



- The Nordic Welfare model  
Limits and possibilities

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- Zaragoza 5th oktober 2016



# The historical context

- "Peaceful" step by transformation to Democracy.
- Two Centuries of Peace.
- A soft "revolution" 1809.
- Late but Quick Industrialisation.
- One Europe's poorest and less Developed Countries
- Became one of the most wealthiest
- Weak Feudal tradition.
- Institutions to resolve interest conflicts at municipal level.
- Compromise and pragmatism.
- Well organized civil Society.
- Strong Labour movement.
- Social Democratic party as the first modern democratic party



# Lessons

- Institutions matter.
- The Swedish and Nordic model was created in a historical context.
- Not a blueprint. **Bo Rothstein**
- Not a fixed model **Creating a Sustainable**
- But some lessons **Solidaristic Society:**  
**A Manual**

**arena**idé

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# The Swedish model is based at the Labour market

- **1906** LO-SAF compromise, Employers manages and distributes work, freedom of association for unions
- **1909** Massive strikes and lockout - the agreement falls apart.
- **1910-1938** Extreme levels of labour market conflicts and high levels of unemployment
- **1914** Active labour market program wins over unconditioned cash benefits and Emergency work is instituted.
- **1938** The Saltsjöbaden agreement. A more expanded version of 1906 agreement; collective agreements, labor conflict resolution mechanism and strong emphasis on corporatism in governance and i.e. freedom to create a welfare state.
- **1951** Rhen-Meidner economic policy model. Full employment, countercyclical fiscal policy, equal pay for equal work and strong emphasis on active labour market policy and generous employment benefits.
- **1952** Central negotiations between LO-SAF
- **1955** Cash benefits depends on previous income and ALP test for willingness to work.



# The Pillars of the Social Democratic model

- Labour market model.
- Universal social insurances.
- Welfare production in the public sector.
- Economic policy.



# Key/paradox 1

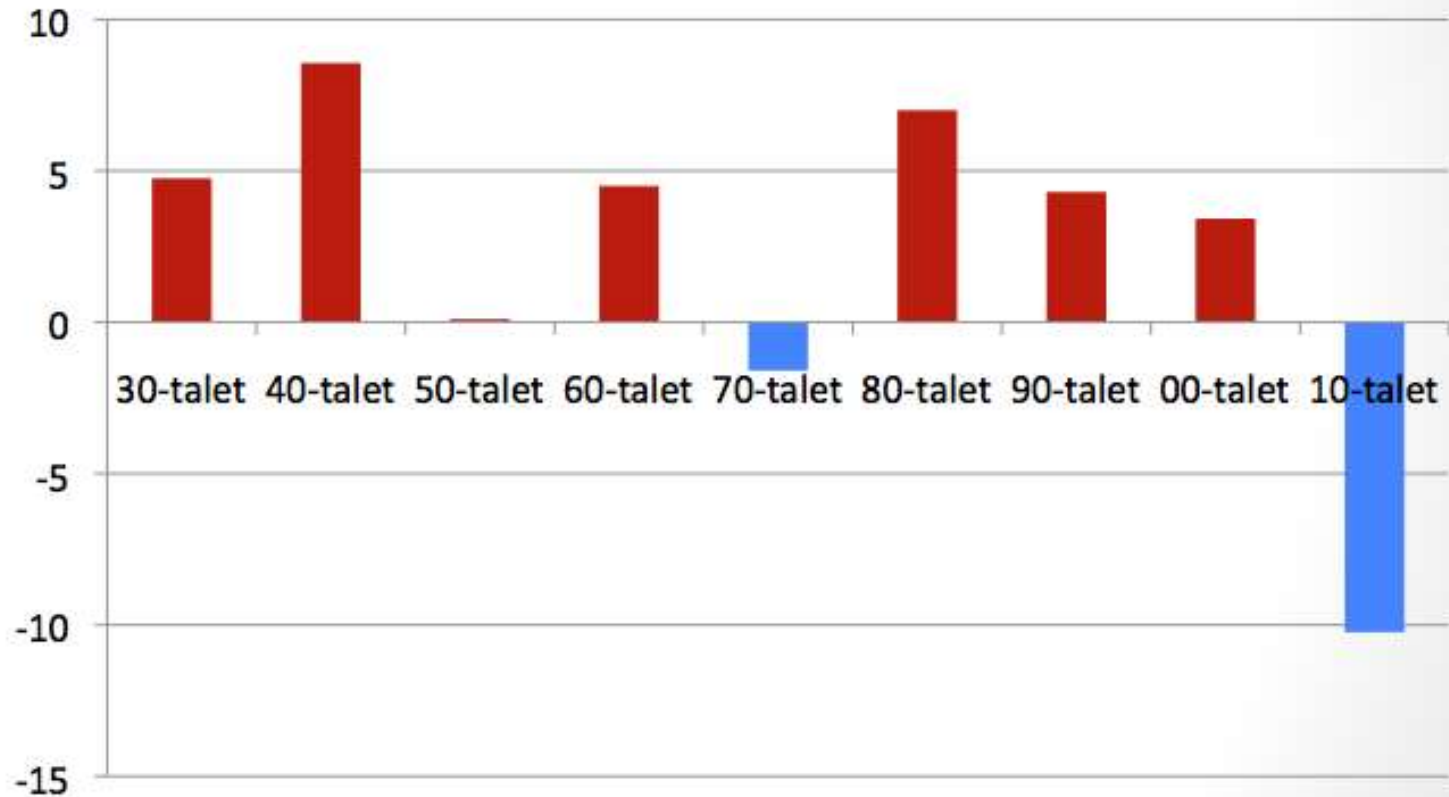
- Social security and protection
- and
- Tradeunions that accepted and promoted technological change

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**Basic pillars in the traditional Nordic model**  
– small, open economies dependent on international trade



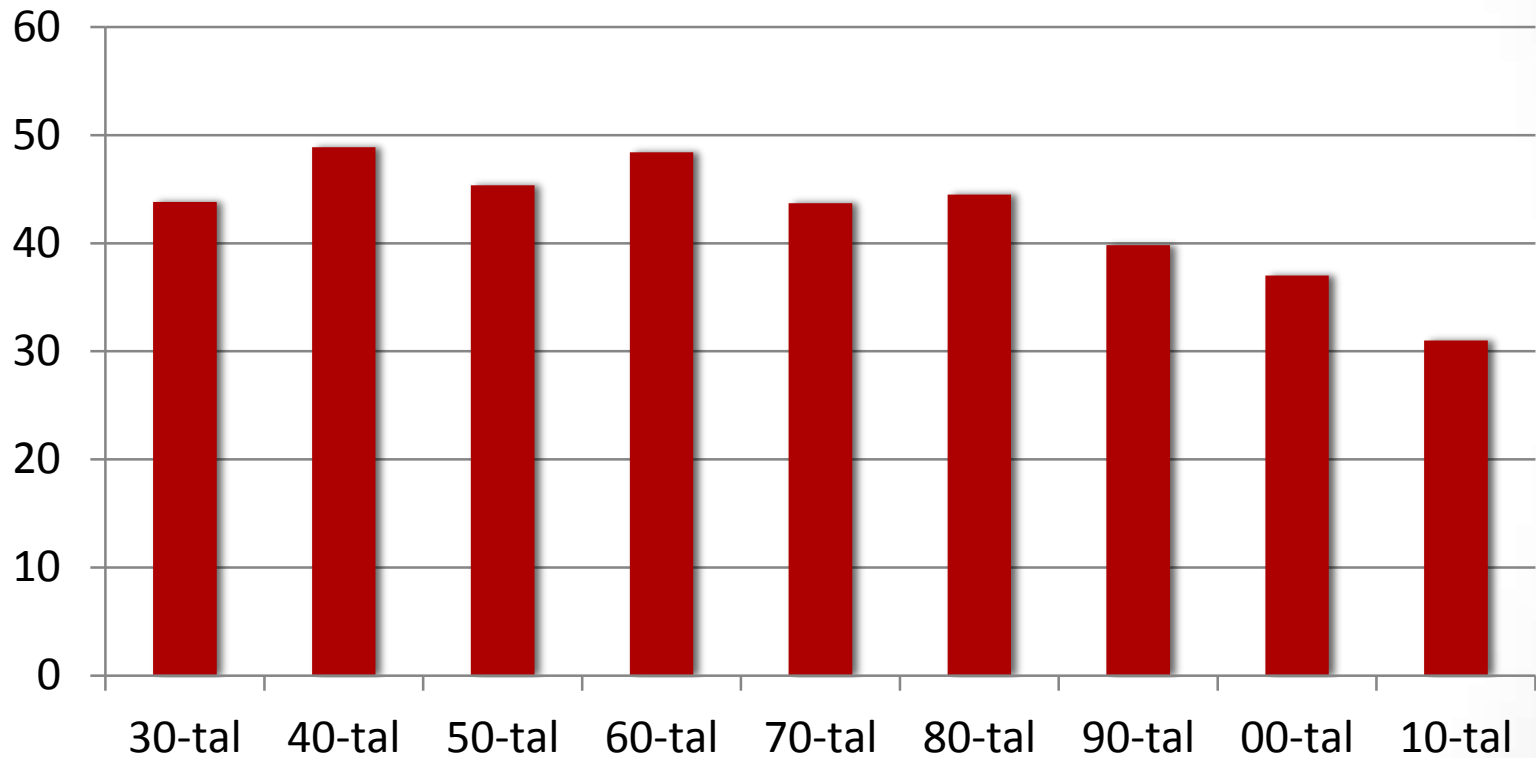
# Left and right in Sweden 1930s until today



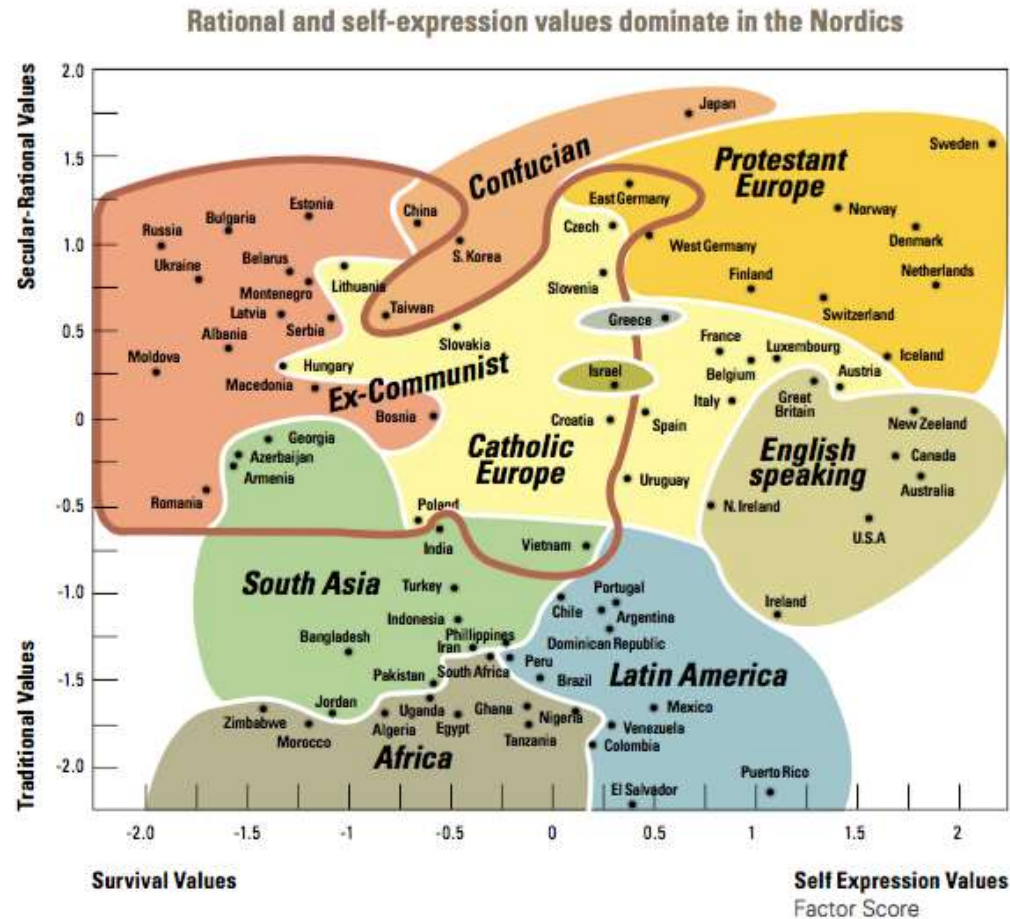




# The Social Democratic Hegemony

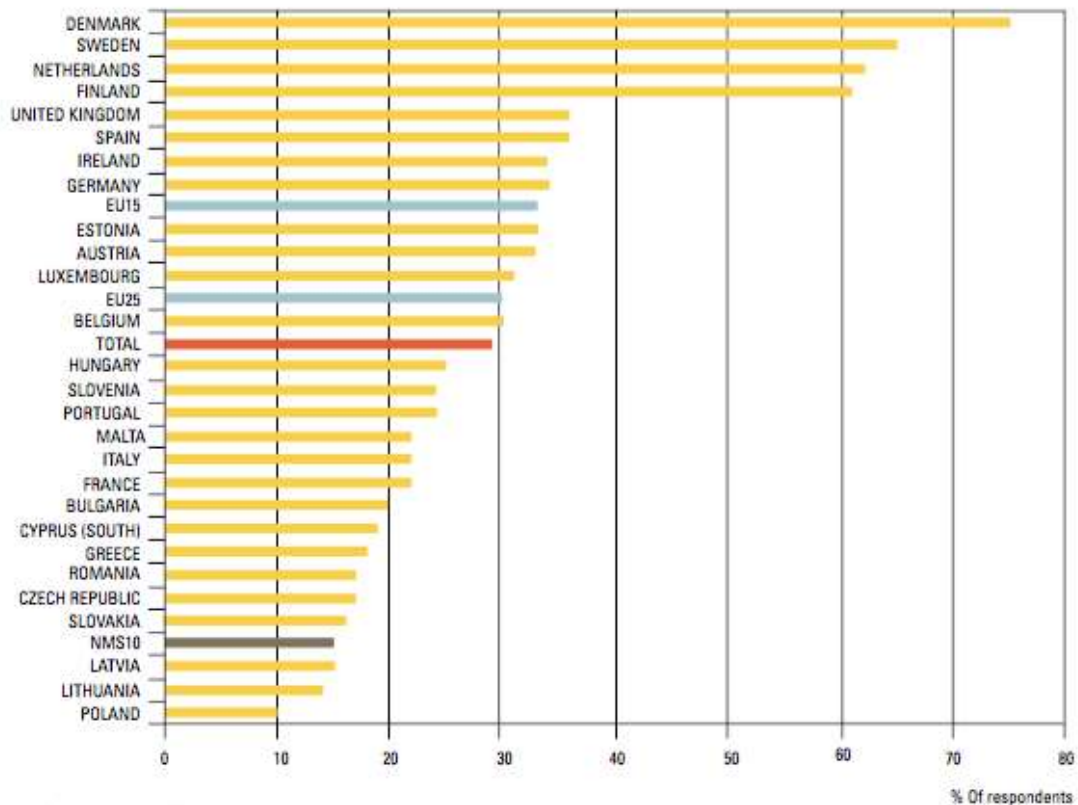


# A complex map



# Trust

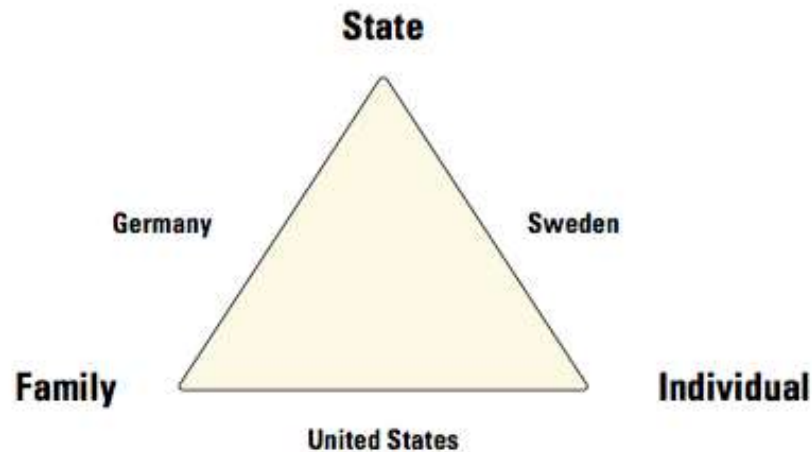
Generalized Trust – An international comparison



Source: the EuroBarometer 62.2 (2004). Data weighted.

# ”State individualism”

## Power Relations in Modern Welfare States



Dynamics of power in modern welfare states. Graphically illustrated as a “triangle drama” by contrasting the position of state, family and individual in the U.S., Germany, and Sweden.

Source: “Pippi Longstocking: The Autonomous Child and the Moral Logic of the Swedish Welfare State” in Helena Matsson and Sven-Olov Wallenstein (eds.), *Swedish Modernism: Architecture, Consumption and the Welfare State*. London: Black Dog Publishing, 2010.



# Key/paradox 2

- Collectivism
- creates...
- Individualism



# The Swedish quasi-model backlash

- **1971** SAF develops a new strategy which leaves the “consensus”: Neoliberalism.
- **1973-76** New Employment protection legislation in conflict with SAF
- **1976** LO-congress decides on wage-earner funds which SAF perceives as an attack on industry-owners and as fund-socialism.
- **1982** The LO-SAF central negotiations falls apart
- **1991** The corporatist state is abandoned by the right-wing government on initiative from SAF
- **1993** Full employment is abandon and independent central bank focus on inflation target
- **1993-2014** Benefits and taxes are cut, public expenditures reduced, EPL and APL weakened
- **2006** Moderates introduces a new ”workpolicy”
- **2016** LO coordination breaks down



# The Swedish Model redefined

- All the Nordic countries have adapted to globalisation
- Taxes have been cut
- Unemployment up
- Rising Inequalities
- The economic performance from the 70s
- The crisis in the 90s...
- Members of the European Union
- The market comes rushing in to the public sector

# The next chapter?





# Post 2008

FIGURE 4.2 Accumulated growth in gross domestic product (GDP). 2008-2013



Source: OECD Economic Outlook 2014, NordMod calculations.

# Unionisation

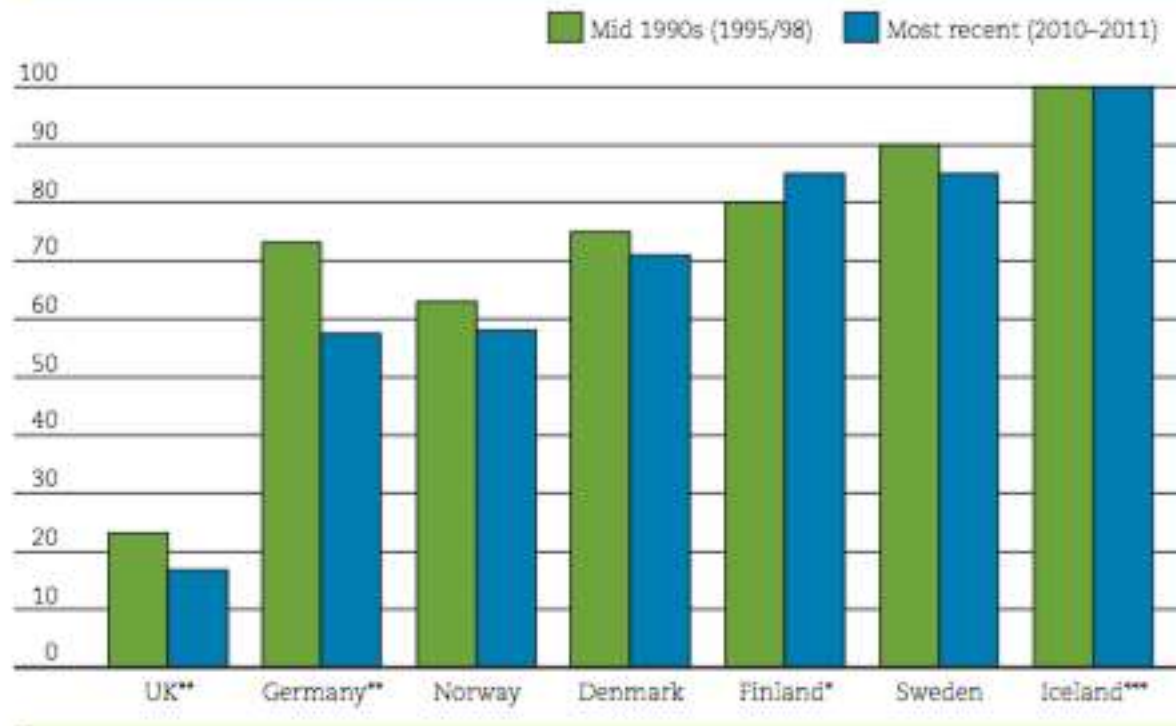
TABLE 8.1 Union density rate in the Nordic countries: 1990–2013

	Finland	Denmark	DK – not incl. alternative* (prior yr.)	Norway	Sweden	Iceland
1990	72.5	68.2	67	57.3	80.2	
1995	80.4	73.1	71	56.4	83.9	87.3
2005	72.4	71.7	68.1	52.9	78.0	95.6
2013	69.0**	69.2	60.2	51.7	70.0	90.0***
Change 1995–2013	-11.4	-3.9	-13.9	-4.7	-13.9	+2.7
Data source	OECD	Faos	Faos	Fafo	Kjellberg	OECD

Source: Nergaard 2014. \* Christian unions \*\* Finland figure for 2011 \*\*\* Iceland figure for 2011.

# Collective agreement coverage

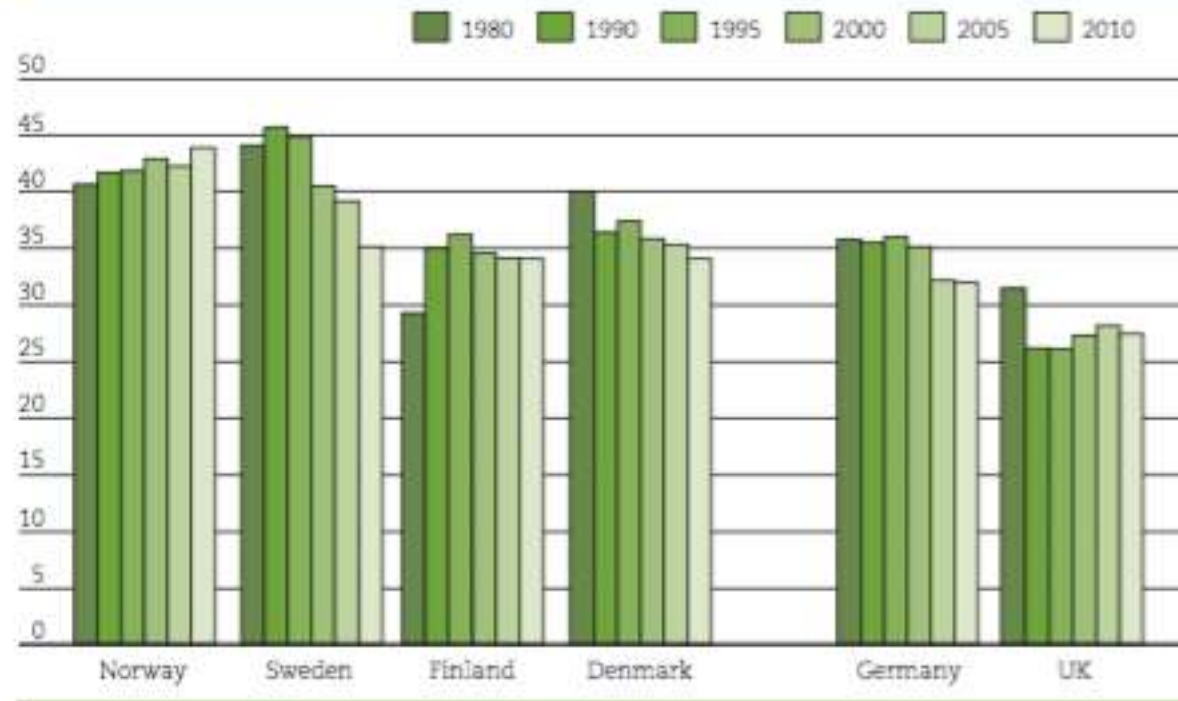
**FIGURE 8.1** Collective agreement coverage in the private sector (share of wage earners who say they are covered by such an agreement).



Source: Nergaard 2014. \* Finland includes statutory extension of agreements. \*\* UK and German figures obtained from ALIAS's ICTWSS database. \*\*\* Icelandic data uncertain.

# Less generous social insurances

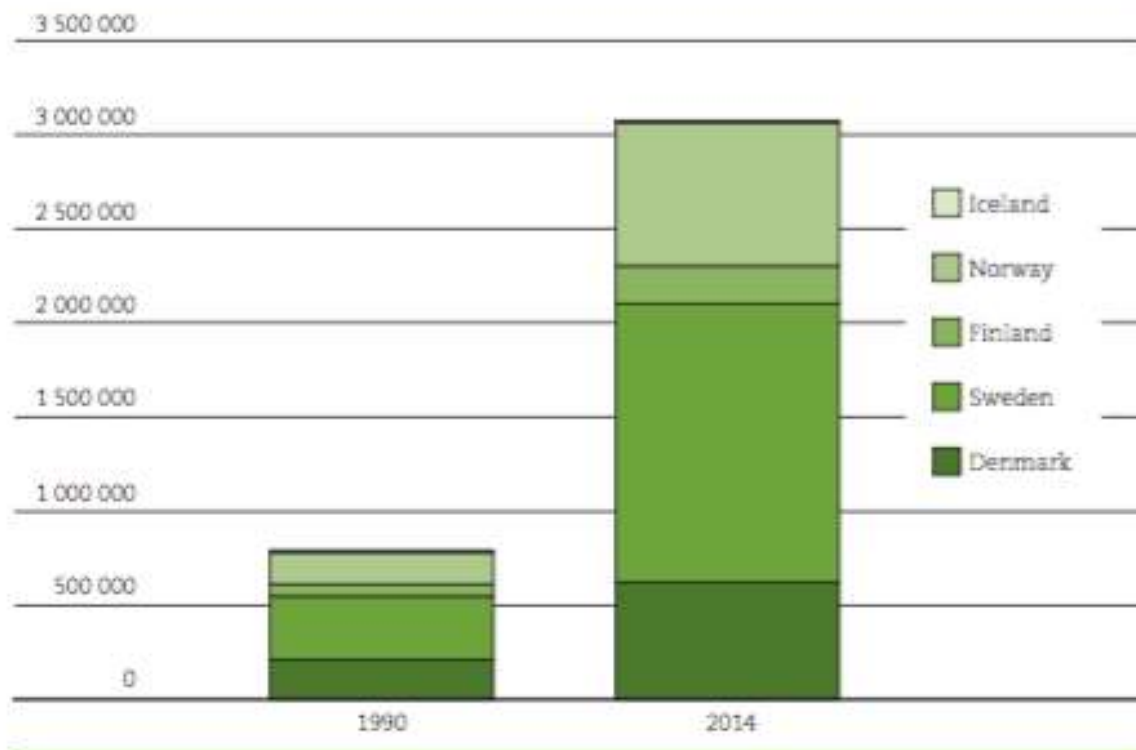
**FIGURE 9.1** Changes in generosity level for Nordic welfare states, using an index that takes into account sickness benefits, unemployment benefits and old-age pensions. 1980-2010



Source: Scruggs, Lyle, Detlef Jahn and Kati Kuitto (2014). Comparative Welfare Entitlements Dataset 2, Version 2014-03, University of Connecticut and University of Greifswald.

# Immigration

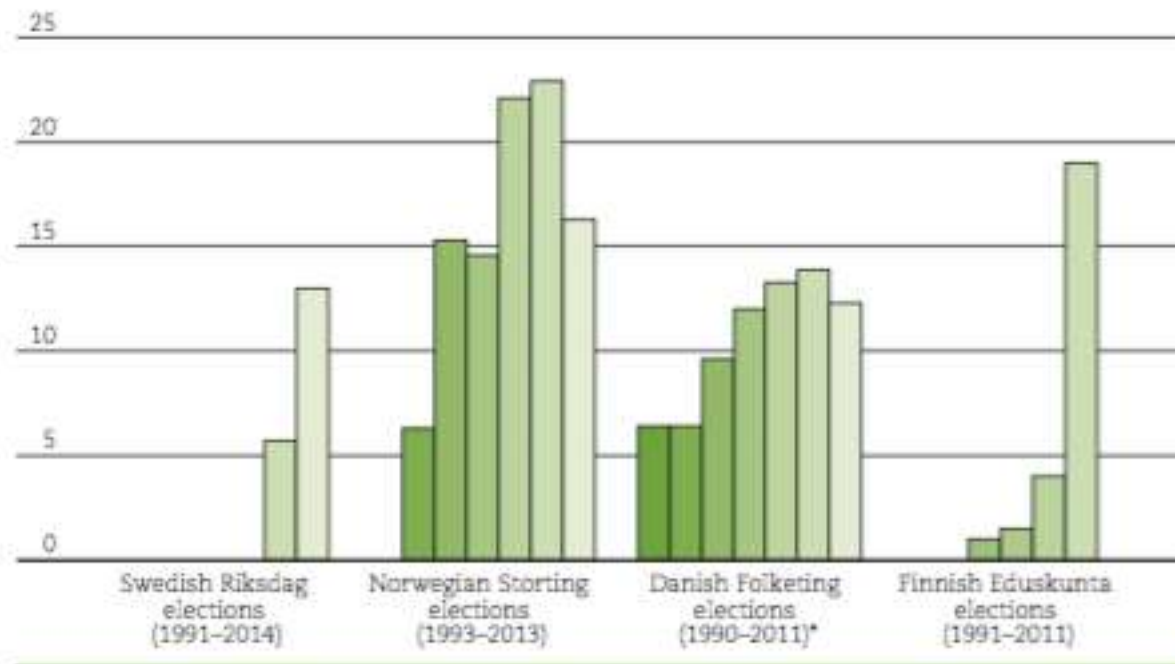
**FIGURE 11.1** Number of immigrants and their descendants\* (Norway and Denmark) and foreign-born (Finland, Iceland and Sweden). 1990 and 2014 (see source lines for exact year in each country)



\* Defined as children born in Norway or Denmark of two immigrant parents.

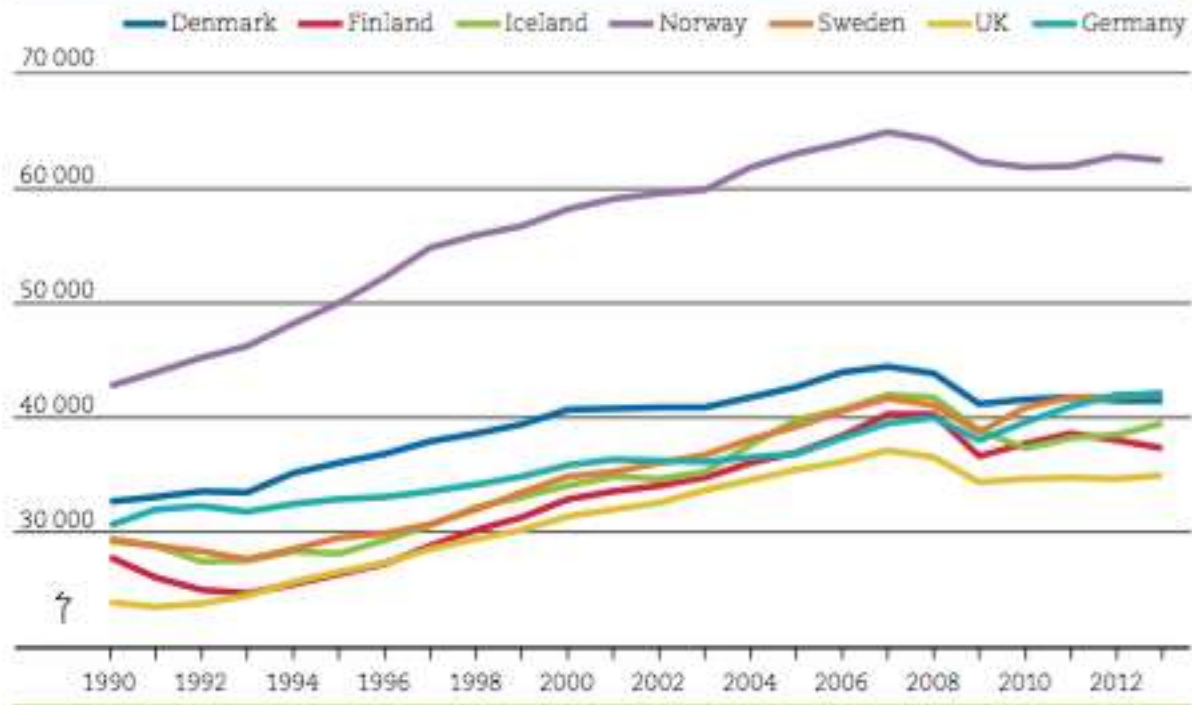
# Right Wing populism

FIGURE 5.2 Electoral support for the new-right parties, per cent: 1990-2014\*



# More affluent

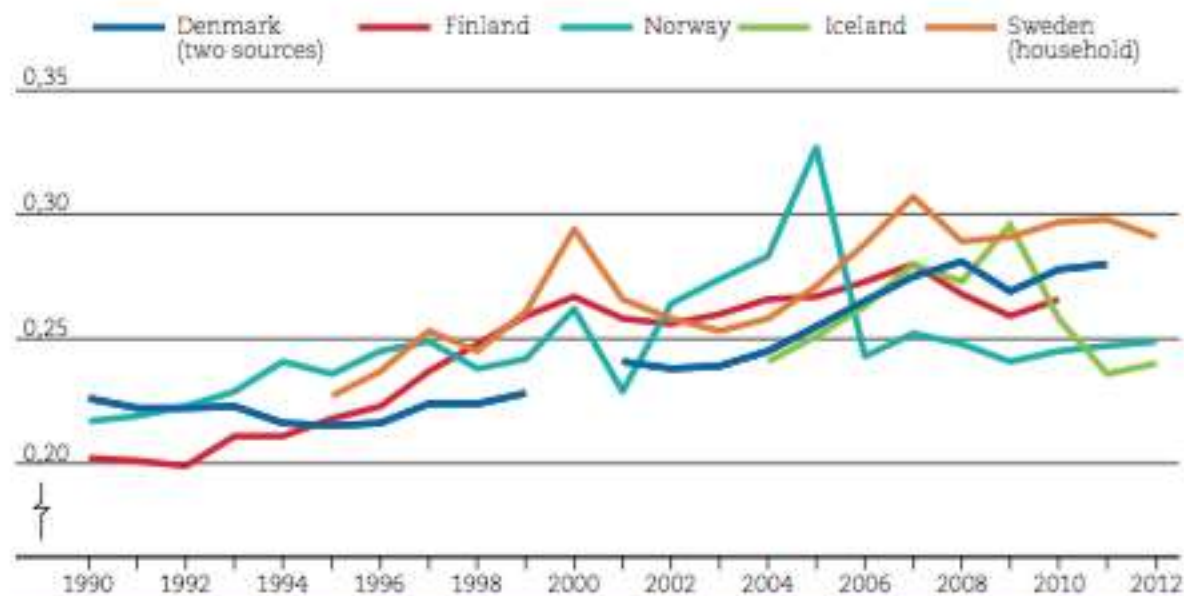
FIGURE 12.1 GDP per capita at purchasing power parity (constant USD 2011), 1990–2013



Source: World Bank Databank

# Rising inequality

Figure 12.6 Changes in income inequality (Gini coefficient), 1990–2012




Sources: Calculations from each country's statistics agency. See Fløtten et al. 2014 for more detailed source information.





# Seems to have adopted and survived

- Baumols sickness
- and
- The Wagner effect

- 
- The Model is strong – but needs constant renewal
  - Still good results – but growing inequalities
  - Institutions still there – but underlying erosion
  - Taxes gone down – but expectations are growing
  - Managed globalization – but pressures on the labour market is severe



WHEN  
THE MARKET  
COMES  
RUSHING IN  
TO THE  
SWEDISH  
MODEL

A BOOK FROM KOMMUNAL ABOUT THE PRIVATISATION  
OF THE WELFARE SERVICES IN SWEDEN

Bozigt Boller - Örebro

FIGURE 13.7 Independent trends that will affect the Nordic countries through 2030.



# The challenges and threats

- Marketisation of the public sector.
- Fiscal conservatism.
- High unemployment.
- The Industrial base.
- Can the collective bargaining model survive in a global economy?
- Social insurance for all?
- Tax more?
- Our borrow more?



And the crucial political factor

# The Social Democratic powerline 1946 – 1996



Sossar från förr: Olof Palme, Tage Erlander, Sten andersson och Ingvar Carlsson.

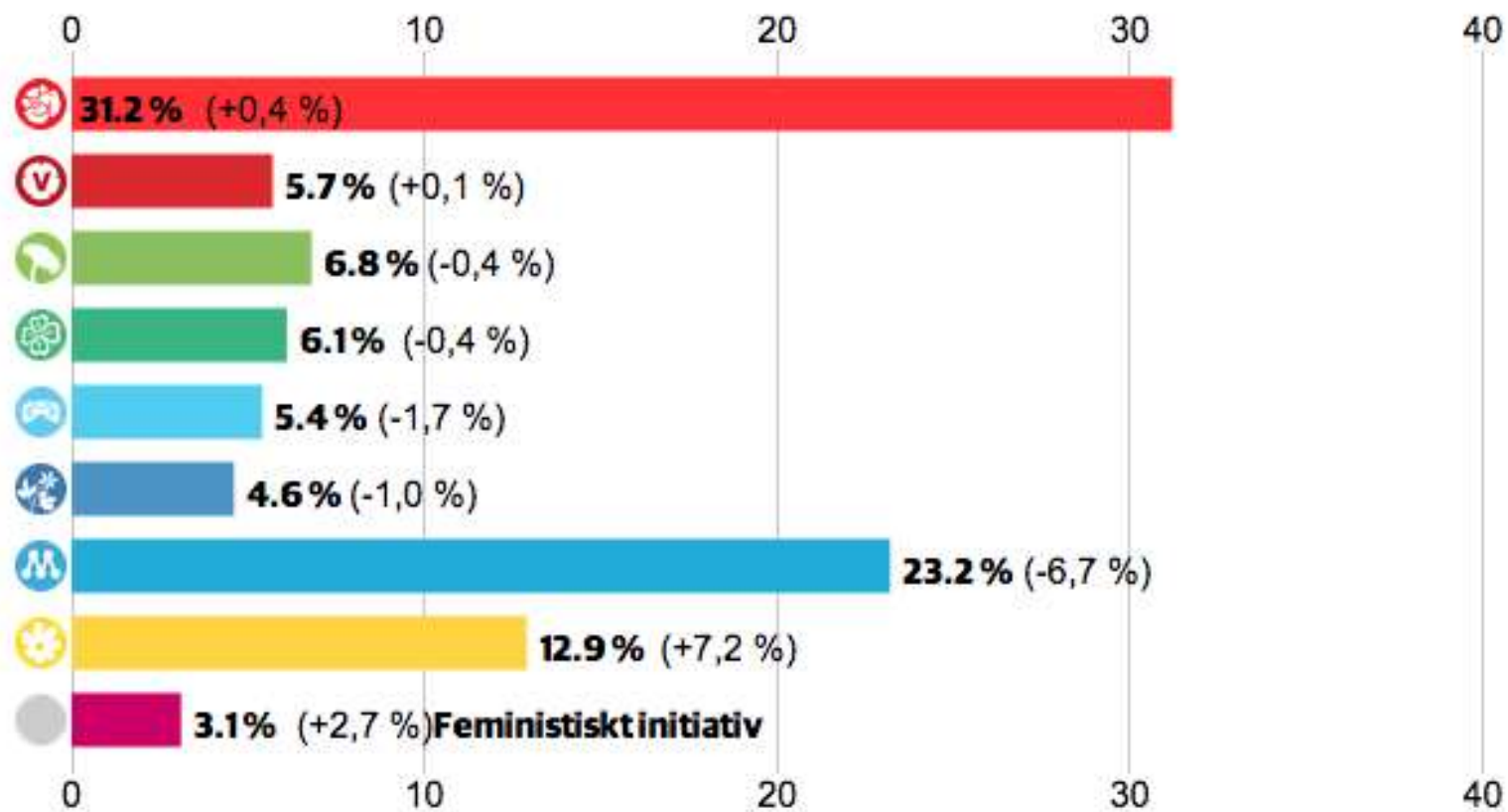
*Foto: Lennart Nygren*

# 2006 - 2016





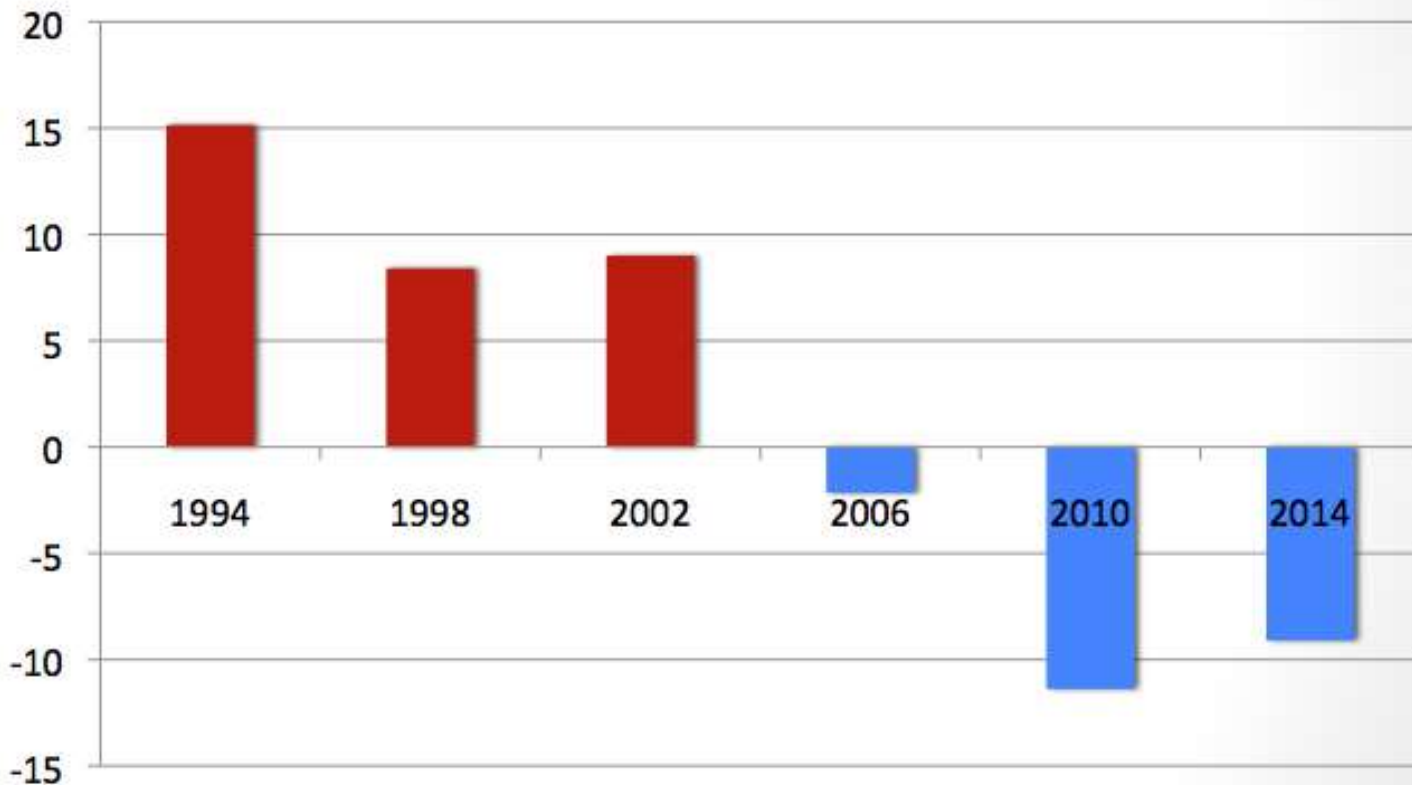
Alla valbara (2007) / Överliga av förslagspartier.



Förutom riksdagspartierna redovisas endast partier med över 2 % av rösterna.

DN.

# In recent years





# Key/Paradox 3

- Right wing majority in the parliament
- But a
- Red-Green Government

# The Swedish model – a continued struggle



Socialdemokraterna  
FRAMTIDSPARTIET

Vårt parti

Internationellt

Press

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## Den svenska modellen

Vi socialdemokrater vill se ett land där vi samarbetar för att utveckla vår samhällsmodell, där anställningstryggheten stärks med kollektivavtal. Där ingen ska behöva rea ut sin arbetskraft för att få ett jobb.



# What next?

- A merger of neoliberalism and right wing populism
- or a
- New progressive alliance
  
- Is there a political center at all?



# The future is created now...

- Thank you!