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## The Scandinavian Model of Welfare

Comparing social welfare systems in Nordic Europe and France

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# The Scandinavian model of welfare

Peter Abrahamson

## Introduction

Welfare state provisions are currently under change in Scandinavia. Because of the serious economic crisis that has hit first Finland in 1990 and Sweden in the second part of 1992, these two countries have felt compelled to cut benefits and reform programmes and restrict access to some kinds of services. In the cases of Denmark and Norway the situation is different. Both these countries have had quite prosperous and sound economies during the 1990s and they have recently expanded welfare services like leave schemes and labour market insertion measures in order to try and facilitate paid employment for the marginalized segments of the population. Again, the speculation against the Norwegian currency in August 1998 following the decreasing oil prices has indicated that the situation may change again quickly.

Yet, despite these very different experiences in the policy area, the debate over welfare and discussions of social policy ideology can be said to have changed in the same direction during the course of the last decade in these four Nordic countries. In general, the welfare debate has been much influenced by foreign imports of issues like privatization, strengthening the role of voluntary organizations, establishing new partnerships between state market and civil society, etc. There is very little talk about expansion of welfare provision, with the important exception of active labour market policies and even within the Social Democratic movement it is being debated to increase user charges and eventually privatize certain services. So, on the ideological level there has been a decisive change towards what we may label a *welfare mix* approach to welfare provision, or by others called *welfare pluralism* (Abrahamson 1995).

In the recent debates about the other Nordic countries joining the European Union and the Danish referendum, it has been argued that the ongoing European integration is a threat to the Scandinavian model of welfare. That view is not shared in this paper, though it is recognized that the Scandinavian experience is different to the one prevailing on the Continent and dominant in the European Union. However, the Council of Ministers' decision on social policy from 1994 makes it absolutely clear that social policy remains a national issue (Council 1994). If anything is threatening welfare in Scandinavia it is the globalization of the world economy.

The Scandinavian model is usually associated with the State providing, financing and regulating welfare services for all citizens from cradle to grave. It is assumed to be the successful accomplishment of a strong and well organized labour movement of social democratic inclination; and it has been understood as a third or middle way between capitalism and communism. Considering the latest developments in Scandinavia it is very relevant to pose the question whether this specific historical experience has met its limits. But posing the question is much easier than answering it for a number of reasons. Firstly, it is not exactly clear what characterizes the Scandinavian model of welfare which is shown in the second section of this paper. Secondly, the Scandinavian countries differ in many respects from each other, and in some respects they do not differ much from the rest of Northern Europe which would otherwise be expected. Thirdly, the current economic and political situation is very different in Finland and Sweden on the one hand, and in Denmark and Norway on the other hand.

Finally, a tentative answer is given in the concluding section. If the Scandinavian model is associated with equality and the eradication of poverty it has, clearly, reached its limits since unemployment, poverty and social exclusion now stand at the level of the other North European countries. Viewed in another perspective, however, the Scandinavian model can be said to have reached its limits in another and more positive way. Contrary to stereotypical assumptions, the Scandinavian welfare model is very much about providing high quality services for the security of the middle classes, and that objective has been met. Thus another limit has been reached. The model has matured.

Hence, a number of myths concerning the Scandinavian way of providing welfare have been colported for quite some time: the third way; from cradle to grave; universal, egalitarian; poverty eradicating; big spender; etc. These and many more issues cannot be discussed here; but it is my hope that some kind of understanding of what are myths and what are realities concerning the Scandinavian model of welfare will be revealed through the discussion of the development of a few concepts and indicators.

## **The welfare modelling business, or, is there a Scandinavian welfare model?**

Although Baldwin (1994: 1) states that "typologizing... is the lowest form of intellectual endeavor", it has, nevertheless, been very dominant in international social science research to develop typologies of welfare regimes since comparative social policy research took off during the 1960s and 1970s. Perhaps most commonly known is the distinction between a *residual* and an *institutional* welfare state as used by Wilensky and Lebaux (1965).

More and more it is being debated whether typologizing different kinds of welfare regimes hides more than it reveals. Certainly, the criteria from which the different clusters are developed vary considerably and are not always clear. When discussing perspectives of Scandinavian welfare in a European context, it is, however, unavoidable to dig into the welfare modelling business, since future solidarities are already being thematized with reference to different regimes, e.g., Beveridge versus Bismarck (Chassard & Quintin 1992).

To some, the typologies are, primarily, distinguished by geographical or - at best - by geopolitical criteria, e.g. when Andersen (1991) or Kosonen (1992) talk about a Nordic model of welfare as opposed to a Continental model. Kosonen has further developed his typologies with an unclear distinction between core and peripheral welfare states, where Ireland ends up as peripheral, while his own Finland finds herself in the core (Kosonen 1994). Yet, presumably, geographically defined clusters of welfare regimes, usually, at least implicitly, make reference to political ideologies or other social criteria. This is explicitly so with the much cited typology of Esping-Andersen (1990). His three clusters are defined by political ideology: *social democratic, conservative and liberal*, which follows the famous distinction made known to us by Titmuss (1974) as *the institutional, the achievement-performance and the residual social policy model*. What adds to the confusion is that every time a scholar reinvents the same categorization, the different regimes are given new names, as the example of Esping-Andersen's use of Titmuss' models shows. A further distinction has been developed by Leibfried (1992) and Bislev/Hansen (1991). They operate with the above mentioned three models, but then go on to add the *Catholic, Latin or rudimentary* model.

Summing up the dilemma of whether to discuss welfare regimes with reference to two, three, four or more models it can be stated that the Social Democratic or Scandinavian model is the luxury edition of the Liberal or Beveridge model, and that the Catholic model is the discount edition of the Bismarck or Conservative model. So, if one wants to, it is possible to operate with the simple two-model scheme. By doing so, however, some of the important nuances disappear.

Equally important, however, is the debate about which nation states fit into which categories, and whether the chosen categories are adequate. The Titmuss/Esping-Andersen schema—with its extensions—has been challenged on both accounts. The example of categorization of the Nordic countries is illustrative. Esping-Andersen (1990, Table 2.2 & 3.3) finds that Denmark, Norway, Sweden, but only partly Finland fit into the Socialist or Social Democratic (Scandinavian) category. The opposite is the case in a study by Korpi & Palme (1994, Table 2); here Finland, Norway and Sweden are clustered together in the category named encompassing, while Denmark finds herself among the countries by Esping-Andersen characterized as liberal, and by Korpi & Palme named basic security. Castles & Mitchell (1990, Table 4) add what they term a *radical* model of welfare regime to Esping-Andersen's typology in order to distinguish their Australia (plus New Zealand and the UK) from the liberal regimes, and they manage to fit in all four considered Nordic countries within the Social Democratic cluster. They state, however: "Esping-Andersen's operationalization makes absolutely no sense in terms of a Socialist principle of stratification, and only makes sense in the case of de-commodification, if that principle is absolutely unrelated to *redistributive outcomes*" (Castles and Mitchell 1990: 12; italics added). As mentioned, they identify a "fourth world of welfare capitalism" which they label radical: "A radical world, in which the welfare goals of poverty amelioration and income equality are pursued through redistributive instruments rather than by high expenditure levels" (p. 16).

Esping-Andersen (1993) seems to have recognized this critique, at least to the extent that he accepts the liberal regime being divided into a "lib-lib" and a "lib-lab" sub-regime.

Leibfried's (1992) expansion of the Titmuss/Esping-Andersen typology by adding a fifth model labeled Rudimentary, and referring to the *Latin-Rim countries*, sometimes also called the Catholic model, is also taken on board. But only in so far we are willing to accept that there are as many regimes as there are nations: "The kind of methodological dialectics that I have promoted above is almost certain to result in a world composed of eighteen distinct worlds of welfare capitalism" (Esping-Andersen 1993: 136).

If we decide it worthwhile to maintain operating with a small number of welfare regimes, we must accept the existence of sub-categories as in the case of the Latin Rim regime. Kastrougalos (1994) concludes that:

Spain, Portugal and Greece lack the specific institutional and organizational features that constitute a distinct fourth ideal-typical regime. They form rather a sub-group, a variation of the Continental model, the main characteristics of which are the immaturity and weakness of the welfare state (pp. 6-7). Another effort along the same line of thought is the typology developed by

Korpi and Palme (1994), which is not just an extension and reshuffling of the Titmuss/Esping-Andersen schemata. Although they find Esping-Andersen's exercise valuable because it points to the multi-dimensional nature of welfare state variation, they maintain: "Yet, because of the diffuseness of underlying ideologies, the complicated ways in which they have interacted in social policy development, and the relative heterogeneity of social policy programmes within each country, as many have pointed out, such an undertaking meets formidable difficulties" (Korpi & Palme 1994: 6). Analytically they instead distinguish between the following five "institutional types of social insurance programmes": *targeted*, *voluntary*, *corporatist*, *basic security*, and *encompassing*. However promising this may seem at first glance, it is limited by only considering welfare states as transfer arrangements, following the tradition of focusing on pensions, unemployment and sickpay. Furthermore, it reflects on data from 1980 and—at best—1985, which makes it dubious with regard to, *e.g.*, the development in Southern Europe, *e.g.* Spain, which has experienced something like a revolution in social policy development during the last decade. Finally, civil societal dimensions of welfare provision cannot be thematized within this approach.

It is obviously a good idea to take on board analyses of social care services in this discussion of welfare models and regimes. But if we apply the correlational method, the result does not seem much different to what has already been established with regard to the analyses of transfer systems. Hence, Anttonen & Sipilä (1995) found that three of the four clusters discussed by Leibfried were consistently constructed:

By and large our description of social care services seems to fit together with the welfare state typologies presented by Esping-Andersen and Leibfried.

Service systems seem largely to reflect the general principles of social security provision... (Anttonen & Sipilä 1995: 24).

Only the conservative/corporatist regime lacked coherence. This problem was then solved by Anttonen and Sipilä by splitting it into two subcategories, which were labeled the Dutch-German subsidiary model and the French-Belgian model of family policy. This perspective is, of course, very relevant in the context of this Franco-Nordic conference.

Now, it seems that we can either go on establishing new regime-clusters whenever our more detailed analyses tell us about considerable differences; we then are bound to end up with as many models as we have entities, which is the conclusion already reached by Esping-Andersen a few years after the publishing of his influential book. Or, staying within the different regime types, we can go down the road of operating with sub-sections of major regime-models as suggested also by Esping-Andersen with his acceptance of the existence of a lib-lib and a lib-lab regime, and parallel to *e.g.* Kastrougalos (1994).

A third and presumably the most promising way is to follow the road of more detailed case-studies as *e.g.* shown by Baldwin (1994). This Esping-Andersen calls "...a fundamental forward leap in our understanding of welfare state origins" (1993: 132). So, whatever we choose to do in this respect, we do it with Esping-Andersen's blessing.

I find it justified to continue to refer to a Scandinavian model of welfare provision meaning a society where the public sector assumes responsibility for financing and providing social care services for all citizens at a high level both quantitatively and qualitatively. The question remains, however, whether this situation continues unchallenged by the current developments in Europe and beyond.

## Historical trajectories and institutional settings

The limited space does not allow for a comprehensive historical discussion of the origins and developments of welfare in Scandinavia. But some data illustrate that the extent of the differences between Scandinavia and France is relatively recent. When we trace back the introduction of major social insurance legislation to the beginning of the twentieth century, differences among the Scandinavian countries are as big as those between France and Scandinavia as revealed in Table 1.

**TABLE 1**  
**YEAR OF INTRODUCTION OF MAJOR SOCIAL INSURANCE LAWS**  
**IN FRANCE AND SCANDINAVIA**

	Industrial Accident Insurance		Sickness Insurance		Pension Insurance	Unemployment Insurance	
	Employer's Liability	Compulsory Insurance	Subsidized Voluntary	Compulsory		Subsidized Voluntary	Compulsory
Denmark	1898	1916	1892	1933 (semi comp.)	1891	1907	
Finland		1895 1917		1963	1937	1917	
Norway		1894		1909	1936	1906	1938
Sweden	1901	1916	1891 1990		1913	1934	
France	1898	1946		1930	1910 1930		1914

Source: Flora & Heidenheimer 1981: 59.

Industrial accident insurance was in place in all of the considered countries around the turn of this century in the form of employer's liability. France lagged behind with respect to compulsory insurance, and introduced legislation immediately after the Second World War. In Scandinavia, it was



introduced during the First World War. With respect to sickness insurance we find Finland to be the laggard with the introduction as late as 1963; France had introduced her scheme in 1930, and the three Scandinavian countries all had some kind of schemes implemented before the First World War. Considering pension insurance, Denmark and Sweden were the first nations to introduce such legislation in 1891 and 1913, while Norway and Finland came last in the latter part of the 1930s, with France introducing pension legislation in 1910 and 1930. Finally, unemployment insurance was introduced early this century in all the considered countries except in Sweden, where it did not happen before 1934.

The heyday of welfare legislation and state intervention into solidarity and social security is called the welfare state and its golden age is usually considered to run from after the Second World War until the mid-1970s or early 1980s. If we now consider the welfare state by the amount of resources it commanded in 1960, as given in Table 2, we can see that the Scandinavian countries spent between 8 and 11 per cent of GDP on welfare issues while France was the biggest spender with more than 13 per cent. During the next twenty years, the welfare states expanded "explosively", as Therborn comments, between 10 to 15 per cent annually.

**TABLE 2**  
**THE EXPANSION OF SOCIAL EXPENDITURE 1960-1981**

	Social Expenditure 1960 in per cent of GDP	Increase in per cent 1960-1981
Denmark	9.8	15.9
Finland	8.7	11.0
Norway	7.9	13.1
Sweden	10.8	16.0
France	13.4	10.4

Source: Therborn 1995: 93.

The expansion was most rapid in Denmark and Sweden (16 per cent), followed by Norway (13 per cent), and then Finland and France (11 & 10 per cent). By the mid-1980s the welfare state could be said to have been consolidated in France and Scandinavia. However, some differences have been identified with respect to how services, provisions and entitlements are organized. Table 3 suggests that all four Scandinavian countries have extended universal rights to state-supplied provisions and services, while France has developed a system of publicly subsidized insurance based on particular rights. If we again consider the variable size, table 3 distinguishes between Denmark, France and Sweden as big spenders in the 1980s, while Norway and Finland were viewed as only medium in this respect.

**TABLE 3**  
**THE PATTERN OF EUROPEAN WELFARE STATES IN THE SECOND HALF OF THE 1980S**

	Organization	Rights	Size
Denmark	State Supply	Universal	Big
Finland	State Supply	Universal	Medium
Norway	State Supply	Universal	Medium
Sweden	State Supply	Universal	Big
France	Publ. sub. insurance	Particular	Big

Source: Therborn 1995:96.

Even if one is critical of the so-called Stockholm school of welfare research (Korpi, Palme, Kangas, Esping-Andersen, etc.), they have certainly proved the point that welfare development is not a simple function of economic and technological development. Taking off from this position, it is reasonable to discuss attitudes to the welfare state as they have developed recently in Scandinavia and compare them with the European Union.

It has been assumed that Scandinavian welfare societies have rested upon a basis of commitment to equality. The Dane Bent Rold Andersen has expressed this view to the extreme, referring to us having "a passion for equality". This passion for equality or, at least, inclination for equality, is also fundamental to the Stockholm school of thought in its treatment of Scandinavian welfare societies. However, the overall conclusion from attitudinal studies in Scandinavia summarized by Norwegian sociologist Willy Martinussen shows that, on the one hand, redistribution and welfare measures have a strong support among the populations; yet, on the other hand, what has happened over the last twenty-five years is that "...the link between general equality attitudes and the support for welfare measures has grown weaker and weaker... *equality is not the central value in the welfare state... security is*". (Martinussen 1993: 200; my translation, emphasis added, pa.)

This argument is taken further by the Danish political scientist Jørgen Goul Andersen in developing what he calls a cultural approach to welfare state analysis, when he assumes that "...the present dynamics of the advanced welfare states in Scandinavia result more from the interplay between State and 'civil society' than from the interplay between State and market" (Goul Andersen 1993: 26). This, again, is critical to the Stockholm school in its "obsession" with the idea that welfare is about "State against markets" as was indeed the title of Esping-Andersen's book from 1985. In emphasizing the cultural aspect Goul Andersen is in line with Peter Baldwin (1994: 21), concluding that "...the primary factors determining the differences in styles of social policy may well turn out to be cultural and, moreover, cultural in a sense that cannot just be reduced to the interest of one class, one social group, or another". And, further "...if we see welfare states as something broader...a

system whose legitimacy is founded on its ability to satisfy its citizens' desire for prosperity and security, then there is a broader interaction of State and civil society that needs to be taken into account" (Baldwin 1994: 24). Such a cultural approach calls attention to the values and attitudes associated with current welfare society in Scandinavia and, ultimately, in the modern world. Goul Andersen (1993: 27) summarizes this line of thought as follows: It is our contention that the most important aspect of Scandinavian welfare states since the mid-1960s is the mutually supportive relationship between welfare-state expansion and way-of-life changes. In this development, the goal of equality has played a minor role (except, perhaps, the improvement of life-chances for women). What is most important from a cultural point of view is the security or 'insurance' aspect (supporting the way of life of wage earners) on the one hand, and the reproductive aspect (supporting the dominant way of life of families and the changed gender roles) on the other. Goul Andersen finds a constant strong support for welfare state measures, and his "...data disprove all images of a legitimacy crisis of the welfare state rooted in economic arguments" (1993: 30). Yet, the data also show that there are either no majorities or very weak ones for *increasing spending*, which he finds is consistent with a cultural interpretation holding that popular support for expansion of the welfare state will decline when it matures, *i.e.* when it has made available the accommodation to the changed way of life (Goul Andersen 1993: 45). The changed way of life is, of course, the two-income nuclear family.

When we compare these results to a recent European Union survey, some similar conclusions appear. A great majority of Europeans agree with the following point of view (Ferrera 1993):

Social security is a major achievement of modern society. The government should make sure that nobody is left deprived when unemployed, poor, ill, disabled.

This should come as no surprise since people generally are supportive of such questions. The critical point is whether the same people are willing to pay the cost by means of increased taxation and social contributions; and here support is usually much weaker. Somewhat surprisingly, the respondents in this Eurobarometer survey, when made to choose between a "minimalistic" and a "maximalistic" welfare state model, where the latter means "higher taxes and contributions", 65 per cent opted for the maximalist one and only 41 opted for the minimalist welfare state model. These aggregate figures are exactly the same as the values given for France. However, it is interesting to observe that in societies where, social policy provision is most developed, support for the minimalist approach is relatively higher, namely 54 and 50 per cent. On the whole only 36 per cent found that the welfare state was too expensive, while 55 per cent disagreed; but both in Denmark and France a

very big minority thought social security to be too costly—41 and 46 per cent respectively. Regarding poor people, 77 per cent found that they do not receive adequate help. But, again, in countries like Denmark and the Netherlands only 43 and 54 per cent, respectively, found that the poor receive inadequate help, contrary to the Southern European countries where 80 to 90 per cent thought so. In this respect France belongs to this segment of welfare regimes with 82 per cent that found support for the poor to be inadequate. There is not much national variation on one important point and that is with respect to the *right* to social protection: 88 to 96 per cent of the respondents found that for poor people such a right should exist (Ferrera 1993).

Simply put, this survey indicates that there is a big interest for a comprehensive, citizens' rights-oriented welfare state where it does not (yet) exist, and much less support for it where it does exist. Actual developments in welfare expenditure during the 1980s support this notion of welfare state maturity in the sense that among the countries with less-developed welfare provisions, expansion has been rapid, while in the more developed welfare societies growth has been very modest (see further *Social Protection in Europe 1995, 1997*). This led to the conclusion that welfare states within the European Union are converging, at least in expenditure terms. Yet, these surveys do not tell us more precisely what kind of regulation, financing and implementation is favoured when it comes to the future of social protection.

## **Characterizing contemporary welfare provision in Scandinavia**

### **Comparing social conditions in Scandinavia and France**

This section provides an overview of the state of the art of welfare provision currently in Scandinavia with a view to France. It is assumed that developments within labour markets are important both for the structure, function and financing of social policies of the welfare state, so first a few labour market data are recorded. Table 4 gives the development of labour force participation rates as calculated by the OECD.

**TABLE 4**  
**LABOUR FORCE PARTICIPATION RATES 1983-1996, MEN & WOMEN**

	1983	1990	1993	1996
Denmark	79.6	84.1	82.7	80.1
Finland	77.4	76.8	74	74.1
Iceland	-	86.8	87.1	88.1
Norway	79.3	79.8	77.8	80.8
Sweden	83	85.8	80.4	79
EU	65.2	66	66.4	66.8
France	67.4	66.5	67	67.8

Source: OECD 1997: 163.

According to their definition, the values show the share of the population aged 15 to 64 employed in the labour market. In the Scandinavian countries the overall participation rate varied from 74 per cent of Finns to 88 per cent of the Icelandic working ages in 1996, while the EU-average was around 65 per cent. The situation in France is very close to this EU-average. In Denmark, Iceland and Norway, labour market employment is a little higher or at the same level in 1996 as it was in 1983, while it has decreased in Finland and Sweden. However, as is well known, differences in employment among countries are mainly due to differences in female participation, which is recorded in Table 5.

**TABLES**  
**LABOUR FORCE PARTICIPATION RATES 1983-1996, WOMEN**

	1983	1990	1993	1996
Denmark	72.8	78.6	78.4	74
Finland	72.9	72.9	70.2	70.6
Iceland	-	80.5	82.4	83.3
Norway	73.5	75.3	67.9	72.3
Sweden	78.3	83.2	78	76.3
EU	48.5	52.8	54.9	56.1
France	55.6	57.6	59.3	60.7

Source: OECD 1997: 165.

Among the Scandinavian countries, Iceland stands out with 83 per cent of women aged 15 to 64 working; for the other four Nordic countries the share varies from 71 per cent in Finland to 76 per cent in Sweden. Female participation rates are lower in the EU-countries, with about 56 per cent in 1996, but somewhat higher in France with 61 per cent. The development since 1983 seems to be one of consolidation of the high levels in Scandinavia, while on average in the European Union, and certainly in France, the development is toward increasing rates of female participation in the labour market.

The employment in any given country is dependent upon both demand for

jobs and supply of workers. While participation rates indicate the relative demand for jobs, we can indicate the surplus supply of potential workers by the amount of unemployed people.

**TABLE 6**  
**UNEMPLOYMENT RATES 1984-1998**

Av.	1984-1994	1995	1996	1997*	1998*
Denmark	9.9	10.3	8.8	8.1	7.4
Finland	8.1	17.2	16.3	14.7	13.7
Iceland	1.9	5	4.3	3.8	3.5
Norway	4.2	5.4	4.9	4.5	4.2
Sweden	3.6	7.7	8	8.1	7.5
EU	9.7	11.2	11.3	11.2	10.8
France	10.2	11.5	12.4	12.6	12.2

Source: OECD 1997: 4.

\* Predictions.

Table 6 gives the share of the work force that was unemployed on average 1984-1994 plus the rates for the last few years, including predictions for 1997 and 1998. If we divide the countries according to whether they have experienced little, medium or high unemployment, we get the following picture: Currently we find the lower rates of unemployment in Iceland and in Norway with about 4 to 5 per cent; medium levels of unemployment are found in Denmark and Sweden at about 8 per cent; and, finally, the higher rates are experienced in Finland, with 16 per cent dropping slowly. Generally, European Union unemployment rates are at around 12 per cent. Again, France comes very close to the EU-average with an unemployment rate of 10 to 12 per cent. When we consider the development in unemployment rates, we get another mixed picture where Finland and Sweden stand out as countries that had little or very little unemployment during the 1980s, but where it has increased sharply during the 1990s. Denmark, Iceland and Norway have seen a slight decrease in unemployment in the 1990s.

The pattern of fertility development is given in Table 7, and it shows a situation of consolidation at a relatively high level in Iceland with all women having about 2.2 children; in the other Nordic countries the trend is clearly a move from low or very low levels in 1983, between 1.38 in Denmark and 1.74 in Finland to higher levels at 1.75 to 2.0 children per woman in 1993. In France, on the contrary, the trend is a decline from about 1.80 children in the 1980s to 1.65 children in the mid-1990s.

**TABLE?**  
**ABSOLUTE FERTILITY RATES 1983-1993**

	1983	1987	1990	1993
Denmark	1.38	1.50	1.67	1.75
Finland	1.74	1.59	1.78	1.82
Iceland	2.24	2.06	2.30	2.21*
Norway	1.66	1.75	1.93	1.82
Sweden	1.61	1.84	2.13	2.00
France	1.78	1.80	1.78	1.65

Source: Eurostat 1995. \* 1992.

Without determining causal links between labour market and population developments as described above, the general characteristics of social provision in Scandinavia and France shall be given below. The size of welfare efforts can be measured either in relative or absolute terms.

**TABLES**  
**TOTAL SOCIAL EXPENDITURE AS PER CENT OF GDP 1981-1995**

	1981	1987	1990	1995
Denmark	28.7	27.8	29.8	34.3
Finland	21.2	25.6	26	32.8
Iceland	14.5	16.8	17.1	19
Norway	21.8	26.2	29.1	27.4
Sweden	34.2	34.6	34.6	35.6
France	25.4*	28.8**	27.7	30.6
EU-average	24.1*	25.9**	25.2	28.5

Sources: European Commission 1995; NOSOSCO 1995, 1998. \* 1980. \*\*1985.

Table 8 gives the most simple relative judgement by showing the total social expenditure relative to the economic volume (GDP) of each country from 1981 to 1995. Considering the last available year of 1995, we can see that the variation among the Nordic countries is dramatic, with Iceland only spending 19 per cent of its GDP on social protection, while Denmark, Finland and Sweden spent well over 30 per cent. The European Union as a whole spends somewhat less, yet is approaching Scandinavian levels with 28.5 per cent in 1995. The French level of 31 per cent equals the average of the four bigger Nordic countries. Regarding the development over time, the picture is the same for all countries considered here; they have all expanded the relative share of their economic volume earmarked for social protection. Yet, it is important to note that the speed of expansion is much lower than what it was in the decades earlier (see Therborn 1995). This relative measure is limited by the fact that not only increases in social expenditure will yield higher values; so will decreases in GDP. Conversely, a strong increase in GDP will yield relatively low

values. Therefore, in order to give a more nuanced picture the absolute spending levels for social protection is shown in Table 9.

**TABLE 9**  
**TOTAL SOCIAL EXPENDITURE 1995 PER CAPITA AT FIXED PRICES IN PPP-EURO**

	Families and children	Unemployment	Sickness	Elderly	Housing	Social assistance	Total
Denmark	768	915	1109	2997	152	273	6214
Finland	651	701	1040	2330	73	102	4897
Iceland	432	145	1267	1378	22	95	3339
Norwa	746	356	1394	2564	39	199	5297
Swede	677	664	1293	2951	204	183	5972
France	471	431	1516	2556	166	89	5229

Source NOSOSCO 1998: 138.

Calculated as total social expenditure *per capita* in Euro-purchasing power parities, Denmark and Sweden were the biggest spenders in 1995 at around 6,000. Around 5,000 was spent in Finland, France and Norway, while Iceland only spent about 3,400 Euro-PPPs. Table 9 also gives us the possibility of viewing the relative functional distribution of social provision expenditure. Two things should be noted. First of all it is clear that the same categories of provision carries the same relative weight in each of the considered countries. Secondly, elderly care is, by far, the biggest item, taking up about half of the total social budgets, followed by sickness taking up about another quarter of the total budgets. Expenditures for families and children and unemployment are at the same level of each at about 15 per cent of absolute expenditure, while housing and social assistance are the smallest accounts, only occupying a few per cent of total spending.

**TABLE W**  
**THE SHARE OF FINANCING SOCIAL PROTECTION 1996 IN PER CENT**

	Public sector	Employers	Employees	Other
Denmark	68	10	15	7
Finland	45	35	13	7
Iceland	60	32	9	-
Norwa	62	24	14	-
Swede	45	40	7	8
France	18	49	28	5

Source European Commission 1995, 1998; NOSOSCO 1995, 1998.

When it comes to financing welfare provisions, major differences are revealed both among the Scandinavian countries and between most European Union countries and Norden. The public sector only carries 18 per cent of total expenditure in France, while in Denmark, Iceland and Norway it is 60 per cent or more;



Sweden and Finland finance 45 per cent of expenditure out of public revenues. Conversely, the employers have to pick up the largest share of financing in France with nearly half, and the employees finance 28 per cent of total expenditure. Here France clearly represents the contributory model, while the Nordic countries are much more tax relying. Yet, there are large differences among the Scandinavian countries, e.g. Denmark stands out as the one country where employers only contribute marginally to the financing of social expenditure (10 per cent).

## Outlining welfare provision in Scandinavia

### *Unemployment*

All workers, including self-employed, are covered against the risk of unemployment, either through voluntary or compulsory (Norway) social insurance or through social assistance.

**TABLE 11**  
**EXPENDITURE FOR UNEMPLOYED AS SHARE OF TOTAL SOCIAL EXPENDITURE 1995**

Denmark	14.7
Finland	14.3
Iceland	4.3
Norway	6.6
Sweden	11.1
France	8.2

Source: NOSOSCO 1998.

Needless to say, expenditure to the unemployed is dependent upon the number of unemployed, the duration of unemployment and the size of benefits, plus the extent of various active labour market policy measures. Iceland and Norway, not having a lot of unemployed, need not spend so much in this respect. France does not deviate from the average among the Scandinavian countries.

It is a trademark of contemporary welfare policy in Scandinavia to advocate a so-called active approach to dealing with unemployment. The idea is to change the balance from passive income support to active job and skill creation through mandatory and voluntary training, education, sheltered employment and job subsidies.

**TABLE 12**  
**NUMBER OF ACTIVATED AS SHARE OF THE LABOUR FORCE IN 1996**

	Denmark	Finland	Norway	Sweden
Total	3.7	4.7	1.6	4.8
16-24 year olds	10.9	11.8	4.2	

Source: NOSOSCO 1998.

A small but substantial part of Scandinavia's total work force receives some kind of activation provision, varying from less than 2 per cent in Norway to nearly 5 per cent in Finland and Sweden. Activation measures are targeted to the younger age brackets. Hence, it is about three times as common for younger people than for the entire workforce to be placed in activation programmes.

The effectiveness of income maintenance through unemployment benefits or activation allowance is illustrated in tables 13 and 14. Insured workers' compensation in case of unemployment varies both according to family type and according to the country within Scandinavia. Iceland stands out as the least generous country where the compensation for singles and couples with children is below or around the poverty line (40 to 56 per cent). For a single person with no children the compensation varies from 50 per cent in Iceland to 74 per cent in Sweden. The best compensation is given to a modest income family with two children in Finland (89 per cent). Generally, compensation rates are substantially lower within the social assistance programmes which the non-insured have to depend upon. As shown in Table 14, singles with no children will be living around or well under the poverty line in Denmark, Finland and Sweden.

**COMPENSATION RATES IN CASE OF UNEMPLOYMENT FOR INSURED WORKERS 1996  
IN PER CENT (CALCULATED AS NET DISPOSABLE INCOME AS A SHARE  
OF THE NET INCOME OF AN AVERAGE PRODUCTION WORKER [APW1])**

	Denmark	Finland	Iceland	Norway	Sweden
Single with 1 child	81	90	56	74	87
Single, no children	66	63	50	66	74
Couple, both have an income (APW 100%; APW 75%) with 2 children	79	89	40	82	86
Couple, both have an income (APW 125%; APW 100%) with 2 children	75	82	40	78	80
Couple, both have an income (APW 100%; APW 75%), no children	80	79	72	81	86
Couple, both have an income (APW 125%; APW 100%), no children	76	77	69	78	79
Source: Downloaded from NOSOSCO's	: <a href="http://www.nom-nos.dk/htm">http://www.nom-nos.dk/htm</a> .				

**TABLE 14**  
**COMPENSATION RATES IN CASE OF UNEMPLOYMENT FOR UNINSURED WORKERS 1996**  
**IN PER CENT (CALCULATED AS NET DISPOSABLE INCOME AS A SHARE**  
**OF THE NET INCOME OF AN AVERAGE PRODUCTION WORKER [APW])**

	<u>Denmark</u>	<u>Finland</u>	<u>Iceland</u>	<u>Norway</u>	<u>Sweden</u>
Single (30 years old), 1 child	77	77			55
Single (30 years old), no children	46	51			31

Source: Downloaded from NOSOSCO's homepage: <http://www.nom-nos.dk/htm>.

### **Sickness**

All working people in Scandinavia have a right to income compensation during sickness, and they have a right to medical treatment by GPs and in hospitals.

**TABLE 15**  
**EXPENDITURE FOR HEALTH CARE AS SHARE OF TOTAL SOCIAL EXPENDITURE 1995**

Denmark	17.8
Finland	21.2
Iceland	37.9
Norway	25.8
Sweden	21.6
France	29.0

Source: NOSOSCO 1998.

The weight of health care expenditure varies widely among the Nordic countries. Iceland spends close to 40 per cent of all social expenditures in this area, while Denmark, Finland and Sweden only spend about 20 per cent. The relative share of health expenditure is higher in France than in Scandinavia.

**TABLE 16**  
**COMPENSATION RATES IN CASE OF SICKNESS 1996 IN PER CENT**  
**(CALCULATED AS NET DISPOSABLE INCOME AS A SHARE OF THE NET INCOME**  
**OF AN AVERAGE PRODUCTION WORKER [APW])**

	Denmark	Finland	Iceland	Norway	Sweden
Single with 1 child	81	92		100	86
Single, no children	66	77		100	74
Couple, both have an income (APW 100%; APW 75%) with 2 children	79	90		100	86
Couple, both have an income (APW 125%; APW 100%) with 2 children	75	88		94	87
Couple, both have an income (APW 100%; APW 75%), no children	80	87		100	85
Couple, both have an income (APW 125%; APW 100%), no children	76	85		94	87

Source: Downloaded from NOSOSCO's homepage: <http://www.nom-nos.dk/htm>.

We have no data for Iceland but for the other four countries income compensation in case of sickness is the most generous of all income maintenance schemes, and the variation across family types is, generally, moderate. In Norway practically everyone receives a 100 per cent compensation, while most Swedes and Finns receive 85 to 90 per cent compensation. Denmark is the least generous country, where a single with no children gets 66 per cent and where the best compensation is 81 per cent.

*Old age and handicapped*

**TABLE 17**  
**EXPENDITURE FOR OLD AGE, HANDICAPPED ETC.**  
**AS SHARE OF TOTAL SOCIAL EXPENDITURE 1995**

Denmark	48.3
Finland	47.6
Iceland	41.3
Norway	47.4
Sweden	49.4
France	48.9

Source: NOSOSCO 1998.

Expenditure in the form of pensions and elderly care and care for the handicapped takes up about half of total social expenditure in France as well as in the Scandinavian countries. Pension systems are three-tier systems in Scandinavia consisting of a basic pension paid to everyone 65 (67) and older, a mandatory supplementary pension and a negotiated supplementary pension.

**TABLE 18**  
**PENSIONERS RECEIVING ONLY BASIC PENSION,**  
**AND PENSIONERS ALSO RECEIVING SUPPL PENSION**  
**AS A SHARE OF ALL 65 (67) AND OLDER AT THE END OF 1996**

	Denmark	Finland	Iceland*	Norway	Sweden
Only basic pension	44.7	12.8	17.7	39.1	17.7
Also suppl. pension	55.3	87.2	82.3	60.8	82.3

Source: NOSOSCO 1998.

\* 1995.

As demonstrated in Table 18, the Nordic countries display two different pension regimes. In Denmark and Norway, a large part of the elderly have to depend only on the basic pension (40 to 45 per cent). Conversely, in Finland, Iceland and Sweden, about 85 per cent of elderly people have both a basic and a supplementary pension to live on. The effects of the two different regimes are reflected in the compensation rates as given in Table 19.

**TABLE 19**  
**COMPENSATION RATES IN CASE OF OLD AGE 1996 IN PER CENT**  
**(CALCULATED AS NET DISPOSABLE INCOME AS A SHARE**  
**OF THE NET INCOME OF AN AVERAGE PRODUCTION WORKER [APW])**

	Denmark	Finland	Iceland	Norway	Sweden
Single, no children	64	66	82	62	81
Couple, both have been working (APW 100%; APW 75%), no children	54	66	79	57	80
Couple, both have been working (APW 125%; APW 100%), no children	44	66	76	54	75

Source: Downloaded from NOSOSCO's homepage: <http://www.nom-nos.dk/htm>.

Not surprisingly, the least generous compensation rates are to be found in Denmark and Norway (45 to 65 per cent) where many pensioners have to rely only on the basic pension, while Iceland and Sweden have the most advantageous compensation levels at around 75 to 80 per cent. In all countries the relatively best compensation is experienced by single people.

Turning to social services for the elderly, two tables will be presented. In Table 20 the share of elderly living in an institution relative to all elderly is given, and in Table 21 the share of elderly receiving home help is given.

**TABLE 20**  
**PEOPLE 65 AND OLDER LIVING IN AN INSTITUTION IN PER CENT OF ALL ELDERLY**

	Denmark	Finland	Iceland	Norway	Sweden
65-74 year olds	2.6	1.6	3.8	2.9	2.9
75-79 year olds	6	11.4	11.5	7.5	
80+ year olds	19.9		31.9	25.1	22.6
Total 65+ year olds	8.4	6.6	11.8	9.4	8.2

Source: NOSOSCO 1998.

Iceland has the highest share of its elderly population living in institutions (12 per cent), while this only applies to less than 7 per cent of Finns. In general, in Scandinavia about 8 to 9 per cent of the elderly population lives in institutions.

**TABLE 21**  
**PEOPLE 65 AND OLDER RECEIVING HOME HELP**  
**IN PER CENT OF ALL ELDERLY**

	Denmark	Finland	Iceland	Norway	Sweden
65-74 year olds	13.2	4.4		5.9	5.2
75-79 year olds		17.8		14.4	
80+ year olds	45.7	36.3		32.3	27.6
Total 65+ year olds	22.6	11.7	19	15.6	11.2

Source: NOSOSCO 1998.

Home help can, to some extent, compensate for lack of institutionalization. Yet, home help is not extended to the largest part of the elderly populations in Finland and Sweden, where institutions are the least common way of taking care of the elderly. On the contrary, the countries emphasizing the use of elderly institutions, Denmark, Iceland and Norway, are also the countries that have the largest share of their elderly population receiving home help. In Iceland and Denmark about one in five of everyone 65 and older receives home help, while that only applies to about one in nine in Finland and Sweden.

#### *Families and children*

As already touched upon, public policies for families and children are not among the expenditure heavy items on the welfare agenda. The resources spent in this area amount to somewhere between 11 and 13 per cent of total social expenditure in Scandinavia, as is evident in Table 22.

**TABLE 22**  
**EXPENDITURE FOR FAMILIES AND CHILDREN AS SHARE**  
**OF TOTAL SOCIAL EXPENDITURE 1995**

Denmark	12.4
Finland	13.3
Iceland	12.9
Norway	13.3
Sweden	11.3
France	9.0

Source: NOSOSCO 1998.

What characterizes Scandinavian families is a relatively high share of single parents, *i.e.* single mothers, and a high degree of female labour market participation. The one-parent families get a higher share of their disposable income from public transfers than two-parent families and families without children.

The income support for families with children consists of a number of schemes where maternity and parental leave must be considered the most important ones.

**TABLE 23**  
**RULES FOR RECEIVING MATERNITY BENEFITS AS OF DECEMBER 1996**

	<u>Denmark</u>	<u>Finland</u>	<u>Iceland</u>	<u>Norway</u>	<u>Sweden</u>
Number of weeks for wage-earners to receive benefits	28	44 (47)	26	42/52	c. 64
Can the benefits be shared with the father? And how many weeks?		Yes, but max. 26	Yes, but max. 9	No	Yes

Source: NOSOSCO 1998.

As is clear from Table 23, maternity and parental leaves vary in duration among the Nordic countries. In Denmark and Iceland it is predominantly maternity leave and for a relatively short period of time, namely about 26 weeks, while in the other Scandinavian countries it is 44 (Finland and Norway) to 64 (Sweden) weeks. Judging data for the development during the 1990s, more and more men are taking parental leave and exercising their right to leave in connection with childbirth; but they do so much less than women and to a varying degree among the different countries, which is recorded in Table 24:

**TABLE 24**  
**SHARE OF MEN RECEIVING PARENTAL BENEFITS DURING THE YEAR 1990-1996**

	Denmark	Finland	Iceland	Norway	Sweden
1990	4.1	2.4			8.8
1995	4.4	3.6	0.1	5.8	10.3
1996	4.3	3.6	0.1	6.3	11.7

Source: NOSOSCO 1998.

In Denmark, parents have the right to leave to care for their children under nine years of age for 13 weeks, and for 26 weeks for children under one year. If employers or the labour exchange office agree, the leave can be extended to 52 weeks. Children cannot occupy a space in a child-care institution when parents are on leave. The compensation has been reduced to 60 per cent of maximum unemployment benefits. In Finland, parents can choose between municipal daycare and an allowance supporting home care for the child (home care support) after the expiration of parental leave. More than 55 per cent of children aged nine months to three years received home-care support in 1996. In Iceland no such schemes apply. In Norway there exists a so-called *time budget* scheme where part of the maternity leave can be combined with reduced working hours. Two-thirds of Norwegian women chose such a solution in 1996. In Sweden, parents can both receive parental leave for 64 weeks. It can be split into smaller periods until the child reaches eight years of age.

All of the Nordic countries pay child support to parents. The allowances are tax free and independent upon the income of the parents, except in Iceland. The average yearly amounts paid to parents are very similar in Denmark, Finland and Norway, at around 1,100 PPP-Euros, while in Iceland and Sweden parents only receive on average around 750 PPP-Euros per year.

Finally, child-maintenance, schemes apply to all Nordic countries, so non-married/cohabitating, separated and divorced parents are entitled to child maintenance from the parent not living with the child. In cases where the non-resident parent fails to pay, the public will advance the payment. Ten to

15 per cent of all children in Scandinavia receive child maintenance advanced by the public.

**TABLE 25**  
**COMPENSATION RATES IN CASE OF CHILDBIRTH 1996 IN PER CENT**  
**(CALCULATED AS NET DISPOSABLE INCOME AS A SHARE OF THE NET INCOME**  
**OF AN AVERAGE PRODUCTION WORKER [APW])**

	Denmark	Finland	Iceland	Norway	Sweden
Single with a newborn child	88	96	76	120	103
Couple, both have an income (APW 100%; APW 75%) with 2 children + the newborn	84	99	51	105	92
Couple, both have an income (APW 125%; APW 100%) with 2 children + the newborn	79	95	49	98	92
Couple, both have an income (APW 100%; APW 75%) with the newborn	84	91	83	105	91
Couple, both have an income (APW 125%; APW 100%) with the newborn	79	88	77	98	92

Source: Downloaded from NOSOSCO's homepage: <http://www.nom-nos.dk/htm>.

To give an idea of the effectiveness of income support in connection with childbirth and child-rearing, Table 25 gives the so-called compensation rates for various family types. The compensation rate is the net income from a leave scheme including child benefits relative to the net disposable income of an average production worker (APW). The compensation varies both among family types and among countries. In Iceland a couple with two other children and a newborn is at the poverty line (49-51 per cent), while in the other Scandinavian countries the compensation varies from 79 per cent in Denmark to 105 per cent in Norway. Parallel to the various transfers to families and children illustrated above, all of the Nordic countries offer a number of services to parents and children. Child care is the most prominent among these.

**TABLE 26**  
**CHILDREN IN PUBLICLY ORGANIZED CHILD CARE IN PER CENT OF ALL CHILDREN 1996**

	Denmark	Finland	Iceland	Norway	Sweden
0-2 year olds	48	22	37	23	40
3-6 year olds	83	63	64	61	83
0-6 year olds in total	67	46	53	45	66
7-10 year olds	53	4	-	-	46
0-10 year olds in total	63	31	34	-	59

Source: NOSOSCO 1998.

The extent of child care varies substantially among the Scandinavian countries and among age brackets. Denmark, Iceland and Sweden have relatively the most of the youngest, the zero- to two-year-olds, in daycare (37 to 48 per



cent), while this only applies to 22-23 percent in Finland and Norway. With respect to the three- to six-year-olds this is the age bracket where the most children are in day-care in all of the countries; but more so in Denmark and Sweden with 83 per cent, and about two-thirds of the children in the other countries. Concerning day-care for seven- to 10-year-olds it is exclusively a Danish and Swedish phenomenon applying to a little less than two-thirds of the children.

### Comparing inequality and poverty in France and Scandinavia

In this section the compensation rates for various welfare provisions in the form of transfer schemes were given to indicate the effectiveness of the respective measures as they applied in different countries and for different family types. In order to round off this section, some very crude estimates of the overall impact of welfare provision and their interplay with labour market participation and other income-generating activities are illustrated. Table 27 simply gives the gini-coefficient and the share of households living below the poverty line. The gini-coefficient shows the amount of income which should be redistributed from the richer half of the population to the poorer half in order to obtain an equal distribution of all incomes. So, the lower the gini-coefficient, the more equal income distribution. The poverty line is set at 50 per cent of the average household income. Except for Iceland, income distribution is more equal in Scandinavia than in France, which is also reflected in the poverty estimates. In Scandinavia around 9 per cent of households can be characterized as income poor, while that is the case for 16 per cent in France.

**TABLE 27**  
**INEQUALITY AND INCOME POVERTY AROUND 1993**

	Gini-coefficient	Share of households with less than 50 per cent av. income
Denmark	.25	9
Finland	.22(1990)	9
Iceland	.38*	10
Norway	.24	9
Sweden	.22(1987)	9
France	.33	16

Sources: Atkinson, Rainwater & Smeeding 1995; Epland 1993,1997; Halleröd 1995; Kängas & Ritakallio 1995; Ramprakash 1997; Olafsson 1998

\*calculated for the age group 25 to 65 from gross earnings.

## Conclusion

Seen from the point of view of legislation and principles, it is fair to characterize the Nordic welfare societies as societies in which the citizens have a right to social protection *because they are citizens*. We can, then, in very general terms, identify a Scandinavian model of welfare, *e.g.* as done by the two Scandinavian political scientists, Knudsen and Rothstein (1994: 217): From a wider perspective, both Denmark and Sweden must be reckoned universalistic in their welfare ambitions. They share a number of important features, which together comprise what might be called "the Scandinavian model" of state and society. This model is marked by homogeneity, continuity, and a high level of organization. Its political features include a state that is both strong and closely integrated with society by means of strong local governments and popular organizations, a tradition of consensual democracy, multiparty systems with strong social democratic and agrarian parties, high welfare ambitions expressed in institutional rights linked to citizenship, a public sector administered by universal bureaucracies in the Weberian sense, a state administration with a low level of corruption, and a comparatively high level of efficiency.

It can, on the other hand, also be established that the Scandinavian model of welfare only exists and only has existed as an ideal typical entity as described above. The interpretation of it has been different in the different Scandinavian countries.

Historically, there has been a divide between the Swedish and Finnish experience on the one hand and a Danish and Norwegian experience on the other hand. The Danish road to welfare society has been much more liberal while the Swedish one has been much more corporatist.

So, in "reality" the Scandinavian countries differ from each other in some respects, and in some respects they do *not* distinguish themselves from other North European countries. As we have seen, the magnitude of welfare spending is not significantly bigger in Scandinavia compared to the other North European continental countries. But the structure of spending is different. On the continent the emphasis is on transfers via social insurance programmes, while in Scandinavia there is relatively more emphasis on personal social, and predominantly public, services. Hence, the role of local government in matters of taxation and welfare provision is much more pronounced in Scandinavia than anywhere else. As has also been shown, financing of welfare is very different in Denmark compared with the other Scandinavian countries. In this respect Denmark, supposedly, will have much bigger problems adjusting to the ongoing process of European integration. The distinguishing feature in this respect is the low emphasis on employees' contributions among all

Scandinavian countries. In Scandinavia one-person and two-person households are more frequent than on the continent (with the exception of Germany), and women's participation in the labour market is another distinguishing feature of Scandinavian welfare society. This is facilitated by the existence of collective care services, especially child day-care. Yet, there exists a great variation within Scandinavia. Elderly care is also, overall, more frequently a collective task in Scandinavia than elsewhere.<sup>v</sup>

We can, hence, with some difficulties establish that there exists a Scandinavian model of social welfare with some variation from one Nordic country to the other. There are, however, also some commonalities that are *not* to be expected from the more ideal typical perspective. Taking a closer look at the ways in which social protection is organized in the Nordic countries it becomes obvious that labour market performance plays a very important part with regard to *e.g.* pension rights; whether one is eligible for unemployment benefits or has to rely on social assistance, etc. This is a feature usually associated with the continental welfare model. Although not much is published, there is evidence pointing to the fact that the Nordic welfare states perform a dual character with certain fairly good levels of payments and service for the labour market active part of the population, and not so generous levels for the marginalized segments of the population.

Presumably and in the long run, we can identify a convergence of the development of the different European welfare states towards the corporate model, which means a strengthening of tendencies of *dualization of the welfare state*. By dualization is understood a bifurcated welfare system where the (labour) market takes care of the "well-to-do" workers through various corporate arrangements, and leave the less-privileged groups in society to the predominantly local institutions, either in the shape of the municipalities or private charity. Such a dual system exists in all welfare states, also within the Scandinavian model; what is being anticipated here is that it is going to be strengthened further, so that we can talk about the simultaneous existence of two kinds of welfare states: a fairly generous one organized on market principles for the majority of skilled and educated workers; and a local, predominantly public, welfare state for the marginalized segments of the populations. Social policy means *solidarity with the other*, and solidarity still exists. We are, however, more inclined to show solidarity to people that look like ourselves, and can then organize it in accordance with actuarial principles. Unfortunately, this situation leaves the poor with poor services, and it increases inequality in society. In the present situation where somewhere between one-quarter and one-third of the populations in working ages are currently or permanently excluded from the labour market (Abrahamson 1991; Negt 1985), it can be feared that the future of social policy in Europe will sustain present tendencies towards differentiation,

segregation and polarization instead of fighting them. Unfortunately, the Scandinavian countries do not differ from this trend.

Yet, in any international comparison, the compensation levels for lower paid workers and social assistance recipients are relatively high in the Nordic countries; but this cannot conceal the fact that many people are excluded from mainstream society. The more interesting conclusion is, namely, that the modern Scandinavian welfare society is *not* what it is widely assumed to be. It is not a type of state which is "obsessed" with equality; rather it is obliged to provide security for the middle classes, which is not different from the welfare commitments of other types of welfare states. What is specific to Scandinavia is the organization of welfare provision.

If the limits of the Scandinavian model have been reached it is in some sense more because of its success than its failure. Scandinavian welfare societies have matured; they are no longer expanding because they can be said to have accomplished what they set out to become. The majority of citizens are enjoying encompassing security in present "risk society" through the provision of high-level and high-quality services.

If, on the other hand, we associate the Scandinavian model of welfare with full employment, equality and the eradication of poverty, it must be stated that the model has met its limits in another sense; it is a failure; it cannot deliver what it once promised. With unemployment rates between 5 per cent in Norway and Iceland and 17 per cent in Finland for 1995, the Nordic countries do not distinguish themselves from the rest of Europe, and there, certainly, does not exist a situation of anything just remotely resembling full employment. With around 9 per cent of the populations in poverty, the Scandinavian welfare societies cannot be said to have eradicated poverty. During the last ten to fifteen years, the number of social assistance recipients have tripled in Finland and Norway, and they have doubled in Sweden. In 1993, 6 to 10 per cent of the Scandinavian populations were now dependent upon social assistance (Abrahamson forthcoming).

Again, we should rightly differentiate the perspective for Scandinavia as such. There is currently no crisis of the welfare state in Denmark and Norway, while there is, at least, some quite substantial adjustment taking place in Finland and Sweden. Perhaps this difference is rooted in the different historical approaches to the Scandinavian model. Tim Knudsen and Bo Rothstein (1994: 216) explain the difference between Denmark and Sweden as follows: One difference between them lies in their approach to private participation in the administration of welfare services. Both countries rely heavily on public responsibility and financing. But Sweden makes much greater use of public bureaucracies in the administration of benefits, the degree of social control is greater and the use of compulsory measures is more frequent.

This difference may explain why Denmark and Norway are having much fewer problems than Sweden and Finland currently are having in the process of adjustment to the new global economic realities. Since the world market has been liberalized, the liberal variant of the Scandinavian model is doing better than the corporatist.

If we, as is widely done<sup>1</sup>, associate the Scandinavian model of welfare with the *Swedish* welfare state, it can be concluded that it has reached its limits in the sense that it has exhausted its abilities to maintain public control of people's lives in every detail. The case of temperance policy is mentioned by Knudsen and Rothstein (1994: 216-7) as, probably, the best example of the differences between Danish and Swedish welfare systems. Reflecting on the background of European integration it must be expected that Sweden (and Finland) will have to give up their system of State alcohol distribution monopoly and close surveillance of their citizens' drinking habits, although they do not seem to do it without a fight.

1. "Scandinavia is either missing from European overviews or represented by a single country, usually Sweden. It appears that non-Scandinavians widely assume the other Nordic states to be no more than insignificant variations on the Swedish theme" (Knudsen & Rothstein 1994: 204).

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