

Valyu ANCHEV

Teaching Assistant, University of Veliko Trnovo “St. St. Cyril and Methodius”, Faculty of Law, Republic of Bulgaria, v.anchev@ts.uni-vt.bg.

THE WELFARE STATE IN THE XXI CENTURY

Summary

This paper examines the welfare state as a constitutional and socio-economic framework aimed at promoting equality and social justice. Focusing on Bulgaria within a broader comparative context, it explores the legal foundations, ideological debates, and evolving challenges faced by welfare systems in the 21st century. Key issues such as globalization, neoliberal reforms, and demographic shifts are discussed, highlighting the need for adaptable and inclusive welfare policies. The study argues for the continued relevance of solidarity and social rights in addressing contemporary societal needs.

Key words: Welfare State, Social Justice, Globalization, Neoliberalism, Social Rights.

1. INTRODUCTION

The concept of the welfare state (It is necessary here to make an important clarification regarding the concept of the welfare state, which should not be associated solely with its classical interpretation (Drumeva 2018.; Tanchev, 2003). On the contrary, it must be taken into account that the welfare state represents a continuation of the rule-of-law state (Kirov, 2016)) has gained widespread recognition in constitutional frameworks following the end of the Second World War. At its core, it denotes a state system in which the government assumes responsibility for ensuring social justice and equality among all citizens. This is achieved through the redistribution of collective resources and the safeguarding of social rights via legislation grounded in the principle of solidarity. Consequently, the state is obligated to provide access to social services—such as healthcare, education, social support, pensions, and others—thereby guaranteeing equal opportunities regardless of an individual's social or economic status.

2. CONCEPTUAL FRAMEWORK OF THE WELFARE STATE

The Western academic literature offers numerous definitions of the welfare state. According to the *Oxford Handbook*, the welfare state entails government intervention in the free market to ensure a minimum income, favorable working conditions, and protection in cases of loss of working capacity (Beland et al. n.d. 2012:125). Other scholars emphasize that the welfare state is founded on the rule of law, rooted in individualistic notions of personal and property rights (Jacobson and Schlink n.d.1998:155). *Black's Law Dictionary*, the authoritative legal dictionary of the United States, defines the welfare state as one in which the government undertakes various social security programs, such as unemployment benefits, old-age pensions, family allowances, food stamps, and aid for the blind or deaf—also referred to as a social-regulatory state (Black and Nolan n.d. 2009:4924).

In Bulgarian legal, political, historical, and economic literature, scholars have generally not engaged in explicitly defining the concept of the welfare state. Emilia Drumeva notes that as early as the 19th century, there was a perceived need for state intervention to address major societal issues—marking the emergence of the so-called “social question.” She further argues that modern constitutionalism elevates the welfare state to a fundamental tenet of the democratic and rule-of-law-based state (Drumeva 2018: 206). Plamen Kirov offers an even more definitive perspective. In his article “The Evolution of Constitutional Principles,” he asserts that after the Second World War, a pivotal transformation occurred in constitutional development: a transition from a formal to a substantive rule-of-law state, denoted by the term “social rule-of-law state.” (Kirov 2016: 22) This concept, according to him, entails binding public authority to certain supreme values and principles enshrined in constitutional legal order.

Stefan Stoychev examines the welfare state within the broader theory of constitutionalism, particularly through its classification systems. He identifies this model of governance as a component of modern constitutionalism, achievable only in a state governed by its constitution and laws, with established mechanisms for protecting citizens' rights and freedoms (Stoychev 2002: 107). Bliznashki defines the welfare state as a form of the modern state and describes it as a state that exercises governance over the social sphere of society (Bliznashki 1999:34). Evgeni Tanchev argues that the constitutional principle of the welfare state is primarily embodied in third-generation rights and the system of legal guarantees for their implementation. Furthermore, this principle is reflected in constitutional provisions concerning the powers, procedures, and acts of state authorities (Tanchev 2003:355).

The commentary on the Constitution of the Republic of Bulgaria identifies the welfare state as one of the three defining characteristics of the state—alongside its democratic and rule-of-law dimensions (Balamezov et al. 1999:21). Vasil Mruchkov interprets the social dimension of the Bulgarian Constitution as a condition of human

existence that is shaped by state measures related to economic development¹. Valentina Stoyanova defines the welfare state as one whose primary goal is the formation of a middle class composed of economically active and independent citizens (Mruchkov 2017:12).

In my view, the term *welfare state* may be understood in both a narrow and a broad sense. In its narrow sense, the welfare state functions as a constitutional principle associated with the protection of human dignity and the development of socio-economic rights. In this sense—as a constitutional principle and the rights it encompasses—it falls within the scope of analysis of general legal theory and civil law. This includes not only the constitutional safeguarding of such rights but also their statutory protection.

In its broader sense, the concept of the welfare state derives from its inherent social function and does not necessarily require explicit constitutional codification. Rather, it is embedded in the material understanding of the rule-of-law state. Its elements are evident in the mechanisms and actions undertaken by the state to redistribute public goods, as well as in the legal framework that governs socio-economic relations. Thus, the welfare state constitutes an integral component of any politico-legal system that pursues economic and fiscal policies and generates wealth.

The welfare state encompasses a range of policies and institutions aimed at promoting social and economic well-being, redistributing resources, and ensuring enhanced protection of social rights. While the idea of the welfare state becomes widely recognized in the twentieth century, its core features—such as social welfare, equitable distribution of wealth, and resource allocation—can be traced back to earlier historical periods marked by industrialization, urbanization, and social upheaval. As previously stated, my objective is not to explore the historical origins or intellectual evolution of the welfare state—as is the focus of many cited authors, who analyze the political, social, and ideological conditions underpinning its development in the twentieth century. Rather, I aim to examine the welfare state specifically within the framework of the Bulgarian constitutional model.

In most academic works, the rise of the welfare state is closely linked to the significant social and economic transformations that occurred at the end of the nineteenth and the beginning of the twentieth century. The Industrial Revolution led to rapid urbanization, growing economic inequality, and the exploitation of labor, thereby placing the “social question” on the political agenda. This, in turn, provoked demands from the working class for governmental intervention to mitigate social disparities and address the adverse effects of industrialization (Shamov 2023:20).

The emergence of the welfare state is accompanied by intense ideological debates concerning the role of the state, the boundaries of individual responsibility, and the ideals of social justice. Proponents advocate for expanding governmental involvement to ensure a basic standard of living for all individuals. Opponents, however, raise concerns about the

¹ Mruchkov, V. “The ‘Social’ Dimension in the Current Bulgarian Constitution,” *Legal World Journal*, No. 1, 2017, Sibi Publishing, p. 12

potential overreach of state authority, the erosion of individual freedom, and the long-term sustainability of welfare initiatives.

Across different nations, the implementation of the welfare state varies significantly, reflecting distinct political traditions, social values, and economic conditions. Following the Second World War, several Western democracies witness a considerable expansion of the welfare state's powers. This development is driven by social cohesion, economic prosperity, and political consensus—later shaped and challenged by globalization. The adoption of universal healthcare systems, public education, and social assistance programs epitomizes the broad postwar commitment to social welfare as a vital component of citizenship.

Despite its achievements, the welfare state faces growing challenges and criticism in the second half of the twentieth century. Its viability is called into question by economic stagnation, demographic shifts, and the pressures of globalization, prompting debates over welfare reform, fiscal constraints, and privatization. Critics also express concerns about dependency on assistance, inefficiency, and the erosion of traditional family values.

The rise of neoliberalism during this period introduces a shift characterized by a retrenchment of welfare provisions and the implementation of market-oriented reforms. Governments influenced by free-market ideologies adopt measures such as deregulation, privatization, and austerity to reduce the scope and scale of state intervention. The welfare state increasingly contends with demands for greater individual accountability, workplace-based welfare initiatives, and stricter eligibility requirements for benefits. In this context, it is worth noting Plant's observation that the neoliberal welfare state effectively denies the ideal of social justice, based on the premise that state intervention in the individual sphere should be limited and must not alter the social status of individuals or groups. He further argues that the state should refrain from directly providing welfare services, limiting its role to financing non-governmental initiatives (Plant 2010:250).

Despite the pressures of neoliberalism and globalization, the welfare state demonstrates remarkable resilience and adaptability in responding to evolving socio-economic conditions. Many countries introduce innovative policy reforms aimed at modernizing social support systems, promoting social inclusion, and addressing emerging societal challenges, including population aging, technological transformation, and environmental degradation.

3. THE WELFARE STATE IN THE 21ST CENTURY: CHALLENGES, PROSPECTS, AND PERSISTENT IDEALS

Entering the twenty-first century, the future of the welfare state appears both uncertain and promising. The COVID-19 pandemic underscores the importance of social protection, healthcare accessibility, and financial support during crises, reigniting debates over the state's responsibility in ensuring social welfare. Looking ahead, policymakers must carefully navigate the difficult trade-offs between maintaining fiscal stability, promoting

social justice, and enhancing productivity in order to design welfare systems that are robust, inclusive, and responsive to the needs of all individuals.

The rise and development of the welfare state mark a significant phase in the evolution of social policy, reflecting shifting conceptions of citizenship, social justice, and the role of the state in contemporary society. Initially conceived as a utopian ideal, the welfare state gradually becomes a core feature of modern welfare capitalism, leaving a lasting impact on societies across unified Europe. In the face of new challenges and uncertainty in the twenty-first century, the values embodied by the welfare state—solidarity, compassion, and social responsibility—remain as relevant as ever.

In modern society, the division of labor deepens alongside growing interdependence among various social groups and interests. It is the state that seeks to rationalize public life by regulating goals and values through a legal system shaped by these same principles. Over the past century, state power has progressively expanded into all areas of social life—an overarching trend observable in both totalitarian and democratic regimes. The difference lies in the extent and nature of state intervention: in the former, politics tends to dominate and subsume all other spheres of life under the logic of expediency; in the latter, institutional mechanisms such as the separation of powers preserve a relative autonomy of social domains, upholding the rule of law as a fundamental principle.

Since the development of the welfare state in the aftermath of the Second World War, equality has become an increasingly emphasized objective in the United Kingdom. However, consensus is lacking as to how broadly equality should be pursued and to what extent it must be achieved. Opponents argue that equality threatens individual freedom and that inequality is essential for economic growth. Proponents, by contrast, contend that equality is vital to democracy because it mitigates disparities in economic power and political influence stemming from differences in wealth, status, and privilege.

The welfare state aims to promote greater equality of opportunity through policies such as state-funded universal education and the guarantee of minimum standards of well-being. Nonetheless, full equality has never been as widely accepted in the UK as in other countries, due in part to longstanding traditions such as reverence for aristocratic titles (William 2018:11). The pursuit of equality has nonetheless driven substantial social reforms, including the expansion of higher education, the development of comprehensive schools, and the implementation of fiscal policies aimed at narrowing wealth disparities—such as high taxes on inheritance and income. Still, no broad agreement exists regarding how egalitarian British society should—or is willing to—become. Furthermore, inequality is widely regarded as an inevitable feature of any modern industrial society, whether capitalist or socialist.

The debate surrounding equality often remains more ideological than evidence-based, and the divergence of perspectives is rarely reconciled. In this context, it is useful to summarize a study conducted by a group of Western scholars that outlines the main arguments both in favor of and against the welfare state (See a more detailed discussion of

the arguments for and against the welfare state in: Backhouse, R.E., Bateman, B.W., Nishizawa, T. and Plehwe, D., 2017. *Liberalism: The Welfare State*. Oxford: Oxford University Press, pp.118–131.):

A) Arguments in Support of the Welfare State

- **Social Citizenship and Equality** – The welfare state serves as a mechanism for securing social citizenship and reducing inequality by mitigating the consequences of uneven wealth distribution.
- **Protection from Market Risks** – It provides safeguards against risks associated with capitalist development, such as poverty in old age, unemployment, and health-related vulnerabilities.
- **Stimulation of Economic Growth** – Some economists argue that excessive inequality may inhibit economic growth by suppressing consumption, whereas social assistance can stimulate the economy to the benefit of all social strata.
- **Moral and Ethical Principles** – Support for the welfare state often rests on principles of solidarity and the moral imperative to ensure basic human needs are met.
- **Historical Context** – The emergence of the welfare state is linked to liberal economic thought and the ideas of figures such as William Beveridge and John Maynard Keynes, who advocate for social measures within the capitalist system.

B) Arguments Against the Welfare State

- **Economic Burden** – High expenditures on social assistance may strain the economy, reduce market efficiency, and discourage entrepreneurship.
- **Dependency Culture** – Critics warn that welfare benefits may foster a culture of dependency, wherein individuals rely on the state rather than assuming personal responsibility for their well-being.
- **Inefficiency of State Management** – Neoliberal economists contend that state monopolies in providing social services often result in inefficiency and that free market mechanisms could address these needs more effectively.
- **Fiscal Constraints** – Economic crises, such as the 2008 financial crash, demonstrate that elevated social spending can increase public debt and necessitate austerity measures.
- **Moral Hazard** – There are concerns that welfare benefits may encourage risk-taking behavior by shielding individuals from negative consequences, thereby potentially increasing the costs of social policy.

These arguments illustrate the complex trade-offs between the economic, ethical, and historical dimensions of the welfare state.

The welfare state remains a cornerstone of modern societies. In the aftermath of the Second World War, welfare states initially develop expansive social programs aimed at securing economic stability and the well-being of citizens. However, shifting demographics, economic globalization, technological advancement, and political change have prompted a re-evaluation of traditional welfare models.

Globalization reshapes the economic landscape, challenging the resilience of conventional social systems. Increased market competition and technological innovation contribute to job insecurity and income inequality, straining social welfare budgets and exacerbating social disparities. In response, welfare states face growing pressure to adapt their policies to the evolving nature of labor relations while preserving social cohesion and inclusion.

One of the defining features of the twenty-first century is an unprecedented demographic transition, marked by declining birth rates and aging populations in industrialized countries. This shift poses substantial challenges, including rising healthcare costs, pension obligations, and growing demand for long-term care. Policymakers are therefore compelled to reform social protection systems to ensure their sustainability and adequacy in the context of demographic crises.

These developments have rendered traditional welfare frameworks increasingly inadequate in addressing modern challenges such as climate change, migration, and heightened labor market insecurity. Welfare states are thus expanding their scope to address a broader spectrum of risks and vulnerabilities, necessitating innovative policy responses and cross-sector collaboration.

Advancements in information and communication technologies (ICTs) are revolutionizing the delivery of social services, giving rise to the concept of digital welfare. From online benefit applications to telehealth services, digital technologies offer unprecedented opportunities to improve efficiency, accessibility, and responsiveness in welfare provision. At the same time, digitalization raises critical concerns regarding privacy, data security, and the digital divide, underscoring the need for equitable access and ethical governance in the era of digital welfare.

In response to fiscal constraints and ideological shifts, many welfare states have adopted strategies of privatization and marketization in the provision of social services. This trend toward market-oriented welfare governance involves outsourcing, public-private partnerships, and the commercialization of social goods. While proponents argue that market mechanisms can enhance efficiency and consumer choice, critics warn of declining fairness, weakened accountability, and the erosion of social solidarity within welfare systems.

In recent years, increasing attention has been devoted to social investment and activation policies aimed at fostering human capital development and labor market participation. These approaches prioritize investment in education, skills training, and active labor market measures to empower individuals and promote social inclusion. By combining

social protection with activation strategies, welfare states aim to facilitate the transition from dependency to sustainable employment, thereby enhancing economic stability and upward social mobility.

Despite shared challenges, welfare states in the twenty-first century display significant cross-national variation, resulting in divergent policy trajectories. Scandinavian countries, for example, continue to maintain comprehensive welfare provisions, supported by high taxation and strong norms of social solidarity. In contrast, liberal regimes emphasize market-oriented reforms and targeted assistance, reflecting a more limited approach to social protection. These diverse pathways underscore the complex interplay of historical legacies, political ideologies, and economic contexts that shape the evolution of the welfare state.

In an era of growing complexity and uncertainty, participatory governance and social innovation emerge as key drivers of welfare state transformation. By engaging citizens, civil society organizations, and social entrepreneurs in policy design and implementation, welfare states can leverage local knowledge, foster community resilience, and enhance the legitimacy of social policies. Furthermore, social innovation initiatives offer experimental spaces to pilot new approaches to meeting social needs and advancing social justice through collaboration with a broad array of stakeholders.

In the twenty-first century, the welfare state stands at a crossroads, confronted by unprecedented challenges and opportunities. As societies grapple with globalization, demographic shifts, and technological transformation, the imperative to reform welfare institutions has never been more urgent. Among the central issues arising from globalization is the emergence of multiculturalism and evolving interpretations of neoliberalism.

Some Western scholars argue that government-led multicultural policies do not necessarily undermine public support for the welfare state. In fact, empirical studies and policy analyses fail to provide systematic evidence that a shift from citizen-centered policies to those addressing the needs of immigrants leads to a decline in public support for redistribution, trust, or solidarity (Banting, Kymlicka 2006:98). For example, data on public opinion in Western democracies—discussed in Chapter 3—reveal no indication that multicultural policies (MCPs) compromise support for the welfare state. On the contrary, by embracing innovation, solidarity, and inclusive governance, welfare states can adapt to the evolving needs of their populations while upholding their commitment to social justice and human dignity in the contemporary era.

4. CONCLUSION

In conclusion, the welfare state constitutes a vast and multifaceted field of inquiry, primarily examined as a complex political and legal construct within contemporary society. Its origins and historical development have been extensively studied by historians, political scientists, and sociologists—though comparatively less so by legal scholars.

In the present day, the concept of the welfare state is increasingly appropriated for political purposes, often acquiring a demagogic or populist tone. Its future, meanwhile, appears increasingly uncertain, lacking clear guarantees and mechanisms for safeguarding citizens' socio-economic rights. This ambiguity is perplexing, given that the welfare state—initially conceptualized in the political writings of Rousseau and more clearly shaped by the conditions of the Industrial Revolution—ought to provide coherent responses to the challenges it currently faces.

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Ваљу АНЧЕВ*

СОЦИЈАЛНА ДРЖАВА У ХХІ ВЕКУ

Апстракт

Овај рад разматра социјалну државу као уставноправни и социоекономски оквир усмерен ка унапређењу једнакости и социјалне правде. Фокусирајући се на Бугарску у ширем компаративном контексту, анализирају се правни темељи, идеолошке расправе и савремени изазови са којима се суочавају системи социјалне заштите у 21. веку. Посебна пажња посвећена је утицају глобализације, неолибералних реформи и демографских промена, при чему се наглашава потреба за прилагодљивим и инклузивним политикама социјалне сигурности. У раду се заступа став о трајној релевантности солидарности и социјалних права у одговору на савремене друштвене потребе.

Кључне речи: социјална држава, социјална правда, глобализација, неолиберализам, социјална права.

* Асистент, Великотрновски универзитет, Правни факултет, Република Бугарска, v.anchev@ts.uni-vt.bg.