rising inequality within societies and across generations has created tensions that spill over into political discontent and a rise in populism.

The strains on social sustainability are partly addressed by what we sometimes call "the welfare state" (or the social safety net or social insurance). In most advanced economies, the current welfare systems are under serious pressure because of ageing and the massive fiscal costs of the 2008 financial crisis. Most developing countries are building systems which will have to cope with a pace of technological change and ageing that is far faster than earlier generations. Arguably, we have done a poor job of managing the social consequences of globalisation and technological change in recent decades. We now have a chance to put in place something better – but this requires serious research and public debate to create something suited to the demands of the twenty-first century.

To do this, the LSE is launching today a research agenda we are calling "Beveridge 2.0" that coincides with the 75th anniversary of the Beveridge Report which laid the foundations for the welfare state in the UK, including the founding of the National Health Service, improvements to social insurance, pensions, and education. On 30 November seventy-five years ago, there were queues forming on Kingsway just around the corner to buy a 300 page highly technical report with the not-so-gripping name of "Social Insurance and Allied Services." It was a bestseller selling 600,000 copies, more than any government report at the time and for 20 years thereafter. It was written by one of my distinguished predecessors, Sir William Beveridge, who according to Ralf Dahrendorf (another of my distinguished predecessors) "…was the greatest Director of LSE…He transformed a flimsy semi-academic institution geared to part-time teaching…into a modern research university…he put the School on the map, in London, Britain, and the world, among scholars, public servants, and business people."[1]

LSE has always been at the centre of debates about the role of the state in society and is arguably the best place in the world to find the answers to these new challenges. And while the UK has been at the forefront of thinking about welfare reform, every country in the world today is debating these issues and so our perspective should be global, as in everything we do at LSE. There are also new issues which Beveridge did not consider — mental health and well being, gender inequality and human rights — which need to be considered in a welfare state fit for the 21st century.

A bit of History — Bismarck, Beveridge and Beyond

There is a vast history on welfare and social insurance which I will not attempt to summarise here. Most start with Bismarck who created the first compulsory insurance scheme for pensions and sickness in 1889. He introduced a retirement aged of 70 which, given life expectancy at retirement at the time, meant the state would provide a pension for 7 years.[2] The German retirement age was lowered to 65 in 1916, which today translates into the state paying a pension for about 20 years.[3] In the UK, the first person to call for a National Health Service was actually Beatrice Webb, one of the founders of LSE, in her Royal Commission on the Poor Law in 1909. But Beveridge is credited with the first comprehensive blueprint to design a welfare state that would meet the needs of citizens "from cradle to grave."[4] Vanquishing the five giants of squalor, ignorance, want, idleness, and disease provided the basis for a plan based on flat rate contributions to provide universal benefits.

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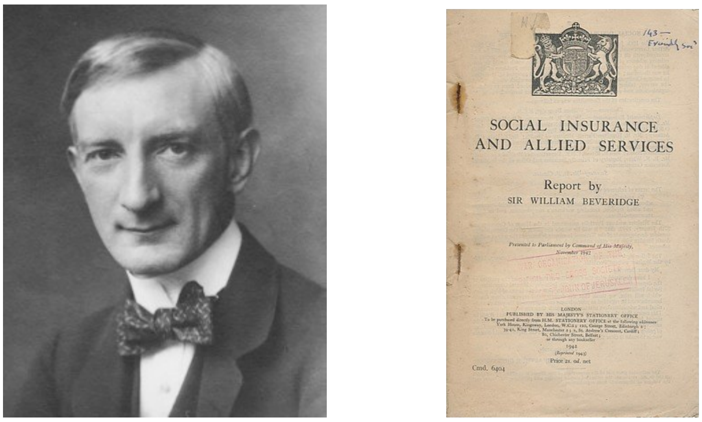
[1] Dahrendorf, Ralf (1995). A History of the London School of Economics and Political Science, Oxford: Oxford University Press, p. 327.

[2] Note life expectancy in Bavaria at the time was 37.7 for men and 41.4 for women, largely because of high rates of child mortality.

[3] Kohl (1987), Retirement and the Moral Economy: An Historical Interpretation of the German Case," Journal of Ageing Studies.

[4] The best summary of Beveridge's achievements is Timmons, Nicholas (2017), The Five Giants: A Biography of the Welfare State, London: Harper Collins.

Figure 1: Sir William Beveridge and his report

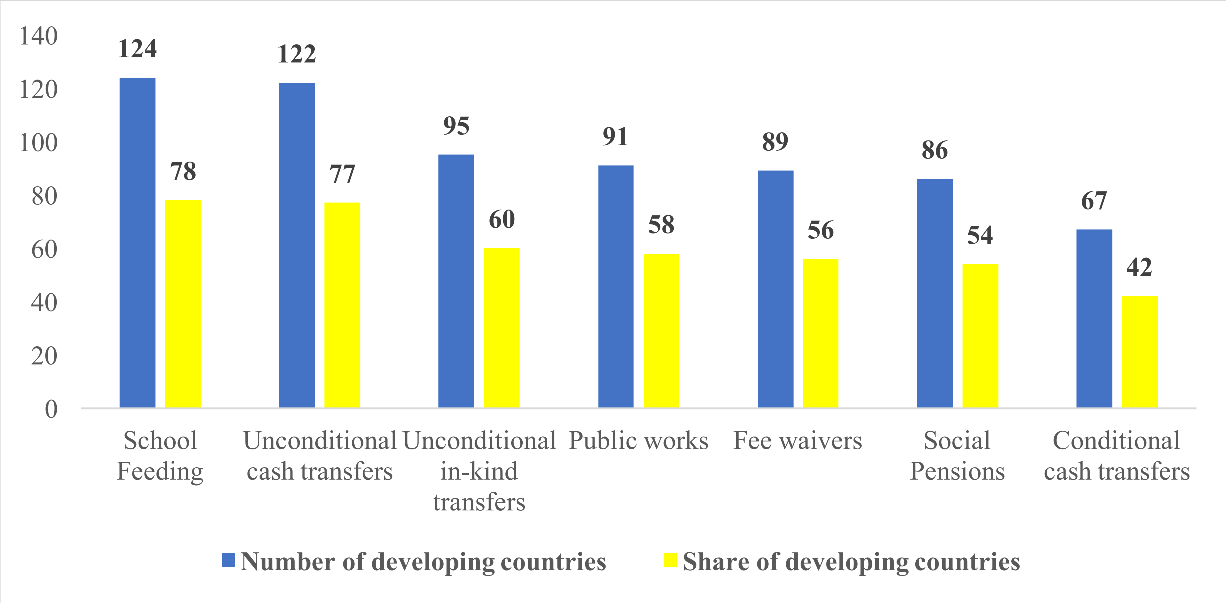


Welfare states evolved very differently elsewhere. In Anglo-Saxon countries like the United States and Australia, there was a greater emphasis on individual responsibility and contributions, low levels of state transfers and an emphasis on means testing. In Continental Europe, systems were often linked to work effort and relied on social contributions by employers and employees to secure income replacement and health care. Nordic countries tended to have higher levels of state financing of welfare provision and a combination of universal and targeted benefits.[5] These differences reflect history, different social preferences and country characteristics.[6]

The fastest growth and the greatest area of innovation in recent decades has been in the explosion of safety nets in low and middle income countries which have historically relied on family and communities for social protection. In the last two decades, we have gone from 72 countries having some forms of welfare provision to 149 countries in 2017.[7] The majority (77%) have some form of unconditional cash transfer scheme and many (42%) have schemes that are conditional on things like sending children to school or immunization. School feeding programmes are also widespread. Most countries start from a low base and the levels of spending are still a modest 1.6% of GDP for the average low and middle income country and only cover about one-third of the poor globally. But these programmes are growing quickly because of ageing and because extensive impact evaluations show strong evidence of benefits for school enrollment, nutrition, prenatal and postnatal care, health outcomes and economic activity.

[5] Ervasti, Heikki, Jorgen Goul Anderson, Torben Fridberg, Kristen Ringdal (2012). The Future of the Welfare State, Chektenham: Elgar.
[6] For example, some have suggested that racial and ethnic diversity partly explain why the US failed to develop a comprehensive welfare state similar to European ones. Alesina and Glaeser (2004).
[7] World Bank (2017), "Closing the Gap: The State of Social Safety nets 2017," Washington: World Bank.

Figure 2: Developing Countries have adopted a variety of Social Safety Net Instruments



Source: Aspire Database – worldbank.org/aspire

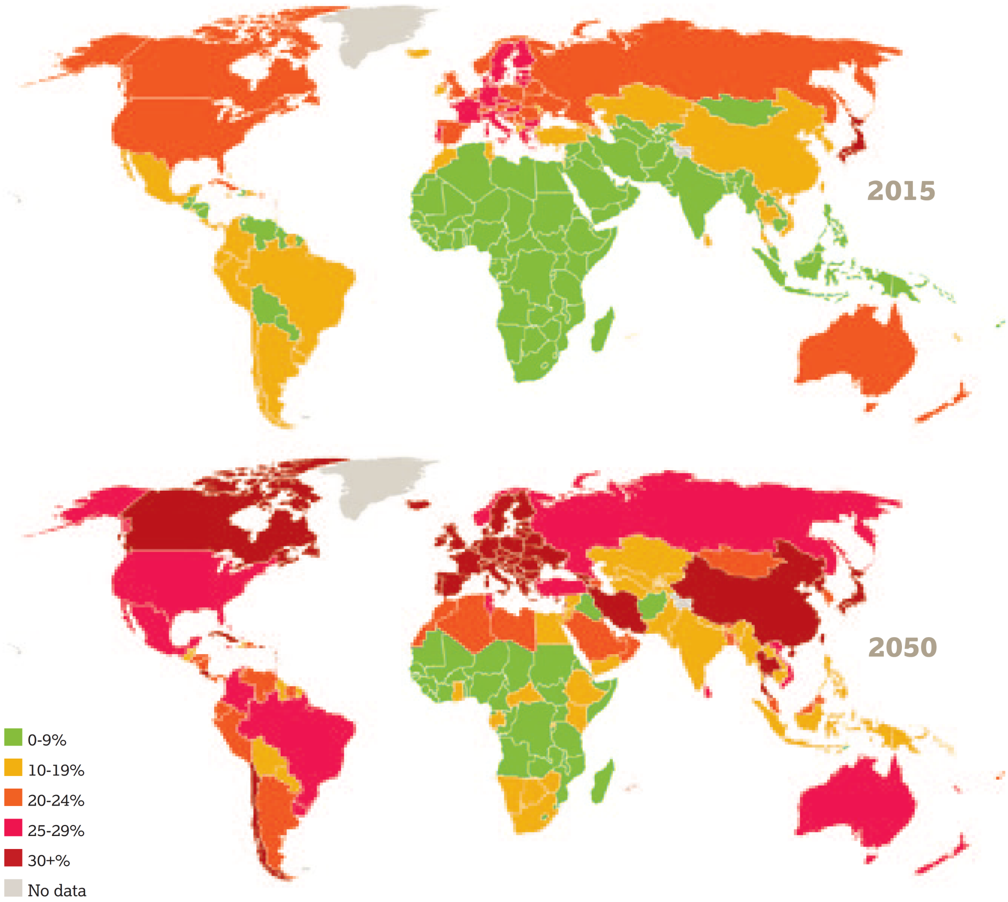
Threats to Social Sustainability and Safety Nets

There are many reasons why the social contract embodied in the welfare state is under pressure. At its most simple, the social contract in most countries is that those who can work will and those who cannot (including children and the elderly) will get some support if they cannot fend for themselves. The pressures today are around who can work productively, the rising demand for help, and the affordability and willingness to pay for that support. These heightened pressures are caused by rapid ageing, fiscal constraints, globalisation and technological change and what that is doing to work. I will quickly summarize those challenges before turning to possible solutions that Beveridge 2.0 could consider.

Ageing and intergenerational equity. By 2050, the proportion of the world's population that will be over 60 will double from 12% to 22%.[8] Figure 3 provides a dramatic visual of where this will occur – what it depicts is an elderly northern hemisphere and a more evenly aged southern hemisphere. Nevertheless, eighty percent of the increase in the population over 60 will be in low and middle income countries which will have to adjust to ageing about three times faster than the advanced economies. In most countries, there has been an assumption that women would care for old people but as women increasingly work outside the home, that solution to social care is diminishing.

[8] WHO (2015) Fact sheet 404, September.

Figure 3: Proportion of population aged 60 or over in 2015 and 2050

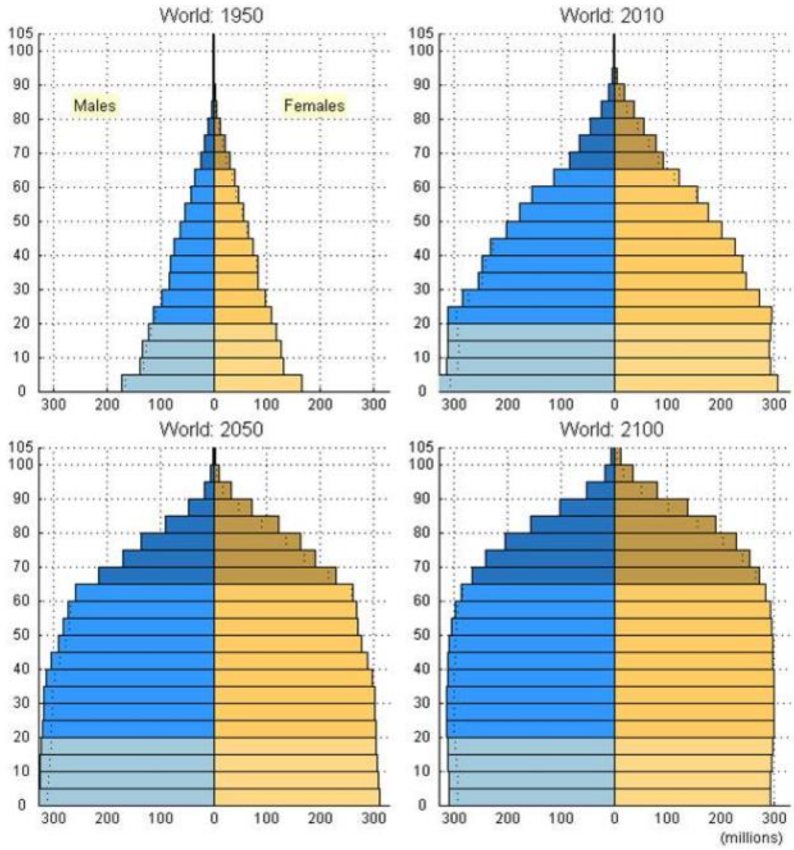


Source: UNDESA Population division, World population prospects: the 2015 revision

The other challenge is what will happen to the global age "pyramid." Figure 4 shows how we have gone from a pyramid in 2010 to at best a ziggurat in 2050 to almost a rectangle in 2100. The working age population that will have to support the young and the old is declining dramatically as a share of the world population – implying the need for ever more taxation of the working age population and/or the imperative to extend what working age means. This implies the intergenerational element of the social contract will come under serious strain which has major political ramifications. For every additional year in the age of the median voter in OECD countries, spending on pensions increases by 0.5% of GDP, a clear measure that older citizens are effective at influencing policy.[9] Consider the UK, where public spending on the elderly exceeds that spent on children, arguably because old people vote and children do not.

[9] Breyer and Craig (1997) "Voting on Social Security: Evidence from OECD Countries, European Journal of Political Economy.

Figure 4: From Global Age Pyramid to Rectangle



Source: UNDESA Population division, World population prospects: 2017

In his reflections in the revolution in France in 1790, Edmund Burke said: "Society is indeed a contract...As the ends of such a partnership cannot be obtained in many generations, it becomes a partnership not only between those who are living, but between those who are living, those who are dead, and those who are to be born." This intergenerational contract is under strain since, if nothing is done, future generations will carry a disproportionate burden (unless they have many fewer children, which is likely). Inevitably, today's young people will have to work far longer than their parents. That will mean careers that are much longer and potentially have to change several times over the course of a lifetime.[10] Employers and educational institutions will have to adapt to this new reality to make it possible with longer healthy life spans to be productive.

Globalisation. The competition associated with increasingly integrated global markets is often blamed for putting greater pressure on welfare states. If countries have to compete with others with lower wages or weaker social protection, there is a risk of downward pressure on wages in advanced economies (or what economists call "factor price equalization"). The debate is often framed as a competition between workers in rich countries versus workers in poorer countries. But the real issue is more one between capital (which is highly mobile) versus labour (which is much less mobile). This is what has driven rising inequality and the declining share of labour in total income in most countries.

[10] For a positive view on how such careers may evolve, see Gratton, Lynda and Andrew Scott (2016), The 100 Year Life, London: Bloomsbury

Some have called for a more "responsible nationalism" which slows down globalization to a pace that society can absorb and allows for time to adjust.[11] Similar arguments have been made about immigration where some communities have experienced difficulties when inflows of migrants have exceeded the infrastructure and social capacity to absorb them. Many countries have tried to provide transitional support to groups adversely affected – in the form of wage insurance, retraining, and mobility support – with very limited success.[12] These issues are exacerbated when the adverse effects of globalization hit some regions particularly hard.

Inequality. Although there has been convergence of incomes between countries and a sharp fall in global poverty and inequality (largely because of the growth in China and India), the picture is more mixed for inequality within countries.[13] In most advanced economies, there has been a significant worsening of income inequality, in part driven by divergent returns to education as technology has favoured higher skill workers. The picture is worse when considering wealth inequality where the capital stock has become more concentrated and inherited. Consider estimates from Europe that show that in 1980, 38% of private wealth was inherited whereas in 2010 that share had risen to 54%.[14]

More regressive fiscal policies have contributed to this worsening of inequality. There is clear evidence of a declining trend in tax progressivity in OECD countries, particularly in the 1980s and 1990s. In many countries, tax reforms have raised exemption thresholds and lowered top personal income tax rates, thereby placing a greater tax burden on the middle class.[15] Similarly, corporate tax rates have fallen on average across the OECD (from 32% on average in 2000 to 25% in 2015) while taxes on consumption have risen (average standard rate of VAT is up from 18% in 2000 to 19.2% in 2015).[16]

The resulting rise in inequality has had adverse effects on social cohesion, populist politics and ultimately lower economic growth.[17] A good example of this is what has happened to social mobility across countries. Figure 5 shows the relationship between inequality and social mobility as measured by intergenerational income elasticity (defined as the percent change in earnings of a child's generation associated with the percent change in the parent's generation). Social mobility is a key element of the social contract and there is a clear pattern that in more unequal countries, the ability of children to do better than their parents is much reduced.

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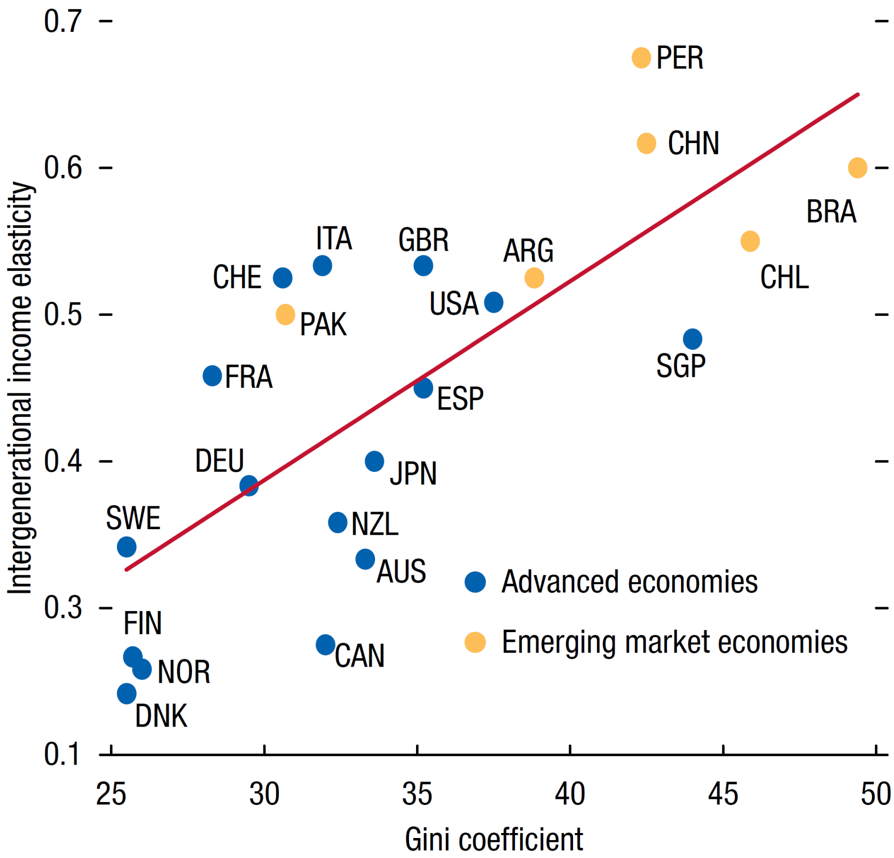
[11] See for example, Stiglitz, Joseph (2012), The Price of Inequality, New York: Norton or Summers, Lawrence (2016) "Voters Deserve Responsible Nationalism Not Reflex Globalism," Financial Times, July 10.
[12] See for example the many criticisms of the US's Trade Adjustment Assistance program which has been in place since the 1970s to cushion workers from the effects of trade liberalisation.
[13] IMF (2017), Fiscal Monitor, Washington DC: IMF.
[14] Alvarado, Facundo and Bernard Garbinti and Thomas Picketty (2017) "On the Share of Inheritance in Aggregate Wealth: Europe and the USA, 1900-2010" Economica, volume 84, issue 334, pp 239-260..
[15] Immervoll, H. and L. Richardson (2011), "Redistribution Policy and Inequality in OECD Countries: What has Changed in Two Decades?" Paris: OECD.
[16] I am grateful to Alex Voorhoeve for this point. OECD (2016), "Tax Policy Reforms in the OECD," Paris: OECD.
[17] Berg, Andrew and Jonathan Ostry (2011), "Inequality and Unsustainable Growth: Two Sides of the Same Coin?," IMF Staff Discussion Paper, Washington DC: IMF, April.

Figure 5: Great Gatsby Curve: Income Inequality and Social Mobility



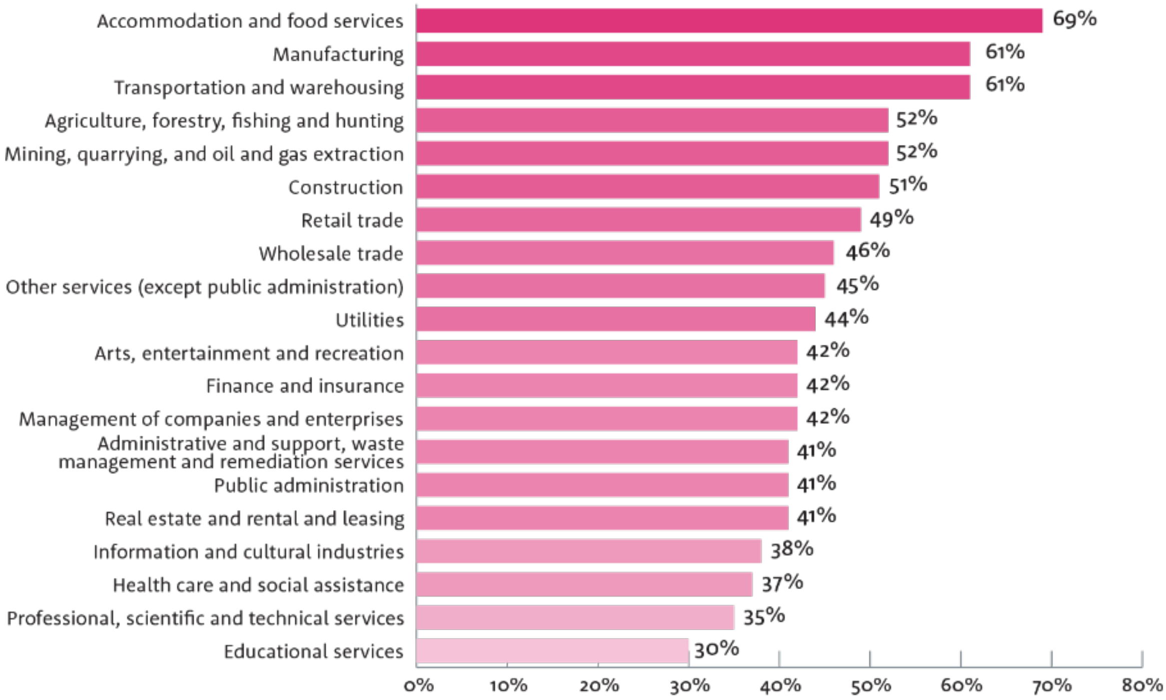
Source: Corak 2016, & IMF Fiscal Monitor (Oct 2017)

Technology and Automation. While globalization is often blamed for the fall in wages for low skilled workers, there is a great deal of evidence that the biggest driver has been technology. One estimate shows that trade accounts for 10-20% of the change in wages, immigration for even less, and by far the biggest impact coming from technology shifting labour demand in favour of higher skill workers.[18]

Of course, automation will present yet another challenge to the future of work and welfare. Estimates vary, but artificial intelligence and automation will probably affect about 50% of jobs within the next 2 decades. The potential for automation varies by sector as shown in figure 6. But unlike the recent past, the impact will not fall more on unskilled workers and those in sectors like manufacturing. In future, most routine and repetitive tasks will be automated, including in many of the professions.[19] And just like China's integration in global supply chains has made children's plastic toys more affordable, this next technological revolution will make professional services like accounting, legal services, general medicine and education more affordable.

[18] Slaughter, M. and P. Swagel(1997), "The Effects of Globalisation on Wages in Advanced Economies," IMF Working Paper.
[19] Susskind, R. and D. Susskind (2015), The Future of the Professions, Oxford: Oxford University Press.

Figure 6: Percent of Work Activities with the Potential for Automation, by Industry



Source: McKinsey Global Institute (2017), Brookfield Institute for Innovation + Entrepreneurship analysis

Keynes coined the term "technological unemployment" to describe the phenomenon of innovations putting people out of work. While the nature of work will change and new jobs (like search engine optimizers or smart phone screen repairer) will emerge, it is not clear whether there will be fewer jobs per se. "Neo-Luddites" argue that automation will inevitably mean fewer jobs. The key question is whether the new jobs that emerge are ones where humans have a comparative advantage over machines or are ones that require complementary human skills.[20] The only certainty is that most workers will have to be ready to adjust to these changes and their ability to work and contribute to the welfare state will depend on that adjustment being successful.

Fiscal sustainability. In virtually all advanced economies, the welfare state has expanded massively from 10-15% of GDP in the 1960s to 21% of GDP in 2016 and pressures on spending are likely to rise further in part because of pensions and health costs for ageing populations.[21] More expensive technologies will drive up health spending but technology also has the potential to deliver huge efficiencies in areas like health and education. Pressures on health spending are particularly acute -- the IMF projects that public health spending will increase by 3% of GDP for a weighted average of advanced economies by 2030 and by 1% for emerging economies.[22]

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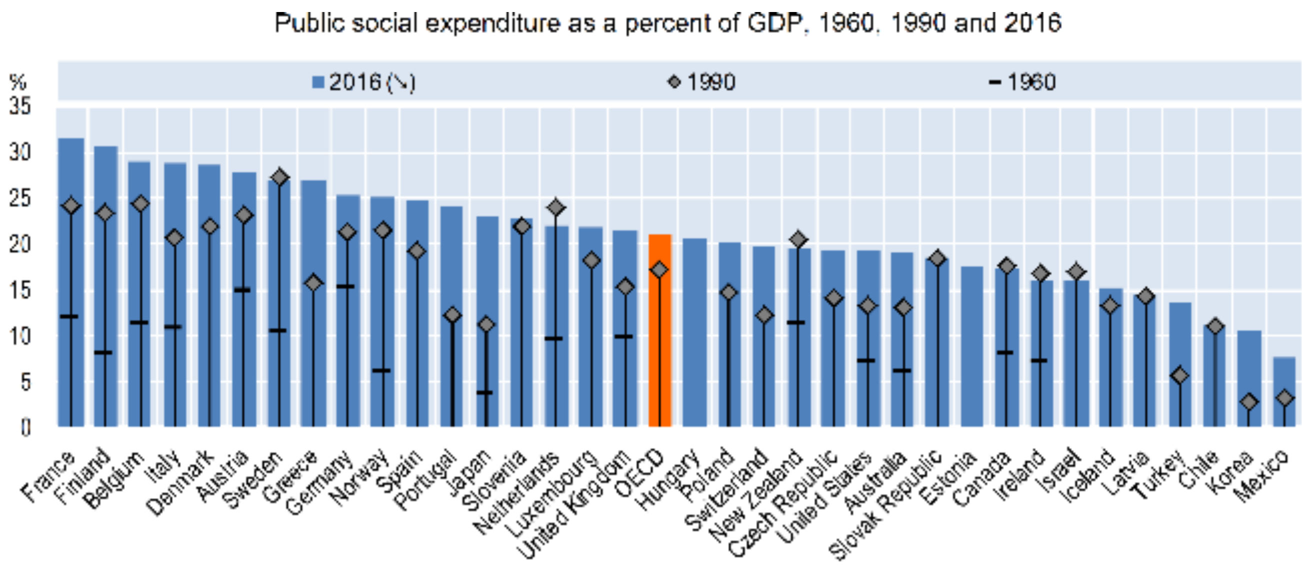
[20] Brynjolfsson and McAffee argue that the future will be one of humans and machines collaborating but over time, machines' capabilities will increase to replace humans. Brynjolfsson, Eric and Andrew McAffee (20..), The Second Machine Age.

[21] OECD (2016), "Social Expenditure Update", Paris: OECD.

[22] IMF (20xx), Economics of Public Health Care Reform in Advanced and Emerging Economies, Washington: IMF.

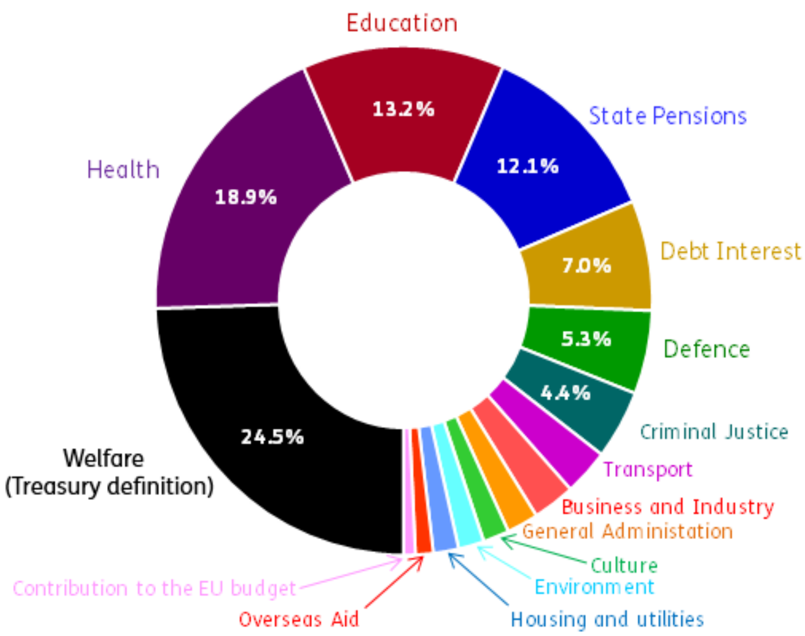
Figure 7: Public Social Spending averages 21% of GDP across the OECD



Source: OECD (2016), OECD Social Expenditure database, (www.oecd.org/social/expenditure.htm)

These increased demands have to be met in the context of diminished fiscal space after the 2008 financial crisis when debt peaked to levels not seen since WWII. Consider the UK where welfare spending as Beveridge would have defined it already accounts for about 70% of public spending (Figure 8). But UK debt has doubled from about 40% of GDP before the financial crisis to well over 80% today. Most developing countries have a bit more fiscal space, but start from low levels of spending and have to accommodate rapid ageing. In almost every country, demand for welfare is likely to outstrip the government's ability to raise taxes to meet it.

Figure 8: Welfare dominates UK Public Spending



Source: HM Treasury Public Expenditure Statistical Analysis (PESA) 2014, table 5.2

Making our Societies More Sustainable

Our current path is not socially sustainable. It is easy to be overwhelmed by the scale of the challenge we face. But of course the current social contract has evolved over time and in each country as new needs emerged. No doubt that will happen again. But we are at an inflection point when a combination of tectonic shifts is pushing in an unsustainable direction. These forces move slowly but we know they are coming – there are many parallels between achieving social sustainability and addressing environmental challenges like climate change. We have a chance now to put in place policies that could result in a more socially sustainable outcome. What might those look like?

Retirement ages. Linking retirement ages mechanically to life expectancy would be an obvious way to improve fiscal affordability by expanding the working age population. Countries like the Netherlands have increased their retirement age to 67 in 2023 but then linked it to life expectancy from 2024 onward. Doing this would also avoid the periodic political row when it becomes necessary to raise retirement ages. For developing countries with more favourable demographics, doing it as soon as possible will mean the political fallout will be minimal and expectations will have time to adjust.

Make lifelong learning real. Many countries talk about encouraging life long learning but very few have found a way to make it viable through proper financing and strong links to employers. Technology will reduce the costs of tertiary education in future. But if most people can expect to work until they are 80, shouldn't they have access to student loans at any age, as countries like the UK and US have done? Should governments that can afford it support the accumulation of human capital over an individual's lifetime by making public finance available in the form of training vouchers or expanding public funding of programmes to support works transitioning to new careers? For example, Singapore is experimenting with providing every citizen over 25 a voucher worth S$500 which they can accumulate and use to pay for training from hundreds of approved training providers.

Flexicurity and active labour market policies. Given the inevitable economic transitions ahead with globalization and technology, perhaps we should adapt our labour market institutions to better cope with rapid change? "Flexicurity," a model associated with the Netherlands and Denmark, is based on three principles: (1) highly flexible labour market contracts that allow employers to adjust quickly; (2) generous social security for workers that provide support during economic transitions; and (3) active labour market policies including comprehensive life long learning to help workers find new jobs.[23]

Under such a system, labour unions have to accept employment security rather than job security. Employers have to accept that the price of flexibility is higher taxes to pay for generous unemployment insurance, social assistance and active labour market policies. This has to be accompanied by a well-developed system of adult education, affordable child care and serious public funding to support transitioning workers. For example, Danish active labour market policies cost 1.7% of GDP – but have generated one of the lowest unemployment rates (and one of the most consistently happy societies in international surveys of life satisfaction). As a comparator, the UK spends less than about 0.07% of GDP

[23] "Flexicurity – A European Approach to Labour Market Policy," FlexForum, Pissaredes email.

on active labour market policies.[24] Of course Denmark and the Netherlands have strong traditions of collective bargaining and decades of history of strong industrial relations between social partners that are not easy to emulate quickly.[25] But there is no reason why other countries could not move in an evolutionary fashion in that direction given that we know profound structural changes in labour markets are in the offing.

Universal basic income can be part of a solution but is not a panacea. Some advocate paying everyone in society a flat amount to compensate for the lost employment that automation may bring. Universal basic income (UBI) can be expensive, inefficient compared to most alternatives because it goes to the non-poor, and underplays the value of meaningful work for well-being.[26] It is important to remember that many countries have elements of UBI in place, such as universal child benefits or social pensions, so while it is not a panacea, it can be part of a solution.

Consider the issue of costs and efficiency. If UBI was set at 25% of median pay, it would cost about 6.5% of GDP in an average advanced economy and 3.75% of GDP in an average emerging market (see figure 9).[27] Most countries could not afford this additional spend and would have to substitute UBI for existing welfare programmes – so the efficiency of UBI must be compared to that achieved by existing safety nets. Consider a simulation for the UK done by the IMF which looks at a UBI set at £1839/person/year at a cost of 6.7% of GDP. This does achieve a reduction of inequality (the Gini coefficient falls by 0.04) and poverty declines from 9.28% to 6%, but if the same resources were applied to targeted welfare benefits the impact would be greater.[28]

Given the favourable experience with cash transfer schemes in developing countries, UBI may have a role to play there, particularly if it is financed by progressive taxation. In countries where coverage of the system is poor, progressivity is low and administrative capacity limited, UBI may be a good alternative. This is especially the case in countries where UBI is introduced as a substitute for less progressive welfare measure like energy and food subsidies.

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[24] Eurostat (2016), Labour Market Policy database

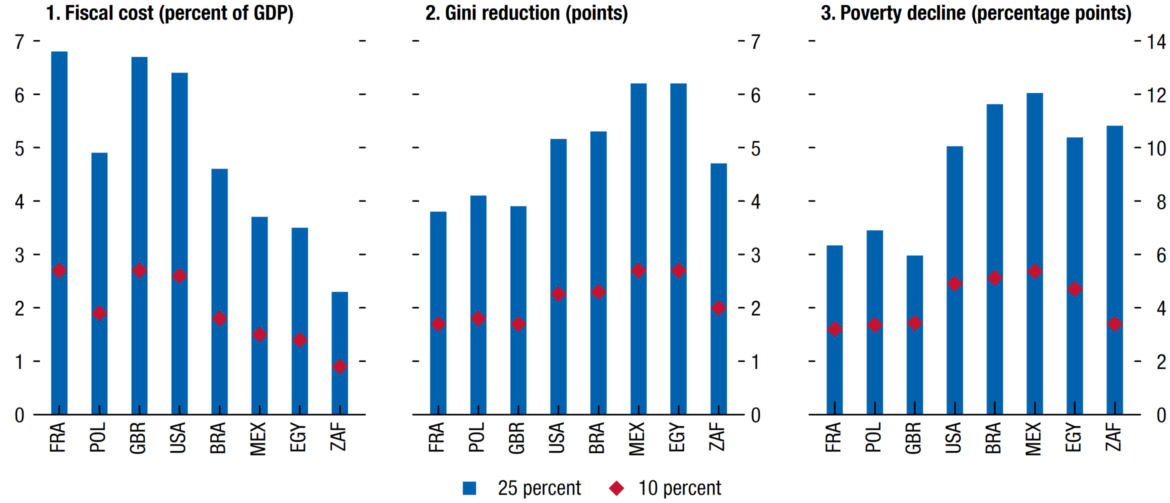
[25] Viebrock, Elke and Jochen Clasen (2009), "Flexicurity and welfare reform: a review," Socio-Economic Review, 7, pp. 305-331.

[26] For evidence why meaningful work is key for well-being, see Layard, Richard (2011), Happiness, London: Penguin.

[27] IMF (2017), Fiscal Monitor, Washington D.C.: IMF.

[28] IMF (2017), Fiscal Monitor, Wasington, D.C.: IMF, Annex Table 1.61

Figure 9: Universal Basic Income Scenario: Fiscal Costs & Distributional Impact



(Source: IMF Fiscal Monitor (Oct 2017) using Luxembourg Income Study (LIS) microdata)

Is part time work the future of work? Given the impact of automation, more part-time work could become one way of changing the nature of jobs to cope with the fact that the routine aspects are likely to be done by machines. In many countries, part-time work has grown in importance but often policies have not kept up. One example is the Netherlands which combined flexible work patterns with social security rights that are similar to those who work full-time. The law prohibits discrimination against part time workers including access to social security and other entitlements which are adjusted pro rata to hours. As a result, 76.6% of women and 26.8% of men in the Netherlands work part-time, compared to about 20% on average across the European Union.[29] Such an approach also has the potential to improve well-being – just think how happier we would all be if the routine and repetitive parts of our jobs were done by machines and we could focus on the more creative, human and rewarding aspects!

If workers in the future are likely to change jobs more frequently and work part-time, portability of benefits will be key. In some countries, having benefits like health insurance tied to employment (as in the US) has made labour markets more rigid and reduced mobility. In contrast, the existence of the NHS providing universal benefits de-linked from employment may be better suited to work patterns of the future. Regardless of the structure, making sure benefits are portable will be essential to adapt to the labour market of the future.

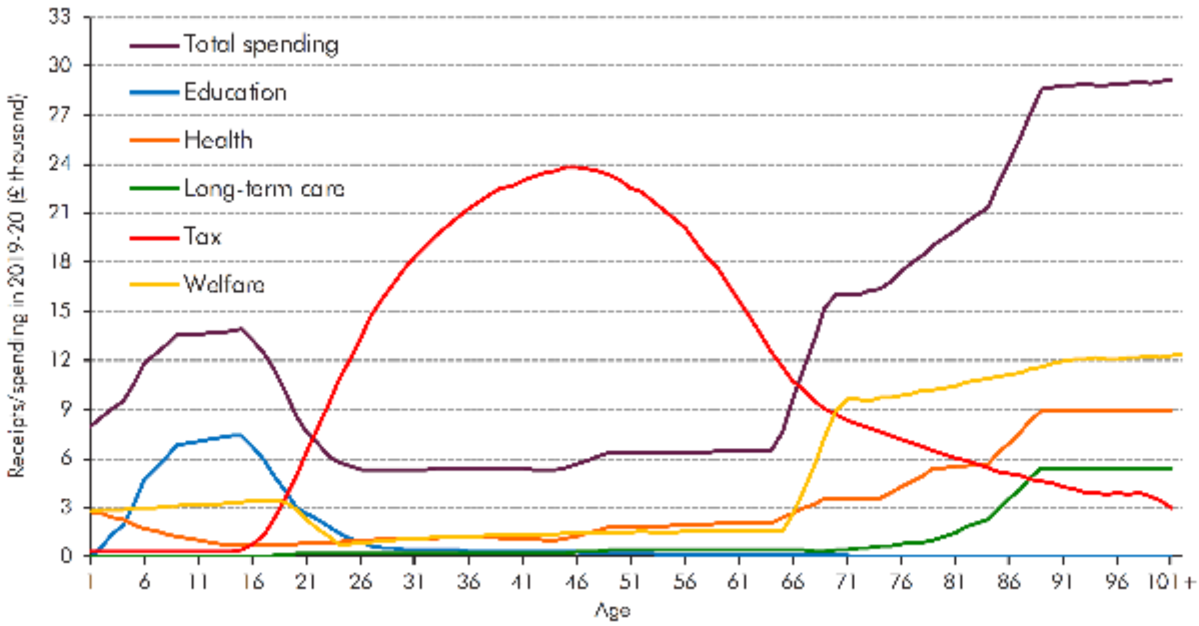
Pay for socially useful but historically unremunerated work? Many countries use public works programmes as a way of targeting help to those able to work. For example, India has a programme that guarantees 100 days of work to all citizens at the minimum wage as a way of allowing individuals to self-select into welfare programmes and also make an economic contribution. This model could be adopted to other forms of socially valuable work. Governments could consider public funding to pay for work that provides significant social benefits (such as taking care of the elderly at home, or activities that improve well-being rather than raising income) but that has not been paid for in the past.

[29] The Economist (2015), "Why So Many Dutch People Work Part-time," London.

From safety net to trampoline. Politicians often speak of the state providing "A hand up not a hand out" or what the Canadians called "a trampoline." Many of the most preventative and proactive policies are around early education and preventative health interventions. Funding those measures generously is one of the most cost effective ways to reduce welfare spending in the long run. Consider the experience in the UK of a set of measures introduced to address deprivation in adolescence in the late 1990s. At that time, 27% of children lived in poverty, 8% of young people left school with no qualifications, and teenage birth rates in the UK were twice that of Germany and three times that of France. The government put in place a set of measures including cash transfers, higher spending on schools and preventative programmes to deal with alcohol abuse and teenage pregnancies. Twenty years later, the impact on the cohort of children who benefited from these policies was significant – child poverty fell, persistent absences from school halved, more young people stayed in school, teenage conceptions and underage drinking halved.[30] The lessons are that such interventions can work; the challenge is how to make them cost-effective and politically feasible given the very long frames involved.

Public debate about intergenerational equity. Until recently, many welfare states have been designed on the principle that most people get back close to what they put in. Nick Barr of LSE argues that the welfare state is 3/4 piggy bank (mutual insurance over the life cycle) and only 1/4 Robin Hood (transferring resources from the rich to the poor). John Hills has shown this clearly for the UK where most people take out more when they are young and old and put more in when they are of working age resulting in an overall balance over a lifetime (see figure 10).[31]

Figure 10: We Get Out Roughly What we Put into the Welfare State



Source: OBR – Fiscal Sustainability Report – June 2015

[30] Dean, Rikki and Moira Wallace (2017), "The Remarkable Decline in Adolescent Social Exclusion," working paper, Centre for Analysis of Social Exclusion, London School of Economics.
[31] Hills, John (2014) Good Times, Bad Times: The Welfare Myth of Them and Us, London: Policy Press.

But this intergenerational contract breaks down if there are big differences in the size of generations and in their economics circumstances.[32] There is some evidence that baby boomers are set to take out more in welfare than they put in while those born today are likely to have to pay more in than they will take out. It seems essential that there is more public debate about how to restore intergenerational justice given recent trends. Timmins documents how public discourse about welfare has diminished and become more polarized. References to "the welfare state" appeared in the official record of Parliamentary debates on average 170 times per year in the 1980s and 1990s but fell to 50 times in the mid 2000s.[33] LSE's Beveridge 2.0 agenda is in part an attempt to foster just this kind of debate.

Concluding Remarks

Sometimes making a problem bigger makes it easier to solve. The issues around making welfare states sustainable are obviously interconnected. Equitable investments in health and education reduce the need for redistribution later in life. Facilitating part time work and its taxation extends work lives and may have positive benefits for health and well-being. The biggest gains in health outcomes are likely to come from education, lifelong learning and behavioral changes rather than medical interventions which can increase life expectancy at lower cost to health budgets. Setting out this agenda so broadly is not just mad ambition, it may actually help us find new solutions.

The purpose of today is to start a conversation. The issues we have discussed are arguably some of the most important of our time and will determine whether we live in societies that are socially sustainable or whether we face a future rife with conflict. The LSE will hold a festival from 19-23 February that will involve all of our faculty, students and members of the public to debate these issues further. We invite you to join us in person or on-line in what we hope will be a global debate about the how we hold our societies together in the 21st century.

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[32] Willets, David (2010), The Pinch: How the Baby Boomers Took Their Children's Future -- and Why They Should Give It Back, London: Atlantic Books.

[33] Timmins, Nicolas (2017), "The Welfare State Should be Something We are Proud of. Not a term of Abuse," The Guardian, October 31.