Moral Economies of the Welfare State:

A qualitative comparative study

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Abstract

This paper uses material from innovative democratic forums carried out in Germany, Norway and the UK to examine people's ideas about welfare state futures. Our analysis shows that most people recognise challenges from population ageing, immigration and labour market inequalities and precarity, but understand the issues differently in different countries. In some ways the patterns of ideas reflect Esping-Andersen's regime typology (1990). German respondents tend to focus on respect for the value of work and on sustaining the corporatist welfare system, in Norway there is an emphasis on inclusion and equality. UK participants are distinctively concerned with individual responsibility and the work ethic. The detailed discursive material on individual justifications for their views available from the forums shows a further aspect to people's 'moral economies'. In Norway and Germany there is a stronger belief in state responsibility and confidence in its capability and effectiveness, in keeping with interventionism, than in the UK. There is also a striking assumption by UK participants that the moral economy is threatened externally by immigrants who will take jobs and internally by the work-shy who will undermine the work-ethic: thus a key role of government is protection against threats rather than support for citizens.

Keywords

Moral economy; welfare state; future; Europe; democratic forum;

Introduction:

Though there is a broad societal support for state-organized welfare institutions, there is an ongoing debate about how much state intervention is necessary and desirable and how welfare state institutions should be designed. Austerity measures and fiscal crisis, changes in the labour market and demographic structure as well as the shift from "passive" welfare to activation and social investment measures provoke vigorous debates about the future of welfare. . Though the changes in the institutional architectures of the European welfare state have been studied in detail, much less is known about the repertoire of arguments supporting different policy options. Issues of social acceptance combining self-interest and

normative aspects are crucial when it comes to either the institutional stability of existing welfare institutions or to the political and social conflicts surrounding welfare state restructuring.

In this article, we analyse changing welfare state citizenship using qualitative data from innovative democratic forums in which people are able to discuss future priorities over an extended period of time. Our main objective is to establish a comparative overview of people's attitudes and beliefs about the welfare state and its possible future to identify emerging fault lines and tensions, policy priorities and the underlying conceptions of solidarity and mutuality. We examine the different "moral economies" linking beliefs about how the world works and normative judgements about the policies that should be followed and their justification. The use of democratic forums in welfare attitude research is new. In comparison with quantitative, item-based surveys it enables us to investigate not only attitudes, but also the types of justifications and the forms of reasoning underlying the attitudinal patterns. Compared to focus groups, democratic forums involve extended and intense deliberations, expert input and a prioritization of policy levels. Moreover, they are organized as "mini-publics" (Grönlund *et al.* 2014) and aim at fostering citizen's participation, openness and inclusiveness.

We start out from a widely accepted framework for thinking about categories of welfare state which distinguishes three broad types: social democratic, corporatist and liberal, integrated through equal citizenship rights, reciprocal work relationships and individualist market relationships respectively (Esping-Andersen 1990). The welfare state is facing many challenges from population ageing, growing inequality, changing patterns of work, declining security in employment and other factors, including more recently welfare chauvinism and spending constraint in response to the Great Recession. Welfare state futures are unlikely to follow the patterns of the past. We adopt a most different system approach, focusing on three developed welfare states, similar in that they are Western European countries which have high per capita GDPs, but different in the characteristics of provision. Germany is seen as the leading example of a corporatist status-maintenance-oriented welfare state, but has changed since the beginning of the 2000s, Norway as the most stable social democratic welfare state sustaining high levels of provision, and the United Kingdom (UK) as the most liberal of the European welfare states.

Background

No-one can predict the future with any hope of success. Our approach is to analyse what people think the future will be like (so far as the welfare state goes) and what they think should be done by government to address emerging and pressing needs. The conceptual basis is simple: we suggest that people's attitudes will be influenced by their beliefs about their interests and about what welfare arrangements will serve those interests and their normative values, and together these make up their moral economy. We understand ***interest*** as actual or perceived advantage or expectation of advantage to an individual, family or social group, and interests are closely linked to the institutional architecture of the welfare

system and to people's social position. The primary likely patterns of interest in this area are of two kinds: to do with social resources and with agency. A particular allocation of welfare state resources (social housing, job and educational opportunities, cash benefits and pensions, health and social care resources, and so on) may benefit one social group or at least that group (or others) may believe that it does. In addition, one group may be in a position to exercise power over the lives of others (or at least that may be the perception): for example business over working conditions, men over women's domestic and public roles, unaccountable government over policy making, state officials and professionals over the lives of benefit claimers or clients. This will affect their interests.

There is much academic debate about the way in which the politics of the welfare state is currently changing. The most influential viewpoint suggests that the class-based alliances, resting on shared interests and normative traditions, which supported the post-second world war development of the welfare state are now fragmenting (Pierson 2001) and that peoples' interests have become more plural and subject to change during the life-course and in response to changes in work and family (Bonoli and Natali 2012). Academic and policy debate identifies new divisions and solidarities around age (e.g. Hinrichs and Jessoula 2012), work, income and security (Rueda 2014) and national identity (Mewes and Mau 2012). Recent findings also show that the electoral basis of the welfare state has shifted away from the working class and more to the middle classes. While parts of the lower and working classes seem to have moved to the populist right, voters of the middle classes now form the backbone of welfare state support (Gingrich and Häusermann 2015). However, they might be more inclined to support activation measures and social investment policies rather than pure redistribution (Mau 2015). Intersecting with these divisions are new concerns about agency in relation to both business and government (Kriesi 2014). Recent political developments point to declining trust in established elites as a powerful political force among those who feel left behind in a harsher and more competitive economic context, and unable to influence the organisations which exert control over their lives (see for example Teney *et al.* 2013; Dustmann *et al.* 2016; Hobolt 2016; Soroka *et al.* 2016)

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Against the background of current debates and structural changes affecting the existing welfare settlement, we assume that the main potential tensions in relation to social provision run along the following lines:

a. Age: young versus old, in the context of the rising costs of pensions as the population ages;
b. Work and inequality: growing inequalities in income and life-chances between those at the bottom versus those at the top of the labour-market, in the context of growing inequalities between lower- and obsolete-skilled and higher-skilled more mobile workers;
c. National identity: immigrants versus nationals, in the context of relatively high rates of immigration to the richer parts of Europe in recent years.

These are all areas where there are opportunities for conflicts based on differences in perceived interests and values between different social groups. We start from the assumption that people see these issues as salient. A number of other divisions, which we do not pursue for reasons of space, can be identified around for example, sexuality, faith and sub-national region. Age, work and national identity will form the starting point for our examination of solidarities and divisions and, lying behind them, the perceptions of interests of people living in the three representative welfare states.

Method

Our initial hypothesis is simple and naïve: that solidarities and divisions in the above areas in relation to policy directions will reflect shared interests. Interests concern personal advantage relative to others. Solidarities are based on beliefs about interests and depend very much on which issues people see as relevant and how they understand them. Any deviation in how people understand their interests from a simple 'interest determines solidarities' pattern will indicate the political importance of other factors, especially normative considerations. These could be shaped by identity issues, or by current media debates and the actions of political entrepreneurs.

We pursue the argument in three stages:

1. Our starting point is an objective, but brief account of the social factors and changes that underlie the above divisions and the patterns of objective interest in the different countries. This will provide the basis for a model of what one might naively expect the pattern of interests in the three different countries to be.
2. We then identify the priorities and justifications for them given by democratic forum participants in the three welfare states.
3. We compare the information from the first and second stages to see how people's attitudinal priorities differ from those that one might expect, based on naive interests to chart out the influence of beliefs and normative considerations – of moral economies. This gives a picture of how people in the different representative countries think about state welfare.

Stage I: Pressure-points in demand for social provision in Germany, Norway and the UK

Age

Spending on over-65s is at least four times as much as that on younger age groups in all three countries; all three anticipate population ageing giving rise to extra cost pressures, most intense in Germany (with costs expected to increase from 10 to 12.7 per cent of GDP in Germany between 2013 and 2060, from 8.9 to 12.4 in Norway and from 7.7 to 8.4 in the UK; see Ecofin 2015: 74). However policy development in Germany from the 1990s has reduced the cost-pressures from the existing pension scheme and introduced additional co-funded private pensions. These changes will mitigate future cost burdens, but will also lead to lower pension entitlements in the future, possibly affecting the willingness

to pay of the younger generation. Norway's pension reforms are less thorough-going. Future cost pressures are likely to be severe. The UK has done relatively little to ensure pensions are future-proofed but has instead embarked on an ambitious programme of raising basic pension entitlements ahead of inflation, financed largely by higher retirement ages. A small funded element has been introduced. All this suggests that objective divisions of interest are likely to be greatest in Germany then Norway and the UK.

Work and inequality

In relation to work, in all three countries the impact of globalisation and technological changes have led towards greater inequalities and a dualisation between those with high levels of skill who can compete more successfully in a broader market and those with low skills or working in declining industries who may be and feel 'left behind'. Unemployment in all three countries is between 4.5 and 6 per cent (about two-thirds of the European Union [EU] average) and employment is about 70 per cent (already reaching the EU's 2020 target; Eurostat 2017). Relative success (compared to other European countries) in these areas might lead one to expect that work-related divisions of interest would be muted in all three countries. However, precarious employment (measured by involuntary part-time work) is much higher in Germany and the UK (about 5 per cent of the labour force in 2015; see OECD 2016a) but only two per cent in Norway. In Germany in particular the so-called Hartz Reforms (2003-2005) have flexibilized the labour market and contributed to the emergence of a larger low-income sector. Inequality is markedly higher in the UK: the ratio between the share taken by the top ten per cent exceeded that of the bottom ten per cent by a factor of 11 as against six in Norway and 6.5 in Germany in 2013 (OECD 2016b). Overall, inequalities in work and income are most pronounced in the UK, then in Germany and much less in Norway.

National identity

In recent years, all three countries have experienced high immigration, especially Germany (16 immigrants per thousand population in 2013 against 12 per thousand in Norway and 8 in the UK). The UK population has been growing rapidly and the increase in immigrants since 2005 has simply matched the rate of population growth (OECD 2016) with indications of a falling net rate following the vote to leave the European Union (ONS 2017). The objective picture implies that immigration pressures should be felt most strongly in Germany, then Norway and more mildly in the UK. Even though anti-immigration politics has become a relevant factor in Germany (most notably through the emergence of demonstrations led by the Pegida movement), the country was also home to the 'refugees welcome' movement of 2015-16 when the so-called migration crisis peaked across Europe. In Norway, the populist right Progress Party, which advocates tougher migration controls, entered government in 2013. In the United Kingdom, the vote to leave the EU was strongly influenced by the issue of immigration (Hobolt 2016).

To sum up, the traditional pattern of welfare interests for the three countries would follow a regime logic: for Germany this would stress the corporatist social insurance link between entitlement and contribution, for Norway a more inclusive citizenship and for the UK a more liberal individualist approach. In recent years there have been rapid policy changes that generate more complex interests. In Germany, social insurance for the 'typical worker' remains important, but there has been a move away from the male breadwinner logic to acknowledge women's unwaged contributions in childrearing and the interests of the new class of lower-waged less secure workers are significant. In Norway, traditional patterns of interest accommodation have come under less pressure. Divisions in the UK are linked yet more tightly to the market.

The pressures reviewed above would imply that in relation to ageing Germany and Norway, where future pressures are largest, might from an objective standpoint be expected to display most concern over future costs, although pensioners' living standards might provoke most concern in the UK. Quality of employment might generate most anxiety in the UK and Germany, and inequality in the UK, with least in Norway. Identity and immigration issues might emerge most powerfully in Germany and Norway and least in the UK. We move on to examine how people's beliefs and attitudes.

Stage II: Priorities and justifications in the democratic forums

We used democratic forums to examine how people understand these issues and what they think should be done about them. So far as we know this method has not previously been used in welfare state research. The democratic forum approach derives from concerns about the limitations of conventional social science methodology (Goerres and Prinzen 2012) and also from more participative approaches in democratic theory (e.g. Dryzek 2010). In democratic forums, unlike structured surveys and focus groups, the discussion is primarily framed by participants, while researchers play a more passive role. There may be injections of relevant information, but these are on issues which the group requests and are provided by independent experts. Some approaches stress much more the importance of 'bottom-up' research (Wakeford 2007), and others start from the position that those actually experiencing an issue are the best experts (Narayan *et al.* 2009).

Democratic forums are appropriate for our study because they allow participants much greater control over the way in which issues are defined and discussed than do other methods and they provide good opportunities for the researchers to trace the process of opinion formation and change during the forum. Yet, the forums do not allow representative sampling, and so offer an imprecise guide to the pattern of opinions. They cannot be directed to consider specific aspects of an issue according to a researcher's system of priorities, but they do allow researchers to examine the way members of the public frame their opinions and link together beliefs and values with groups large enough to reflect political cleavages in the population. In our forums we achieved rough representativeness by ensuring that members of all relevant social groups were included.

In the three countries we asked a total of 102 democratic forum participants to discuss the likely future development of the welfare state during the next 25 years and the policies that should be pursued to address any issues identified. The democratic forums consisted of a mix between plenary sessions and smaller group discussions (to facilitate participation) and were extended over two days. On the first day, participants were asked to select five issues they perceive as challenging for the future of the welfare state, and to discuss these issues throughout the whole day. The participants were given the opportunity to request information which we then provided from neutral sources between day one and day two. This covered welfare state income and spending, range of recipients of various services, immigration, demography, education and employment patterns. A policy-making role-play was introduced on the second day of discussion as participants were asked to formulate a series of policy recommendations for their national government. In contrast to day one, five broad themes were imposed by researchers in order to improve the cross-national comparability of the forums. These were income inequality; immigration; gender; intergenerational issues; and labour market. At the end of the second day we asked each of the small groups to present their policy priorities for discussion at a plenary session. Our analysis is based on detailed iterative scrutiny of the audio and video recordings of the 36 hours of interaction generated by each forum. It pays particular attention to the material from the final plenary, because this is where participants summed up the outcome of their two days of discussion, but also draws on the minority views expressed in the group discussions and on the disagreements within them.

Most people's priorities were strongly influenced by their current experiences and concerns, but there was also much discussion about how issues were likely to develop. The priorities chosen in the different countries and the reasons given for them cast light on two kinds of issues: how people see their own society, the way in which it is developing and the problems that exist now or are likely to emerge, and also the way in which their normative values influence what they think should be done to address them. Together beliefs and values shape the solidarities (understood as shared interests and commitments) and divisions (understood as opposed interests and commitments) they recognise. We will review the points made in relation to each of the three areas of potential division of interest separately and then consider how they come together in section III of the paper.

There are real concern across the three countries in all three areas, but assessments of the severity of the issues and judgements about the responses that should be made differ markedly and often do not correspond to the objective circumstances. The area of clearest agreement across all three countries concerns work and inequality where there is a strong current of support for social investment including training, education and childcare to expand the workforce and improve its quality. It is noteworthy that German and Norwegian discussion of immigration focuses primarily on integration while that in the UK centres on regulation and exclusion.

Age

All groups agreed in the final plenaries that the main challenge for pensions is that demographic pressures will make current levels of provision unsustainable. There are real differences in beliefs about the extent of the pressures and understanding of the driving forces behind them and views on what should be done to address them.

In Germany one participant summed up the pressures, to general agreement:

> *There's still a demographic problem ...too few contributors...and more and more people collecting benefits* (man, lower income, 66).

Others raised dissatisfactions with provision for women with periods out of the labour market (a particular challenge to the traditional German social insurance model) and with separate and more favourable schemes for professionals. The favoured solution after discussion (with widespread agreement) was to rebalance contributions and this meant:

> *[…] a need for contributors to have more children. We always come back to the same point* (man, disabled, 55)

Some members also mentioned the strategy of expanding private provisions:

> *People rely on the state pension, but now we're getting to the point where that's not enough, so people have to have private insurance,* (woman, unemployed, 50).

The underlying normative assumption was that the pension system should as far as possible be retained and improved and that this was practicable.

In Norway there was rather greater satisfaction with existing arrangements, but new policies were seen as desirable:

> […] *raise the pension age, perhaps make it more flexible…so more people can contribute* (woman, student, 28)*;*

> […] *we have been pampered for many years* (man, lower income, 56)

There was also some interest in private supplementary pensions to save resources and protect welfare spending elsewhere, for example:

> […] *the alternative* [to cut-backs and privatisation] *is a cut in healthcare* (man, upper income, 31)

In the UK, participants were more pessimistic about the capacity to meet anticipated costs:

> [The retirement age] *is going to have to go up* […] *to 75* (man, lower income, 32)

> *The pensions are rubbish* (man, lower income, 43)

I don't think there will be a state pension in 2040 (woman, unemployed, 28);

Concerns over the sustainability of the healthcare system were also voiced:

That will be gone; the [National Health Service] will be gone in five years (man, higher income, 32)

Most people valued state provision but the upshot was support for much greater privatisation and means-testing:

[…] it's straightforward, you've earnt this amount of money […] *we're not going to be paying you a pension* (man, lower income, 46)

[…] *yes, we've got to shift that thought process* […] *away from relying on benefit and state pension* (man, higher income, 29).

Most participants across all three countries assume new sources of finance will have to be found for pensions, that the private sector will expand and that some cutbacks or increases to pension age will be inevitable. In Germany there is discussion of demographic rebalancing, in Norway of trimming in the context of demands from other areas of provision and in the UK of severe cuts, means-testing and, particularly prominently, of privatisation. The concerns voiced in our democratic forums acknowledge future demographic pressures but do not obviously correspond to their objective incidence: in Germany and Norway, where future cost-pressures are highest, responses concern themselves with reforms to address those pressures, while in the UK the main current of attitudes is based on the assumption that pensions are simply unsustainable and must be cut severely. One possible explanation is that more has been done in the two former countries to adapt to future pressures than in the UK, although there is no indication that the participants in our forums recognise this. The form in which disquiet is expressed corresponds loosely to the regime framework, with concerns about the relationship between contributions and benefits notable in Germany, a desire to retain an inclusive system in Norway and a move away from collective provision towards individual responsibility in the UK.

Work and inequality

In all the countries, democratic forum participants recognise problems in four areas: inequality at both top and bottom end; unfair treatment of some of workers; a lack of opportunity, especially for those at the bottom; and difficulties in regulating and taxing multi-national companies. The distinctive national features are that the Germany discourse includes greater emphasis on the dignity of work. Norwegian comments also reflected this theme, but also included repeated concerns about equality and about multi-national companies. However, in the UK there was a strong normative concern with individual responsibility and a framing of unemployed people and immigrants as a threat (the former because over-generous benefits for the unemployed undermine people's willingness to work, the latter because they either compete for jobs or become a

burden on state benefits). The 'objective' pattern of inequalities was not reflected in the national discourse with little apparent awareness among the UK participants of the extent of inequality in their country.

The stress on the value and dignity of work was evident in Germany, from the final plenary:

> *Our goal with regard to work and occupation was that work should always be worth it and achievement must also be worth it* (spokeswoman for a discussion group)

And from the group discussions:

> […]*the state should make sure everyone can live from the work they do…getting rid of these chain contracts or limited time contracts (man, self-employed, 55); minimum wage or equal pay for equal work …women receive significantly less pay for the same work* (man, higher income, 24).
>
> […] *elimination of limited-time work contracts and positions* (woman, mid-income, 43).
>
> […] *the main problem is that there are people who work 40 hours a week and whose work is not really appreciated or rewarded* (man, self-employed, 55)
>
> *more tax on the highest paid […] Tax the company where it is actually based. If Amazon is based in Dresden, it pays taxes on its income in Germany* (man, self-employed, 55).

However there was disagreement on whether wealth as opposed to income should be highly taxed, and this policy was not agreed at the final plenary.

There was strong support across the break-out groups for:

> *[….B]etter education opportunities* […].*a good education* […]*can only be afforded by the rich* (woman, higher income, 55); *I'd say it begins with education, so that's most important. Qualification through education* (man, higher income, 30)

In Norway, discussions over work and inequality focused on taxation, the minimum wage and social investment:

> […] *my solution is the tax model to take away the high tops* (woman, retired, 71)
>
> […] *the low-paid should* […] *have a wage increase if possible* (woman, middle income, 39)

Education […] *leads to jobs* […] *and perhaps less inequalities* […] *it will even things out wage-wise* (woman, higher income, 45)

There is also recognition that the way in which someone's work is treated shows how society values that person and their contribution: as one respondent put it: *'work and pay is a measure of value to society'*.A minority of participants in the group discussions opposed progressive taxation because they wished to 'incentivis[e] *entrepreneurship*' (woman, middle income, 44) and '*because the motive power for innovation is inequality*' (man, middle income, 42), but the arguments for inequalities were not supported in the final plenary.

The striking feature of the UK forums was the way in which, although issues of opportunity and equality emerged, the discussion tended to be dominated by unemployment and immigration (plenary statements):

> [… It is] *not the responsibility of government, but the responsibility of the individual themselves* [… to] *get off their backsides and do something*… (woman, low income, 26)
>
> *Instead of just getting jobseekers allowance, they should…work for their jobseekers* (woman, housewife, 33)
>
> […] *Reduce immigration* […] *there will be more jobs to go round* (man, high income, 50);
>
> [… There are] *a lot more people out of work because ...foreign people coming in…they're gonna go straight on the dole* (woman, unemployed, 49).
>
> *[…] people in work should always be on 25 per cent more than people on benefits* (woman, low income, 39).

Participants also voiced also strong concerns about the lack of labour market opportunities. In the plenary the spokesperson for one discussion group argued, to general agreement, for:

> *More apprenticeships and education applied qualifications* (man, middle income, 36)

Another pointed out that such social investment can contribute to individual success as well as to society:

> […Y]*ou've got kids that are leaving school with qualifications that they can go straight into work. […T]hey can then contribute more to […] a more successful life for themselves* (man, middle income, 27).

While there are clear national differences in the conceptual frameworks surrounding work and inequality (that work should be respected in Germany, greater equality in Norway and the work-ethic in the UK) there are also commonalities in concern about inequality, about poor conditions of work for some groups and about footloose multi-national companies. Social investment through training and education is also

endorsed by almost all participants across the countries, but for rather different reasons, stressing qualifications and contribution in Germany, equality in Norway and individual benefit in the UK. Again overall pattern fit with national normative frameworks rather than objective pressures, which would direct attention to inequality and precarity in the UK. However the emergence of a less secure group of low-paid workers in Germany may be reflected in the emphasis on the importance of valuing work as a contribution to society.

National identity

There are major differences in the extent to which participants in the different countries accepted the legitimacy of immigration, with the least welcoming being the UK. In Germany and Norway the debate centred on issues of integration, while in the UK the main themes were the detail of entry restrictions and the curtailing of the rights of immigrants once they had entered. Participants in all three countries distinguished refugees from economic migrants, and believed that the former group should be welcomed.

In Germany, some participants expressed concerns over pressure on jobs:

> *[T]here's no work for Germans anyway so how are we supposed to have job positions for these people?.. it will all fall apart* (man, lower income, 70)

The issue of fear towards immigrants was also raised:

> *I won't send my daughter near the refugee hall* (man, lower income, 41)

Integration through language, training and work was discussed extensively in the groups and this dominated the final plenary.

A similar discussion was pursued in Norway, with greater emphasis on '*quicker integration'* (woman, middle income, 53) and a recognition of the value of immigration '*because we need manpower*' (man, higher income, 31, with approving voices). A number of those involved anticipated that immigration would rise even further in the future. Several members of the group talked of the barriers to immigrants from racism:

> *In Norway we are a bunch of bloody racists, excuse me for saying* (woman, higher income, 44)

Some participants also referred to the individual responsibility of immigrants to learn the language and make efforts to integrate themselves. The final plenary again focused on measures to improve integration.

UK attitudes were coloured by negative perceptions of immigration - that immigration is a threat to the employment of nationals, is a burden on benefits and brings in new competitors for housing and other resources:

The amount of unemployment is going to increase […] *you've more unskilled, unemployable people coming in* (woman, housewife, 33)

Why should someone who comes here get cash immediately? (man, middle income, 29)

A final plenary spokesperson summed up feeling to general approval:

Obviously, if we keep going on as we are now, there'll be a lack of housing and space to house people. […I]t puts a strain on the NHS. […W]*e're not the Promised Land, you know* (woman, retired, 68)

You allow immigration more and more and more, the Government have to spend more money on benefits for them instead of putting the money into education and social care and other kind of stuff (man, lower income, 32)

There were almost unanimous demands in the UK for a strict immigration cap, a points system and restrictions on access to benefits and social provision.

The pattern of responses to immigration does not follow that of 'objective' pressures which would highlight concerns in Germany and Norway rather than the UK. In the former two countries the debate tends in practice to focus on integration following the high rate of immigration, and relatively few people express anti-immigrant sentiments. There is also recognition of the value of immigrant workers. In the UK, the dominant theme is disquiet, and immigrants are seen primarily as a threat to the interests of nationals. Normative approaches also differed: openness with some reservations, commitment to overcome any barriers and mistrust, respectively.

Stage III. Differences between objective pressures and attitudes and beliefs

In this stage of the argument we draw together the material from the forums to examine the various beliefs about how welfare states work, the challenges they face and the normative assumptions about what should be done held by the participants. We seek to identify the resulting shared interests and solidarities that are likely to drive political behaviour and contrast them with the objective pattern of interests.

Figure 1 sketches out the dominant beliefs about challenges, policy directions to address them and normative justifications for those policies in the three countries: pensions systems are seen as unsustainable and requiring various modifications in Germany and in Norway but as needing major cut-backs and privatisation in the UK. Inequalities at top and bottom end and also problems of precarity for those on short-term and part-time contracts affect the world of work in all three countries. These should be addressed by tax, minimum wage and regulatory reforms, but with different objectives and with the issues conceptualised in different ways: in Germany the main object is to value contribution through work, in

Norway there is concern about inclusivity. However, in the UK discussion is dominated by concern that benefits for unemployed people damage work incentives and by the fear that immigrants compete successfully with nationals for a fixed pool of jobs, forcing down wages. These issues demand restrictive measures to curb immigration and promote work. Norwegian and German participants also voiced concerns about the problem of regulating multi-national companies. In all three countries participants see the way forward as an improved training and education system to fit particularly lower-skilled people better for work, but for different reasons: in Germany to contribute more effectively, in Norway to improve equality and in the UK to enhance individual opportunities.

Immigration issues emerge in all three countries, most powerfully in the UK, where the debate is all about exclusion and control in order to protect nationals. In the other two countries there is much more concern about effect integration although a small number of Norwegian members expressed concerns about what they saw as unsustainable pressures.

Figure 1: Perceptions of pressures, desired reforms and justifications

	Germany			**Norway**			**UK**		
Area of concern	***Main issue***	***Reform***	***Justification***	***Main issue***	***Reform***	***Justification***	***Main issue***	***Reform***	***Justification***
Population ageing: pensions	Unsustain-able	Raise retirement age, encourage occupational/ private pensions	Retain fairer system	Under pressure	Raise retirement age, encourage occupational/ private pensions	Affordability of pension system	Entirely unsustain-able	Privatisation; means-testing	No alternative (reluctant individualism)
Work and inequality	Inequality; work of lower waged not respected	Tax reform; higher minimum wage; education, training and child care	Fairer reward; Integration through work	Inequality; unregulated MNCs	Tax and regulation; Education and training	Greater equality; More equal opportunities	Inequality; laziness; weak incentives	Reduce benefits; tax and regulation reform; more education, training and childcare opportunities	Promote work-ethic; allow all individuals to succeed

Immigration	Pressures	More integration policies (training, language)	All can contribute	Pressures (likely to increase)	More integration policies (training, language)	Greater equality and cohesion	Immigrants compete for jobs and benefits	Exclusion/ strict restrictions	Control threat to nationals

We suggested, on the basis of the socio-economic background data reviewed at stage I, that intergenerational and immigration issues would be of great significance in Germany and Norway due to the amounts required to sustain pensions and the number of incomers, that inequality would be highly significant in the UK and also precarity in work would emerge as a focus here and in Germany, and that immigration would be much debated in Germany and Norway. The discussion in the forums does not obviously follow this pattern. Problems of ageing and integration of immigrants are recognised but handled in a measured way in Germany and Norway and precarity is addressed in Germany and the UK. Inequality figures but is not a central issue in discussion, however, in the UK but immigration is, and is seen as of such significance that the debate spills to figure prominently in the sessions on inequality and work. The response in this country to pension pressures (objectively relatively small) is that they are entirely unsustainable.

In relation to the labour market, inequalities and issues of contractual rights for those at the bottom are acknowledged as significant in all three countries. The commonly-accepted way forward is a social investment programme to help those at the bottom, but it is justified in rather different ways illustrating different approaches to integration: in Germany to help all citizens contribute, in Norway to promote equality and in the UK primarily to allow the individual to make the best of themselves.

. The UK stands out in the immediate stress on a division of interest between immigrants and nationals and the demands that government promote the interests of the latter over those of the former. In the other two countries there is an assumption that the objective of state action is the resolution of conflicts and social integration.

From one perspective the pattern of attitudes and beliefs and its relationship to objective interests might be seen to fit loosely with Esping-Andersen's (1990) regime theory: Germany is a corporatist country where a social insurance logic dominates leading to an overarching respect for work as the measure of an individual's contribution. Work should be fairly rewarded and incomers should be given a fair opportunity to contribute. Norway as a social democratic welfare state seeks to achieve inclusion with a high degree of equality, strong and effective social services and inclusive citizenship. The UK is a liberal regime with a high degree of individualism and commitment to reinforcing the work ethic.

The material from the democratic forums, however, also raises further issues, most evident in the exclusionary approach to immigrants, not encouraged as potential market actors and contributors in the UK but seen as a threat, and in the different responses to pension pressures in the various countries. These may best be understood in relation to ideas about the role and capacity of the state which are not brought out in regime theory as normally expressed.

We term this perspective moral economy, linking together beliefs about individual interests and values with beliefs about what the welfare state can and values about what it should do. These relate along two orthogonal dimensions set out in Figure 2. The vertical dimension charts the balance between state and individual responsibility; what people can and should do for themselves and how government can and should support, facilitate and regulate this. The horizontal dimension deals with the relationship between government and the world in which it finds itself: whether the key concern is protecting citizens against external threats through exclusion, or whether an inclusive and mutually beneficial approach can integrate all interests.

Figure 2 Moral economies: conceptual framings of the welfare state

Most German participants appear to live in a moral economy where the state is seen as strong and capable and people have considerable confidence in its capacity to manage population ageing and the integration of immigrants. The responsibilities of the individual and state for successful integration are balanced: the individual must measure up to social expectations in terms of work and contribution, but the state should also provide opportunities and support. However, there is a widespread concern for the expansion of the low-income sector and the emergence of a "working poor" section of the population leading to a dualization of the labour market and a devaluing of the work of this group. In short, the pressures faced by the welfare state and the threats to solidarity are considerable but not insuperable. The system should be inclusive of those who follow the rules, evident in discussion of the integration of immigrants through work and the stress on opportunities for the unemployed and on equal treatment of women and men who make equal contributions.

In Norway also the capability of the state is a background assumption, although its capacity to regulate multi-nationals is a matter of concern. The pressures of population ageing are real and will require adjustments, but it is within the capacity of government to manage these. The basic normative assumption is that system should be inclusive of those in need (notably old, young unemployed and immigrants) and that policy should be directed to ensure that this can be sustained.

The UK participants seem to share a more limited perception of the capacity of government, a stricter view of individual responsibility and a more fearful perception of external threat. Government policies are needed across a range of areas, but there is limited confidence in the state's ability to maintain an adequate pension system or to reform precarious jobs and an assumption that it is weak government that allows in immigrants, provides benefits to non-workers and subsidises the EU. The boundaries of state provision should be hardened to protect those identified as nationals and this is particularly striking in discussion of immigration and the labour market. The core assumption is that the individual is responsible for their own life-chances. Work is a duty not as a contribution to the common good but rather as a means to provide for oneself. A central concern is that benefits tend to erode the work-ethic.

To sum up, the democratic forum data shows distinctive moral economies held by the majority of participants in the three countries. Norwegian respondents are least likely to recognise major divisions in their society and to stress inclusiveness, most confident of the capacity of government to achieve solidarity and most likely to believe it should; in Germany

there is a strong commitment to integration through reciprocal contribution and benefit and a correspondingly balanced view of state and individual responsibilities; in the UK our participants focus on what they perceive as real divisions and competing interests between immigrants and nationals, unemployed and those in work and younger and older people and believe the role of government is to curb threats and provide opportunities, but that the responsibility lies squarely on the individual to grasp them.

Social integration is also thought of differently in the three countries. In Germany, integration is understood as a reciprocal relation between state and individuals with each side making appropriate contributions and gaining corresponding benefits. In Norway integration is much more in terms of equal citizenship and this is valued as a central feature of the Norwegian model). In the UK integration is much more a matter of excluding destabilising groups (immigrants, the unemployed) in order to protect those who remain and secure the work ethic and the viability of the market. Social investment logics also follow this approach: for Germany securing opportunities is part of the corporatist bargain, for Norway it is to secure growth, equal access and engagement in society and in the UK that the object is to ensure that the individual can engage in work and improve her own circumstances.

This leads to particular reciprocal, inclusive and exclusive solidarities. The three countries and the conceptual frameworks that emerged in the democratic forums we carried out in them loosely reflect the three worlds of corporatist, social democratic and liberal welfare. The forum data adds further insights into how each is legitimated: by moral economies that construe fairness as reciprocity, inclusion and opportunity respectively, with roles for the welfare state in terms of securing integration into society for all who join the reciprocal bargain, a broad social citizenship inclusiveness and a protective exclusion of outsiders. These logics create their own securities and tensions with varying degrees of stability as the various moral worlds face the challenges their inhabitants identify. The implications of the forum material are that, so far as ordinary citizens go, the chief political pressures in Germany and Norway will sustain the recalibration of state welfare to retain the key features of the current pattern of provision under altered circumstances. In the UK most people see no alternative to the continuing contraction of the welfare state, linked to a view of government which sees its role as much in terms of excluding external threats (immigrants and the work-shy) as on interventions to maintain social provision.

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