

The main factors of the recent development of European welfare states: Swedish case

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Abstract

This analytical essay is devoted to identifying the features of the formation and development of the Swedish model of the welfare state. The authors study the factors that played the main role in the development of the Swedish model. The authors also assess the impact of the 2008 economic crisis and the COVID-19 pandemic on the Swedish welfare state.

Keywords: welfare state, Sweden, social democracy, decentralisation, deindustrialisation, economic crisis, COVID-19 pandemic.

Główne czynniki współczesnego rozwoju europejskich państw opiekuńczych: przypadek Szwecji

Streszczenie

Niniejszy esej poświęcony jest identyfikacji cech kształtowania się i rozwoju szwedzkiego modelu państwa opiekuńczego. Autorzy badają czynniki, które odegrały główną rolę w rozwoju szwedzkiego modelu. Oceniają również wpływ kryzysu gospodarczego z 2008 roku i pandemii COVID-19 na szwedzkie państwo opiekuńcze.

Słowa kluczowe: państwo opiekuńcze, Szwecja, socjaldemokracja, decentralizacja, deindustrializacja, kryzys gospodarczy, pandemia COVID-19.

The study of social development models attracted the attention of sociologists, political scientists, and economists throughout the 20th century, having received a logical conclusion within the framework of the concept of the welfare state. The formation of the concept of the socially responsible state is associated with the names of such scientists

as Asa Briggs, Harold Wilensky, Maurizio Ferrera, Gøsta Esping-Andersen, Thomas Humphrey Marshall, Richard Titmuss, and others. At the present stage, discussions on the state's role in social welfare and development ensuring continues.

Despite the high interest in the concept of the welfare state, there is no consensus among scientists even on the definition of this concept. Some authors offer narrow definitions such as "involving the state in social protection and social services" (Cochrane, Clarke 1993: p. 4), meanwhile others offer more complex definitions. Nevertheless, the development of primarily European states has contributed to the classification of welfare states into different types. One of the most popular classification belongs to Esping-Andersen (1990), which includes three types or "regimes of welfare capitalism": (1) liberal, characteristic of the Anglo-Saxon countries; (2) social-democratic, developed in the Scandinavian countries; (3) conservative, inherent in the states of continental Europe. Although the typology of Esping-Andersen remains quite popular, it is subject of criticism and significant additions. In particular, Ferrera (1996) proposed a fourth type – the Mediterranean or southern, which is characterised by the low level of institutionalisation of public services, extensive informal ties and the high importance of traditions in everyday life. Some researchers distinguish the "radical type" of the welfare state, which is inherent in Australia and New Zealand, where the main attributes are the regulation of the minimum wage and the presence of mandatory arbitration and protectionist consensus.

Such a variety of types of welfare states attests to their diversity not only around the world, but also on the European continent. In this essay, we would like to consider the case of Sweden, identifying the main factors that influenced the formation of the Swedish model of the welfare state, as well as the factors that affect the recent development of the Swedish welfare state.

Analysing the works of the prominent scientists Esping-Andersen (1990), Ferrera (1996), Svallfors (2011), we can identify several factors that contributed to the development of the Swedish welfare state. First of all, this is **industrialisation**. Industrial economic growth, demographic changes, and the development of science have provided new resources to fight poverty, disease, and premature death. Industrialisation was complemented by the impact of **institutions**. Reforms played an important role. One of the first was the land reform, which increased the equality of resources through a more equal distribution of land (Olsson, Svensson 2010). In addition, in the mid-19th century, there were anti-corruption measures that laid the foundation for the further development of Sweden, which Rothstein (2011) calls an anti-corruption "big bang". Thus, freedom of the press was introduced, aristocratic prerogatives to hold the highest positions in the state were abolished, women obtained equal rights with men, and a clear tax system was introduced. Later, this list of innovations was supplemented by the reform of the education system, the strengthening of the role of trade unions and the introduction of social insurance schemes, which served as a basis for combating inequality and poverty. The implementation of the reforms was ensured by the non-corrupt meritocratic government bureaucracy. An important factor of the development of welfare state (including Sweden) was the combination of the interests of two groups: (1) the industrial

proletariat, interested in meeting the minimum social needs and obtaining protection in the event of illness, unemployment, old age, etc., and (2) the political elites, whose goal was to maintain social order and improve the standard of living of the population.

The challenge for the Swedish welfare state began in the 1990s, when the country faced the consequences of a deep recession and was forced to implement structural reforms. The next significant challenge was the 2008 global economic crisis. And, of course, we should not forget about the crisis caused by the COVID-19 pandemic in 2020. These events not only affected the economic, social, and political spheres, but also forced researchers to write about the "decline" and "fall" of the Swedish welfare state (Park 2005; Wahl 2011; Miller 2019). Despite all the difficulties, we cannot speak about the "fall" of the Swedish welfare state, as it continues to develop, responding to threats and transforming itself.

Institutions remain a particularly important factor in the modern development of the Swedish welfare state. Legal, political, and economic institutions are flexible and can effectively adapt to rapidly changing challenges. A skillful combination of market economy and government regulation allows Sweden to achieve high economic and social indicators (Viana, Cuhna 2016; Eriksoon et al. 2021).

Social democracy is an important factor in the development of the Swedish welfare state. As Lapidus (2021) emphasises, the welfare state and the Swedish model of social democracy have a common history, and the ideological origins of the Swedish welfare state lie in the ideology of social democracy. In this case, it should be noted the role played by the Swedish Social Democratic Party since its establishment in the late 19th century and has maintained its popularity since the 1940s. The leading role of the Social Democrats in recent years has been complemented by the strengthening of the positions of civil society organisations. In this context, we should not belittle the role of **decentralisation** in the country. Swedish public administration consists of three levels: national, regional and local. Moreover, there is no hierarchy between local authorities, counties and regions, since each has its own authorities responsible for different issues. EU membership also makes it necessary to address many issues at the regional level. Local authorities, counties and regions have taken responsibility for regional issues and developed various forms of regional cooperation.

In addition, as Laruffa (2019) notes, there is no polarisation of the discourses "anti-welfare" and "social investment" in Sweden, thus, the idea of welfare state is supported. Public opinion polls demonstrate that the attitude of citizens to the welfare state in the period from 1981 to 2010 was positive (Svallfors 2011). More and more people are willing to pay more taxes for social security policies. This thesis is also confirmed by the results of a survey conducted in 2014. Half of the respondents are in favor of strengthening support for the welfare state, but only 19% were in favor of reducing the role of the state (SOM Institute Survey 2014).

Another factor of the development of the Swedish welfare state is **deindustrialisation**. On the one hand, this process is a challenge, since it leads to transformations, especially in the structure of employment, and it also generates instability in the labor market.

But on the other hand, it requires state intervention, expanding transfer payments and providing a greater range of social services (Iversen, Cusack 2000).

Nevertheless, the Swedish welfare state is currently facing challenges that are significant for any welfare state. These challenges include **globalisation** and **migration**. Globalisation and internationalisation are conducive to the development of international economic and political ties. They are associated with neoliberal ideas, which significantly weaken the welfare state. The strengthening of large business corporations provokes inequality and weakens well-being, while allowing businesses to influence public policy (Yay, Aksoy 2018). Despite the fact that before the 2008 global economic crisis Sweden managed to reduce social spending by an average of 1.21% annually, the crisis that engulfed the globalising world forced an increase in spending related to infrastructure programs, unemployment benefits, loan and mortgage support. Sweden now allocates 2.6% more of its GDP annually for social protection (Josifidis et al. 2015).

Increased migration flows to Sweden in 2010–2011 and 2015–2016 led to an increase in the number of publications on the impact of migration on welfare states (Butenko, Chekmazov 2020). On the one hand, migration benefits the host countries, and on the other, it puts them at a disadvantage. In this regard, it is noted that a generous welfare model that covers everyone, but which can be undermined by excessive burden, requires the selection and differentiation of potential new members of society (Gebhardt 2016). According to Sanandaji (2012: p. 20): "Part of the increase in income inequality since around 1980 relates to the increased inflow of immigrants to Sweden". Moreover, policies of high taxes, generous benefits, and a regulated labor market discourage integration into the labor market, which in turn contributes to rising inequality.

The consequences of the 2008 global economic crisis were quite serious for many countries, including Sweden. But the crisis caused by COVID-19 has forced welfare states, despite chronic problems and weaknesses, to mobilise their resources. Sweden's strategy was radically different from that of other European states, yielding to criticism from both some parties and civil society organisations. Despite the criticism, a number of restrictive measures were introduced, they worked quite successfully. Nevertheless, the measures did not help to protect a particularly vulnerable social group – the elderly over 70 years old, among whom the mortality rate was very high (Granberg et al. 2021). The main problem was that the reforms carried out, based on neoliberal political rationality, led to the deregulation of the health sector, its decentralisation and orientation towards economic efficiency. However, the Swedish authorities can learn a lesson from this for the future reform of the welfare state.

Summing up, it is worth noting that the Swedish welfare state continues to develop. Despite the challenges, there are ongoing reforms that help to adapt to changing conditions. The current crisis caused by the COVID-19 pandemic is a chance for the Swedish welfare state to rethink its foundations and improve.

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