

Professor Marek Kwiek
Center for Public Policy, Director, and
Department of Philosophy
Poznan University
ul. Szamarzewskiego 89
60-569 Poznan, Poland
e-mail kwiekm@amu.edu.pl

Welfare State in Transition: Changing Public Services in a Wider Context

(a paper for the seminar “Geographies of Knowledge, Geometries of Power: Higher Education in the 21st Century”, Gregynog, University of Wales, January 18, 2006)

keywords: higher education, welfare state, public services, transition countries, Central and Eastern Europe, pensions, globalization, public sector, knowledge economy, World Bank, retrenchment, liberalization, open economies, global economy, social reforms, European Union

Welfare state, globalization, and public investment in higher education

Social scientists have divergent views about the causes of the current pressures on the welfare state; they seem to agree on a single point though; we are facing the end of the welfare state as we know it. There does not seem to be a major disagreement, broadly speaking, about the future of the welfare state in its current European postwar form: its foundations, for a variety of internal and external reasons and due to a variety of international and domestic pressures, need to be renegotiated today. Major differences are based on different explanations about what has been happening to the European welfare state since the mid-1970s until now, about different variations of restructuring in different European countries, and different degrees of emphasis concerning the scope of welfare state downsizing in particular countries in the future. Globalization and the welfare state is the issue that most sharply divides current researchers on welfare issues. The question debated today is not *whether* welfare retrenchment has come to be seen as necessary by the governments of most affluent Western democracies, international organizations (such as the OECD), global organizations and development agencies (such as the World Bank) and the European Commission; it is rather *why*.¹

¹ Although it has to be remembered that, as Carnoy put it, “objective data in the economic, demographic and social spheres have greater or lesser impact as focus for welfare retrenchment according to the way they are politically interpreted and accepted in the country’s policy-making process” (Carnoy 1999: 153).

In general, we are experiencing, in different European countries to different degrees, e.g. the following phenomena: the increasing privatization and the shrinking of state welfare (which may be compensated for by private welfare – but with a new distribution of risks and certainties, as discussed by Giuliano Bonoli, following the *Risikogesellschaft* line of thinking common to Beck, Giddens or Lash); the reduction in the number of public sector employees; the end of the option of developing the welfare state through creating new public sector jobs (as in Scandinavian countries), including jobs in higher education; generally speaking, taxation and spending models may be becoming increasingly convergent (following the idea of “investor-friendly” or “business-friendly” climates in particular countries), as funding policies may become with respect to higher education; as well as there being no way to avoid a “globally accepted” downward trend in funding public services in general and a global trend which favors the market rather than the state in providing public services in general. So the prospects for the future seem to be that higher education will be increasingly seen as part of the public sector, with its traditional uniqueness dead and gone, with all its consequences. One way to break away from this perspective is to view higher education as an investment, rather than a burden, crucial for the development of “knowledge-based” societies and economies or to view higher education through the lens of social capital formation. Martin Carnoy sounds moderately optimistic when he concludes in his book about globalization and educational reforms that his analysis

suggests that a major “real” impact of globalization is to change the role of nation-states. Nation-states are becoming limited as direct economic actors and, as a result, are losing political legitimacy. But at the same time, nation-states, and regional and local governments, will depend increasingly for their legitimacy on their *ability to create the conditions for economic and social development*. In the new global economy, these conditions will depend increasingly *on the way the state organizes the education system*. Because knowledge is the most highly valued commodity in the global economy, nations have little choice but to increase their investment in education (Carnoy 1999: 82, emphases mine).

The question is which level of education Carnoy means; it is interesting to note Gøsta Esping-Andersen’s arguments against *increasing* investments in higher education for knowledge-based societies (as opposed to massive investments in children and families with children).² In his view, a knowledge-intensive economy will lead to a new social polarization and new dualisms. The long-term scenario might very well be

² In his 2001 report to the Belgian Presidency of the European Union (*A New Welfare Architecture for Europe?*), Esping-Andersen argues that vocational training and increased participation in higher education are *unlikely*, by themselves, to solve the problems caused by a fall in the demand for low skill labour: “If fighting social exclusion through employment remains the principal policy goal of the European social model in the early 21st century, the learning offensive will have to be complemented with strategies of raising employment opportunities for *low skill* workers through other means” (Esping-Andersen et al. 2001: 230).

“a smattering of ‘knowledge islands’ in a great sea of marginalized outsiders”. To avoid this bleak development, cognitive capacities and the resource base of citizens must be strengthened. On numerous occasions, he recommends massive investment in children, and families with children (e.g. Esping-Andersen 2002: 3). As he argues,

The most simple-minded “third way” promoters believe that the population, via education, can be adapted to the market economy and that the social problem will, hence, disappear. *This is a dangerous fallacy*. Education, training or life-long learning cannot be enough. A skill-intensive economy will breed new inequalities; a full-employment service economy will reinforce these. And if we are unwilling to accept low-end services, it will be difficult to avoid widespread unemployment. In any case, education cannot undo differences in people’s social capital (Esping-Andersen 2001: 134-35, emphasis mine).

The claim shared by many economists, sociologists and welfare analysts is that the limits of public expenditure and taxation has probably already been reached in EU member countries. Investment for the knowledge society is already subject to strong external constraints. Esping-Andersen rightly mentions “the new inequalities and social risks that knowledge-based economies inevitably provoke”, “new winners and losers” and a deepening gulf between those with and without skills.³ He suggests two ground rules for policy making: one, “we cannot pursue too one-dimensionally a ‘learning society’, a human capital-based strategy in the belief that a tide of education will lift all boats. Such a strategy inevitably leaves the less-endowed behind”; and two, “new social policy challenges cannot be met by any additional taxation or spending as a percent of GDP. We must accordingly concentrate on how to improve the status quo” (Esping-Andersen 2001: 146-47). So the pie will have to be divided up differently. Let us remember here Harold A. Hovey’s discussion of competing welfare programs in which higher education has recently been less successful than other claimants of government funding. It looks like the whole traditional post-war slice-cutting of the pie of state funding will have to be renegotiated. Former winners may be future losers (and vice versa) in the new setting of changing priorities, growing inequalities and possibly new ideas regarding what counts most in our societies and what counts less, and consequently new ideas on how to cut the pie differently. We are

³ Let us remember here an interesting distinction drawn recently in a European Commission communication on *Investing Efficiently in Education and Training* between the “knowledge rich” and the “knowledge poor”. As the document argues, “with an increasing premium on skills, the polarisation between the *knowledge rich* and the *knowledge poor* puts strains on economic and social cohesion. ... An important challenge is to develop education and training throughout life in such a way that change and restructuring in the economy have no adverse effects on social cohesion” (EC 2003: 8). Although European social policies are very much focused on enabling citizens to make increasing use of educational opportunities throughout life, in most if not all transition countries this dimension seems largely absent, despite the efforts of governments to promote lifelong learning. The education available is still tailored to students of 19-24 years of age.

in a very dynamic situation right now; it is hard to predict future policy directions, especially that they may differ considerably from country to country, or region to region, although some desirable policy mix to meet the requirements of a “competitive, employment-friendly and equitable welfare state” may be defined in advance (Ferrera et al 2001: 114).⁴

There are very few social scientists discussing the issue of higher education and the emergent knowledge society who believe that globalization may actually encourage increases in spending on education from the public purse, at the expense of other programs of the welfare state. One of them is Vito Tanzi from the IMF who in his recent paper on “Taxation and the Future of Social Protection” claims that

globalization may create pressures for increased spending for education, training, research and development, the environment, infrastructures, and for institutional changes partly to increase efficiency and partly to comply with international agreements. These expenditures are consistent with the traditional or basic role of the state in its allocation function. Thus, expenditure for social protection, which is a newcomer in the role of the state, could be squeezed between falling revenue and increasing needs for more traditional types of spending. In such a situation, the state will need to rethink its role in the economy (Tanzi 2001: 196).

This approach is very rare indeed. Although theoretically it is possible to claim increases in the share of the public funds for national public higher education systems using the “knowledge-based society” argumentation, in practice it has not worked in any of the major OECD countries or European transition countries so far. The situation of financing higher education recalls that of raising taxes for the sake of raising the standards of welfare provisions: everyone would like to have better public universities but no one is willing to pay higher taxes for this reason (compare the generally supportive attitude towards welfare opposed to the unwillingness to be taxed accordingly). The option of more *public* funding for higher education or research and development in Europe in the future is explicitly excluded even by the European Commission.⁵

⁴ Such a desirable policy mix is defined by Ferrera, Hemerijck and Rhodes in “The Future of Social Europe: Recasting Work and Welfare in the New Economy” in the following way: “a robust macroeconomic policy; wage moderation and flexibility (achieved where possible within broader ‘social pacts’); employment-friendly and efficient tax social policy; labour market ‘flexicurity’ [secured flexible employment]; and new methods of tackling poverty and social exclusion” (Ferrera et al 2001: 115).

⁵ Thinking of the emergent European Research Area, let us remember briefly the European Commission’s views: “it is very important to realise that the largest share of this deficit stems from the low level of *private* investment in higher education and research and development in the EU compared with the USA. At the same time, private returns on investment in tertiary education remain high in most EU countries”. Consequently, the thesis of the communication on *Investing Efficiently in Education*

Globalization and the public sector: the World Bank story revisited

The debate on the future of the (public) university today comes as part and parcel of a much wider debate on the future of the public sector (and state intervention in, or provision of, different, traditionally public, services). Certainly in the period of the traditional Keynesian welfare state regimes it was the state – rather than the market – that was deeply involved in the economy and in the protection of nation-state citizens against the potential social evils of postwar capitalism. As the World Bank’s flagship publication on the role of the state (*The State in a Changing World*) argues, for much of the 20th century people looked to government or the state *to do more*; but since the 1980s, the pendulum has been swinging again, and the existing conceptions of the state’s place in the world have been challenged by such developments as e.g. the collapse of command-and-control economies or the fiscal crisis of the welfare state. Consequently, today, the countries are asking again what government’s role ought to be and how its roles should be played (World Bank 1997: 17). The state’s behavior and the consequences of that behavior are under severe scrutiny worldwide. The post-war paradigm of the Keynesian welfare state (John Gerard Ruggie’s “embedded liberalism compromise” – a compact between the state and society to mediate the deleterious domestic effects of postwar international economic liberalization, Ruggie 1982 and 1997) coalesced around three basic themes. It was the social need to provide welfare benefits, the desirability of a mixed public-private economy which would often mean the nationalization of a range of strategic national industries, and finally the need for a coordinated macroeconomic policy directed toward e.g. full employment (World Bank 1997: 22). From a historical perspective,

The Great Depression was seen as a failure of capitalism and markets, while state interventions – the Marshall Plan, Keynesian demand management, and the welfare state – seemed to record one success after another. ... By the 1960s states had become involved in virtually every aspect of the economy, administering prices and increasingly regulating labor, foreign exchange, and financial markets. By the 1970s the costs of this strategy were coming home to roost. The oil price shocks were a last gasp for state expansion. ... The collapse of the Soviet Union ... sounded the death knell for a developmental era. Suddenly, government failure, including the failure of publicly owned firms, seemed everywhere glaringly evident. Governments began to adapt policies designed to reduce the scope of the state’s intervention in the economy (World Bank 1997: 23)

and Training: an Imperative for Europe is that “faced with relatively low private investment levels and high private returns on university education, the main responsibility of authorities is not only to continue to provide higher education institutions and students with a sufficient level of public funding, but also to find ways to add to it by increasing and diversifying private investment in higher education”. What is needed is therefore a “combination of *targeted public investments and higher private contributions*” (EC 2003: 13, 15, emphasis mine).

It was in Central and Eastern Europe, exposed to the influences of global agencies in redefining their future models of the welfare state and consequently national welfare policies, that the direct link between the new “effective” state on the one hand, with a downsizing of the public sector and a redefined minimal welfare state, and higher education policies on the other, was very much visible. Still another paradox, largely overlooked except for a handful of Central European social scientists, was that the policies for the ten accession countries, generally promoted and praised in subsequent accession countries’ reports by the European Commission, were not exactly “European” policies rooted in European models of the welfare state with its generally accepted “European social model”⁶; on the contrary, as Zsuzsa Ferge convincingly demonstrates (and as many of us Central Europeans know very well from policies actually being implemented in the healthcare, pensions and other public sectors⁷), these policies are largely neoliberal.⁸ That is another reason to take the link between

⁶ Formally speaking, the European Social Model has not been defined as such in any single place. The Treaty of Amsterdam in 1997 includes a Social Chapter, and the “Charter of Fundamental Rights of the European Union” adopted at Nice in 2000 includes an important chapter on “Solidarity”. It is evident that in practice the *acquis communautaire* of the EU does not include the social *acquis*, though. See especially Ferge 2001a, 2001b.

⁷ In CEE countries, in general terms, there is no social contract to renegotiate and welfare provisions need to be defined from the very beginning. Consequently, while the dismantling of the welfare state, especially with strong democratic electoral structures and powerful civil society groups, might not occur in the near future in Western Europe, the process might be long-term so that eased by social protection measures, an already “dismantled” welfare state may be built along neoliberal lines in CEE countries without actually renegotiating the postwar European social contract – which was absent there. Ideologically, there is an important difference between the potential dismantling of the welfare state (in Western Europe) and the actual dismantling of the remnants of bureaucratic welfare from the ancient regime (in Central and Eastern Europe). It is extremely interesting to draw parallels between Paul Pierson’s (1994) description of welfare state retrenchment in the United Kingdom and the US (in the times of Reagan and Thatcher) and the ongoing welfare reforms in selected countries of the CEE (Poland being a natural and well-researched candidate). Christiane Lemke in seems to have been wrong when stating that the applicant countries had to adapt to the rules and regulations of the EU, “including the *social acquis*”, as well as that the idea of European-wide social standards “gained a higher profile” (Lemke 2001: 14). Unfortunately, the European social *acquis*, from the perspective of one year after Enlargement, seems unattainable.

⁸ Ferge finds the neoliberal tendency dominant in CEE countries. It is “practically ubiquitous” and “seems to be dictated by concerns allegedly related to globalization pressures. Its hallmarks are the will to deregulate all markets, the labour market included; the drive to lower direct and indirect labour costs; and the privatization and marketization of former public goods and services resulting in a smaller state. These endeavors are underpinned by a forceful rhetoric about the need to end ‘state

the welfare state and higher education seriously in this part of Europe; it is here that educational policies, and consequently the future of public universities, may be going hand in hand with changing welfare policies, as in the traditional World Bank formulation of the “third wave of privatization” where changes in education follow changes in the two major claimants on welfare state resources: healthcare services and public pensions systems (see Rama 2000; Torres and Mathur 1996).

To refer to an image used by numerous commentators – that of a state/market pendulum:⁹ the pendulum had swung from the statist development model to the “minimalist state” model of the 1980s, epitomized by such names as Margaret Thatcher in the United Kingdom and Ronald Reagan in the USA. The countries involved in implementing “New Public Management” and “reinventing government” policies¹⁰ squeezed programs in education and health¹¹ but the result of this “overzealous rejection of government” was, the World Bank admits, the “neglect of the state’s vital functions, threatening social welfare and eroding the foundations for market development” (World Bank 1997: 24). So, after a few years, probably for the first time in the World Development Report of 1997 referred to here, that the World Bank, heavily involved in implementing structural adjustment policies in developing

paternalism’, and to strengthen self reliance and self-provision” (Ferge 2001a: 129-30).

⁹ Peter Evans in his paper on “The Eclipse of the State? Reflections on Stateness in an Era of Globalization” (1997) also refers to the hypothesis of “the return of the ideological pendulum” but emphasizes that it need not sanction a return to the past and that it can be easily conflated with a return to “embedded liberalism”: “States took on more than they could handle during the period following World War II. Dealing with the capacity gap clearly required rethinking the state’s role. Readjustment was necessary, and overzealousness in reducing the state’s role, natural. The return of the pendulum need not sanction a return to the past, but it would legitimate new efforts to turn states into effective instruments for the achievement of collective goals” (Evans 1997: 83).

¹⁰ The implementation of both sets of policies was accompanied by the introduction of a new set of terms and expressions such as e.g. downsizing or rightsizing; lean and mean; contracting out, off-loading or outsourcing; steering rather than rowing; empowering rather than serving; earning rather than spending; such slogans as “let managers manage” or “management is management” etc. The idea was to see no difference between the manner in which public affairs and private enterprise ought to be run – to conduct public affairs, as far as possible, on business principles (United Nations 2001: 38).

¹¹ With respect to both the UK and USA, it is useful to see how Paul Pierson conceptualizes the processes of welfare state retrenchment in his *Dismantling the Welfare State?* (1994), though without much reference to the education sector; for the developments in the education sector, see e.g. Sally Tomlinson’s *Education in a Post-welfare Society* (2001).

countries, had to admit that the idea of the “minimal state” did not work.¹² It is here that the two crucial passages which show a considerable change in the Bank’s attitude to the state appear: “Development – economic, social, and sustainable – without an effective state is impossible. It is increasingly recognized that an effective state – not a minimal one – is central to economic and social development”, as well as another passage which argues that “State-dominated development has failed, but so will stateless development. Development without an effective state is impossible” (World Bank 1997: 18, 25). Up to *World Development Report 1996: From Plan to Market*, the ideal for the World Bank had been the “minimal state”.¹³ At the same time, for education and healthcare services, the publication introduces a historical relativization of what can, and what does not necessarily have to, be seen as the state’s responsibility.

The state is thus viewed by the World Bank not as a direct provider of growth but a “partner, catalyst, and facilitator”, not as a sole provider but a “facilitator and regulator”, not as a “director” but a “partner and facilitator” (World Bank 1997: 1, 2, 18). The state should certainly be assisting households to cope with certain risks to their economic security but “the idea that the state alone must carry this burden is changing”. Innovative solutions are needed – which is especially important for those developing countries which are not yet “locked into costly solutions” (of the kind provided by the generous Western-style welfare state, let us add).¹⁴ Coming back to the picture of the state/market pendulum, citizens (especially from the developing world) should not look for solutions from the state – but should focus instead on solutions provided by the market. The consequences for the public sector, including

¹² It is still unclear to what extent structural adjustment policies, programs and conditionalities are still imposed in their most rigid forms by the IMF in the developing world (the work of the World Bank is closely tied to that of the IMF – without the endorsement of the Fund it is not possible to enter into negotiations with the Bank, as Carlos Alberto Torres reminds us in his recent paper on “The State, Privatisation and Educational Policy: a Critique of Neo-Liberalism in Latin America and Some Ethical and Political Implications” (Torres 2002: 374).

¹³ As already mentioned, the role of government in producing and distributing goods and services must “shrink dramatically”, it must mostly “facilitate private activity”, and what is needed in most general terms is a “wholesale reinvention of government” (World Bank 1996: 110ff).

¹⁴ The picture is clear, as are the recommendations that can be drawn from it, especially for developing countries: “[t]here is a growing recognition that in many countries monopoly public providers of infrastructure, social services, and other goods and services are *unlikely to do a good job*. ... It is now well established that the state can help households to cope with certain risks to their economic security. ... But the idea that the state alone must carry this burden is changing. ... Innovative solutions that involve businesses, labor, households, and community groups are needed to achieve greater security at lower cost. This is *especially important for those developing countries not yet locked into costly solutions*” (World Bank 1997: 4-5, emphases mine).

higher education, are far-reaching:¹⁵ “although the state still has a central role in ensuring the provision of basic services – education, health, infrastructure – it is not obvious that the state must be the only provider, or a provider at all” (World Bank 1997: 27). An “effective state” can leave some areas to the market and the areas where markets and private spending can meet most needs are “urban hospitals, clinics, universities, and transport” (World Bank 1997: 53). The state should not leave to the market such public goods as clean air, safe water or basic literacy but with respect to higher education it is not obvious that it must be a provider at all... “Choosing what to do and what not to do is critical”, as the idea is nicely phrased in a different passage (World Bank 1997: 3).

New publications on the tertiary education sector in the World Bank carry different overtones though. *Constructing Knowledge Societies: New Challenges for Tertiary Education* (2002) is very careful in describing a state’s obligations with respect to higher education: obligations include working within a coherent policy framework, providing an enabling regulatory environment, and working towards financial incentives; the state’s role is guidance rather than steering, and in the elaboration of a clear vision for the long-term development of the education system on a national level (World Bank 2002: xxii-xxiv). Despite diminished fiscal resources and competing claims from other sectors (see Hovey 1999), governments in the World Bank’s account still have at least three strong reasons for supporting the sector: investments in higher education generate external benefits essential for economic and social development; capital market imperfections make loans largely unavailable to students on a large scale, in a wide range of programs; and finally, higher education plays a key role in supporting basic and secondary education (World Bank 2002: 76). The report does not leave much doubt about the need to adequately finance higher education from the public purse when it presents a long list of the social and economic costs of under-investment in higher education:

[T]he cost of insufficient investment in tertiary education can be very high. These costs can include reduced ability of a country to compete effectively in global and regional economies; a widening of economic and social disparities; declines in the quality of life, in health status, and in life expectancy; an increase in

¹⁵ The “end-of-history” mood captured by Francis Fukuyama in his *The End of History* with respect to the public sector has been summarized by some commentators in the following manner: “The collapse of Eastern European regimes ... has fostered a *wider disillusion with all publicly owned and funded institutions*. Any public organization, whatever social benefit it aims to provide, is for the moment tarred with the brush of intervention in the free market environment. There is a quiet suspicion that all such institutions are somehow doomed, or at least doomed not to be successful” (Smith and Webster 1998: 5, emphasis mine). To give a local example: the initial enthusiasm with which private higher education institutions were being opened at the beginning of the 1990s in several Central and East European countries (most notably in Poland, Romania and Estonia) was accompanied by the motive to follow new (academic and economic) paths, independent of (any) state interventionism.

unavoidable public expenditures on social welfare programs; and a deterioration of social cohesion (World Bank 2002: xxiii)

Higher education plays a crucial role in the construction of knowledge societies and the rationale for the state support of higher education (within clearly defined limits) is surprisingly strong here. But the differences between the Bank's major publications and its (somehow niche) publications on the education sector has to be born in mind. A brief note is necessary here: there is a tremendous difference between the Bank's writings on the state and related issues and its writings on higher education. The difference has been evident from the Bank's first book on the education sector published in 1994 (*Higher Education. The Lessons of Experience*) to the most recently published *Constructing Knowledge Societies* (2002). There is an interesting incompatibility between the way the Bank in general views the role of the state vis-à-vis higher education, and the way the relationship is viewed by its education sector. Consequently, such flagship publications as subsequent World Development Reports are not compatible in their views on the state/market relationships with most of the books published by its education sector.

Globalization, education, and the transmission of knowledge

Western liberal democracies are reforming, or trying to reform, their welfare state institutions, and the modern university, as a claimant on public resources, is a significant part of the welfare sector. The costs of both teaching and research are escalating, as are the costs of maintaining advanced healthcare systems, decent old-age pensions and other segments of the welfare state, and consequently the whole public sector is under new, mostly unheard of before, and mostly financial, pressures. In this context one way that globalization has had a major impact on education has been through what Martin Carnoy termed "finance-driven reforms" (as opposed to "competitiveness-driven reforms" and "equity-driven reforms", see Carnoy 1999: 42ff) the main goal of which is to reduce public spending on education. As he argues in *Globalization and Educational Reform*, the former set of reforms may contribute to the shortage of public resources for education "even when more resources could be made available to education with net gains for economic growth" (Carnoy 1999: 52).¹⁶

It is important to remember that linking economic and social change to changes in how societies transmit knowledge, as Martin Carnoy and Diana Rhoten argue, is a

¹⁶ There is a need, following Martin Carnoy, to distinguish between the "objective" conditions of the global information economy and a particular *ideology* that stresses reduced public spending on social services in general; in Carnoy's formulation, "to what extent public resources for education in a particular country *really* cannot be increased, and to what extent the 'shortage' of public funding represents an *ideological preference* for private investment in education is crucial to educational policy-making in the new global environment" (Carnoy 1999: 51, emphases mine). It does not make a major difference to institutions themselves whether the shortage of public funding for higher education is caused by real or perceived budgetary stress, though.

relatively new approach to studying education (Carnoy and Rhoten 2002: 1). Today, they claim, it is the phenomenon of globalization that is providing a new empirical challenge and a new theoretical framework for rethinking higher education:

Globalization is a force reorganizing the world's economy, and the main resources for that economy are increasingly knowledge and information. ... One point is fairly clear. *If knowledge is fundamental to globalization, globalization should also have a profound impact on the transmission of knowledge* (Carnoy and Rhoten 2002: 2, emphasis mine).

And the impact of globalization on the transmission of knowledge is the impact on, *inter alia*, education and educational institutions, especially at the higher level. Carnoy argues elsewhere (Carnoy 1999: 14) that although education appears to have changed little at the classroom level, globalization is having a profound effect on education at other levels. But at the heart of the relationship between globalization and education is the relationship between *the globalized political economy* and *the nation-state* (Carnoy and Rhoten 2002: 3, Kwiek 2005, 2006a).

Public spending on education as an investment?

How is the public funding of education and education spending (as part of social expenditure within the welfare state undergoing restructuring) to be seen as an *investment* rather than a *cost*? Paradoxically, the unwillingness or inability of the state to increase the level of public funding for higher education (or in more general terms, to use Philip G. Cerny's expression, the decreased state's potential for "collective action"¹⁷) is accompanied by a clear realization that – in the new global era – *higher education is more important for social and economic development than ever before*. The United Nations' report on "globalization and the state" argues that countries that want to benefit from globalization must invest in education, to upgrade their citizens' skills and knowledge (United Nations 2001: 84). Martin Carnoy (as part of his UNESCO explanation of "what planners need to know" about restructuring higher education under global pressures) concludes that what is needed is a coherent and systemic effort by the public sector – which "usually means more, as well as more effective, public spending" (Carnoy 1999: 86).¹⁸ There is thus an interesting tension

¹⁷ As Cerny argues, globalization leads to a "growing disjunction between the democratic, constitutional and social aspirations of people – which continue to be shaped by and understood through the framework of the territorial state – and the increasingly problematic potential for collective action through the state political process" (Cerny 1995: 618). We are especially concerned here with those "social" aspirations which include all the services and benefits characteristic of the (Bob Jessop's) "Keynesian National Welfare State" (certainly including higher education).

¹⁸ Arguments provided by Geoffrey Garrett in such papers as "Global Markets and National Politics" (2000b), and "The Causes of Globalization" (2000a) as well as "Globalization and the Welfare State" which he co-authored with Deborah Mitchell (1999) – about the public provision of collective goods that are undersupplied by

between what most education sector specialists and academics dealing with *higher education issues* say about the future of higher education and what political economists, political scientists or sociologists say about the future of the *state*, as well as the welfare state and its services in particular, including higher education. There is no easy way out of this apparent paradox and we have to stress its significance. Perhaps this is one of those cracks in the otherwise seamless fabric of globalization accounts regarding the future role of higher education in which some future, unexpected shifts in the relations between the state and the university may take place.

The state's fiscal condition, zero-sum game, and competitors to higher education

An American perspective on the state subsidy of higher education is relatively simple and its simplicity finds followers in various American and global aid, lending and development agencies. Even though the perspective apparently looks restrictive in its scope for the USA and the developing countries reforming higher education systems under the aegis of various US-led development programs, it is very useful to have a brief look at it (in the context of the countries of Central and Eastern Europe, with almost permanent budget deficits and lacking the resources for European models of the welfare state, the exercise of scrutinizing this perspective may be even more rewarding¹⁹). Harold A. Hovey, director of the National Center for Public Policy and

markets and valued by players who are interested in productivity – could certainly be used as arguments in favor of the public support for higher education. It would be interesting to see to what extent Garrett's view that "the financial markets are essentially disinterested in the size and scope of government. Their primary concern is whether the government balances its books" (2000b: 314) is correct regarding e.g. postcommunist transition countries. My perception is that in the current ideological climate, it is much more than merely the books; it is also the direction of the transformations to the public sector. At the same time Garrett's "domestic compensation" traditionally coupled with (economic) "openness", referring directly to Karl Polanyi, does not have to necessarily mean higher education as a part of the public sector in the Keynesian welfare state. It might be that even if Garrett is right in his thinking about the real (rather than rhetorical) changes to Western welfare state regimes, the conclusions may not pertain to education which might no longer be seen as a collective good, which does not seem to be undersupplied by the market and which has not been a protective, conflict-mitigating measure against market-generated conflicts (but still part of the public sector). Still another issue is whether high redistributive taxation remains possible and whether its future is related only to globalization (or perhaps also to the changing moods of the electorates).

¹⁹ Especially that, as Zsuzsa Ferge and others show, "the EU suggestions for some reforms of social security may steer these countries in a more American than European direction" (Ferge 2001b: 1). Based on a careful reading of the Accession Reports from the Community to the ten applicant countries, Ferge finds a "hidden policy agenda" there: "the Union has a *different social security agenda* for the accession countries than for the EU members. ... there seems to be a hidden agenda for the applicant countries not quite in line either with the European model or with the subsidiarity

Higher Education, takes as a point of departure the claim that state funding for higher education has always been heavily influenced by a states' fiscal situation:

changes in state fiscal conditions are often multiplied in their impacts on higher education. When finances are tight, higher education budgets are often cut disproportionately. When financial conditions are good, higher education often receives larger increases than most other programs (Hovey 1999: 1).

Consequently, drawing from an American experience, we can extrapolate the idea to Europe, or at least Central and Eastern Europe, and say that state funding for higher education depends on the overall outlook for state finances. The state of higher education funding in the EU-15 compared with new EU countries does not need to be discussed here; the gap between the two is enormous. The projections for the future suggest that the tight fiscal environment will continue, if not intensify, in the coming years. Basically, the situation faced by governments is that of a zero-sum game: gains in share by one program (e.g. higher education) have to come *at the expense of* other programs. Therefore a very important question, largely overlooked in European discussions, should be raised:

The underlying question about spending will be whether, at the margin, higher education spending is contributing more than spending at the margin in other programs. This question will be raised in a political dimension with the adverse electoral consequences of cuts in higher education compared with cuts affecting public schools, health care providers, and others active in state politics. The question will be raised in a substantive dimension with the values of improvements in higher education compared with values of improvements in job training, preschool education, preventive health and other programs (Hovey 1999: 17-18).

This lose-lose situation is very clear in most postcommunist transition countries: there are priorities in the transformation processes, the pie to be distributed is very small indeed and it is largely current politics – rather than explicitly formulated long-term government policies – that determines how the pie is cut. As Andrei Marga sadly remarked in a paper about “reforming the postcommunist university”; “politics and law, macroeconomics and finance, civil rights and liberties, the church and the family, have all been objects of consideration. But universities – despite the vital roles they

principle. The hidden agenda suggests to the accession countries *measures contrary to the European model*, such as the privatization of pensions and health, or the cutback of already low social expenditures” (Ferge 2001b: 1, emphases mine). Her conclusions are clear-cut: “The implicit model for Central Eastern Europe which in many cases is dutifully applied is different from the European model as we knew it, and close in many respects to the original World Bank agenda. As a matter of fact high officials of the Bank do present the developments in Central-Eastern Europe as *a social policy model to be followed by the current members of the Union*” (Ferge 2001b: 12, emphasis mine).

play in providing research and expertise and in selecting and forming the leaders of tomorrow – have not” (Marga 1997: 159). It was no different for welfare policies in European transition countries: Bob Deacon notes that “what became immediately evident ... was that debates of any kind about social policy became relegated to almost last place in the priority of many of the new governments” (Deacon et al. 1997: 92).

Higher education in CEE countries (as elsewhere) has to compete with other forms of state spending, and the costs of other forms of social needs are growing rapidly; the statistics concerning unemployment rates, access to public health care systems, the level of funding accessible to the elderly through existing pension schemes etc., are clear. And higher education has not been competing successfully with other programs over the last decade in most CEE countries; it is enough to see the data on the generally declining public support for higher education and research and development. The American response to the ever rising costs of all government-funded programs results from an awareness that there is basically no limit to potential consumer demand and thus to government costs; “meeting all of the resulting demand is impossible, so governments find ways to limit consumption of what they produce” (Hovey 1999: 28).²⁰ In the case of higher education though (as well as the services of state schools, the police, libraries etc), long tradition holds that it must be offered to all citizens rather than to selected eligible individuals. Consequently, public higher education does not necessarily meet high standards of quality, which drives more affluent or more ambitious “users” into the arms of private sector providers. What is guaranteed by the state is meeting *minimum standards*. Higher education, to gain a bigger share of government funds, would have to compete successfully against other state-funded programs, regardless of whether taxes are raised (a rather difficult, if not impossible option) or not.²¹ As Giuliano Bonoli and his colleagues put it recently in a European context, “a basic premise of current welfare policy-making is that taxes cannot be raised” (Bonoli et al. 2000: 72). The programs to compete with are socially highly sensitive and in an American context include education from birth through grade 12, programs for the aged (with such major problems as the increasing number of elderly people and the provision of care for the aged), health care (with such major problems as rising costs and costs being shifted to the government – e.g. 40 million people without health insurance), programs for people on low incomes and the safety net, and

²⁰ The major difference from the *redistributive* side of government policies between Europe and the US is that European governments redistribute income among their citizens on a much larger scale; European social programs are much more generous and European tax systems are more progressive. While European countries provide more public welfare than the United States, Americans engage in more private provision of welfare (e.g. charity) than Europeans do (see Alesina et al. 2001).

²¹ “Tax competition” in more or less disguised forms seems unavoidable in the increasingly open economies in which there are less and less protective trade barriers. Globalization will make it increasingly difficult for countries to have tax levels that are *substantially* above those countries with which they compete (see Camdessus 1998).

finally law enforcement.²² At the same time none of these programs have any interest in being associated with tax increases; the more sensible position is to suggest that a given program be funded by “giving it an appropriate priority in spending decisions” (Hovey 1999: 40). Allocating priority to different programs is a highly political issue in every country; it does not seem to be any different in Europe, or in CEE countries, for that matter.²³ The prospects in the future for increasing public funding on public higher education, including public universities, are very low indeed; even documents from the European Commission do not propose such actions either for higher education or for research and development, suggesting instead, as in the case of the “3 percent” goal of national GDPs devoted to R&D activities in EU Member countries by 2010, that *private* funds contribute to reaching this goal.²⁴

Renegotiating two social contracts, open economies, and the politics of austerity²⁵

We are facing the simultaneous renegotiation of the postwar social contract concerning the welfare state in Europe and the accompanying renegotiation of a smaller-scale, by comparison, modern social pact between the university and the nation-state. The renegotiation of the latter is not clear outside of the context of the former, as state-funded higher education formed one of the bedrocks of the European welfare system. It is the overall argument that current transformations to the state under the pressures of globalization will not eventually leave the university unaffected, and consequently it is useful to discuss the university in the context of the current global transformations of the state. The institution of the university seems already to have found it legitimate and necessary to evolve together with radical transformations of its social setting. For in the new global order, against the odds, universities are striving to maintain their traditionally pivotal role in society. The role of universities as engines of economic growth, contributors to economic competitiveness and suppliers of well-trained workers for the new knowledge-driven economy is being widely acknowledged. But it is

²² At the same time, recent figures from EUROSTAT suggest that in the EU-15, 18 percent of the population, or approximately 65 million citizens, live in poverty (see Ferrera et al. 2001). Certainly, what poverty means is still a contestable issue, though, especially in the context of new EU entrants.

²³ One thing is certain, though: “There is complete agreement among researchers studying the post-socialist transition that one key task ahead is radical reform of the pension system, health care, provision for children and the aged, social assistance, and the other spheres of the welfare system”, as János Kornai put it (1997: 339).

²⁴ Consequently, the European Commission states that “the resources and policies that need to be mobilised encompass much more than government R&D spending. Indeed, more than 80% of the R&D investment gap with the United States lies in the funding levels of the business sector”. The main challenge for inducing higher private investment in the R&D sector is to make it “more attractive and profitable” (EC 2002: 5).

²⁵ Some passages in this section has been adapted from my paper “The University and the State in a Global Age: renegotiating the traditional social contract?”, *European Educational Research Journal*, vol. 4, no. 4 (December 2005).

undoubtedly a radical reformulation of the traditional social roles of the university. The main reasons for these transformations of the university include the globalization pressures on nation-states and its public services, the end of the “Golden age” of the Keynesian welfare state as we have known it, and the emergence of knowledge-based societies and knowledge-driven economies.

More generally, the processes affecting the university today are not any different from those affecting the outside world; under both external pressures (like globalization) and internal pressures (like changing demographics, the aging of societies, maturation of welfare states, post-patriarchal family patterns etc), the processes in question are the individualization (and recommodification) of our societies and the denationalization (and desocialization) of our economies. On top of that, we are beginning to feel at universities the full effects of the universalization of higher education and the increasing commodification of research.

Off-loading the state through increasing private income for public universities and keeping the competition between public and private providers in education is a regional variation in CEE countries of the global theme of privatization in higher education. We are witnessing the pressures of global forces on both national policies with respect to the welfare state and on national budgets accompanied by the ideas (and ideals) of the “minimalist” – or, more recently, “effective”, “intelligent” etc. – state with smaller social duties than the West under post-war welfare systems was familiar with. These pressures are even more direct in CEE where the need for welfare services reforms may be (economically) more urgent than in Western Europe. In the case of higher education, the emergence of private providers fits neatly into the picture. Other examples include multi-pillar pension schemes being introduced in many countries of the region and the (sometimes partial) privatization of healthcare services (see Adeyi et al 1997, Berman 1998, Girouard and Imai 2000). We are witnessing more general attempts at a reformulation of the post-war social contract which gave rise to the welfare state in its various European forms. In CEE, the social contract, including the question which social benefits are available for citizens (or more often, for working citizens) and which are not, on what terms and conditions, needs to be substantially re-written as the social setting provided by communism does not exist any more. What made a big difference between CEE and Western Europe was the fact that communist “welfare state” (if it is not a contradiction in terms) clearly assumed no difference between the social and the economic: the economic role of most workplaces was smaller than their welfare role (on the socialist welfare state, see Wagener 2002: 154 ff). Today, this difference is gone.

Many political scientists stress the idea that *the economic space* of the nation-state and *national territorial borders* no longer coincide. Good examples here are such authors as Fritz Scharpf, director of the Max Planck Institute for the Studies of Societies in Köln or John G. Ruggie of Harvard University. Consequently, the postwar “embedded liberalism compromise” – the social contract between the state, market, and labor – does not work anymore as it was designed to work within *closed* national economies. Scharpf argues that in the history of capitalism, the decades following the Second

World War were “unusual in the degree to which the boundaries of the territorial state had become coextensive with the boundaries of markets for capital, services, goods and labor” (Scharpf 2000: 254). Investment opportunities existed mainly within *national* economies and firms were mainly challenged by *domestic* competitors. At the time, however, when major European welfare state regimes were being constructed, it was not fully realized how much the success of market-correcting policies depended on the capacity of the territorial nation-states to control their economic boundaries. Under the forces of globalization, though, this controlling capacity was lost. “The ‘golden years’ of the capitalist welfare state came to an end” (Scharpf 2000: 255). The social contract which had allowed the nation-states in advanced capitalist countries to be accompanied by a welfare state originated right after the Second World War. With the advent of globalization, it is eroding, though, to different extent in different countries. The compact between state and society in postwar Western European territorially-bounded national democracies was intended to mediate the deleterious domestic effects of postwar economic liberalization. In postwar CEE countries under communism, the fundamental distinction between the social and the economic was abolished; one of major post-1989 social shocks – resulting often from different variants of “shock therapies” – was the return to basics in welfare thinking in which the distinction is crucial (Wagener 2002: 156, Sachs 1994: 267-269). The privatization of the educational sector in selected CEE countries – especially in its more evident variant of booming new private institutions – fits nicely into the new picture of smaller social responsibilities of the state, and more individual responsibility of the individual for his or her future (be it near future as in the case of higher education, or more distant future as in the case of more individualized, fully-funded pension schemes being introduced regionally instead of the traditional pay-as-you-go systems, see Taschowsky 2004, Guardiancich 2004). The individual comes first; but also the individual, increasingly, pays first.

This postwar compromise in Western Europe assigned specific policy roles to national governments – which governments are increasingly unable, or unwilling, to perform today. One of the *indirect* effects of globalization is its impact on the ability of the state to “live up to its side of the postwar domestic compact” (Ruggie 1997: 2). The emergence of global capital markets posed entirely new policy problems. The existing systems of supervision and regulation, systems of taxation and accounting, were created for a “nation-based world economic landscape” (Ruggie 1997: 2). Economic policies are becoming increasingly *denationalized* and the state is increasingly unable, or unwilling, to keep its promises from the Golden Age of the welfare state. And the welfare state has traditionally been one of the main pillars in the appeal of nation-state construction.

The power of the nation-state, and the power of the loyalty of its citizens, has rested on a firm belief in (historically unprecedented) welfare rights. When the Keynesian welfare state was formed, the role of the state was to find a fair balance between the state and the market – which had fundamentally transformed postwar social relations in all the countries involved in this social experiment (and now we are experiencing what Ulrich Beck called (in *World Risk Society*) a “domino effect”: “Things which

used to supplement and reinforce one another in good times – full employment, pension savings, high tax revenue, leeway for government action – now tend *mutatis mutandis* to endanger one another”, Beck 1999: 11). The task of this postwar institutional reconstruction was to devise a framework which would safeguard and aid the quest for domestic stability without triggering the mutually destructive external consequences that had plagued the interwar period. In the approach many political scientists, exemplified here by Scharpf and Ruggie, the impact of globalization on the nation-state is through undermining the founding ideas behind the postwar welfare state: through liberalization and the opening up of economies, nation-states begin to lose their legitimacy provided, in vast measure, by a social contract valid only in closed, national economies.

With the increasing speed of Europeanization, there are new unheard of before constraints on European welfare states, especially those from the Eurozone. The advance of *economic* integration in a recent decade has greatly reduced the capacity of member states “to influence the course of their own economies and to realize self-defined sociopolitical goals”, as Scharpf claims in his paper on the European social model (Scharpf 2002: 4). National monetary policies have been replaced with ECB interest rates and there appeared what he calls a “fundamental asymmetry” between policies promoting market efficiencies and policies promoting social protection and equality. Economic policies became Europeanized while social protection policies stay at the national level. The rules of the Internal Market and the Monetary Union, with its Stability and Growth pact, leave national governments much less room for maneuver.²⁶ In transition countries, especially in the 1990s, there was a strong influence of the Washington Consensus institutions – through political pressure and aid and loan conditionalities (the distinction between “ideology”, “patronage” and “best practices” being often blurred, see for the Western Balkan countries Bateman, 2003; Guardancich 2004). Compared with Western European trends, some CEE countries have gone much farther down the road of neoliberal reforms of – especially – pension systems. The ideas derived from the fundamental 1994 *Averting the Old Age Crisis* World Bank book were subsequently implemented in such diverse transition countries as Poland, Bulgaria, Croatia, Estonia, Hungary, Latvia, Slovakia, Macedonia, Romania, Ukraine and Uzbekistan, in different variants. To date, 31

²⁶ Currently, a single European social model seems unthinkable as welfare state models correspond to different social philosophies which produced different (three) “worlds of welfare capitalism”, in Esping-Andersen’s formulation (1990). Scharpf makes an excellent point about the European diversity of welfare states: “citizens in all countries have come to base their life plans on the continuation of existing systems of social protection and taxation and would, for that reason alone, resist major structural changes. Voters in Britain simply could not accept the high levels of taxation that sustain the generous Swedish welfare state; Swedish families could not live with the low level of social and educational services provided in Germany; and German doctors and patients would unite in protest against any moves toward a British-style National Health System” (Scharpf 2002: 7-8). For World Bank ideas how to achieve a “European” pension system, see Holzmann (2004).

countries have implemented some type of personal accounts as part of their mandatory retirement income systems (see Kritzer 2005). For most CEE countries, the social security reform was not the priority in the first wave of reforms; it was only in the second half of the 1990s that especially pension reforms became unavoidable as the pay-as-you-go traditional systems were consuming enormous percentage of GDP (Poland establishing perhaps a world record in 1996 by spending 16 percent of its GDP on pensions, see Holzmann 2004: 3).

In the “Golden Age” of the post-war Keynesian welfare state in Europe (1950-1975, roughly speaking), higher education was very important – as testified by the constant growth of student enrollments, an increasing number of higher education institutions, rapidly rising scholarization rates and the relatively lavish public research funding available to universities, both in natural sciences, social sciences and the humanities. This massification of higher education was in full swing in Europe, with universalization as its aim. The stagnation which started in the second half of the seventies in Europe was perhaps the first symptom that the welfare system in the form designed for one period (the post-war reconstruction of Europe) might be not be working in a different period.²⁷ The social conditions had changed considerably: the post-war social contract was related to an industrial economy in a period of considerable growth; the male bread-winner model of work was changing; closed, national economies with largely national competition for investment, goods, products and services were becoming internationalized; the marriage of the nation-state and the welfare-state was under pressure, etc. The social agenda of the eighties and nineties changed radically: after the policies of the golden age of expansion, European welfare states have been shaped by what Paul Pierson, a Harvard-based political scientist, termed *politics of austerity* (Pierson 2001a).²⁸

And the social agenda in post-1989 CEE changed even more radically: suddenly, the region was exposed to new economic pressures, but also to new market-oriented opportunities which in many cases required better skills and higher competencies from its citizens, provided by new, vocationally-focused private institutions. While in Western Europe the emergence of the private sector in education is both marginal and often revolutionary (see the example of Buckingham University in the UK, with a strong Thatcherite ideological underpinning), in most CEE countries it might be even

²⁷ As Gøsta Esping-Andersen put it recently in “A Welfare State for the 21st Century”, “most European social protection systems were constructed in an era with a very different distribution and intensity of risks and needs than exist today. ... As a consequence, *the welfare state is burdened with responsibilities for which it was not designed*” (Esping-Andersen 2001, emphasis mine).

²⁸ Consequently, the rhetoric of a “crisis” in the welfare state has been with us since the 1970s. There was also a growing interest in non-state welfare providers. The OECD report, *The Welfare State in Crisis*, had already stated in 1981 that “new relationships between action by the state and private action must be thought; new agents for welfare and well-being developed; the responsibilities of individuals for themselves and others reinforced” (OECD 1981: 12).

considered as one of the more realistic options available – in the situation of the chronic underfunding of public institutions and, in many instances, their structural inability to face new challenges (with the huge social need to raise the enrollment levels at the forefront: to give a Polish example: the number of students increased from 400,000 in 1990 to almost 2,000,000 in 2005, about 30 percent of which are enrolled in almost 300 private institutions. The capacities of the public sector has not changed dramatically in the period: both the number of faculty and educational premises available have been at roughly the same level. New students used the avenues available to them through the process of privatization: they either entered fee-paying part-time studies in the public sector or fee-paying studies in the emergent private sector. Relatively liberal legislation regarding the private sector, accompanied by genuine interest of the public sector faculty in both running fee-paying weekend studies and creating out of scratch the private sector made possible this impressive transformation of Polish higher education).

Seeing higher education policies in isolation from larger welfare state policies would be assuming a short-sighted perspective: higher education is a significant (and often significantly fund-consuming) part of the public sector and a part of the traditional welfare state that is right now under severe pressures, even though they may not be as strong as pressures on the two main parts of it, healthcare and pensions. In more theoretical than practical terms, these phenomena had their powerful impact on *thinking* about public services, including public higher education, in CEE. The theoretical impact was already translated into changed national legislation in the case of the pensions reform and health care reforms at the end of 1990s.²⁹

Conclusions

The future of the welfare state in its traditional European forms, and its services, including public higher education, looks roughly similar all over Europe. Unfortunately, most lines of argumentation point in the same direction, even though the concepts used may be different. The story gets even more homogenous if we leave

²⁹ There is also one more reservation that needs to be taken here: if we take into account the distinction between *state* welfare and *private* welfare, we are focusing in this paper on the former Keynesian i.e. state variant of welfare. This is a crucial point because, as Giuliano Bonoli, Vic George and Peter Taylor-Gooby remarked in passing, without actually developing the idea, “while globalization had a constraining effect on state welfare, it had an *expansive effect on private welfare*. The net result may have been that though the *total volume of welfare* may have been unaffected, a greater proportion of that is taken up by private welfare provision. All the available evidence shows a country’s ranking on total welfare effort can differ from that of its state welfare sector”, as e.g. in the USA (Bonoli et al. 2000: 69, emphases mine). But private welfare is based on market mechanisms – while in the traditional Esping-Andersen description of welfare in *The Three Worlds of Welfare Capitalism* the crucial point is “maintaining a livelihood without reliance on the market” (Esping-Andersen 1990: 22).

the domain of “affluent” democracies which have inherited their welfare provisions from the “Golden age” and pass on to most developing countries and the European transition countries. In this new context, many discussions about welfare futures seem academic: what they shyly predict for affluent democracies is *in fact* already happening in transition economies; happening in full swing, with almost no other policy options being considered; sometimes with no other options being supported, championed or acclaimed by these very same affluent democracies. There is certainly a lot of social experimentation with respect to welfare going on in the transition countries. It could even be argued that the future directions of welfare transformations in Western democracies are being *experimented with* to various degrees of success in transition countries; in some areas, like pensions reform with the three-pillar model designed by the World Bank and applied in some Latin American and European transition countries, this intention even happens to be formulated explicitly. Nowadays, as the reduction of the welfare state in general progresses smoothly (and mostly in an *unnoticeable* manner e.g. through new legislation) in most parts of the world, social contracts with regards to most areas of state benefits and state-funded services may have to be renegotiated, significantly changing their content. In many respects, higher education (in transition countries and elsewhere) seems to be an experimental area and a testing ground on how to reform the public sector in many countries and for many organizations; both higher education, healthcare and pensions systems are being experimented with, both in theory and in practice.³⁰ The end-products of these experimentations are still largely hard to predict.

References:

- ADEYI, OLUSOJI, AND GNANARAJ CHELLARAJ, ELLEN GOLDSTEIN, ALEXANDER PARKER AND DENA RINGOLD (1997). “Health Status During the Transition in Central and Eastern Europe: Development in Reverse?”. *Health Policy and Planning*. Vol. 12. No. 2.
- ALESINA, ALBERTO, AND EDWARD GLAESER, BRUCE SACERDOTE (2001). “Why Doesn’t the United States Have a European-Style Welfare State?”. *Brookings Papers on Economic Activity*. No. 2.
- BARR, NICHOLAS (1996). “People in Transition: Reforming Education and Health Care”. *Finance and Development*. September.
- BATEMAN, MILFORD (2003). “Imposing Ideology as ‘Best Practise’: The Problematic Role of the International Financial Institutions in the Reconstruction and Development of South East Europe”. Paper presented at a conference “From Transition to Development”, Sarajevo, October 9-11, 2003.
- BECK, ULRICH (1999). *World Risk Society*. Cambridge: Polity Press.

³⁰ The biggest empirical evidence for the direction of changes in the transformation of the public sector are various “structural adjustment” programs in developing and transition countries which require the states taking IMF or World Bank loans to e.g. reduce public expenditures, reduce consumer subsidies, eliminate price controls, drastically reduce tariffs, charge users for public services and privatize public enterprises and social services, see Carnoy 1999: 49, Ferge 2001.

- BECK, ULRICH (2000a). *What is Globalization?* Transl. by P. Camiller. Cambridge: Polity Press.
- BECK, ULRICH (2000b). *The Brave New World of Work*. Transl. by P. Camiller. Cambridge: Polity Press.
- Berman, Peter (1998). "National Health Insurance in Poland: A Coach without Horses?". Boston: Harvard School of Public Health".
- BONOLI, GIULIANO, VIC GEORGE AND PETER TAYLOR-GOOPY (2000). *European Welfare Futures. Towards a Theory of Retrenchment*. Cambridge: Polity Press.
- BURBULES, NICHOLAS C. AND TORRES, CARLOS ALBERTO (2000). *Globalization and Education. Critical Perspectives*. London: Routledge.
- CAMDESSUS, MICHEL (1998). "Worldwide Crisis in the Welfare State: What Next in the Context of Globalization?". Address at OCRE seminar, Paris, October 15, 1998.
- CARNOY, MARTIN (1999). *Globalization and Educational Reform: What Planners Need to Know*. Paris: UNESCO, International Institute for Educational Planning.
- CARNOY, MARTIN AND DIANA RHOTEN (2002). "What Does Globalization Mean for Educational Change? A Comparative Approach". *Comparative Education Review*. Vol. 46. No. 1. February.
- CERNY, PHILIP G. (1995). "Globalization and the Changing Logic of Collective Action". *International Organization*. Vol. 49. No. 4. Autumn.
- CHLON, AGNIESZKA, AND MAREK GORA, MICHAL RUTKOWSKI (1999). "Shaping Pension Reform in Poland: Security Through Diversity". Social Protection Discussion Paper Series No. 9923.
- DEACON, BOB, WITH MICHELLE HULSE AND PAUL STUBBS (1997). *Global Social Policy. International Organizations and the Future of Welfare*. London: SAGE.
- DEEM, ROSEMARY, AND KEVIN J. BREHONY (2005). "Management as Ideology: the case of 'new managerialism' in higher education". *Oxford Review of Education*. Vol. 31. No. 2.
- ESPING-ANDERSEN, GØSTA (1990). *The Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press.
- ESPING-ANDERSEN, GØSTA (2001). "A Welfare State for the 21st Century". In: Giddens 2001.
- ESPING-ANDERSEN, GØSTA AND DUNCAN GALLIE, ANTON HEMERIJCK, JOHN MYLES (2001). *A New Welfare Architecture for Europe? Report Submitted to the Belgian Presidency of the European Union*. Available at www.ccsd.ca/pubs/2002/europe.pdf.
- European Commission (2002). *More Research for Europe. Towards 3% of GDP*. Brussels. COM (2002)499.
- European Commission (2003). *Investing Efficiently in Education and Training: an Imperative for Europe*. Brussels. COM (2002)779.
- EVANS, PETER (1997). "The Eclipse of the State? Reflections on Stateness in an Era of Globalization". *World Politics*. Vol. 50. No. 1.
- FERGE, ZSUZSA (2001a). "Welfare and 'Ill-Fare Systems in Central-Eastern Europe". In: Sykes et al. 2001.
- FERGE, ZSUZSA (2001b). "European Integration and the Reform of Social Security in the Accession Countries". *The European Journal of Social Quality*. Vol. 3. Issue 1&2.
- FERRERA, MAURIZIO, AND ANTON HEMERIJCK, MARTIN RHODES (2001). "The Future of Social Europe: Recasting Work and Welfare in the New Economy". In: Giddens 2001.
- GARRET, GEOFFREY (2000a). "The Causes of Globalization". *Comparative Political Studies*. Vol. 33. Nos. 6–7.
- GARRETT, GEOFFREY (2000b). "Global Markets and National Politics". In: Held and McGrew 2000.
- GARRETT, GEOFFREY, AND DEBORAH MITCHELL (1999). "Globalization and the Welfare State". Mimeo. Yale University.
- GIDDENS, ANTHONY, ed. (2001). *The Global Third Way Debate*. Cambridge: Polity Press.

- GIROUARD, NATHALIE, AND YUTAKA IMAI (2000). *The Health Care System in Poland*. Paris: OECD.
- GOLINOWSKA, STANISLAWA (2002). "Health Care Reform in Poland After 3 years; Challenges for New Authorities". Warsaw: CASE Foundation.
- GOMULKA, STANISLAW (2000). "Pension Problems and Reforms in the Czech Republic, Hungary, Poland and Romania". London: LSE (Globalisation Programme).
- GREEN, ANDY (1997). *Education, Globalization and the Nation-State*. London: Macmillan Press.
- GUARDIANCICH, IGOR (2004). "Welfare State Retrenchment in Central and Eastern Europe: the Case of Pension Reforms in Poland and Slovenia". *Managing Global Transitions*. Vol. 2. No.1.
- HELD, DAVID, AND ANTHONY MCGREW, eds. (2000). *The Global Transformations Reader. An Introduction to the Globalization Debate*. Oxford: Polity Press.
- HEWITT, PAUL S. (2002). "The End of the Postwar Welfare State". *The Washington Quarterly*. Spring.
- HOLZMANN, ROBERT (2004). "Toward a Reformed and Coordinated Pension System in Europe: Rationale and Potential Structure". Social Protection Discussion paper Series, No. 0407. Washington DC: the World Bank.
- HOLZMANN, ROBERT, AND MITCHELL ORENSTEIN, MICHAL RUTKOWSKI (2003). *Pension Reform in Europe: Process and Progress*. Washington DC: the World Bank.
- HOLZMANN, ROBERT, AND ROBERT PALACIOS (2001). "Individual Accounts as Social Insurance: A World Bank Perspective". Social Protection Discussion Paper Series No. 0114. Washington DC: the World Bank.
- HOVEY, HAROLD A. (1999). "State Spending for Higher Education in the Next Decade. The Battle to Sustain Current Support". Report for The National Center for Public Policy and Higher Education.
- KORNAI, JÁNOS (1997). "The Reform of the Welfare State and Public Opinion". *The Transition from Socialism*. Vol. 87. No. 2.
- KRITZER, BARBARA E. (2002). "Social Security Reform in Central and Eastern Europe: Variations on a Latin American Theme". *Social Security Bulletin*. Vol. 64. No. 4.
- KRITZER, BARBARA E. (2005). "Individual Accounts in Other Countries". *Social Security Bulletin*. Vol. 66. No. 1.
- KWIEK, MAREK, ed. (2003a). *The University, Globalization, Central Europe*. Frankfurt am Main and New York: Peter Lang.
- KWIEK, MAREK (2003b). "Academe in Transition: Transformations in the Polish Academic Profession". *Higher Education*. 45 (4). June.
- KWIEK, MAREK (2004a). *Intellectuals, Power, and Knowledge. Studies in the Philosophy of Culture and Education*. Frankfurt am Main – New York: Peter Lang.
- KWIEK, MAREK (2004b). "The Emergent European Educational Policies Under Scrutiny. The Bologna Process From a Central European Perspective". *European Educational Research Journal*. Vol. 3. No. 4. December.
- KWIEK, MAREK (2005). "Renegotiating the Traditional Social Contract? The University and the State in a Global Age". *European Educational Research Journal*. Vo. 4. No. 4. December.
- KWIEK, MAREK (2006a). *The University and the State. A Study into Global Transformations*. Frankfurt am Main – New York: Peter Lang.
- KWIEK, MAREK (2006b). "The University and the Nation-State. Global Transformations and the Future of Our Educational Institutions". *Journal of Interdisciplinary Crossroads* (forthcoming).

- JESSOP, BOB (1999). "The Changing Governance of Welfare: Recent Trends in its Primary Functions, Scale, and Modes of Coordination". *Social Policy & Administration*. Vol. 33. No. 4. December.
- KORNAL, JÁNOS (1997). "The Reform of the Welfare State and Public Opinion". *The Transition from Socialism*. Vol. 87. No. 2.
- LEMKE, CHRISTIANE (2001). "Social Citizenship and Institution Building: EU-Enlargement and the Restructuring of Welfare States in East Central Europe". Center for European Studies Program for the Study of Germany and Europe. Working Paper Series 01.2. April.
- MANNING, NICK AND IAN SHAW (1999). "Introduction: New Risks, New Welfare: Signposts for Social Policy" *Social Policy and Administration*. Vol. 33. No. 4. December.
- MARGA, ANDREI (1997). "Reforming the Postcommunist University". *Journal of Democracy*. 8. 2.
- OECD (1981). *The Welfare State in Crisis*. Paris: Author.
- ORENSTEIN, MITCHELL A. AND MARTINE R. HAAS (2002). "Globalization and the Development of Welfare States in Post-Communist Europe". International Security Program. Belfer Center for Science and International Affairs.
- PIERSON, PAUL (1994). *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment*. Cambridge: Cambridge University Press.
- PIERSON, PAUL (1996). "The New Politics of the Welfare State". *World Politics*. Vol. 48. No. 2.
- PIERSON, PAUL (2001a). "Coping with Permanent Austerity: Welfare State Restructuring in Affluent Democracies". In: Pierson 2001b.
- PIERSON, PAUL, ed. (2001b). *The New Politics of the Welfare State*. Oxford: Oxford UP.
- PIERSON, PAUL (2001c). "Post-Industrial Pressures on the Mature Welfare States". In: Pierson 2001b.
- RAMA, MARTIN (2000). "Public Sector Downsizing: An Introduction". *The World Bank Economic Review*. Vol. 13. No. 1.
- RUGGIE, JOHN GERARD (1982). "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order". *International Organization*. Vol. 36. No. 2. Spring.
- RUGGIE, JOHN GERARD (1997). "Globalization and the Embedded Liberalism Compromise: The End of an Era?". Max Planck Institute for the Studies of Societies. Working Paper. No. 1.
- SACHS, JEFFREY (1994). "Shock Therapy in Poland: Perspectives of Five Years". The Tanner Lectures on Human values. Delivered at University of Utah, April 6 and 7, 1994 (mimeo).
- SCHARPF, FRITZ (2000). "Negative Integration: States and the Loss of Boundary Control". In: Christopher Pierson and Francis G. Castles, *The Welfare State Reader*. Cambridge: Polity Press.
- SCHARPF, FRITZ (200). "The European Social Model: Coping with the Challenges of Diversity". Cologne: Max Planck Institute for the Study of Societies Working Paper 02/8, July 2002.
- SCHWARZ, ANITA M., AND ASLI DEMIRGUC-KUNT (1999). "Taking Stock of Pension Reforms Around the World". Social Protection Discussion Paper Series No. 9917.
- SMITH, ANTHONY, AND FRANK WEBSTER, eds. (1997). *The Postmodern University? Contested Visions of Higher Education in Society*. London: SRHE and Open University Press.
- STRANGE, SUSAN (1996). *The Retreat of the State. The Diffusion of Power in the World Economy*. Cambridge: Cambridge University Press.
- TANZI, VITO (2001). "Taxation and the Future of Social Protection". In: Giddens 2001.
- TOMLISON, SALLY (2001). *Education in a Post-welfare Society*. Buckingham: Open University Press.

- TORRES, CARLOS ALBERTO (2002). "The State, Privatisation and Educational Policy: A Critique of Neo-liberalism in Latin America and Some Ethical and Political Implications". *Comparative Education*. Vol. 38. No. 4.
- TORRES, GERVAZIO AND MATHUR, SARITA (1996). "The Third Wave of Privatization. Privatization of Social Sectors in Developing Countries". World Bank: Author.
- United Nations (2001). *World Public Sector Report. Globalization and the State 2001*. New York: Author.
- WAGENER, HANS-JÜRGEN. "The Welfare State in Transition Economies and Accession to the EU". *West European Politics*. April 2002. Vol. 25. No. 2.
- WALDRON, HILARY (2005). "Literature Review of Long-Term Mortality Projections". *Social Security Bulletin*. Vol. 66. No. 1.
- World Bank (1994). *Higher Education: The Lessons of Experience*. Washington DC: Author.
- World Bank (1996). *From Plan to Market*. World Development Report 1996. Washington DC: Author.
- World Bank (1997). *The State in a Changing World*. World Development Report 1997. Washington DC: Author.
- World Bank (2002). *Constructing Knowledge Societies: New Challenges for Tertiary Education*. Washington DC: Author.
- World Bank/European Investment Bank (2004). *Tertiary Education in Poland*. Warsaw: World Bank Warsaw Office.