Title: The Creation and Development of Social Welfare in the Nordic Countries

Author(s): Bäckman, Guy

Editor(s): 

Citation: 社会問題研究 社会科学研究・社会行政研究 

Issue Date: 1991-03-31

URL: http://hdl.handle.net/10466/6622

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Lecture at the College of Social welfare at the University of Osaka Prefecture
November 15, 1990

The Creation and Development of Social Welfare in the Nordic Countries

Guy Bäckman

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1. THE ROOTS OF SOCIAL POLICY AND WELFARE

1.1. The Nordic countries and the industrialization and the early development of social welfare

Hundredforty years ago (1850) the total population of the Nordic countries was about 8 million. In Denmark, Norway and Finland the population was 1.4-1.6 million. Sweden was already for 150 years ago the biggest of the Nordic countries with a population of 3.5 million. Nowadays the population in the five Nordic countries is 23 million. During the whole of the nineteenth century the Nordic countries remained agrarian. The development in Finland was most retarded. The agriculture dominated the finnish economy until the 1950s. In 1940 about 70 % of the population worked in the agriculture. In Denmark, Norway and Sweden this proportion was between 30-40 %. Nowadays these proportions are very low, about 5-10 %.

The development of the Finnish society from the beginning of the industrialization to the middle of the 20th century shows many differences compared with the other Nordic countries. These differences do not mean only that the take off of the development process was late in Finland but that Finland had greater societal tensions and threatening situations. Finland was a part of Russia (a Grand Duchy) between 1809-1917. Some important social welfare reforms were delayed in Finland compared with the other Nordic countries.

Let me take some examples. For the first the national pension system for retirement (usually at 63 years was in Finland created
24 years later than in Sweden. For the second the law of sickness insurance which covered the total population was legislated in Finland in the early 1960s, but in the other Nordic countries already around the turn of the century.

The determination of the welfare state can be studied from at least three perspectives: 1) political, 2) structural-functional, and 3) structural-political. All these perspectives (e.g. the interaction between political forces, social and economic development and modernization) have been important in the development of the Nordic welfare states.

Many scholars have stated (e.g. Flora et. al. 1981) that the modern welfare state is a product of Bismarck's social politics of the 1880s. In 1883, a national, compulsory sickness insurance law came into force in Germany. This law covered all industrial workers. In Germany, an association for Social Policy was founded in 1872 (“Verein für Socialpolitik”). The leading members of the association stressed the importance of compulsory state insurance many years before Bismarck presented his proposals. According to conducted studies (e.g. Kuhnle, 1978) there are evidence that many of the principles of insurance had been put into practice before Bismarck's time in several European countries.

A Norwegian researcher, Stein Kuhnle has stated (1978), that while all of the Nordic initiatives on social insurance in the 1880s to a large extent were influenced by the German legislation only few of the laws which were instituted bore significant similarities to German laws. He based his conclusions upon an extensive documentation of
the legislation in German and the Nordic countries.

With some exceptions, social reforms in the Nordic countries were postponed until after World War II. The outbreak of the war-with both Denmark and Norway occupied, and Finland involved in the war put a stop to any reform plans. Some years before the outbreak of the World War II the Nordic countries called great attention—as in many other countries—to family policy. This was a central area in Nordic social policy due to a low birth-rate in the 1930s. One used method to promote the family policy was to increase the tax burden for young unmarried men.

2. The expansion of social welfare after World War II

2.1. The creation of a “Scandinavian welfare model”

It was during the postwar period that the cornerstone of the modern welfare state was laid. Before this era the Nordic countries had not differed in any greater extension from international trends, but the new postwar era gave rise to “a Scandinavian Welfare Model” (Esping-Andersen and Korpi, 1987).

The construction of the welfare state can be divided in two stages 1) the dominant concern was to establish a comprehensive system of universal social protection on the basis of the flat-rate benefit system (for example child allowances, maternity benefit). 2) In the 1960s the policy shifted towards earnings-related benefits (for example sickness insurance).

It can be stated that the emphasis in the social policy was on soli-
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darity, which was expressed in universal coverage and equal treatment of all citizens. The Nordic countries thus moved in the direction of Marshall's "social citizenship" idea from England in their social legislation. The Nordic countries applied a social policy that was quite different from the social policies in other countries. The Nordic countries constructed universal, noncontributory, and unified programs. This model has similarities both to the Beveridge model in England and to the Bismarck model in Germany.

During the 1960s social welfare was developed rapidly in the Nordic countries, but perhaps more systematically in Finland. This was due to the plan "Social Policy for the Sixties". Because this plan had great importance for the development of social policy in Finland I would like briefly to present this program for the Sixties. The plan was originally published in 1961 in Finnish, and it was published in English in 1964. The initiative to this plan was taken by the Finnish Association of Social Policy some years earlier. In the preface of the plan (book) the chairman of the Association, professor Heikki Waris wrote "Kuusi's Social Policy for the Sixties, has a similar role in Finland as Lord Beveridges's Social Insurance and Allied Services in the United Kingdom twenty years earlier".

In this plan "The good of the citizen" was the supreme goal. After this the author ended up with the order of preference:
- Increasing national income
- Redistribution of the national income
The author stated that the function of social policy is to mobilize the whole population for the promotion of economic growth. The philosophy behind this was that author aimed to activate the passive
population to increase the aggregate consumption of the total population.

In the plan, the author Dr. Kuusi started with an examination of the social income transfers in the Nordic countries and also other countries. In 1947 Finland used 6.5% of the national income for social transfers. Norway, Sweden, and Denmark used a little more (7.6-8.5%).

2.2. The social expenditures since the 1970s

The development and the current extension of the welfare state can easily be described by statistics on social expenditure. Only compulsory contributions by state government, local authorities and employers are included. Voluntary contributions to social welfare purposes are thus excluded. This means that social welfare work carried out by for example voluntary organizations is excluded from the statistics. The following figure shows the social expenditures as percentage of GDP in the Nordic countries 1962-1986. As can be seen from fig. 1 the expenditures on social welfare as percent of GNP have been the highest in Sweden and Denmark. In 1970 Sweden and Denmark used about 18% of GNP for social welfare. Five years later (1975) they used 26%. After that the development in Sweden has been fast in the late 70's, but in Denmark the development was slower. After that period there has been some welfare-cuts in Denmark which have lead to decreasing expenditures. Finland and Norway and Denmark are now on the same level as can be seen from fig. 1.
3. THE CONSEQUENCES OF THE WELFARE POLICIES

3.1. Reforms and Retrogression in the Nordic countries since 1975

All the Nordic countries have experienced some cut-backs and some restrictions in their welfare programmes. Denmark is the only country, which experienced direct welfare cuts as just was pointed out.

If we characterize the situation in Denmark during the period 1975-85 we could according to the Swedish scholar Staffan Matklund (1988) say that a restricted welfare and increased selectivity has been a main target. Of the most generous welfare systems in terms of benefit levels, as well as eligibility and duration of benefits welf
are cuts have taken place. The social welfare policy has followed a pattern towards increased selectivity. Therefore the costs for social policy has in some way decreased and the distribution of costs between different programs has changed. In the period 1975-1979 there were both improvements and cuts in Denmark. Pensions, unemployment benefits and housing allowances were improved and new laws on work accident insurance and social assistance were passed. Income tests were re-introduced in 1980 (invalidity insurance). This had the effect that large numbers of retired and handicapped people were excluded. Subsidies for pharmaceuticals were decreased in 1981. These new arrangements have thus hit the sick, handicapped and unemployed. Another step in the direction of selectivity was taken in 1980 when the income level for eligibility for child allowances was further sharpened.

Direct cuts in the social security system have been more radical in Denmark than in the other Nordic countries as can be seen in fig. 1. The re-introduction of income tests in family benefits and pensions and the restriction of benefit levels and the restriction of access to health and unemployment benefits are sign of selective social policy. Denmark has gone through a extent reduction of its welfare costs. The social policy in Denmark has not more to that extent as earlier characteristics of universal social policy with high coverage and generous welfare benefits. There is some characteristics of selectivity.

The development in Finland shows expansion and some efforts to reduction of social expenditures. The Finnish welfare state was much less developed in the early 1970s than the other Nordic countries.
Changed indexation rules and a slower rate of increase in benefit levels, rather than direct attempts to decrease the coverage of programs seems to have been the Finnish line in the welfare policy (Marklund 1988). We have to take into consideration that most benefits are not automatically adjusted to inflation. Thus for example sickness insurance benefits and some other benefits have lost in real value. One example of tightened eligibility to welfare programs in Finland is the system of invalidity pensions. Stricter definitions of invalidity and increased number of rejected applications have caused a decrease in invalidity pensions granted after 1975. Changes in benefit levels have typically been of the kind where groups receiving higher benefits have lost, while people with lower benefits have made gains. The overall picture according to many studies is that Finland has followed a rather undramatic strategy in cost reducing attempts.

In his book "Paradise Lost ?" the Swedish scholar Staffan Marklund has described the life in Norway by the concepts welfare halt and oil boom. In the late 1970s Norway become a leading oil producing nation, but despite this, Norway has followed the same route as the other Nordic countries in welfare construction after 1975. For Norwegian welfare policy it was also typical that the welfare expanded as an effect of earlier decided programs. A major reform was the new sickness insurance program in 1978, which included full compensation of income loss from the first day of illness. This was a very generous health benefit system. After 1980 welfare cuts took the form of increased fees for medical and other services and medicines. Since 1980 Norway has used all the means that already were used in Denmark and Sweden to reduce welfare costs despite
its prospering economy. The most popular method was modified indexation and slower index changes. As examples it can be mentioned that maternity compensation for housewives since 1981 has been reduced by 20 percent. The compensation level in housing allowances were also lowered from 70% to 65% for families with children and for old age pensions from 80% to 70%. Norway is quite similar to Denmark in its effort to reduce welfare spending.

The period (1975-85) in Sweden has been a period of welfare stagnation. Only a few dramatic cuts have been realized. Strong efforts to reduce automatic welfare expansion has been made especially since the early 1980s. There is however one remarkable difference, Sweden has not to the same extent as Denmark introduced selective social policy. In the beginning of the 1980s the first attempts to reduce welfare cost were made. Sweden introduced changed indexation of most welfare programs. At the same time the compensation level in some pension systems was lowered from 60% to 50%. In 1982 differential fees for hospital services for the elderly were introduced. Signs of a more restrictive administrative control and of tighter eligibility rules can also be seen in Sweden.

After this we could ask: in which way has the welfare policy influenced the level of living and the every day life for people in the Nordic countries. It is a very difficult and comprehensive question, which only superficial can be touched on here. We can concentrate on three major issues: the occurance of poverty, unemployment and the development of real wages.

There do not exist any official poverty line in the Nordic countries.
Social assistance (now living allowance) is a form of last resort assistance in cases where other forms of income security fail to provide an individual or a family with an adequate livelihood. Compensation for costs cover costs of housing, health care, television licences, telephone bills etc.

In the 1980s there is a slight decrease in Denmark, but yet about 10 percent of the population is on social assistance. In Sweden, Finland and Norway there has been an increase. Between 5-8 percent of the population has received social assistance. The increase has been remarkable since the late 1970s. In almost all countries poverty among retired has almost disappeared. The dissolution of the family makes the household units more vulnerable. There is a tendency that employed people and especially young unemployed people receive social assistance.

**Fig. 2**

**POPULATION ON MEANS-TESTED SOCIAL ASSISTANCE**

(PER CENT OF FAMILIES THAT HAS RECEIVED SOCIAL ASSISTANCE)

Source: Marklund, 1988
Up to 1975 Finland, Sweden and Norway had unemployment rates under or around 2 percent. Denmark had higher rates. Of the Nordic countries Denmark has the highest unemployment rate, in 1987 about 6%. In Finland the unemployment rate has been on the level 4-5% since 1982. In Sweden and Norway the unemployment is lower (about 2%).

The real wages level and its development is quite good indicator of inequality and level of living. In comparative analysis between countries it is necessary to have an appropriate basis for comparisons. The real wage level development is manufacturing may be an appropriate basis.

The real wages level has decreased in Denmark and Sweden during the 1980s. Norway and Finland have had an increase. It could also
be noticed that it is quite common for women to work in the Nordic countries. In all Nordic countries about 50 percent of the economically active population are women.

3.2. Attitudes to the welfare state
I have tried to point out that the effects of the social policy in the Nordic welfare states have not been only positive but also to some extent negative for some groups of the population. But what kind of attitudes to the welfare state do people have? Unfortunately we have not any comparable time series which would show how the attitudes to the Nordic welfare states have changed and developed. But in 1985 a Nordic study was conducted (Pöntinen & Uusitalo, 1986). In Finland, Denmark and Sweden about 50% of the people in the sample said that the public sector is too large. In these countries 26% also said that they are completely satisfied with the care for the elderly. In Norway only 9% is satisfied with that care. The following table, including some information about differences between the Nordic welfare state, summarizes the crude differences between the Nordic welfare states.

Table 1. Summary indices of differences in the Nordic welfare states

<table>
<thead>
<tr>
<th></th>
<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welfare spending</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Economic growth</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Public deficits</td>
<td>High</td>
<td>Low</td>
<td>High/</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>
Strength of Social Democracy
Attitudes to welfare Positive Positive Negative Positive
Attitudes to taxes Positive Positive Positive Positive
Welfare cuts Yes No Yes No

Source: Marklund, 1988

Welfare spendings are high in Sweden but not more so high in Denmark because of some welfare cuts. Denmark is closer the level of welfare spending in Finland. The attitudes to the welfare state are usually positive but in Norway there existed in the middle of 80s some negative attitudes. These attitudes may be due to that all welfare sectors are not developed in an equal way (e.g. the care of the elderly). Another reason may be that the prosperity of the Norwegian economy during the oil boom brought about unrealistic expectations about the welfare state.

4. Thoughts about the post-modernism in the welfare society

4.1. The concept of the welfare state

The concept of the welfare state is seldomly given a precise definition. In the discussion about the welfare state we usually distinguish between a “residual” and an “institutional” welfare state model (e.g. Wilensky & Lebaux 1965; Esping-Andersen & Korpi 1985). According to the residual model government play only a limited role in the distribution of welfare. A residual social policy assumes that the majority of the population can contract its own welfare, and that the state need only step in when the normal channels of distribution
The institutional model does not recognize any fixed boundaries for public welfare commitments. The underlying view is that the society is responsible for the welfare of the individual. The institutional model promotes the principle that all citizens should be equally entitled to a minimum level of living. Full social citizenship rights and status should be guaranteed by the society.

The contemporary Scandinavian institutional welfare state has three essential features. First, social policy is comprehensive in its attempts to provide welfare. The second feature is the degree to which the social policy has guaranteed citizens with a basic right to a very broad range of services and benefits. The third feature is the solidaristic and universalistic nature of social legislation. The welfare state tries to integrate and include the entire population rather than to direct its resources toward solutions of particular problems of certain risk groups. In all Nordic countries there are cash benefits in the event of childbirth, sickness, poor housing, industrial injury, unemployment and retirement. In all the Nordic countries it is possible to receive social assistance when all these types of assistance granted in the event of loss of income or in other social situations have been exhausted. Social assistance is thus the last resort in the social system. It seems that Denmark has made the largest welfare cuts and restrictions. Norway has also followed a selective line in the field of social welfare. Sweden and Finland have introduced a more active control of benefits. All the Nordic countries still have a social welfare based on an institutional model which however is completed by an increasing privatisation in
4.2. New problems in the welfare state

The welfare state has given the individual resources to form his own life. The possibilities to choose between several activities have thus increased. At the same time the possibilities for being unsuccessful have also increased. This can be seen in the statistics about health and social problems.

According to conducted studies improvements in social welfare benefits have lead to new problems. Improvements e.g. in sickness insurance benefits have in many countries been paralleled by a growth of sickness absenteeism (Kangas, 1990). In Sweden the sickness absenteeism was 21 days/insured in 1985, in Finland and Japan only 4 days/insured. The differences are great. The liberalism of the scheme and the number of waiting days are of social importance. In 1967 the number of waiting days in the Swedish health insurance was lowered from three to one. After this sickness absenteeism increased. The mean for the period 1960-67 was 14.5 days, but for the period 1968-73 as high as 19.6 days (Kangas, 1990). But such factors as the age structure of the population and the unemployment level have a tendency to increase sickness absenteeism.

Despite that it is the aim of our societies to try to help all individuals with difficulties, we know that is not always possible. The social problems we meet in the modern post-industrial society are very special problems. We could say that they are interpersonal problems, that is problems which indicate that it is difficult to be together with other people, at the workplace and at home, only to
take some examples. In the working environment we have many
difficult problems to solve and also in the family life. Furthermore
the social isolation has became a great problem in the post-indu-
strial society. These kind of problems in the postindustrial society,
we could call for psychosocial problems, interpersonal relationships.
The institutions of the society have overtaken those duties which
earlier belonged to the family and the near-environment. The weak-
ening of family institutions and the in institutions of the near-envi
ronment has also meant a weakening in social support and control.
Stress, burn-out and psychosomatic disorders (headache, insomnia,
melancholy, irritability etc.) are usually labeled as medical problems.
It is however difficult for medical doctors and nurses to take care
of people with those kind of problems because they are also deter-
mined by way of life and life style of the individual and also by
all those critical life events he/ her has gone through. It is thus
apparent that the Nordic welfare states in developing their social
welfare need a reorientation of social policy goals and strategies.

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解説

1990年11月に、スウェーデンのイェテボリ大学からハラルド・スウェードナー教授を、フィンランドのオーバ大学からガイ・ベックマン教授を学部にお迎えして、講演をして頂く機会を得た。スウェードナー教授は、博士課程の院生や同僚13名と一緒に、京都（同志社大学）と大阪（大阪府立大学）での2週間の「日本の社会福祉の視察」をされた。大阪では、社会福祉学部主催の講義、施設見学、レセプション等の機会を通じて相互の交流が深められた。その後、関西大学や安原福祉記念財団後援のセミナールや座談会にも出席されて、日本とスウェーデンの福祉サービスの違いを比較考察され、約1カ月の滞在となった。ベックマン教授は、大阪（大阪府立大学）・愛知（日本福祉大学）・鹿児島（鹿児島経済大学）・東京（東京大学・老人総合センター）で講演や研修をされ、約3週間滞在された。お二人もかなりお忙しい日程であったが、今回の来日の主たる目的は、昨年から始まった「日米北欧の福祉制度とそれを支える価値についての国際比較研究」の推進であった。お二人は、このプロジェクトの北欧の代表者で、日本の研究グループとの意見交換・研究方法の調整をされた。お互いの国の歴史的・社会的背景の違いをどう比較するかというテーマは、興味があるがかなり困難な課題であり、研究調整にまだ時間がかかりそうだである。

スウェードナー教授は社会福祉学部には3度目の来訪であるが、今回は11月10日（土）の午後、社会福祉学部の大教室で、「スウェーデンにおける老人福祉政策の動向」というテーマで講演をして頂いた。またベックマン教授は、11月15日（木）の午後、同じく社会福祉学部大教室で、「北欧における社会福祉の創造と発展」というテーマで講演をして頂いた。講演会当日は、福祉の実践現場からも多数参加して頂いたが、ここに講演の原稿を掲載して、より多くの皆さんに参考にしていただければと願う次第である。なお日本語の翻訳文は、大阪市政調査会の『市政研究』91号（1991年4月末）に掲載される予定なので、そちらの方も参照して頂けたら幸いである。

（泉 干勢）