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Sweden's Welfare State at a Turning Point

FREDERICK HALE

Sweden during the twentieth century underwent a profound social and economic transformation. It evolved from a relatively poor country, where economic exigencies had long compelled large numbers of young people to emigrate to the New World, into one of the world's most prosperous societies. The general quality of life rose accordingly. By the 1990s Sweden ranked perennially near the top of the United Nations Human Development Index.

To be sure, the extent to which this reversal of fortunes can be attributed to the welfare state policies implemented since the 1930s by the Social Democratic Party and generally confirmed by its political rivals is a matter of debate. Commentators across much of the ideological spectrum have pointed to other contributing factors, such as natural resources, social and political stability, and an absence of war. Most, however, seem willing to allow that the development of cradle-to-grave security has had its benefits, even though in recent years critics of the system have become more numerous and vocal.

To understand what is sometimes called “the Swedish model,” a crucial semantic issue must first be clarified. In Sweden, as in many other countries, the term “welfare” (*välstånd*) and its cognates in various languages signify “well-being,” “happiness,” or “good fortune”—in brief, to be faring well. It is generally not burdened by the connotations of failure and dependency associated with its usage in the United States during the past century. The English term “welfare state” was perhaps first used by William Temple, the archbishop of Canterbury, in 1941 to denote a state whose “end is the welfare of the community,” in contrast to what he termed the “power-state.” In the present essay, “welfare state” refers to both a country

with high quality of life and one enjoying comprehensive, publicly funded social security programs.

Between the two world wars, in both of which Sweden maintained official neutrality, its government sought to overcome economic recession and demographic stagnation by implementing a range of social benefits intended to alleviate poverty and stimulate population growth. To some degree, Sweden followed the lead of the German Weimar Republic, where late-nineteenth-century models of social security were being enhanced, but homegrown social theorists such as Ernst Wigforss and Gunnar and Alva Myrdal made creative new proposals.

Over a few decades in the middle of the twentieth century, transfer programs (such as pensions, child support allowances, and unemployment insurance) and public services (such as hospitals, nurseries for the children of working parents, and access to schools) were implemented and expanded. Poverty was largely eradicated. Modern, affordable medical services became universally available. Housing standards rose notably. Average life expectancy climbed to among the highest in the world.

None of this came cheaply. Swedes have long paid some of the world's highest income and sales taxes. But Sweden developed the welfare state at a time when its economy offered a successful hybrid of private and state ownership, featuring corporations of international renown—including Volvo, IKEA, and Ericsson, many of which, of course, are no longer purely Swedish enterprises.

In many respects, Sweden remains an enviable society in the eyes of much of the world. The social gains of past decades have been largely preserved. Unemployment remains relatively low, despite the high cost of labor. Few if any countries have higher rates of gender equality in politics and the workplace. While many other European countries have abandoned their traditional policies of

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providing free university education for their citizens, Sweden has continued to do so. The natural environment has not been sacrificed on the altar of industrialization. Generally speaking, a high degree of personal safety prevails. State-of-the-art medical treatment is available to all.

However, even among the welfare state's enthusiastic proponents it has long been acknowledged that the Swedish model is far from perfect. Social indicators such as suicide rates, births out of wedlock, and dissolutions of marriages point to flaws (which, however, are not always consequences of governmental social engineering). Moreover, many lament that Sweden in certain respects is not the idyllic country it once supposedly was. In recent decades such woes as rising crime and narcotics addiction rates (albeit still relatively low compared to much of the world) have caused disillusionment.

Much disputed is whether or to what extent such problems can be legitimately regarded as bitter fruits of the welfare state or, as some critics allege, of liberal immigration policies. After all, one can find similar phenomena in many other societies, such as the United States, Brazil, and South Africa, that do not offer the comprehensive social security found in Sweden.

Swedish society has undergone an ethnic and cultural transformation, and its demographic profile has aged. As a result, the country has become the subject of dire predictions about the sustainability of a system in which financial demands wax while the proportion of the national population contributing to the coffers wanes. The massacre inflicted on Norway by a virulent foe of multiculturalism, Anders Breivik, in the summer of 2011 has also attracted international attention to what have long been perceived as the successful welfare states of Scandinavia. Some observers have begun writing their obituaries.

NEW TOTALITARIANS?

For more than 70 years Sweden has served as the premier model of the European welfare state. In the 1930s, politicians, journalists, and social scientists from the United States, the United Kingdom, and other economically depressed countries seeking a savior from their troubles followed the lodestar of good tidings to Sweden, where the Social Democratic government of Per

Albin Hansson was launching a new era of prosperity and egalitarianism. The American journalist Marquis Childs wrote glowingly of the Swedish "middle way" between Soviet collectivization and the unbridled capitalism of his own land.

To British observers, especially in the Labor Party, Sweden represented a successful model of the fulfillment of evolutionary socialism, palpable proof of the viability of reforms demanded since late Victorian days. Virtually full employment, progressive income taxation, partial public ownership of key industries, universal health care, pensions, housing assistance, financial benefits for parents—what Fabian could ask for more? After the Second World War, the United Kingdom ushered in similar aspects of social engineering and sought to phase out its venerable class system.

However, many foreign observers disagreed with the adulation, as did some Swedes. While acknowledging the welfare state's achievements, they pointed to the thickets of red tape governing personal and business life, and even the supposed monotony and ennui of living above various safety nets to cushion one's fall in difficult times.

Foreign criticism may have reached its apogee in 1971 when Roland Huntford, the Stockholm correspondent of *The Observer*, published his impressionistic *The New Totalitarians*, a scathing indictment of the Swedish welfare state, which he interpreted as the embodiment of the dystopian society that Aldous Huxley had envisaged in *Brave New World* 40 years earlier. This disturbing portrait of contemporary Sweden alarmed numerous reviewers and caused intense resentment and heated debate in the Swedish press and government.

Huntford contended that the Social Democrats through a variety of means, not least their ostensibly iron grip on the bureaucracy and their encouragement of sexual permissiveness, had attained virtually permanent political control. "Sweden," he judged, "has become what is in reality a constitutional one-party state," with a government that could remain in power indefinitely.

Huntford's irresponsible generalizations about supposedly monopolistic politics and unqualified prognostications about Sweden's Social Democratic future soon proved wrong. Within five years, the Social Democrats were out of

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power, supplanted by a centrist coalition that, to be sure, retained the welfare state virtually intact. Nevertheless, excerpts from *The New Totalitarians* continue to appear on right-wing websites as guardians of a conservative social order draw verbal missiles from the arsenal of Huntford's bitter text and hurl dire warnings against advocates of liberal reforms. Their underlying premise is that Sweden offers living proof that the social welfare state erodes personal freedom and must therefore be an example avoided at all costs.

DEMOGRAPHIC KALEIDOSCOPE

In harmony with debates about multiculturalism elsewhere in Europe, it is often argued that the present condition and viability of the Swedish welfare state are inextricably linked to the nation's evolving ethnic composition. In fact, a long time has passed since the population of Sweden was made up almost exclusively of Swedes, including approximately 17,000 indigenous Sami. Since the nineteenth century considerable numbers of Finns, for example, have joined the labor force in Stockholm and other cities; today more than 600,000 residents of Sweden are either immigrants from Finland or have at least one parent from there.

Since the 1950s, however, the demographic kaleidoscope has become steadily more complex. Far more people have immigrated to Sweden than have pulled up stakes there to settle elsewhere. After the 1956 uprising in Budapest, many Hungarians found refuge in Sweden. Igbo refugees from the Biafran War in Nigeria followed in the late 1960s. Members of the Chilean left came after the military overthrew the socialist government of Salvador Allende in 1973. Palestinians arrived in considerable numbers during that era, as did Vietnamese. In more recent decades, Iranians, Kurds, Somalis, and others have swelled the ranks of immigrants. In addition, Sweden's admission to the European Union in 1995 facilitated the migration of labor from across much of the continent.

That the Nordic countries, like Europe generally, have encountered difficulties in coping with their rapidly changing demographic profiles has come to the attention of the world through numerous incidents in recent years. Most shockingly, Breivik, a self-styled "crusader," detonated a fertilizer bomb in central Oslo and gunned

down 69 young compatriots on July 22, 2011, in a horrific attempt to halt what he perceived as the Islamization of Europe. In Sweden, public attitudes toward immigration differ markedly, but at any rate the ethnic composition of the population has been undergoing an unprecedented transformation.

In 2004, slightly more than 6,200 immigrants arrived; in 2009, this figure had risen to 102,280. A disproportionately large concentration of the 2009 newcomers (30,095) settled in Stockholm; a further 18,120 moved to the southern province of Skåne, and particularly its largest city, Malmö, directly across the Öresund from the Danish capital, Copenhagen. Yet to varying degrees immigrants are now conspicuous throughout much of Sweden.

The proportion of the Swedish population that was born overseas has more than doubled since 1970, when 6.7 percent of the country's residents were not native-born. This figure inched up to 11.3 percent by the end of the century, and thereafter rose markedly, not least because of wars and

economic disruption in the Middle East and Africa. By the end of 2009, 14.3 percent of Sweden's total population was foreign-born.

A prevailing stereotype of immigrants portrays them as largely Asian and African newcomers who share little cultural affinity with native-born Swedes and who actively resist assimilation, preferring to cling tenaciously to their Islamic or other foreign identity. This image masks the fact that large numbers come from elsewhere in Europe. Of the 102,280 who arrived in 2009, for example, fully 13,985 were returning Swedish citizens, while 5,261 came from Poland, 3,010 from Denmark, 2,834 from Germany, 2,385 from Finland, and 1,917 from Norway. On the other hand, 13,877 arrived from Africa (7,021 of them from Somalia), and 32,127 from Asia. The largest number of the latter group (9,543) hailed from Iraq.

One of the major factors driving the widespread and apparently increasing fear in Sweden that the welfare state may be imperiled is the disproportionately high rate of criminal behavior among immigrants. For many years this has been a recurring theme in Swedish political rhetoric, especially on the ideological right flank. In response, in 2005 the Council for Crime Prevention completed a

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five-year study and published a detailed statistical analysis of correlations between immigrant status and arrests for crimes. The council found that “It is two and a half times as likely for persons born abroad to be registered as crime suspects as it is for Swedish born persons with both parents born in Sweden.”

The report emphasized that the rates of criminal conduct varied immensely among the general immigrant population. Newcomers from North Africa and Western Asia made up a much higher proportion of criminal suspects than their counterparts from Western Europe, North America, East Asia, Australia, and New Zealand. Moreover, the categories of crime in which immigrants were active were far from uniform. The Council found it particularly troubling that immigrants were four times more likely than non-immigrants to be suspects in crimes involving “lethal violence and robbery.”

Yet the Council discreetly avoided making blanket indictments of even those nationalities of immigrants who were overrepresented in criminal conduct. During the period under review, it emphasized, “the proportions of the different groups not suspected of any offenses at all varies between 88 and 95 percent.” Furthermore, in absolute terms the majority of crimes committed in Sweden were the work of Swedes and nationals of the other Nordic countries.

SHIFTING POLITICS

No consideration of Sweden's welfare state and its future can be divorced from the fact that the country's political landscape has been in a state of transition. The Social Democratic Party was in power without interruption from 1932 until 1976. Over the next 30 years it retained a relative majority in the Riksdag, or parliament, except for an aggregate of nearly 10 years during numerous changes of government in which it was kept out of power by coalitions of opposing parties.

Since 2006 its chief foe, the Moderate Party, has wielded parliamentary power through a coalition (presently with the Center Party, the Liberal People's Party, and the Christian Democrats) in a politically fractured Riksdag, and the chairman of the Moderates, Fredrik Reinfeldt, has served as prime minister. Once ardent foes of the comprehensive social security programs, the Moderates have adopted a more centrist position and accepted most of them while calling for reforms and a general tightening of the criteria for certain entitlements. The Moderates have also relaxed their

criticism of immigration policies and accepted multiculturalism as a *fait accompli*.

This political transition, coupled with the reduction (though hardly the elimination) of socioeconomic stratification, has fundamentally altered the ideological spectrum vis-à-vis social planning and policies under the direction of the state. Essentially gone are the days when the Social Democrats advocated the ongoing expansion of benefits and taxation as instruments of social leveling while the Moderates zealously guarded the privileged status of the wealthy. In the eyes of many observers, those roles have far less relevance today than was the case decades ago. As one academic, Klaus Solberg Søilen, argued in 2009, “the Scandinavian welfare state model has shifted from providing support to the poor to guaranteeing the middle class a certain lifestyle.”

RESISTING THE TREND

Certain aspects of the contemporary Swedish welfare state are relevant to issues being debated overseas, not least in the United States. In terms of education, for example, the welfare state model is undergoing significant changes. Until the early 1990s, nearly all schools in Sweden were public and under state control. Dissatisfaction with reported declines in educational standards, however, stimulated a movement toward “free schools,” or what in some countries are called charter schools or academies.

In Sweden, these approximately 900 institutions, at which more than 10 percent of the nation's children are enrolled, are run by both nonprofit organizations (some of which are affiliated with religious or ethnic groups) and for-profit companies. They receive public funds based on the number of children taught. No entrance examinations or religious requirements are permitted. In general, the free schools continue to thrive as part of a comprehensive educational system.

Swedish universities and other public tertiary educational institutions have resisted the trend, which has swept across much of Europe in recent decades, of charging tuition fees, something once virtually unthinkable on the continent and certainly in Scandinavia. Sweden remains one of the few European countries where families do not need to save for many years to provide higher education for their sons and daughters. Instead, they continue to pay high taxes for the same purpose.

To many foreign and domestic observers, comprehensive public health care remains one of the

jewels in the crown of the welfare state. Only nominal fees are charged for medical services, and medications are heavily subsidized from the public treasury. To be sure, some Swedes, like many older Americans, long for a bygone era of more personalized care provided by family doctors. There is also some grumbling about waiting lists for non-emergency surgery.

However, according to data compiled by the Organization for Economic Cooperation and Development, the Swedish national expenditure per capita for medical care is less than 50 percent of that in the United States, and in many respects the outcomes are significantly better in Sweden. On average, Swedes live three years longer, and their infant mortality rate is far lower. Physicians' incomes are less fulsome in Sweden than in America, but this has not inhibited young Swedes from entering the profession. Sweden has 3.5 physicians per 1,000 people, approximately 50 percent more than the United States.

The status of women in numerous sectors of Swedish society is on par with that of their male counterparts. Sweden has not yet had a female prime minister; many observers believed Foreign Minister Anna Lindh might become the first, but in 2003 she was murdered in an incident that shocked the nation. Forty-five percent of the deputies in the Riksdag are women (compared with 16.8 percent in the US Congress). Women's suffrage was gradually introduced between the 1860s and 1921. Women have been ordained to the pastoral ministry of the Church of Sweden since 1960, and in recent years they have been consecrated bishops in the same national denomination. In many other quarters of Swedish religious life, however, such as the Roman Catholic Church and some of the Protestant churches, as well as in the large Islamic population, such equality is unthinkable.

As is the case in many other European countries, women have long been very strongly represented in occupations that were once regarded as virtual male preserves. However, their remuneration suggests that a glass ceiling still prevails in some professions, especially in the private sector. For example, according to statistics published in 2011, female bank officials and credit advisers were paid on average only 71 percent of what their male counterparts received; stockbrokers,

71 percent; lawyers, 81 percent; and construction workers, 79 percent. At the same time, there was parity of compensation, for example, for male and female primary school teachers, hairdressers, roller mill operators, and social work assistants.

BAROMETER OF DISCONTENT

In recent decades, Europe's demographic changes and economic woes have nurtured nationalist and ideologically conservative parties. This has also been the case in Sweden, despite the country's ongoing prosperity. The meteoric rise of the Sweden Democrats serves as a barometer of discontent, while their policies regarding social security underscore how deeply entrenched the welfare state remains in the public mind.

Established in 1988, the Sweden Democrats were linked to various right-wing extremist factions at home and abroad for approximately a decade, but in the twenty-first century they have severed those ties and undergone a process of ideological moderation. This altered profile has

undoubtedly contributed to their success at the ballot box. In 1998 the Sweden Democrats garnered fewer than 20,000 votes (1.4 percent) in parliamentary elections; by 2010 this figure had soared to nearly

340,000, or 5.7 percent of those cast, enabling the party to cross the 4 percent threshold required for representation in the Riksdag, where it presently holds 20 of the 349 seats. Yet the Sweden Democrats remain unaligned with either of the two multi-party blocs and in the eyes of their opponents are still something of a *bête-noire* in the flock of Swedish politics.

The advance of the Sweden Democrats is sometimes misinterpreted abroad as a parallel to the rise of Norway's conservative Progress Party, which garnered 23 percent of the overall vote in 2009 parliamentary elections and thus became the second-largest group in the unicameral legislature, where it holds 41 of 169 seats. In contrast to conservative movements in many other countries on both sides of the Atlantic that advocate significant reductions in entitlement programs, the Sweden Democrats support the maintenance of the current system of social security, generally accepting the national consensus. Indeed, they believe that in some respects social welfare programs should

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be strengthened—by increasing benefits during maternity and paternity leaves, for example, and by expanding the number of public housing units for pensioners. One of their primary concerns is that the demographic metamorphosis threatens the welfare state.

The Sweden Democrats are alarmed, for instance, at rises in crime rates, significant increases in the number of pupils per teacher in public schools, and long queues for social services. They believe that the present coalition government has exacerbated these trends. The dramatic increase of support the party has enjoyed in recent years underscores the frustrations that much of the Swedish public feels about these and related developments.

How, in the eyes of the Sweden Democrats, can the perceived threat to the welfare state be met? Their answer lies not in increased taxation, but in major reapportionments within the national budget. They would significantly reduce expenditures for foreign aid and assistance to immigrants, while increasing public funding for pensions, education, and other domestic services. Beyond these shifts, they call for a renegotiation of the country's membership in the EU. On the other hand, despite dire warnings by some social scientists, the Sweden Democrats do not presently argue that the age of retirement must be raised to save the national pension scheme.

THE WELFARE STATE'S FUTURE

As Sweden, along with much of Europe, undergoes economic, social, and cultural transformation, venturing prognostications about the future of its welfare state is hazardous. It is impossible to predict with anything approaching certainty whether the Swedish population will be able to maintain a leading position with regard to indices of economic prosperity, educational standards, social security, and the like.

According to what government demographers present as a probable scenario, overall population growth in Sweden will decelerate during the next few decades. During this time, the average life expectancy will continue to rise. In 2010, slightly over 18 percent of the nation's population was more than 65 years old. By the middle of this century, that figure is predicted to climb to approximately 24 percent. Long gone is the era when the population profile of Sweden was an inverted

pyramid; for decades it has resembled a rectangle in which age groups are of similar size.

What concerns social scientists, of course, is the question of who will support an aging population legally entitled to lifelong social security. Many observers are skeptical regarding the ability of the Swedish economy in an increasingly competitive and globalized world to fund this scheme indefinitely. To date, however, the political parties have resisted proposing fundamental changes in deeply entrenched entitlements.

Doomsday prophets may again be wrong. The next few decades may prove that rumors of the imminent demise of the Swedish welfare state were greatly exaggerated. Like many other countries, Sweden has repeatedly demonstrated a capacity for self-renewal and economic perseverance. Possibly indicative of brighter days ahead, Stockholm was named the initial European Green Capital in 2010. Ecological innovation has long been a priority in Sweden. Visionaries hope that Stockholm will completely overcome its dependence on fossil fuels by the middle of this century and that Sweden, like Norway with its reserves of offshore oil and natural gas, will become an exporter of green energy. Conceivably, such a rally could save the welfare state in the ninth inning.

For the time being, it seems to be winning the game. The Swedish economy continues to evince remarkable strength. Despite the high cost of labor, in 2011 Sweden placed third—behind only Switzerland and Singapore—in the World Economic Forum's global competitiveness ranking of 142 nations. Swedes can find further affirmation of their welfare state model in the 2011 edition of the UN Human Development Index, where it ranks 10th of 187 countries. Neighboring Norway, with a quite similar system of comprehensive social security, has headed the list all but two years since 2001.

Contradicting the stereotype of Swedes as a morose people with a high per capita rate of suicide, they generally fare well on comparative studies of national happiness. Granted, that elusive quality is difficult to gauge with precision, but in recent years surveys have repeatedly placed Sweden among the top 10 countries of the world in terms of self-reported satisfaction with life generally. Do not expect the Swedes to throw the welfare state overboard any time soon. ■