

Characteristics and challenges of the nordic welfare state



In this essay I will first, try to discriminate some of characteristics as well as historical preconditions that combine to make the Nordic welfare model a topic of extensive literature defining it as a special case. Mainly, I will focus my analyses in three broad aspects shared by them: universalism, gender equality and consensus on political decision. It is important highlight that I will adopt two different terms to group these countries. By Scandinavian countries I mean Norway, Sweden and Denmark while the wider concept of „Nordic nations? includes all five countries Norway, Sweden, Denmark, Finland and Iceland.

In a second moment, I will show how new external and internal pressures threatened the welfare state model and deviated the Nordic countries from their common path. As result, a convergence between them with other OECD countries occurred. However, changes were not significant enough to drive the model to an end, as it recovered in the late 1990s and regained some of its faded confidence. The Nordic model Common definitions for the Nordic welfare state emphasize the extensive role of the state in redistributing resources, through both cash benefits and services.

Broadly speaking, the Nordic welfare state seeks to equalize life chances, provide social justice and social security, and promote cohesion and stability, all within the framework of the market. (Alestato et al 2010; Kautto 2010) In contrast with the liberal regime model - adopted by countries such as the United States, Britain and Canada - the Nordic countries? redistribution of resources relies on universalistic policies instead of means-test policies or targeted groups aimed at poverty alleviation. (EspingAndersen 1990) 1.

Universalism By universalism one can understand social benefits that include all the population or a high degree of population coverage. Although the model is still structured according to categories or tests to legitimate needs, these tests cannot be considered selective due to the fact that a person's economic or social standing are not taking into account. Instead, the universal model gives priority to comprehensive policies and includes not just all citizens but all residents; thus, being more generous with immigrants; guest works; etc.

There are a number of arguments in favor of universalism. First, the concept is grounded in moral considerations: in order to avoid segregation and stigmatization since not just the needy or targeted groups receive benefits (Alestato et al 2010) – and came within a culture of pursuing social cohesion and equality. Others supportive arguments are pragmatic. Universal welfare policies would be more attractive for the middle and upper-class since they are equal included in state provisions, thus guaranteeing their interest on paying taxes. (Esping-Andersen 1990) Conservatives in the 1950s defended universal pensions advocating that it would be administrative cheaper and simpler. Finally, a wider provision would increase citizens' resources and therefore give them great autonomy. (Kildal and Kuhnle 2005)

On the other hand, criticism came in concern of high public expenditures and consequently high taxes. Questions that in times of economic setbacks, globalization and demographic changes challenged the viability of this type of regime. One last reason, is the resulting dependency culture in a population used with a strong state-provider and the inefficiency of achieving social equality and priorities.

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Gender equality In comparison with other OECD members, women participation in the labor market in Scandinavian countries is considerably high. The reasons behind this reality come also as a matter of universalism and yet work-oriented model. Instead of taxing families, the government's adoption of an individual-tax based system results in a higher "incentive for both partners to work". (Kautto 2010). Thus, the outcome is individual independency and more taxpayers. In addition to this, the Nordic model is well-known as a family-friendly regime.

Policies of parenthood are delivered through cash benefits, extensive public childcare and parental leave with wage replacement. The expansion of such policies was a result of a parallel development in female empowerment, women's early participation and relatively strong representation in politics and the public sphere guaranteed that they would have a voice in determining public policy. (Raaum 2004) This has resulted in an informal partnership or alliance between women and the welfare state. Female participation in the public sphere can be explained by a number of factors.

To be sure, the activeness of women in politics was partially due to economic developments which made it possible for them to access new technologies which simplified women's traditional tasks. But technological improvements were occurring throughout the western world and therefore cannot explain the higher degree of female empowerment occurring in the Nordic countries. Religion's impact can also be pointed to, as "Protestantism, the prevailing religion in the Nordic region is considered more „women friendly“ compared to religions that advocate very traditional roles for women, such as

Catholicism, Orthodox Christianity and Islam". (Blom 1992 apud Raaum, p. <https://assignbuster.com/characteristics-and-challenges-of-the-nordic-welfare-state/>

159) Finally, an early partnership or alliance between women and the welfare state already existed at the time of nation-building. In Norway, for example, during the first three decades after the Second World War, several associations with mainly female membership and leadership worked actively with the public authorities, not least at the national level (Bjarnar 2001).

They pioneered new schemes, uncovered need and provided a social service as welfare workers. What's more, they built up many extremely professional social welfare institutions. During the building of the welfare state women's extensive experience and expertise were of vital importance for the authorities. Women's organizations were also able to present the women's side of the needs that the growing welfare state was intended to meet.

(Raaum 2004, p. 156) Women, therefore, have played a large role in the development of the welfare state in the Nordic countries. . Consensus for political decision The pattern of political decision-making in Nordic countries has been of consensual governance. (Alestato et al 2010) It is explained not only by the set of power division but also by and active and institutionalized civil society involvement. Even though many authors point to the important role of social democratic political parties in constructing the Nordic welfare model - mainly in Norway in Sweden where they had a deeper hegemony (Steen 2004) - they actually rarely enjoyed parliamentary majorities in any of these countries.

Instead, the Scandinavian countries have a history of minority cabinets. One of the reasons for this exceptional pattern is pointed out by Rasch (2004) as the so-called „ working parliaments? in contrast to „ debating parliaments? , which means a great influence for opposition parties in decision-making and <https://assignbuster.com/characteristics-and-challenges-of-the-nordic-welfare-state/>

less attractiveness for the office. " Participation in government is not necessary to gain influence, and, as a result, minority governments become more likely". (Rasch 2004, p. 140)

On the other hand, triangular cooperation within government and well-organized interest groups including strong trade union and independent agrarian parties, reflect in the necessity to give answers for their different needs. Historical preconditions for this model If we can talk about a Nordic model it? s due to a variety of shared historical experiences that made these countries a special case. Denmark, Sweden, Norway, Finland and Iceland are or were sufficiently homogeneous in terms of religion, language and politics to make them stand out as a distinct part of the European setting.

1. Egalitarian pre-industrial society An important distinctive trait of Nordic societies was the political mobilization of the peasants. A low concentration of landholdings, a weakening feudal and nobility structures and a relative peaceful and easy access to political institutions resulted in an increased engagement of the peasantry in the political arena. In addition, the Nordic countries also experienced the rise of the working class as another political force, in the period of industrialization, mobilized in strong trade unions bargaining wage and aiming for rights.

With the combination of well-organized urban workers and the existence of strong and independent agrarian political parties, welfare policies should embrace the diverging interests. (Kildal and Kuhnle 2005) Thus, it created a political engagement among working class, farmers and the upper urban class which would result in the so-called tri-part cooperation and, in turn, on

a culture of consensus in policy making in a way to maintain the equality and fairly represent the different actors.

2. National building and universalistic policies Following this integration pattern, the nationalist movements of the nineteenth century stressed the ideal of nation-building and thus the necessity of create a feeling of national cohesion. To reinforce this feeling, the governments pursued or at least advocated for universalistic policies. Social security programs were so “ initiated at the same time as state and nation building were at the top of the agenda of leaders”. (Kildal and Kuhnle 2005) Thus, the efforts to construct a national identity were a marriage between political struggle and “ cultural campaign to integrate the people into the state institutions”.

But not until after the Second World War – when ideas of human dignity became prominent was the universalist principle truly implemented. The burden of a century of war and turmoil created the idea of shared exposure to risks and in turn shared responsibility to protect against them. (Kautto 2010) Previous policies that excluded the so-called „ unworthy people? (drunks, beggars, etc) was dismantled. Adopting universalism meant removing the humiliation associated with means testing programs and the consequent stigmatization. (Kildal and Kuhnle 2005).

As a result, in the “ early 1970s all Nordic countries had established universal coverage of old pension systems, sickness insurance, occupational injury insurance, child allowance and parental leave schemes”. (Kildal and Kuhnle 2005, p. 27) 3. The role of local governments in the expansion of welfare state The expansion and implementation of such policies could

happen due to the institutionalized nature of the shared management for social services between national.

“ The principle of local self-government can be traced back to the time of tribal life and subsequently Viking times” (Rose 1990 p. 65) and was maintained in medieval times with the blessings of enlightened monarchs. Later on, at the end of the nineteenth century, contemporary democratic local governments were given legal status, mainly as a result of farmers and businessmen seeking for greater freedom from representatives of the central bureaucracy. The local governments came to play an important role with regards to taxation and public service provision - especially in health care. (Rose 1990; Kautto 2010) The result of this landscape is extensive interaction between the decision makers and the people.

Challenging the welfare state: from 1990s towards Although, the concept of a Nordic model implies similarities within the Nordic countries, most of the literature and comparative data, used to support these shared features and the convergence of public management, was taken from the „ golden era? of popular welfare state expansion. Exogenous and endogenous changes during the 1980s and 1990s now challenge the viability of universalistic welfare policies - which demands high public expenditures - bringing into question social commitments and resulting in divergent approaches across-Nordic nations.

The economic crisis of 1990s affected the Nordic countries to different extents. Finland? s crisis combined international recession, the fall of the Soviet bloc and, moreover, the decision to link the Finnish Markka to the

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Deutschmark. (Kautto 2010) As a result, the country suffered a sharp fall in GDP levels and mass unemployment. Sweden, in turn, had a negative growth rate between 1991 and 1993, but the symptoms of recession were still less drastic than the Finland's case.

Denmark had experienced an earlier crisis in the mid-1980s and responded with restructuring welfare policies - mainly with constraints on welfare spending. Thus, the new measures helped the country pass through the international crisis with less damages and achieve economic growth again already in the 1990s. Norway experienced a faster recovery from its bank crisis and recession due to discovered oil revenues. However, it also suffered an increase in unemployment - although in a lower extent - and had to adopt measures to restructure policies because of similar economic problems (Kildal and Kuhnle 2005).

“Cuts or at least cost containment in public spending, are suggested not only in Finland and Sweden but also in Denmark and Norway even though their better economic performance” (Kautto 2010). External pressures continued to increase mainly due to further symptoms of globalization and, more specifically, Europeanization. At that time, the Nordic countries had differentiated relationships with the European Union, which determined their vulnerability to, as well as their influence over European affairs. Referenda in Finland,

Sweden and Norway in 1994, resulted in Finnish and Swedish membership, with Norway deciding to keep its relationship restricted to the economic agreement - European Economic Agreement. Conversely, Denmark was a

member since the mid-1970s. More open economies, the free flow of capital and multi-national business corporations operating across borders resulted in international competitiveness questioning the possibility to balance economic performance and welfare efforts. (Kildal and Kuhnle 2005)

Economic integration and national vulnerabilities weakened the national welfare state's capacity to conduct a policy of its own free will. Thus, cuts in benefits were made in an attempt to restrain labor costs while social services and changes in the pension system were adopted. Demographic and structural conditions which had previously made the Nordic model feasible had changed. After the Second World War, and then with inter-Nordic cooperation and European integration, the northern countries became more increasingly opened to receive immigrants. Thus, from the 1970s, they received large influx of refugees, asylum seekers and family reunification migrants coming from further south and east.

An increase in the heterogeneity of societies, combined with the universalistic model and attempts to assimilate the new residents created concerns among policy-makers. Right-wing populist political parties openly advocated against „ excessive assimilation“ and claimed that financial burdens have emerged in Denmark and Norway. (Kautto 2010) On the other hand, ambitious state-sponsored social inclusion programs - from pre-school facilities to service home for elderly - were started (Alestato et al 2010) but performance was falling short of expectation. The „ failure“ of social integration policies combined with the rise of discriminatory discourses and practices and popular reaction created losses in society cohesion and equality.

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This once again questioned welfare efforts. The global phenomena of an ageing population means an increase in demand for more and better health care, institutions for the elderly and a larger burden for the pension system. Yet, the increase in unemployment since 1980s - except in Denmark where it was already higher and retirement due to disability boost even more the ratios of state-dependency pointing to "clash between pension expenditure and financing". (Steen 2004, p. 218) In the political arena, the 1990s crisis and the further European integration brought along neo-liberal ideas as an alternative solution to the challenges that threatened the welfare state. "New political parties, whose platform was anti-state, were established in Denmark and Norway" (Steen 2004, p. 220) sustaining arguments that excessive generosity resulted in various forms of over-utilization and over-insurance. Others claimed inefficiency and high costs.

Not only market-type solutions and privatization have become more salient among the Right, but also influenced political attitudes among social democrats and left-wing parties. (Nygard 2006) In addition, Kautto (2010) point for a fade in the dominance of Social Democrats in the Nordic countries during the 1980s, that remained up until the mid-1990s in Sweden, Finland and Norway, with a rise on support of Conservatives. Conclusion The new circumstances have shown that the all-embracing post-World War Second was no longer possible to be lead in the same extent.

The New Public Management was introduced in the Nordic countries, meaning a move towards private industry and free market orientation.

However, the core responsibilities of the welfare state still prevail and basic goods still receive a large funding and support. Therefore, in different <https://assignbuster.com/characteristics-and-challenges-of-the-nordic-welfare-state/>

comparative and empirical analyses authors seem agree that welfare state is not in crisis but in adaptation. In analyzing welfare-ideological changes in Scandinavia between 1970-2003, one of the main conclusions drawn by Nygard (2006) is that “ there has not been overall decline of positive attitudes towards the welfare state among Nordic parties”.

Although, they are more reluctant in continuing expanding welfare policies and more favorable of market-solutions. Kuhnle (2001), when observing reform of Scandinavian welfare states, points changes and cuts in universalistic pensions schemes in varying degrees and stricter demand of qualification for unemployment insurance; while observe that no change in universal coverage of sickness or social and health services declined in the 1990s, but even he saw an improvement in some sectors – “ family policies have been improved and protected”.

Thus his concluding remarks are that apparently restructure “ is not much a question of how much public money is spent on welfare, but how money is spent”. Yet, Anton Steen (2004) questioning the prevalence of the model concludes that “ there is no long-term decline in welfare state support and the proportion of the population who want to see a reduction in welfare benefits and services has remained on a modest level in all four countries[...] It seems that neither economic crisis nor liberal ideologies have eroded its legitimacy in the population (Steen 2004, p. 220) Of course the mystery of the availability of the system has not come to an end, and the northern nations will probably have to do other adjustments regard, for example, to immigration and ageing population. But the model has been proven flexible and successful enough to maintain his core features.

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