
Nordic Welfare Politics

The Scandinavian Welfare State in Comparative Perspective

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A model of socio-economic organization

■ *Three Worlds of Welfare Capitalism*

- Liberal – “Atlantic”, UK and US
- Familistic/Christian democratic – European Continental
- Social democratic – Scandinavian

(Esping-Andersen, 1990)

Liberal welfare states

- Partial coverage, means tests
 - Small scale public provisions – emphasis on markets
 - Allowances covering elementary needs
 - Normative underpinning:
Individual responsibility and efficiency
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Christian democratic welfare states

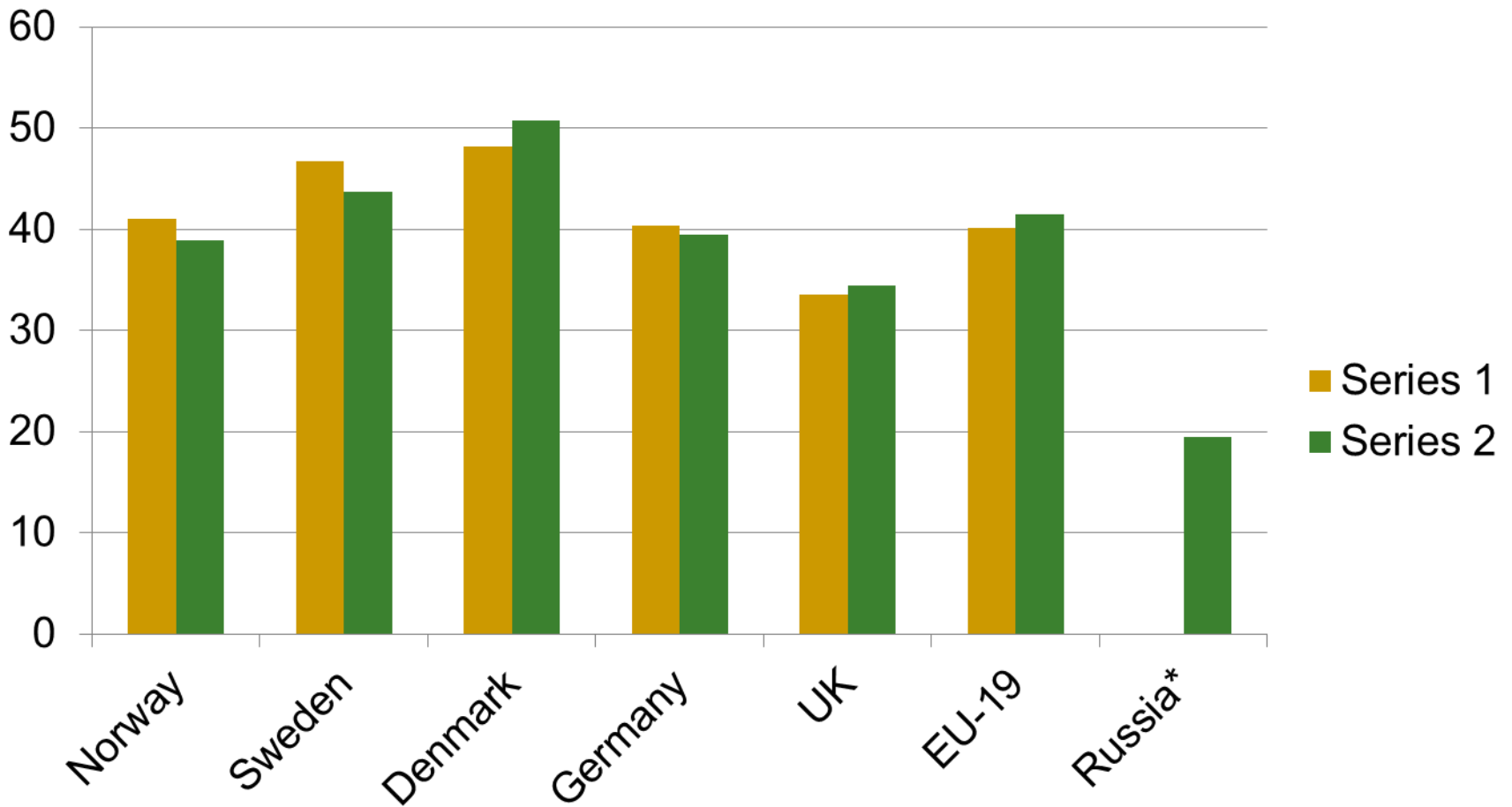
- Universal coverage
 - To a large extent private provisions, as part of public policy
 - Moderately generous allowances, substantive elements of means testing
 - Normative underpinning:
Subsidiarity and institutional balance
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Social democratic welfare states

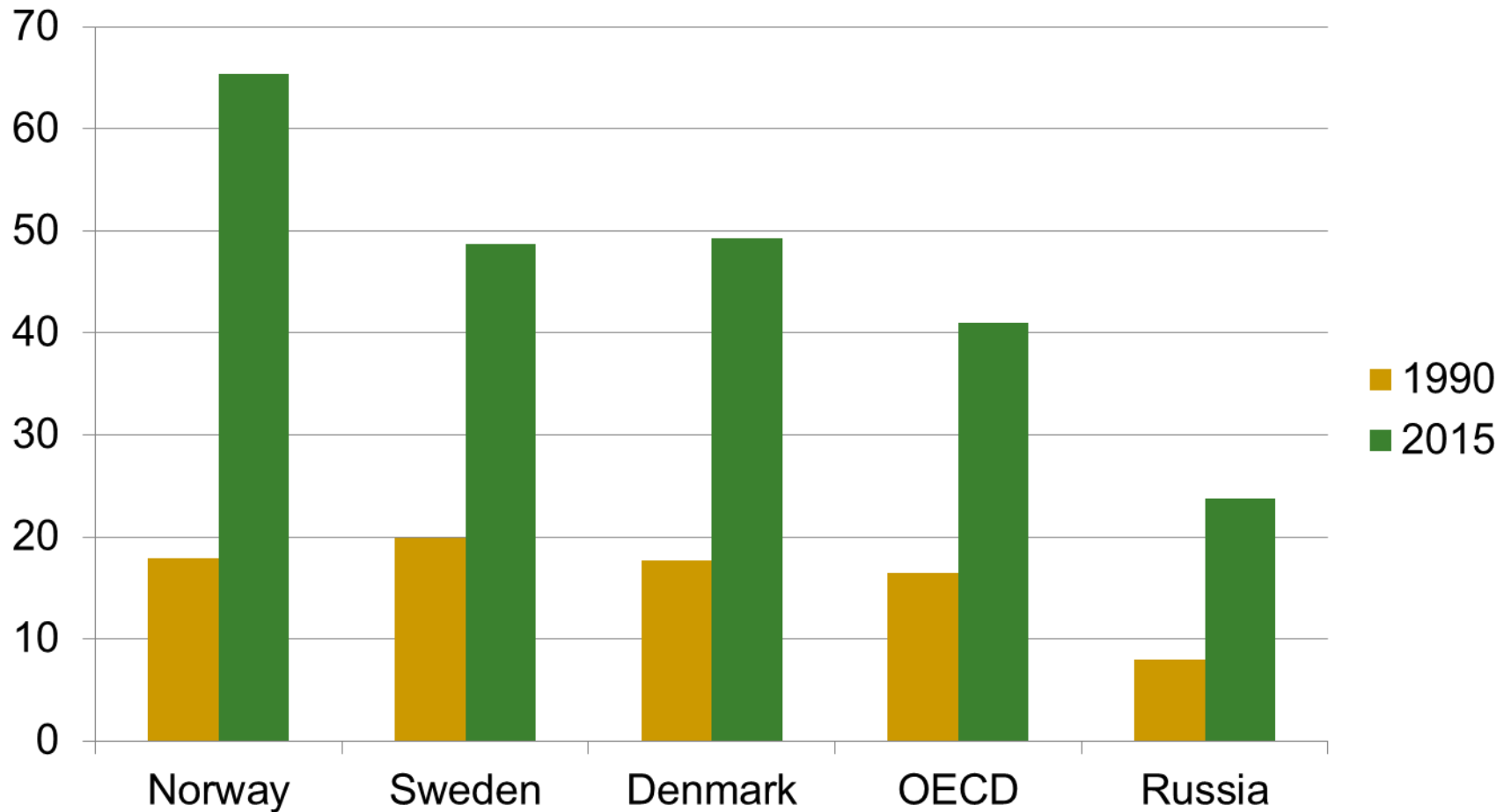
- Universal coverage
 - Mainly public provisions
 - Generous allowances

 - Normative underpinning:
Solidarity and equality
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Tax revenue in percent of GDP, 1995-2014



GNI per capita, 1990 – 2015. 1000\$



Source: World Bank

Cornerstones of the welfare state

- Child care
 - Education
 - Labor market policies
 - Health care
 - Pensions
 - Compensation of income losses
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Child care provision and fertility rates, 2016

■ Liberal

- Private child care medium high
- Fertility rate US: 1,9; UK 1,8

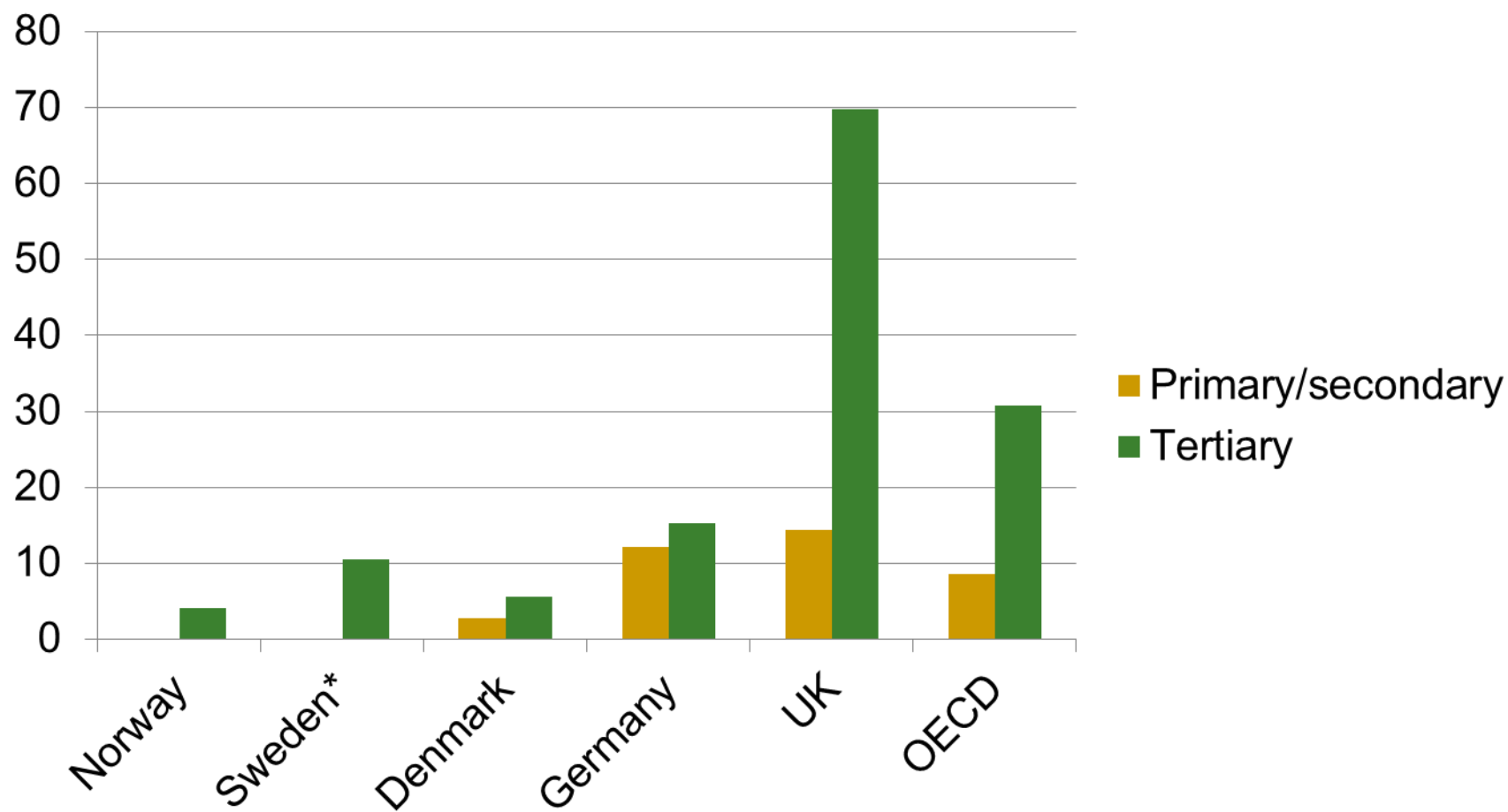
■ Christian democratic

- Organized child care generally low (France is an exception)
- Fertility rates: Germany 1,4; Italy 1,4; France 2,0

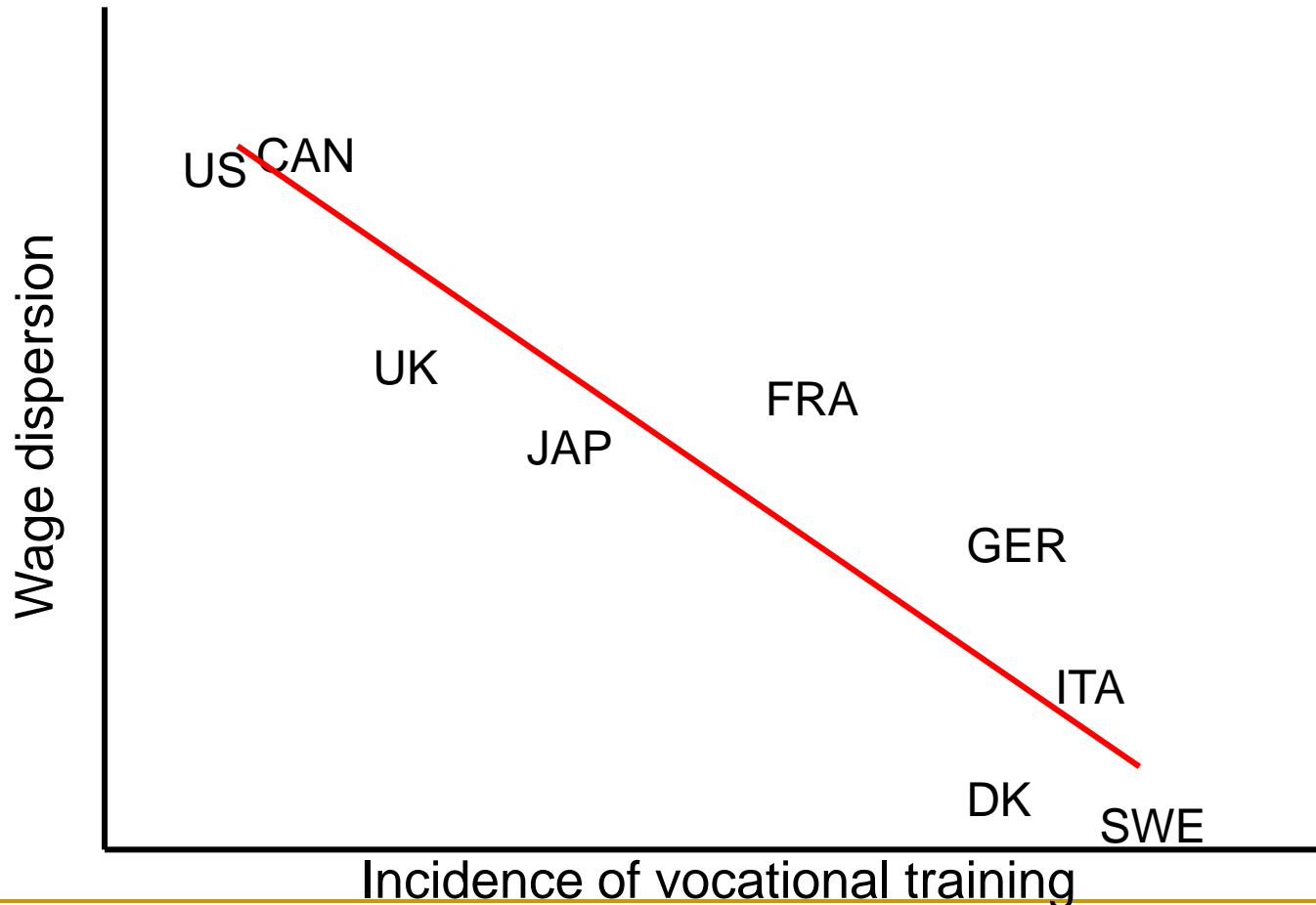
■ Social democratic

- Public child care high
- Fertility rates: Sweden: 1,9; Norway 1,8, Denmark: 1,7

Percentage of private investment in education, 2011



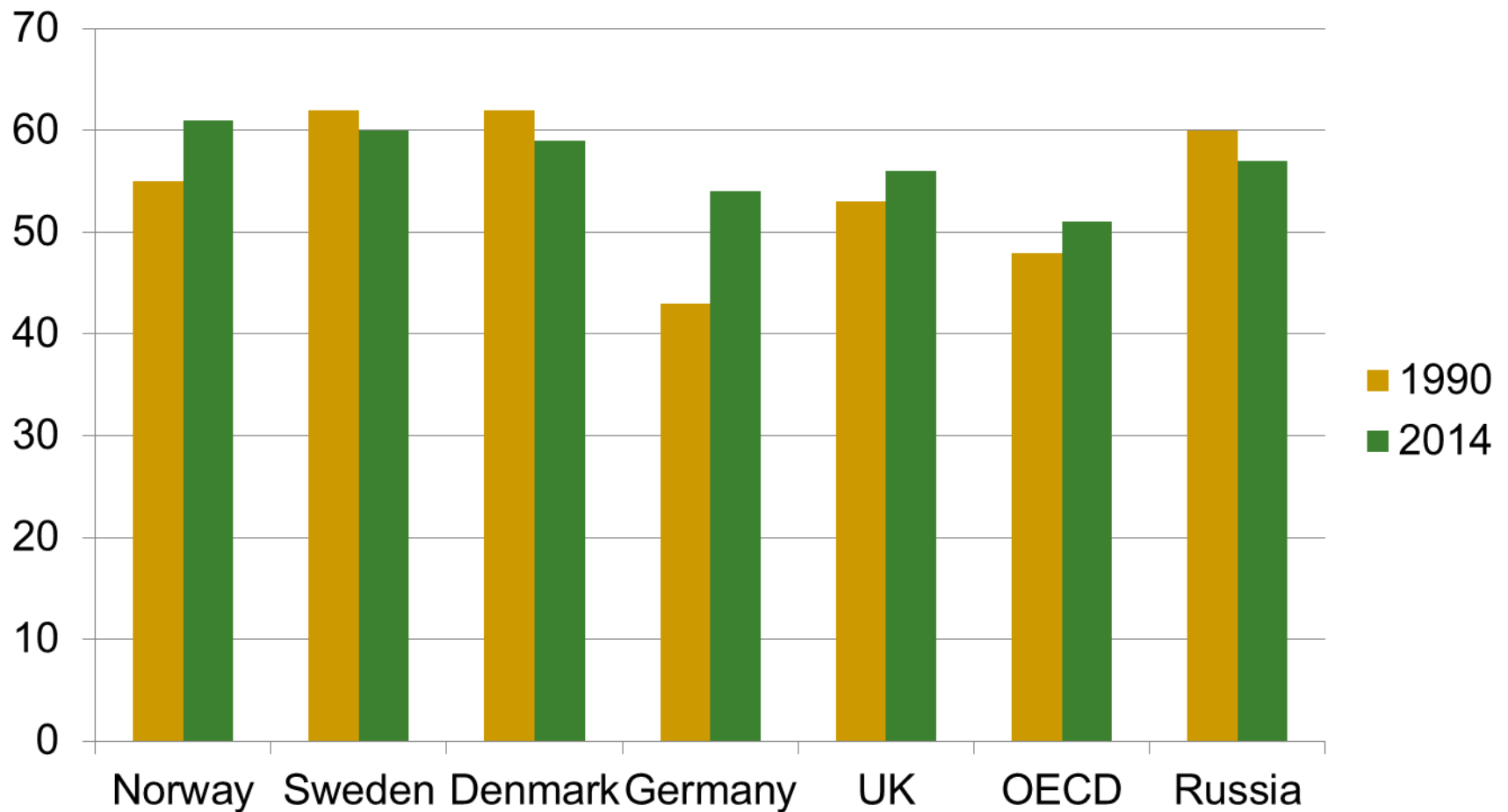
Vocational training and income dispersion, ca. 2000



Labor market policies

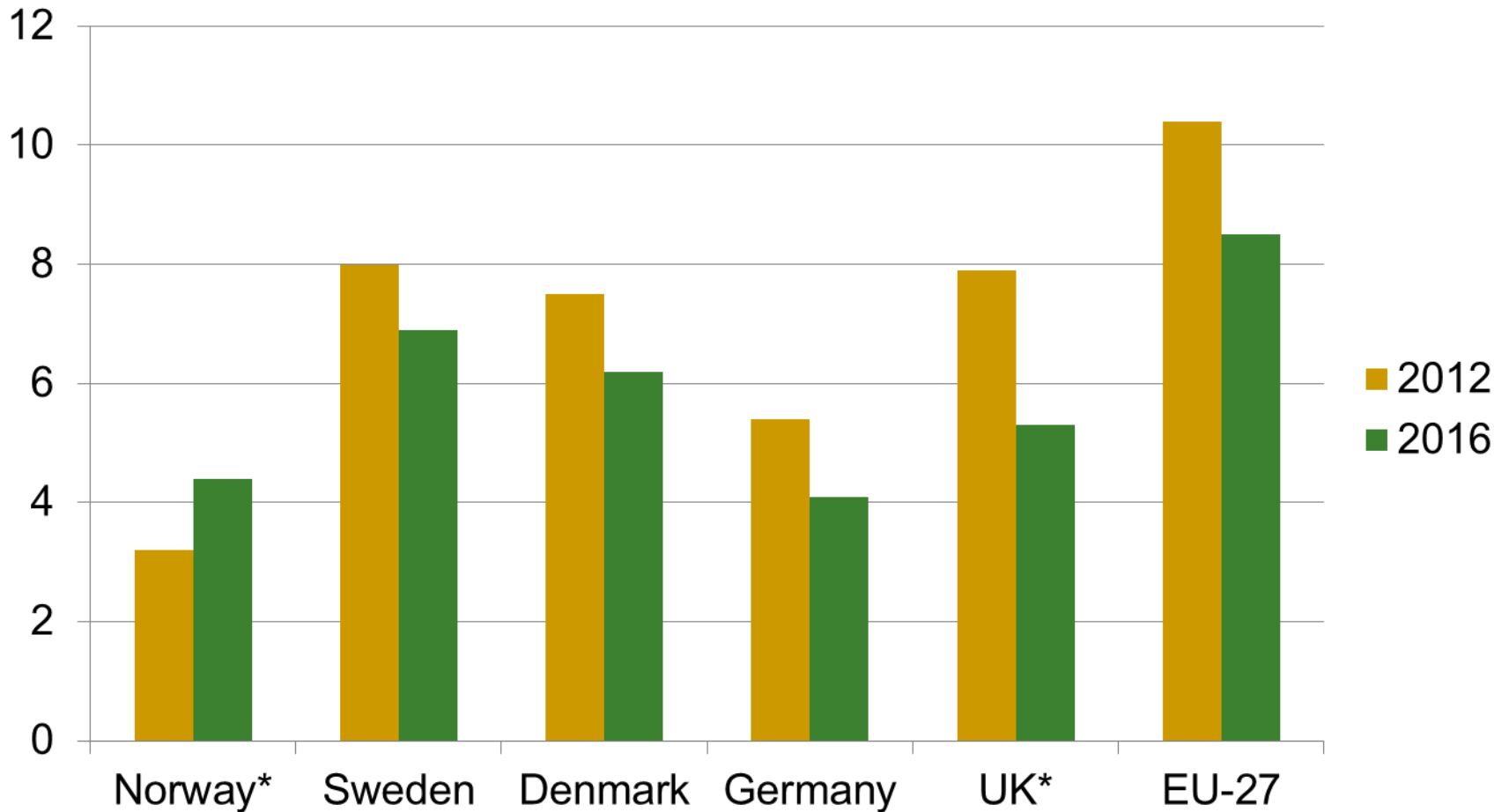
- Liberal
 - No coordination of wage formation
 - Low unemployment protection, low benefits
 - Christian democratic
 - Some coordination of wage formation
 - High unemployment protection, medium benefits
 - Social democratic
 - High degree of coordination of wage formation
 - Medium unemployment protection, high benefits, active labor market policy
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Female labour market participation (15+) 1990-2014



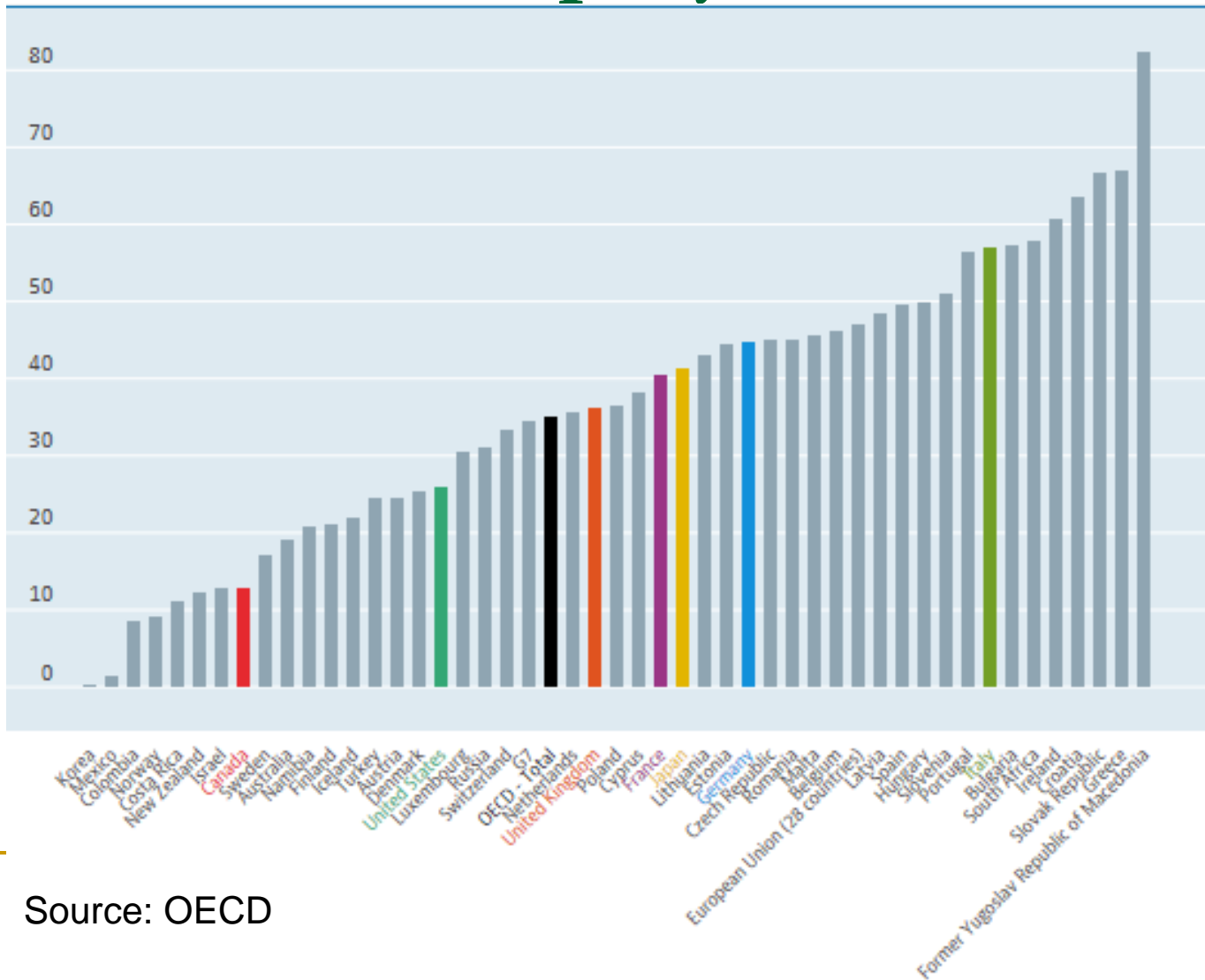
Source: World Bank

Unemployment rates 2012-2016



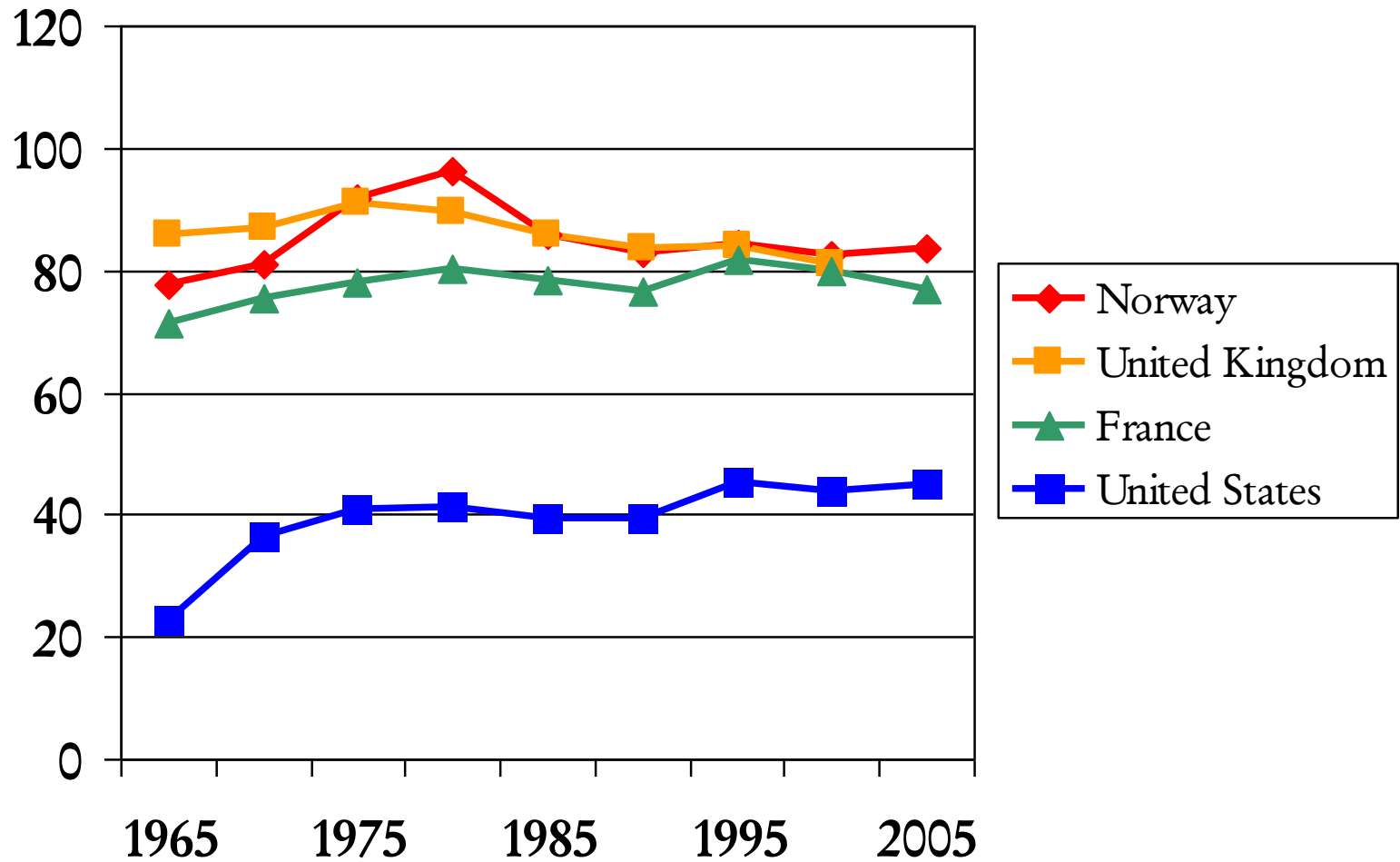
Source: Eurostat

Long term unemployment rate, per cent of unemployed



Source: OECD

Public/private expenditure on health care

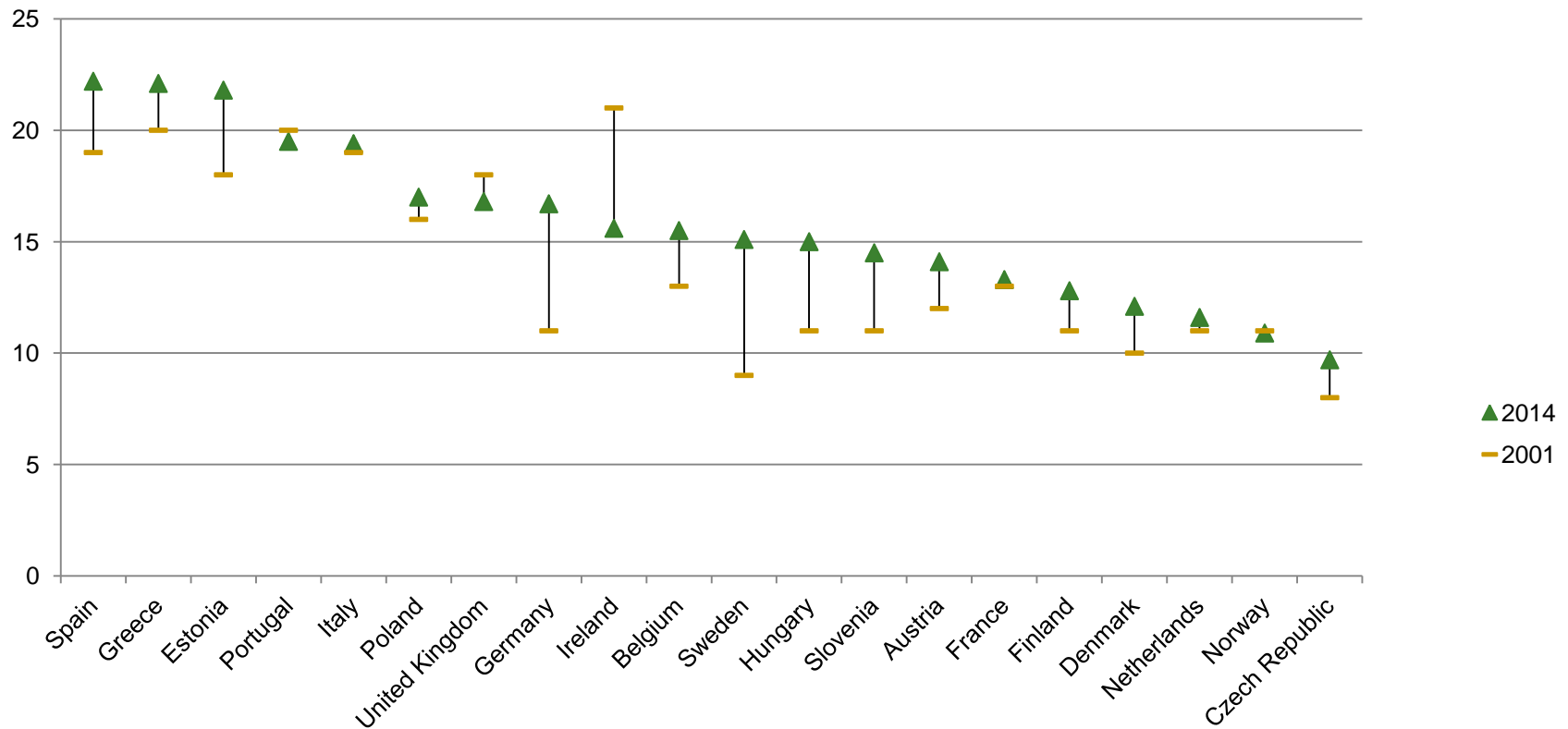


Source: OECD

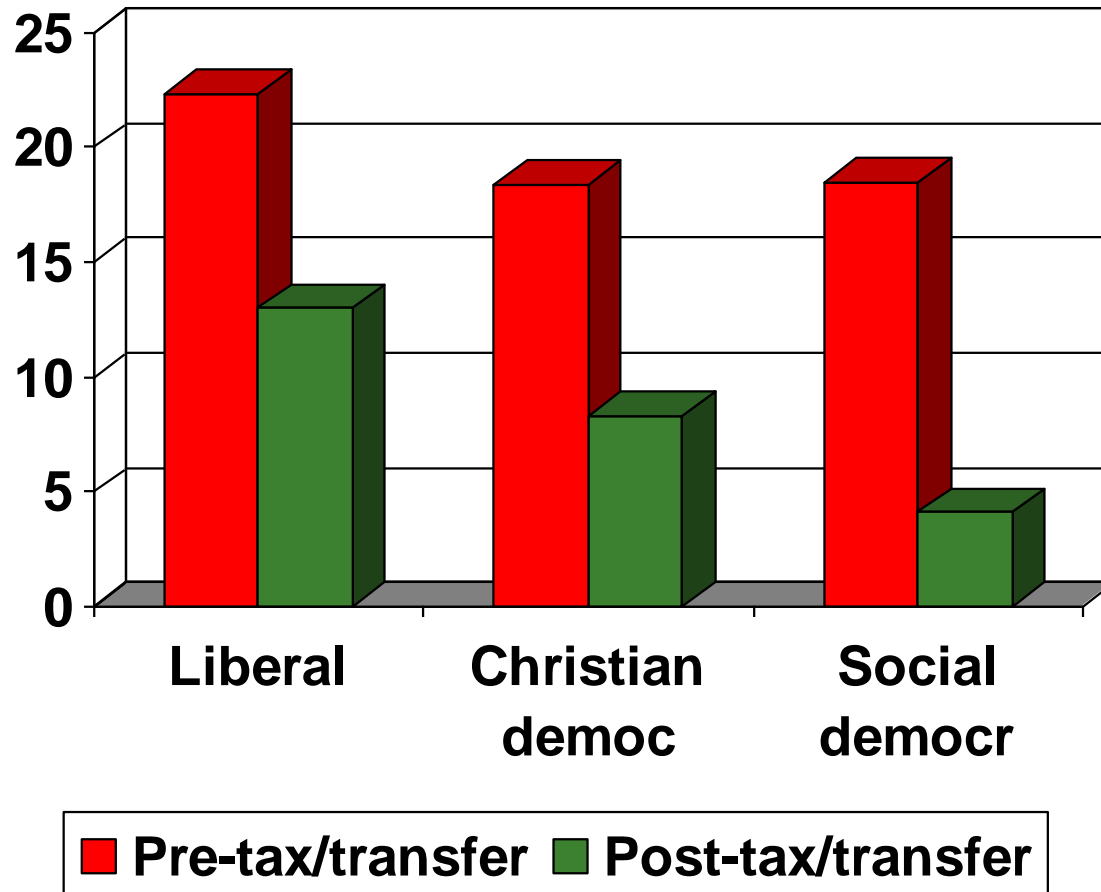
Pensions

- Liberal - US
 - Private pension plans
 - No retirement age
 - Christian democratic
 - Diversified, public pension
 - Low retirement age
 - Social democratic
 - High public pension
 - High retirement age
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Household income below 60% of national median. Percent of population



Poverty rates and types of welfare state, pre- and post-tax-and-transfer



Scandinavian welfare states – structural preconditions

- Small countries
- Open economies
- Culturally, relatively homogenous – Lutheran state church
- Historically, well-functioning state bureaucracies
- Early welfare state development, private/public

Driving forces in welfare state development

- Class based power struggles
 - Political competition
 - Employee interests - skill systems
 - Employer interests
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Norway: Political (elite) compromises

- Compromise culture from second half of 19th century
 - Gradual extension of social rights
 - Salience of social movements
 - Precondition for the Basic Agreement in working life
 - Basic Agreement
 - Extension of citizenship within private companies
 - Precondition for universalist welfare state
 - Welfare state compromise
 - Welfare highest priority in the electorate since the mid-1980s
 - Common interests in employer and employee organizations
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Political priority in Norway: the "work line"

- National costs of poverty
 - Avoiding excessive indirect costs
 - Increasing labor market participation
 - Improving educational policies
 - Increased flexibility work/social security
 - Social conflict does not disappear
 - Expectations of "perfectionism"
 - Conflicting interests
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Pressures on the comprehensive welfare state

- Globalization: world markets, finance crisis
 - Governing capacity of the state
 - Demographic changes
 - Immigration
 - Social dumping in the labor market
 - Welfare provisions to non-Norwegian inhabitants
 - Changes in attitudes and demands
 - Overburdening of existing provisions – "moral hazard"
 - Protest against politics of equality–
 - revolt of the upper middle class
 - Protest against support to immigrants
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