
GLOBALISATION AND ITS IMPACT ON THE WELFARE STATE

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ABSTRACT

Globalisation in laymen sense is a multidimensional spectacle that has reformulated various fields in the global economic, political, cultural, and technological arena. It generates a growing interconnectedness between people, societies, and expands the flows of goods and services and ideas across the world. Currently, it has become a widely debated topic with opinions divided, on whether it is instrumental or detrimental to the world. In this research paper, the author provides a meticulous study, of how globalization has affected the economic and social standing of both the poor and the rich, focusing on the impact of globalisation on the welfare state. The author highlights that, for impoverished populations, the gains of globalisation are mixed. While it can provide access to jobs and technology, it often comes with challenges like low wages, job insecurity, and environmental exploitation, leading to a broadening income gap between the elite class and the lower income groups. This paper also focuses on the income distribution, public policy, and social security frameworks.

Keywords: Globalisation, Multidimension, Interconnected, Welfare, Exploitation

INTRODUCTION

“At the heart of globalisation is a new kind of intolerance in the West towards other cultures, traditions and values, less brutal than in the era of colonialism, but more comprehensive and totalitarian.”

~Martin Jacques

Globalization represents a world without borders, where information, goods, services, and ideas flow effortlessly across continents. The continuous development of globalization has not only led to informational changes but has also ignited vigorous discussions regarding its effects. It is a phenomenon that both brings together and separates, as it offers unparalleled opportunities while presenting distinct challenges for individuals, communities, and nations. As we investigate its various aspects, ranging from economic interconnections to cultural exchanges and political ramifications, we will reveal the deep impacts of globalization on our world. By comprehending these impacts, we can more effectively navigate the intricacies of a globalized society and make well-informed choices that will influence our shared future.¹

Globalization as a transformative force transcends the economic sphere, it has significant implications for the political and social landscapes of nations and regions. The significance of globalization in politics is apparent in how it challenges conventional ideas of sovereignty.

As countries grow more interdependent, they must collaborate on global issues such as climate change, terrorism, and trade agreements, which may necessitate relinquishing some level of national authority to international organizations. This alteration in political dynamics emphasizes the critical role of globalization in shaping the future of global governance.²

Furthermore, globalization impacts societies and individuals on a micro level. It promotes the dissemination of ideas, values, and cultural practices across borders. All in all, globalization is a complex phenomenon of utmost importance that is not limited to economic factors but also encompasses political, cultural, and environmental dimensions of our world. Grasping the role of globalization in influencing global politics, societies, and environmental sustainability is essential for policymakers, scholars, and citizens alike, as it affects how we confront the

¹ Dr. Taru Mishra, “Concept of Globalization & its Impact on Economical Development”, 7 International Journal for Multidisciplinary Research (IJFMR) 2025.

² *Ibid.*

challenges and opportunities of our time.

CONCEPT OF WELFARE STATE

A welfare state refers to a governmental framework in which the state assumes a significant role in securing and boosting the economic and social welfare of its citizens. This concept is founded on the principles of equal opportunity, fair wealth distribution, and societal responsibility for individuals who cannot access the basic amenities for a decent life. The term broadly encompasses various types of economic and social structures.³

Political scientist named **Harold Laski**, described it as a state that aims to secure “social and economic” justice for all individuals. The welfare state serves as a comprehensive institutional safety net designed to decouple an individual’s basic survival from their fluctuating value in the labour market. By providing universal access to essential services, including education, healthcare, and housing, alongside financial stabilizers like pensions, unemployment insurance, and disability pay, the state ensures a foundational "**social floor**" for all citizens. This model extends beyond mere survival to enhance collective quality of life through public infrastructure, such as transit, libraries, and childcare, typically funded by a symbiotic mix of progressive taxation and contributory social insurance. Ultimately, whether through direct service provision or regulatory interventions like wage and price controls, the welfare state transforms the government into a proactive guarantor of social equity and long-term economic resilience.

Development of Welfare State⁴ –

1. **J. S. Mill**, aimed to adjust utilitarianism and the principle of laissez-faire based on philosophical reasoning, which laid the foundation for the concept of the welfare state.
2. **T. H. Green** focused to incorporate a moral aspect into liberalism, thereby proposing a comprehensive theory of the welfare state.
3. This tradition was further developed by **L. T. Hobhouse, Harold J. Laski and R. H.**

³ “Concept of Welfare State and Its Relevance in Indian Scenario”, *Available at:* https://www.legalservicesindia.com/article/507/Concept-of-Welfare-State-and-Its-Relevance-in-Indian-Scenario.html#_ftn1 (last visited on February 23, 2026).

⁴ Available at: <https://uaoa.gov.in/sites/default/files/2025-08/Welfare%20State.pdf> (last visited on March 1, 2026).

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A classic example of a welfare state is **Sweden**, where the government provides extensive social security benefits such as free education, universal healthcare, unemployment allowances, pensions, and child support. The state collects higher taxes from citizens and uses the revenue to ensure economic equality and a high standard of living for all. Through strong public services and social protection systems, Sweden reduces poverty and income inequality, reflecting the core idea of a welfare state, promoting social and economic well-being of every citizen.

Welfare State can sometimes create dependency instead of empowerment. While it aims to provide social security and reduce inequality, excessive state support may discourage individual initiative, productivity, and self-reliance. Critics argue that over-expansion of welfare policies can burden the economy through high taxation and reduce competitiveness. From this perspective, the true challenge of a welfare state is not just providing aid, but balancing support with incentives for personal growth and responsibility.

The origin and evolution of the welfare state concept stem from the interplay of various ideologies, primarily conservatism, liberalism, and socialism, within the distinctive historical context of Britain, marked by a significant transition from administrative to ameliorative legislation.⁵

The initial phase of this concept showcased a fascinating blend of empirical evidence and ideological perspectives addressing the issue of poverty. Envisioned within a liberal context, the welfare state represented a social agreement encompassing a broad range of socio-economic policies. Two sociological elements significantly influenced the development of this concept: firstly, the rising prosperity that led to a revolution in expectations; and secondly, the hopes and anxieties associated with the newly granted male voting rights. The belief in gradual social engineering, devoid of rigid doctrines, established a foundation for the expansion of municipal initiatives and the government's engagement in social reform. This indeed marked a foreboding commencement.⁶

⁵ “Concept of Welfare State and Its Relevance in Indian Scenario”, *available on:* <https://www.legalservicesindia.com/article/507/Concept-of-Welfare-State-and-Its-Relevance-in-Indian-Scenario.html> (last visited on February 28, 2026).

⁶ M.M. Sankhdher, *The Welfare State*, (Delhi: Deep and Deep Publications) p 17.

In this context, state assistance and self-help emerged as the two central themes of the principled discourse regarding the welfare state. Herbert Spencer's liberalism, representing the pinnacle of self-help, as a deductive framework, carried more profound implications for the activities of the welfare state. The belief that Spencer opposed the welfare state is a misconception. His principle of non-intervention and its positivistic implications, which may initially appear contradictory to laissez-faire, actually align with the perspective that state assistance complements self-help.⁷

In the field of economics, laissez-faire refers to a situation where interactions between private entities occur without interference from the government, encompassing prohibitive regulations, taxes, tariffs, and imposed monopolies.⁸

FEATURES OF A WELFARE STATE

- 1. State Responsibility-** The government accepts primary responsibility for the basic well-being of its citizens, in a welfare state. It ensures that essential needs such as food, shelter, clothing, healthcare, and education are accessible to everyone. The idea is that no individual should suffer from extreme poverty or deprivation due to lack of resources. The state actively designs policies and schemes to uplift vulnerable groups and provide minimum living standards.⁹ For example: Introduction of **MODICARE** and **PMCARES** fund for the underprivileged, in India and **OBAMACARE** in the USA.
- 2. Equality of Opportunity-** A welfare state aims to reduce social and economic inequalities, and works to ensure that every person, irrespective of their background, caste, gender, or income level, gets equal access to education, employment, and healthcare. By providing scholarships, reservations, skill development programs, and public services, the state tries to bridge the gap between rich and poor and create a more balanced society.
- 3. Social Justice-** Social justice is a core principle of a welfare state, as it focuses on protecting weaker and disadvantaged sections of society such as the poor, unemployed,

⁷ M.M. Sankhdher, *The Welfare State*, (Delhi: Deep and Deep Publications) p 18.

Available at: <http://en.wikipedia.org/wiki/Laissez-faire> (last visited on February 28, 2026).

⁹ Welfare State: Concept, Features, India, Theories & Examples, Available at: <https://testbook.com/ugc-net-political-science/welfare-state> (last visited on March 1, 2026).

disabled, elderly, women, and marginalized communities. Special laws, subsidies, and welfare schemes are introduced to ensure that these groups are not exploited and are given fair treatment and equal dignity in society.

4. **Comprehensive Services-** A welfare state provides a wide range of public services to promote overall well-being. These include free or affordable education, public healthcare, housing schemes, social security benefits, insurance coverage, pensions, and child welfare programs. The objective is to support citizens from birth to old age and improve their quality of life.
5. **Economic Security-** Economic security is ensured by protecting citizens against uncertainties such as unemployment, illness, disability, or old age. Welfare states introduce unemployment benefits, pensions, maternity benefits, food subsidies, and other financial assistance programs. This safety net prevents individuals from falling into extreme poverty during difficult times.
6. **Democratic Base-** Most welfare states function within democratic systems where the government is accountable to the people. Policies are framed through elected representatives, and public opinion plays an important role in shaping welfare measures. The democratic structure ensures that welfare policies reflect the needs and aspirations of the population.
7. **Mixed Economy-** A welfare state usually follows a mixed economy model. This means both private enterprises and government-owned sectors operate together. While markets are allowed to function freely for economic growth, the government regulates them to prevent exploitation, monopolies, and unfair practices. This balance helps achieve economic development along with social welfare.

Goal	Mechanism	Outcome
Poverty Alleviation	Subsidies & Pensions	Reduced homelessness/hunger
Social Cohesion	Universal Healthcare	Lower social tension/crime
Human Capital	Free Education	A highly skilled, productive workforce

WELFARE STATE AND THE INDIAN CONSTITUTION

The idea of a welfare state is fundamentally ingrained in the Indian Constitution, symbolizing the country's dedication to promoting social justice, equality, and the welfare of its citizens. The architects of the Constitution intended for a state that would proactively strive to enhance the socio-economic status of its populace, especially those who are marginalized and disadvantaged. This aspiration is expressed through numerous provisions, principles, and rights that are embedded in the Constitution.¹⁰

Directive Principles of State Policy (DPSP)

As enshrined in Part IV of the Constitution, form the cornerstone of India's welfare state ideology. These principles, though non-justiciable, guide the state in formulating policies and legislation aimed at achieving social and economic justice. Key provisions include:

Article	Key Directive Principle	Focus Area
38	Establish a social order based on justice (social, economic, political); reduce disparities in income, status, and opportunities	Social & Economic Justice
39	Ensure livelihood, equal pay for equal work, safeguard children, prevent wealth concentration	Economic Equality & Welfare

¹⁰ Prof Ashok Kumar Rai, "The Concept of a Welfare State: A Vision for Social Justice,"1 The Infinite 2024

41	Guarantee right to employment, education, and public assistance in cases of unemployment, old age, illness, disability	Social Security & Welfare
42	Provide fair and humane working conditions and maternity benefits	Labor Rights & Welfare
45	Mandated free and compulsory education up to age 14 (later shifted to Fundamental Right under Article 21A)	Education
47	Improve living standards and promote public health	Health & Living Standards

IMPACT OF GLOBALISATION ON WELFARE STATE

“There is conflicted feedback to impact of globalization on the concerns of welfare. It is widely accepted today that globalization raises economic growth, spreads technology, and contributes to better living standards, in both developing and developed countries. A question is often asked as to whether the rapid growth of cross-border economic, social, technological, and cultural exchange is ‘civilising, destructive or feeble?’”¹¹

It is believed that economies exhibiting higher degrees of integration tend to grow at a faster pace and that the economic integration process initiated by globalization contributes to poverty alleviation. The countries participating in this integration reap significant advantages from the unrestricted flow of capital, which encompasses enhanced employment and investment opportunities, optimal utilization of savings, accelerated economic growth, better governance, among other benefits.¹²

Nevertheless, the adverse impacts on matters such as “social justice, equality, and poverty” have been perceived as alarming due to globalization. Globalization fosters a process that prioritizes the market over the state, which undermines local customs and sets the stage for

¹¹ Albert O. Hirschman, “Rival Interpretations of Market Society: Civilizing, Destructive, or Feeble?”, *Journal of Economic Literature*, vol. 20, pp. 1463-1484.

¹² Rakesh Raushan, “Globalization and its Effect Upon the Welfare State”, *7 International Journal of Law Management & Humanities* 2024.

rising economic disparity. Critics argue that globalization "heightens unemployment" and "deteriorates working conditions" for individuals in paid employment, thereby threatening social cohesion. "Given the economic and historical character of trans-border manufacturing, it is impossible to refute such a claim, but there is evidence that suggests that modern globalisation is associated with rising income inequality and increased job insecurity"¹³

1. **Increasing disparities between and within Nations:** "The growing integration is also leading to heightened inequalities within countries. It is said that globalization enforced on behalf of capital, has brought to bear added pressure on domestic populations and political institutions giving rise to development that is 'faceless, placeless and bloodlessly unsympathetic.'¹⁴ Moreover, the biphasic distribution of income worldwide is becoming increasingly pronounced. The affluent are accumulating wealth at a faster rate, while the impoverished population is expanding, with many individuals remaining in poverty.¹⁵
2. **Reducing the "Social Sector":** Do the advantages of global commerce and financial flows reach the underprivileged groups in society? The primary area in which the effect of globalisation on welfare may be evaluated is the social sector. While it is often claimed that globalization has provided advantages to the impoverished, an examination of its impact on the social sector presents differing conclusions. In general terms, the policies associated with free trade do not promote the growth of the social sector; rather, they encourage tax reductions and a decrease in government involvement. Vito Tanzi's research offers a clear perspective on the matter of public expenditure. He illustrates that from 1960 to 1980, a time marked by ongoing and significant liberalization in trade and financial connections, there was a notable surge in public spending.¹⁶

Many states are losing their capacity to influence national economic growth due to globalisation and the governments are now required to enhance export output and create favourable conditions for foreign investment, as a result of changing priorities. Several

¹³ Quoted from, Christopher Newman, "Globalization: Marxism and Three Worlds", March 13, 1998, <http://www.Globalization/Marxism/threeworlds/html>. (last visited on March 1, 2026).

¹⁴ Sam Gindin, "Social Justice and Globalization: Are They Compatible?", *Monthly Review*, vol. 54, no.2, June, 2002, p.4.

¹⁵ Rakesh Raushan, "Globalization and its Effect Upon the Welfare State", *7 International Journal of Law Management & Humanities* 2024.

¹⁶ *Ibid.*

Third World countries, are experiencing a drastic decline in public investment.

In terms of social welfare payments or infrastructure investments, state authorities are forced to reduce public spending, devalue their currency, and lower taxes. As the auction rates are set by international financial markets, the privatisation and auctioning of state assets appear to be advantageous to the financial elites of the world. The backdrop of global economic integration is characterized by weakening governments and their diminishing social responsibilities.

3. **Impact On Developing Welfare State** - “The impact of globalization on developing societies needs to be examined as welfare concerns play a predominant role in these societies. Though today’s ‘global opportunities are far greater and potentially more accessible than at any other time in world history, developing countries are also further behind than ever before”¹⁷
4. **Expansion of Trade:** Globalisation has boosted the cross-border trade, by reducing tariffs and promoting free markets, most importantly in integrating national economy into a global platform. For example, India’s 1991 economic reforms where India had opened its economy to international trade and investment.¹⁸
5. **Influence on Social and Cultural Lives:** Today movies, music, and fashion easily cross borders creating a kind of shared global culture, whether it is the phenomenal craze for Hollywood films or the rise of K-pop culture in different countries. Education has also become more accessible, with students benefiting from international universities, exchange programs, and online learning platforms. However, this growing global influence is not without concern. In some places, people feel that local traditions and cultural identities are slowly being overshadowed, leading to a loss of uniqueness and cultural homogenisation. Migration for education, employment, or safety has further created multicultural societies that are vibrant and diverse, yet sometimes face challenges in maintaining social harmony.

¹⁷ Bruce R. Scott, “The Great Divide in the Global Village”, *Foreign Affairs*, January/February 2001, vol. 80, no. 1, p.174

¹⁸ Impact of Globalisation: Economic, Social, Political and More, *available at:* <https://www.oliveboard.in/blog/impact-of-globalisation/> (last visited on March 1, 2026).

IMPACT OF GLOBALISATION IN INDIA

1. **High-Volume Hiring-** The coming of overseas companies and growth in economy has led to massive job creation. These jobs focused more in the services sector and this has led to rapid growth of service sector creating problems for individuals with low level of education. The last decade came to be known for its jobless growth as job creation was not proportionate to the level of economic growth.¹⁹
2. **Higher Disposable Incomes:** People in the urban areas working in high paying jobs have more income to spend on lifestyle goods and luxuries. An increase in the demand of products like meat, egg, legumes, organic food has been observed. Which has also led to protein inflation.
3. **Shrinking Agricultural Sector:** Agriculture currently contributes about, 15% to the GDP. The international norms imposed, by WTO and other multilateral organizations have reduced government support to agriculture. Greater integration of global commodities markets leads to constant fluctuation in prices, which has increased the vulnerability of Indian farmers. Farmers are also increasingly dependent on seeds and fertilizers sold by the MNCs.
4. **Socio-Cultural Impact on Indian Society-** In India, Nuclear families are currently on a high rise. The rise of nuclear families has reduced the social security that the joint family provided. This has led to greater economic, health and emotional vulnerability of old age individuals. Men and women are gaining equal right to education, to earn, and to speak and be put on a same level regarding everything. For greeting people, terms like “Hi”, “Hello” are being used instead of the traditional “Namaskar” and “Namaste”.
5. **Clothing and Culinary changes:** Indian clothes for women which are the traditional saris, suits, etc. and for men, traditional clothes are the dhoti, kurta are now almost replaced by jeans, t-shirts, mini-skirts etc. Hindu married women wore the red bindi and sindhur but now, it is no more a compulsion but only a mere choice. Rather, Indo-

¹⁹ Impact of Globalisation on India, *available at:* <https://www.civildaily.com/impact-of-globalisation-on-india/> (last visited on March 1, 2026).

western clothing, the fusion of Western and Sub continental fashion has now become an emerging trend.

6. **McDonaldization & Walmartization:** It becomes manifested when a culture adopts the characteristics of a fast-food restaurant. McDonaldization is a reconceptualization of rationalization, or moving from traditional to rational modes of thought, and scientific management²⁰. Whereas, the term referring to profound transformations in regional and global economies through the sheer size, influence, and power of the big-box department store WalMart. It can be seen with the rise of big businesses which have nearly killed the small traditional businesses in our society.²¹

CRITICISM OF WELFARE STATE

Although the welfare state plays an important role in reducing poverty and providing social security, it faces several criticisms as many scholars and economists argue that despite its noble objectives, practical challenges often limit its effectiveness.²²

1. **Heavy Financial Burden-** Running widespread welfare programs requires substantial public expenditure. Governments must collect high taxes to finance services like healthcare, education, pensions, and subsidies. This can increase the tax burden on individuals and businesses, potentially discouraging investment, entrepreneurship, and economic growth. In some cases, excessive spending may also lead to budget deficits and public debt.

2. **Creation of Dependency-** Generous welfare benefits may reduce people's motivation to work or improve their skills, earn for themselves. If individuals become overly reliant on government assistance, it can weaken personal initiative and self-reliance. Critics argue that long-term dependence on welfare may create a "culture of dependency," where individuals prefer benefits over employment.

3. **Misuse and Corruption-** Welfare schemes are sometimes misused by individuals, who are not genuinely eligible for assistance. False claims, fraud, and corruption within administrative systems can result in wastage of public funds. Such misuse not only drains government

²⁰ Impact of Globalisation on India, available at: <https://www.civildaily.com/impact-of-globalisation-on-india/> (last visited on March 1, 2026).

²¹ Impact of Globalisation on India, available at: <https://www.civildaily.com/impact-of-globalisation-on-india/> (last visited on March 1, 2026).

²² *Ibid.*

resources but also prevents benefits from reaching those who truly need support.

4. Persistence of Inequality- Despite various welfare measures, deep-rooted structural inequalities often continue to exist. Issues like unequal access to quality education, regional disparities in healthcare, and social discrimination may not be fully resolved through welfare programs alone. As a result, economic and social gaps between different sections of society may still remain.

5. Bureaucratic Inefficiency- Welfare systems often require large administrative structures to manage and implement schemes. Over time, this can lead to complex bureaucracies that are slow, rigid, and inefficient. Delays in service delivery, excessive paperwork, and lack of accountability may reduce the overall effectiveness of welfare policies.

CONCLUSION

Globalisation and the welfare state are closely intermingled, yet their relationship is not always smooth. Globalisation has indisputably expanded opportunities, economies have grown faster, technology has spread rapidly, and people today are more connected than ever before. Trade has increased, education has become more accessible and “new kinds of jobs” have emerged that were hardly imaginable a generation ago. At the same time, this very process has created pressure on welfare systems, particularly in developing countries. When governments prioritise attracting foreign investment and staying competitive in global markets, spending on social welfare often gets reduced or restructured.

In India, the effects are varied. Economic reforms have boosted growth and transfigured urban lifestyles, creating a new middle class and expanding consumer choices. However, these changes have also broadened the gap between rich and poor, weakened traditional support systems like the joint family structure, and left sectors such as agriculture more exposed to global market fluctuations. For the welfare state, this creates a serious challenge on how to remain socially responsible while operating in a highly competitive global economy.

The debate is not merely, about whether globalisation is positive or negative, the real question arises as to how governments manage it. If handled carefully, globalisation can complement welfare policies rather than weaken them. What is needed is a balanced approach, one that encourages economic growth but does not neglect the basic needs and dignity of vulnerable

citizens. The future of social justice will depend on whether states can strike this balance between market efficiency and social responsibility.

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