

Book Review

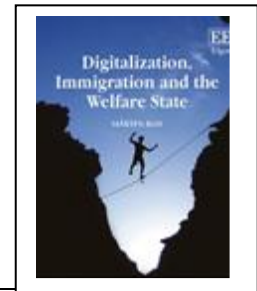
Influence of Modern Welfare State on Socio-Economic Development

A Review of 'Digitalization, Immigration and the Welfare State' Book- by Marten Blix - Published by Edward Elgar 2017

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Received : 25 Sep. 2018, Revised : 5 Oct. 2018, Accepted : 22 Oct. 2018,
Published 1 Nov. 2018



Abstracts

The 'Welfare State' in many developed countries under huge pressure with the influence of globalisation and technological advancement. In this review, we study and carefully comparatively analysed what the book of 'Digitalization, Immigration and the Welfare State' offers to the knowledge community and what it misses to address. The purpose of this review is help us understand and see the issues of migration and digitisation from different perspectives and ensure that serious countries continue to develop their commitment towards better citizens' quality life models that fit the development of humanity and the breakthroughs advancements.

Keywords: Welfare State, Immigration, Migration Economy, Socio-Economy, Globalisation, Resilience Economy

Introduction

The welfare state is a concept that is related to how governments see and differentiate their role in relevance to the socio-economics and the well-being of their citizens. With these concept governments could be differentiated in their policies and in how their wealth are distributed. The welfare state helps us also to see the reality of equal opportunities in approximately every aspect in life starting with equality of employment and social welfare services. Through these welfare state governments are actually defining their public responsibility towards their citizens in general and specially for those that on the line of poverty, or those with minimal quality of life services. Marshall (1950) summarised the modern welfare state as the 'distinctive combination of democracy, welfare, and capitalism'.

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The welfare state involves a transfer of funds from the state to the services provided (i.e. healthcare, education, etc.) as well as directly to individuals ("benefits"), and is funded through taxation. It is often referred to as a type of mixed economy. The author of the book however, failed to address the other wealth that welfare state could help to discover for its citizens as mentioned in (Ahmed and Buheji, 2017). The focus of Blex (2017) was strictly here on progressive taxation which lead to larger income tax for people with higher incomes. Today, we have well established modern welfare states as in Germany, France, Belgium, Netherlands, Iceland, Sweden, Norway, Denmark, and Finland. In this review of 'Digitalization, Immigration and the Welfare State' book, by Marten Blix the focus on the case of Sweden specially after the huge waves of migration since end of 1990's.

What are the Challenges of Modern Welfare State from the point of accepting Migration?

Blex (2017) argue that the modern welfare state finds itself in the middle of two polarisations: the impact of technology and immigration. Having taken in more refugees per capita than most other countries, the pillars of the Swedish welfare state are being shaken. This shakeup also has speeded with advent of digital technologies that influenced new trends towards job and wages. This leading to new political polarisation. Blex (2017) call for adequate policies that would help to speed up the development of migrant skills with the pace of the technology. Financing the welfare state labour market and continuing its legitimacy would continue in being a major challenge for the coming Swedish government as per Blex findings. However, Blex doesn't see that modern economics as 'Behavioural Economics' could enhance management of the challenges for modern welfare state Buheji (2018b). The Swedish system, for example, could be enhance the employment rates by different focused behavioural economics labs which would enhance the productivity and influence the immigrants' quality of life. Today, only 50% of the immigrants would be employed after nine years from date of migrating to Sweden. A case which the reviewer of this book has witnessed in Canada too during different interview of with different Migrants from Afghanistan, Iran, Arab World, India and East Asia.

As an author of a comprehensive book on the Youth Economy, I would say that Blex failed to address the wealth of youth energy and spirit that a country like Germany have used to create more creative and vibrant economy, Buheji (2018c). One would agree that the rigid policies of the Swedish system spoils the migrants' ability to properly contribute to the socio-economy, hence we end-up seeing migrants as a burden rather than assets for real differentiated development.

What are the Challenges of Modern Welfare State from the point of digitisation of the economy?

Blix (2017) sees that unless the market become more resilient, high digitisation, i.e. using Robotics in the industry, would target to replace labour as faster speed to avoid the high taxation which the welfare state has to coop with the more demand on the services, Buheji (2018a). The implications of the digitisation trend are driving faster change in the developed economies as Sweden. The rigid labour markets and comprehensive tax-financed welfare services policies increasing both the costs, especially with unemployed immigration work force and causing a rise of inequality. This also causing more polarisation of unwillingness to pay high taxes and erode support for redistribution.

Final Words

Applying the concept of welfare state helped in reducing socio-economic issues as poverty and difficult access to education by 60-80% in countries as Sweden, Norway, Netherlands, Finland, Denmark, Germany, Switzerland, Canada since the last decades of the last century. However, Blix (2017) takes us to a clear conclusion that he was preparing the reader for; that is failing to address challenges like this one could herald much more drastic changes further down the road. There are already signs of economic and political tensions and there is a risk that the social contract could crack. Blix however cover his study only from the 'social democrat' welfare state which countries as Denmark, Finland, Netherlands, Norway and Sweden follows. i.e. Flex could do how the policies of the 'Christian Democrat' welfare states for countries as Austria, Belgium, France, Germany, Italy and Spain could benefit from this study. Same issue for the more 'Liberal' state welfare for countries as Australia, Canada, Japan, New Zealand, Switzerland and USA.

Belx contribution to the challenges of the Swedish Welfare State no doubt is clear, however I would argue that this contribution could have been more comprehensive if the author seen the opportunities that these challenges bring.

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