

**THE END OF THE SCANDINAVIAN MODEL?
WELFARE REFORM IN THE NORDIC COUNTRIES¹**

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ABSTRACT

The Scandinavian cluster of welfare societies has for many years been considered a realisation of Richard Titmuss' institutional redistributive model of social policy. Recent reforms have, however challenged this assumption. The paper sets out to evaluate whether recent major changes in welfare provision are merely modifying the model or whether the Scandinavian states are converging towards some kind of European social model. It is concluded that besides very many first order changes, such as reducing benefits, an number of second and third order changes have occurred; i.e. the institutional setting and the objective of the welfare states have changed during the 1990s. The Scandinavian welfare states are still distinct, but less so than a decade or two ago. The new elements are features usually associated with welfare models at play within the European Union. It is, hence, concluded that welfare in Scandinavia is undergoing a process of Europeanisation.

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Introduction

The 20th Century has seen the emergence, massive expansion, maturation, and, subsequently, the crisis of systems of social protection in the Nordic and the other European countries.

The current crisis has financial, ideological and political dimensions.

(Palme 1999: 13)

Generally, fundamental features of the Nordic welfare state...remain, for the most part, intact.

(Swank 2000: 114)

European welfare states are changing currently. Depending on methodological approach and specific case changes are conceptualised as welfare states now being either, reformed, recalibrated, recasted, retrenched or just renewed (Clasen 2000; Ferrera & Rhodes 2000; Ferrera, Hemerijck, Rhodes 2000; Kuhnle & Alestalo 2000; Leibfried. & Obinger 2000; Pierson 1994, 1996). It has also been widespread to characterise current changes as a crisis for the welfare state as demonstrated by Joakim Palme in the epigraph opening this paper; yet others, e.g. Duane Swank (2000) and Miko Kautto et al. (1999, 2001), find no cause for alarm. By discussing contemporary changes in Scandinavia it shall be determined which labels are most appropriate and whether the Scandinavian family of nations is still a distinct welfare regime. Within the framework of Peter Hall (1986, 1993) one can distinguish between first, second, and third order changes. First order changes refer to incremental and quantitative changes, e.g. a slight reduction or increase in benefit level, benefit period etc. Second order change refers to institutional changes, qualitative changes, e.g. changes of financing a scheme from public purse to social partner contributions or vice versa. A change of third order indicates changes of policy goals or policy objectives, e.g. when the intent of measures

towards the unemployed change from providing for them while unemployed to make them employable through forced participation in activation schemes.

The Scandinavian model of welfare: an ideal type

Within the social sciences it has become commonplace to divide the world of welfare states in various models or regimes. What is being claimed is that the commonality of a welfare state, the obligation of the state towards the well being of its citizens -- institutionalization of social citizenship -- has come about in different ways. The first distinction was between residual and institutional welfare states, where the former were seen as immature or developing. The understanding was one of convergence. It was expected that the residual ones would develop into institutional ones. The independent variable was total social expenditure: the more developed, the more institutional, the more expensive the argument ran (Wilensky & Lebaux 1958). This view was challenged by Richard Titmuss in a paper given in 1972. He claimed that the residual and the institutional models appeared simultaneously together with a third model which he named the achievement-performance model of social welfare. He also qualified the definition of the institutional model by adding redistributive to its merits. This three dimensional understanding of the post World War Two welfare state went on rather unnoticed by welfare researchers until the publication of Esping-Andersen's *The Three Worlds of Welfare Capitalism* in 1990. In this influential book Titmuss' models were renamed according to the political ideologies promoting them. Hence the residual model was named the liberal regime, the achievement-performance model was named the conservative-corporatist regime, and the institutional-redistributive model was named the social democratic regime. Esping-Andersen's claim is that this differentiation of welfare state experience covers all cases, or can meaningfully be applied to any welfare society, be it Asian, South-American or other (1996, 1997). Others have challenged this view and have developed additional models or regimes, e.g. a rudimentary model to cover the Latin-Rim in Southern Europe (Leibfried 1992); a Confucian to cover South-east Asia (Jones 1993); a post-communist to cover Eastern Europe (Deacon 1993), a labourist to cover the antipodes (Castles & Mitchell

1990), etc. (For a general overview, see Abrahamson 1999).

Despite these controversies the welfare state literature is in agreement about clustering the Scandinavian states within the same regime or model, despite naming them differently (Scandinavian, Nordic, Social Democratic, Institutional, encompassing, etc.) To summarise the characteristics of the Scandinavian model of welfare table one below indicate differences among four models according to central dimensions:

-- Table one about here --

In Scandinavia the criteria for welfare entitlements are based on (Constitutional) rights; not on a selective assessment of needs as in the Atlantic model, or on the basis of contribution as in the Continental model. Entitlement is, then based on membership of different communities from model to model. In both the Scandinavian and the Atlantic model being a legal resident is the criteria, ie. Being a member of society, a citizen, while affiliation with the labour market is the criteria in the Continental model, and belonging to a family or local community is the criteria in the South. The political ideology promoting a particular Scandinavian way is social democratic, while e.g. the Southern model is reflecting a Christian Democratic ideology. The dominant societal institution regarding welfare provision in Scandinavia is the state, not the market as in the Atlantic model, nor the voluntary organisations as in the Continental one, nor the family as in the South. Both the Scandinavian and the Continental welfare model is expected to be extensive, appropriating many resources, while both the Atlantic and the Southern models are expected to be cheaper. Small or big, financing of welfare comes from different sources; ideally both the Scandinavian and the Atlantic model are financed out of general taxation, the Continental one is financed out of contributions from the social partners of the labour market, and the Southern model is financed by collections and donations from the religious organisations.

In other words and with a few qualifications the Scandinavian model of welfare is: universal and (therefore) expensive; tax financed; based on public provision of both transfers and services; emphasizing personal social services vis-à-vis transfers; provides high quality provision; has high compensation rates and is therefore egalitarian; and is based on a high degree of labour market participation for both sexes. Joakim Palme(1999: 15) summed it up

thus: "...the Nordic model is about... universalism, generous benefits, social citizenship rights, dual-earner model, active labour market policies, and extensive social services." Duane

Swank included tax polices and full employment:

The Nordic countries are generally characterized by publicly funded and administered programmes that have comprehensive and universal coverage and relatively egalitarian benefit structures. Traditionally, they have been supported by redistributive general taxes and strong work orientations, in terms of both programmatic emphasis on work and economic policies that stress full employment (Swank 2000: 85).

The question is, of course, whether these characteristics still hold?

Scandinavian welfare states in comparison

Excluding Iceland, the Scandinavian welfare states are big spenders, both in absolute and relative terms. Total social expenditure as a share of Gross Domestic Product is around 30 per cent (1999); but so is it also in most north-west European welfare states. In absolute terms the total social expenditure per capita is around 7.000 (1999), which is at the high end of the scale, only surpassed by Luxembourg. Table two and three sum up the development during the 1990s in Scandinavia:

-- Table 2 about here --

The relative development is one of stagnation or minor reduction, which means that the share of the total 'wealth' of the countries have not increased when we compare 2000 to 1990. This could indicate what can be termed a maturity thesis, i.e. that the Scandinavian societies have developed to a degree where relative expansion is not desired; that the Scandinavian welfare societies have matured; they have reached their destined level.

In absolute terms, however there has been some expansion of social expenditure during the 1990s. Most so in Denmark, and the least so in Sweden. Table three also reveals significant differences among the Scandinavian countries: Denmark and Norway are spending the most and expanding the most, while especially Finland but also Sweden are spending and

expanding less. This situation supports the theses that a distinction can be made between a West and an East Scandinavian experience when it comes to state building (Knudsen & Rothstein 1994).

-- Table 3 about here --

What is reflected here is the difference in economic conditions for the Scandinavian countries during the 1990s. While Denmark and Norway were experiencing a prosperous business circle, both Finland and Sweden experienced the worst crisis since the 1950s. This is reflected in the unemployment rate as shown in figure one:

-- Figure 1 about here --

While Scandinavia used to be characterised by having so-called full employment, i.e. unemployment rates of no more than two to three percent that was not the case for Denmark and Norway at the beginning of the 1990s and very quickly mass unemployment hit Finland and Sweden. In 1994 unemployment was standing at nearly 17 percent of the work force in Finland and in Sweden what they label open unemployment¹ stood at eight per cent in reality covers a situation where about 16 percent of the workforce are not in ordinary employment. So, from the mid-1990s all of the Scandinavian countries had waved good bye to full employment, but while Denmark and especially Norway rather quickly reached moderate levels of unemployment, especially Finland but also Sweden had high rates until the end of the period, and with 10 percent Finland is still experiencing mass unemployment.

Welfare reform in Scandinavia is strongly linked to the 1990s economic crisis and its differentiated hold on the individual countries.

Welfare reform initiatives

Denmark

Focussing on three major welfare areas, health care, pensions and (un-)employment, the development in Denmark has been as follows. From a very general perspective the Danish

¹ The open employment is equal to the officially registered unemployed. The hidden unemployment consists of those in various activation programmes, on leave, etc.

welfare system represented by health care, unemployment, and pensions, remains a Scandinavian welfare model characterised by universality and high levels of social benefits replacement rates. Nevertheless, two closely related principal issues have developed.

An ongoing individualisation of the systems can be detected, since responsibility has been transferred from the state to the individual citizens. Indicators of the increased private responsibility can, to a wider or lesser extent, be found within all the three parts of the welfare system. In relation to the increased degree of private responsibility, a number of the universal public schemes have been supplemented by private insurance based initiatives that share the common feature of only covering those who obtain labour market participation. With in the field of health care services the rising number of contracted private health care insurance schemes illustrate these tendencies. Especially the employer paid Private Hospital Insurance has started to grow dramatically and continues to rise. Furthermore, the free choice of hospital could be seen as reflecting the individualisation tendencies since the patient have the right, but not the duty, to pick a hospital of his own choice.

Also within the pensions system these above-mentioned characteristics can be found. Even though the public old age pension and the anticipatory pension scheme represent and remain universal schemes, the labour market pensions and to some extent the civil service retirement payments contains elements of labour market participation based insurance. For instance, the fact that the size of the civil service retirement payments depends on both the number of years in which the person has been employed as a civil servant and the salary received can be seen in this perspective. Also the voluntary early retirement pay scheme clearly contains the insurance element, especially after the introduction of the earmarked voluntary early retirement contribution that has to be paid as a precondition to entering the scheme. On the labour market as a whole the labour market pensions represent a sort of mandatory insurance like supplementary pension for labour market participants to the public old age pension.

Even though the division into the social assistance system (non-insured) and the social insurance system (insured) represents the labour market participation dependency, it is within the area of the dual unemployment system the first of the two tendencies are most

clearly reflected. In the late 1970's – in the shadow of high unemployment rates - the assumption that unemployment was a public and not an individual responsibility started to change simultaneously with the introduction of the active line to the labour market policies. The 'give and take' perspective that is the essence of the 'right and duty to activation' principle can be seen as a consequence of this increased individual responsibility in that it is up to the individual to improve his or her qualifications by participating in the different activation measures.

What impact could these tendencies then be said to have for basic notions of social security in Denmark? The labour market participation based insurance initiatives, as for instance the private health care insurance, and the labour market pensions, may lead to a division of the population into those who obtain a job, and thereby participate in the labour market, and those who do not. A consequence of this is that groups who do not have a steady labour market connection, if any at all, are excluded. The labour market participation demand in the insurance-based elements in this way makes the state financed, universal schemes as the old age pensions and (yet) to a lesser extent the public health care reimbursement scheme a sort of last social security safety net for those who have nowhere else to go. This reflects the 'unemployment model' where the social assistance system functions as a kind of subcategory to the social insurance system. In sum, even though the Danish welfare model by and large remains a universal welfare state a move towards a more insurance and labour market participation based system can be detected. If this development continues the groups who already experience some kind of marginalisation from the labour market will have a further worsened future position. (Abrahamson, Kambskard, Wehner 2002.)

Concluding the Danish case one can identify second order changes regarding pensions and health care (individualisation, marketization and pluralisation) and a third order change regarding unemployment measures (activation obligation). Both these second and third order changes can be said to have moved Denmark further away from the ideal-typical Scandinavian welfare state, hence, perhaps, making it converge more towards what might be labelled a European social model (Abrahamson forthcoming).

Finland

In a comprehensive and detailed study of the development in Finland during the 1990s Juhani Saari (2001: 5) stated that “In short, the 1990s represent the end of an era in the history of Finnish social policy.” He found that “Instead of transfers and services, the new model emphasises employment and incentives” (2001: 154-5).

The revision of flat rate elements in national pension and sickness insurance as well as the introduction of labour market subsidy as a means-tested unemployment benefit, a high emphasis on incentive traps, and a shift towards more active forms of family policy, all represent major discontinuities in the history of Finnish social policy (Saari 2001: 155).

These are features that pushes Finland more in the direction of the Atlantic (or liberal) and the Continental welfare model. The outcome has been a situation with fewer poor people in 2000 than in 1995; but unfortunately with poverty being more persistent in 2000. Veli-Matti Ritakallio concluded his study of poverty in the aftermath of the recession hence: “If we take as a starting point of comparison the time just before the recession, the late 1980s, then we conclude that poverty in early 2000 has worsene[d] both in qualitative and quantitative terms” (2001: 22). Welfare reform has not prevented this development, on the contrary the fact that eligibility criteria have been strengthened, and that social assistance have been cut has contributed to the worsening of the situation.

Concluding an overview of current Finnish social security Maija Saksliin stated: The old Finnish principle of *yhteisvastuu* (common responsibility) which does not mean quite the same as solidarity, is weakening. When the Finnish welfare state was build up the aim was that all in need should have equal right to social protection. The nationality, sex, employment status or contribution record of the individual was not relevant. Today there are mor support to strengthen the link between the contribution of the individual and her entitlement (Saksliin 2002: 37).

Universality is being weakened, poverty has become more severe, access to the more generous schemes have been tightened. Discussed in model terms Finland has become less

Scandinavian and more European.

Norway

Regarding early retirement (*uførepension*) Aksel Hatland writes: “The increase in early retirement is perhaps the social protection problem which has attracted the most worried attention of both researchers and authorities since it was introduced in 1961...In 1994 one in twelve Norwegians in working ages received early retirement” (1998: 195). Most policy changes have, then dealt with trying to reduce the number of people receiving early retirement. In 1988 it was stressed that various forms of rehabilitation must be exhausted before early retirement could be granted and in 1990 the conditions regarding geographical and occupational mobility was strengthened. In 1991 the medical conditions for determining incapacity were strengthened. Hatland judges that a higher degree of discretion has been applied to this area (1998: 202).

The trend is clearly towards more performance related provisions. For Norway Hatland has shown that the change of growth in transfer benefits from 1980 to 1992 were 147 per cent for income related benefits, and only 77 per cent for needs related (Hatland 1998: 215). There is agreement about this trend, but not about how profound it is. Axel Petersen judged:

...no major reforms have been carried out during the last two decades.

During the 1990s attempts have been made to tighten eligibility criteria for receiving disability benefits and a stronger accent has been put on labour market reintegration, activation and workfare...however, it is not justified to talk of a major reform (or a paradigmatic shift) like in the countries like the Netherlands or (perhaps) Denmark (Petersen 2001: 14).

Nevertheless, as pointed e.g. to by Anne Skevik (2002: 104): “‘Activation’ has been the central keyword in Norwegian social policies in the 1990s. All social benefits, including those for lone parents, were to be redesigned in the light of the activation principle,” and the adoption of this so-called ‘work-line’ is viewed as indicating significant changes for potentially marginalised groups as lone parents and social assistance recipients (Kildal 1998;

Lødemel 2001; Skevik 2002).

Sweden

In 1994 the Swedish parliament decided on a new set of guidelines for the future public pension system. Palme & Wennemo talks about the “big” pension reform and they view it as representing both continuity as well as change in comparison to the old system. It continues to be a pay-as-you-go system but it changes from a “defined-benefit” to a “defined-contribution” formula. The basic benefit will only be paid as a supplement for those with no or very low earnings-related benefits. This will otherwise be the first tier of the pension system. “This shift will be a relatively small step for the individual pension recipient, but in terms of policy principles, it represents a big step” (Palme & Wennemo 1998: 21). To this change is added a new element which is an individual and fully funded benefit to be based on contributions (two percent of gross wages).

Because of budget deficits both governments during the 1990s have manipulated the indexing of pensions so that they are not fully indexed. Along with the cuts in pensions housing benefits for pensioners have also been cut, and in 1997 widow pensions for those under pension age was made income tested. “This is likely to be the clearest break with the Swedish model of social insurance” write Palme & Wennemo (1998: 25); yet they maintain that “The work (the “big” pension reform) should be seen as a reform rather than retrenchment since the level of expenditure will be the same under the standard assumption of economic growth...in terms of the underlying goals of the system, there is a clear continuity. However, the techniques represent radical shifts” (ibid.). These changes also apply to early retirement. Benefits have been cut by six percent, but most importantly access criteria or qualifying conditions have been strengthened in terms of increased demands of medical investigation and documentation.

Analysing only transfer schemes Nordlund (2000: 40) concluded that several first-order changes have occurred and the only second-order change he located was that of the Swedish pension reform. However, when personal social services are taken into consideration the picture changes:

Overall, restraints in both income maintenance systems and the welfare services sector led in several cases to shifts both towards solutions of a purely private nature and towards market-related solutions... Individual and agreement-linked insurance systems grew in importance in typical social insurance sectors, and old age care was characterised by an increase in both care input by relatives and by privately purchased help (Palme et al. 2002: 149).

The overall picture is one where Sweden are having more features in common with the Atlantic and the Continental model of welfare currently compared to the situation prevailing in the early 1990s.

The Scandinavian model: distinct or extinct?

Welfare reform

There is wide spread agreement that Scandinavian welfare states have changes during the 1990s, but many observers have focussed more on the resilience to change; i.e. changes have not, overall, been viewed as paradigmatic: “In the past twenty years the Nordic welfare states have overcome a sea of changes in family structures and labour markets, and even demonstrated a remarkable ability to survive through periods of dramatic economic turmoil...” (Kautto et al. 2001: 271; see e.g. also Nordlund 2002). Yet, others have pointed to the mounting evidence of the introduction of elements otherwise characteristic of the Atlantic, the Continental, and even the Southern European model:

Government ability to control and command are now being challenged by unclear horizontal and vertical separation of powers, regionalisation and globalization, decentralization and devolution, and involvement of nongovernmental units in the policy steering process (i.e. governance) (Micheletti 2001: 265).

Outcomes

Until now it has been stated that the Scandinavian welfare states have seen changes during the 1990s of which the most qualify as first order changes, some as second order changes and a few as third order changes. It is, of course, interesting to see, whether these changes have influenced the conditions of citizens. When viewing activity rates for Scandinavian women and comparing to the rest of Europe the only convergence that appears is what Kautto et al. (2001) have named catching up convergence.

-- Table 4 about here --

Table four demonstrates that in Continental European countries women increase their labour market participation, but from very low levels, and in Scandinavia the high levels are maintained. So, Scandinavia still stands out as the region in the world where most women are affiliated with the labour market. The relationship between labour market affiliation and part-time work for women is proportional, meaning that where relatively few women work as in Southern Europe, few of those work part-time, while the opposite is true for Scandinavia, as shown in table five.

-- Table 5 about here --

One of the 'common problems' said to face contemporary welfare states is the ageing of society which is linked to two demographical movements: an increase in longevity and a decrease in fertility. While the trend for people to live longer is paramount in Western Europe, fertility demonstrates significant differences. Table six indicates declining fertility rates in the EU except for Denmark and Finland, yet still relatively high rates also for Norway and Sweden. In the 1960s we found high fertility in the South and low rates in the North. During the 1990s this picture has been reversed. With the exception of Ireland the highest fertility rates are to be found among the Nordic countries, and the lowest rates in the Mediterranean and to some extent also the Continental region. This advantageous position of Scandinavia is attributed to the availability of collectively organised care for children, handicapped, disabled and frail elderly, which is, for the most part lacking in Southern Europe.

At least until 1997 (most recent available data) the welfare reforms have not changed the rank order of EU-countries when it comes to inequality and income poverty.

-- Table 7 about here --

-- Table 8 about here --

Whether the 50 per cent or the 60 per cent poverty line are applied the Scandinavian countries display the lowest rates of poverty within the EU, and thus, presumably, across the globe as indicated in table 7. Poverty measured this way is a relative measure and, the same tendencies are, hence, found when income inequalities are compared with reference to the gini-coefficients and rich/poor ratios, as listed in table eight. While the average gini-coefficient for the Scandinavian countries was .22 in 1997 the average for the EU-countries was .31; and the average rich/poor ratio for Scandinavia was 3.0 the EU-average was 5.7.

An indication that, probably, everything is not so well within Scandinavia is given when compensation rates are calculated for various benefit types. Overall, the latter part of the 1990s have seen a reduction in the compensation offered by social security benefits across the board, which is not, yet, reflected in the unfortunately not very recent, but latest, data shown above. In appendix tables nine to 14 the 'generosity' of benefits are calculated as a per cent of an average production worker's net disposable income. Generally, all benefits have become less generous from 1995 to 2000. The most generous compensation is given in cases of sickness and child birth, from 79-83 per cent in Denmark to 100-107 per cent in Norway (tables 9 & 10). Less generous are unemployment insurance benefits. If we disregard Iceland they are between 60 and 69 percent in 2000, so they just keep people above the 60-per cent poverty line; but equally interesting they have declined since 1995 in all Nordic countries except Norway where they have stabilised at 66 per cent. In Sweden reduction has been from 78 percent to 69 percent (table 11). For an uninsured unemployed with no children social assistance offers very poor protection with compensation rates between 30 (Sweden) and 49 percent (Iceland) (table 12). In Sweden they have dropped from 39 percent. So, nobody relying only on social assistance in Scandinavia are above the 50 per cent poverty line. The strong influence of family benefits are reflected in the (table 12). A single provider with one child existing on social assistance receives a compensation between 54 per cent in Sweden and 68 per cent in Denmark in 2000; yet again, this is much less than six years earlier when the compensation was 59 and 77 per cent respectively.

The Swedish pension reform is very visible in the compensation for old age as given

in table 13, down from 82 per cent in 1995 to 69 per cent in 2000. When turning to those having to depend only on the non contributory part of old age pension as given in table 14, compensation in Sweden is down from 81 to 64 per cent, and in Denmark it is down from 54 to 50, i.e. at the low poverty line. More generous compensation rates are found within invalidity pension, 65 to 81 per cent; yet the overall tendency of declining rates for Denmark and especially Sweden, while Norway and Finland are stable (table 15).

Sweden, Denmark and to some extent Finland have severely cut back on social security benefits since 1995, while Norway have remained stable. While most benefits are still able to keep recipients out of income poverty, that is not the case for social assistance and non contributory old age pension.

Different experiences in West and East Scandinavia

There is currently no crisis of the welfare state in Denmark and Norway, while some quite substantial adjustment have taken 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.

Focussing on labour market relations Nils Elvander reached a similar conclusion examining current developments in Scandinavia: "...there is no tendency towards institutional convergence.² Obviously, Norway and Sweden are the opposite poles ...[and] Denmark is close to Norway and...Finland is akin to Sweden" (2002: 135).

This difference may explain why Denmark and Norway are having much fewer

² With reference to active labour market policy Ellingsæter (2000: 356) disagreed: "Also labour market policies show trends of convergence; Denmark's labour market policy has been increasingly oriented towards active policies, like Norway and Sweden."

problems than Sweden and Finland have in the current 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.

Conclusion: Continuity or Change?

When defining the Scandinavian model of welfare in the beginning of this paper the issue of universalism was central. Is welfare in Scandinavia more dependent upon residency than on having the status of a worker? The answer is still: yes! But less so, than before. In all of the four Scandinavian countries access to social insurance benefits have been restricted and the divide between middle class people and marginalised groups have increased. Elements of individualisation, decentralisation, more reliance on family and kin and market solution is pushing Scandinavia closer to principles governing the other European Union welfare models.

In the general understanding the Scandinavian model has been considered not only universal, but also comprehensive; both elements indicating that these welfare states are big spenders. As demonstrated above, indeed, the Scandinavian welfare states are big spenders, but not bigger than other North West European welfare states. Spending in relative terms is at par with the situation in Germany, France, Belgium, the Netherlands and Luxembourg. Furthermore, the trend in expenditure levels is towards a catch-up convergence since those countries spending the least, have the highest growth rates; and the all time big spender -- Sweden -- has not expanded during the 1990s (or though it has been publicly announced that "the cuts in the welfare system have been completed"! (NOSOSCO 1998: 15).

Another feature of Scandinavia is a high degree of reliance on general taxation for financing welfare provision. Here, the trend is that contributions are increasing and tax shares are decreasing; yet the public sector still picks up the lion's share; but -- perhaps -- more importantly: financing is politically decided by the parliaments and not negotiated between the "social partners." The parliaments still decide who and with how much welfare should be financed; but the growth in occupational pensions in Denmark is a move towards more Continental financing.

The Scandinavian model was characterised by a high degree of public provision; yet the trend, as demonstrated, is towards more private insurance and labour market negotiated schemes regarding pensions and additional health insurance; and since the 1980s private hospitals have been introduced (in Denmark). It is also a hallmark of Scandinavian welfare that personal social services are provided by the municipalities; *but* the trend is towards more contracting-out especially regarding home-help for the elderly and handicapped (at least in Denmark and Sweden). Furthermore, both the Danish and the Norwegian government are strongly encouraging and financially supporting voluntary service provision (volunteer centres), while other civil societal institutions such as relatives have had a bigger role to play in Sweden regarding old age.

High quality provision was also part of the definition; yet a number of scandals with regard to care in old-age homes (in Sweden) and in hospitals (Denmark) indicate the opposite; and dissatisfaction with (especially) the health care systems are wide spread. Also, the constant queuing within the secondary health sector in all of the Scandinavian countries is a sign of non-quality in health care.

High compensation rates have also traditionally been viewed as a hall mark of the Scandinavian model. But, as demonstrated above, the development in compensation rates are nearly all negative, meaning that benefits have become less generous since the mid-1990s. Social assistance and basic pension are not able to keep people out of poverty with compensation less or around 50 per cent of a standard disposable income. Still, the Scandinavian countries are more (income) egalitarian than any other country in the World; but it is more due to the working of the tax system and the organizing of the labour market than it is because of social policies.

Within the areas of health care, pensions and old age and employment changes of second and third order have been identified which all point in the direction of principles and institutions hitherto considered as trade marks of either the South European model, the reliance on family, networks and voluntary organisations, the Continental model, the close embeddedness in the labour market with its built-in tendency of creating a dual structure, and the Atlantic model with its emphasis on market solutions. Yet, nowhere else is such a large

share of the total population gainfully employed as in Scandinavia, and the model (under change) still receives strong support from the population according to all opinion polls (Andersen et al. 1999). The Scandinavian welfare states are still distinct, but less so; they are being Europeanized.

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Tables

Table 1. Four ideal typical welfare state models

	Southern	Continental	Atlantic	Scandinavian
Criteria for entitlement	Need (contribution)	Contribution	Need	Right
Political ideology	Christian democratic	Conservative	Liberal	Social democratic
Central institution	Family	Voluntary organizations	Market	State
Extent	Limited	Encompassing	Limited	Encompassing
Financing	Voluntary organisations	Social partners	State	State
Demarcation of entitled population	Member of family and local community	affiliated with the labour market	Citizen	Citizen

Table 2: Total social expenditure as a share of Gross Domestic Product 1990 - 2000; index 1990 = 100

	1990	1995	2000
Denmark	100	112	100
Finland	100	127	100
Norway	100	103	96
Sweden	100	103	97

Source: NOSOSCO 2002

Table 3. Social expenditure per capita, 1990 - 2000, PPP-Euro in 2000 prices

	1990	1995	2000
Denmark	6.311	7.716	7.936
Finland	4.478	5.335	5.337
Norway	5.361	6.177	7.605
Sweden	6.238	6.174	6.687

Source: NOSOSCO 2002

Table 4. Activity rates for women ages 15-64

	1989	1999
Austria	..	62.7
Belgium	45.6	56
Denmark	76.4	76.1
Finland	..	73.9
France	57.9	62.2
Germany	54.4	62.9
Greece	43	49.7
Iceland	..	83.5
Ireland	40.8	54.4
Italy	43.4	45.6
Luxembourg	42.4	50.2
The Netherlands	50.4	64.4
Norway	..	76.5
Portugal	56.7	63
Spain	39.7	48.5
Sweden	..	74
United Kingdom	65.6	67.4

Source: EUROSTAT 2001.

Table 5. Share of women working part-time 1989 - 1999, and average work time in hours in 1999

	1989	1999	Average work week (hours)
Austria	..	32.5	22
Belgium	25	39.9	21.7
Denmark	40.1	33.9	19.6
Finland	..	17	20.8
France	23.8	31.7	22.9
Germany	30.7	37.2	17.7
Greece	8	10.2	21.3
Iceland	..	48.8	21.8
Ireland	16.5	30.6	18.6
Italy	10.9	15.7	23.4
Luxembourg	16.4	24.6	21.1
The Netherlands	60.1	68.6	18.7
Norway	..	44.5	22.3
Portugal	9.9	16.7	20.4
Spain	11.9	17.6	18.2
Sweden	..	40	23.5
United Kingdom	43.6	44.4	18

Source: EUROSTAT 2001.

Table 6. Absolute fertility

	1989	1999
Austria	1.44	1.3
Belgium	1.58	1.54
Denmark	1.62	1.74
Finland	1.71	1.74
France	1.79	1.77
Germany	1.42	1.37
Greece	1.4	1.19
Iceland	2.19	1.99
Ireland	2.08	1.89
Italy	1.33	1.21
Luxembourg	1.52	1.73
The Netherlands	1.55	1.64
Norway	1.89	1.84
Portugal	1.58	1.48
Spain	1.4	1.19
Sweden	2	1.5
United Kingdom	1.79	1.7

Source: EUROSTAT 2001b

Table 7. Income poverty measured as share of households with less than 50 and 60 percent, respectively, of median disposable income 1997

	50 pct.cut-off line	60 pct. cut-off line
Austria	8	13
Belgium	10	15
Denmark	4	8
Finland	3	9
France	11	17
Germany	8	14
Greece	16	22
Ireland	10	20
Italy	13	19
The Netherlands	9	13
Portugal	15	23
Spain	20	19
Sweden	7	12
United Kingdom	16	22
EU-15	12	18

Source: European Commission 2002.

Table 8. Gini-coefficient and rich/poor ratios (80/20) 1997

	Gini-coefficient	Rich/poor ratios (80/20)
Austria	25	39
Belgium	34	55
Denmark	21	27
Finland	23	30
France	30	50
Germany	29	47
Greece	35	68
Ireland	33	54
Italy	32	60
The Netherlands	28	46
Portugal	38	74
Spain	35	67
Sweden	23	34
United Kingdom		
EU-15	31	57

Source: European Commission 2002.

Appendix tables

Table 9. Compensation rate for maternity benefits, couple with two children besides the newly born, (per cent of an average production worker's net disposable income, December)

	Denmark	Finland	Iceland	Norway	Sweden
1995	84	100	..	104	97
1996	84	99	..	106	92
1997	83	93	84	105	91
1998	89	95	84	105	94
1999	83	94	84	105	93
2000	83	93	84	107	95

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

Table 10. Compensation rate for sickness benefits, couple, two children (per cent of an average production worker's net disposable income, December)

	Denmark	Finland	Iceland	Norway	Sweden
1995	80	93	..	100	89
1996	81	90	..	100	86
1997	79	87	..	100	86
1998	84	88	..	100	89
1999	79	88	..	100	90
2000	79	87	..	100	90

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

Table 11. Compensation rate for social insurance unemployment benefits, single, no children (per cent of an average production worker's net disposable income, December)

	Denmark	Finland	Iceland	Norway	Sweden
1995	67	63	..	66	78
1996	66	63	..	66	74
1997	65	60	54	66	71
1998	64	63	52	66	71
1999	65	62	53	66	72
2000	64	60	52	66	69

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

Table 12. Compensation rate for social assistance, single, 30 years of age or older, no children (per cent of an average production worker's net disposable income, December)

	Denmark	Finland	Iceland	Norway	Sweden
1995	47	42	..	..	39
1996	46	41	..	..	31
1997	45	43	..	..	29
1998	44	45	..	..	29
1999	44	45	50	..	31
2000	44	43	49	..	30

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

Table 12a. Compensation rate for social assistance, single, 30 years of age or older, one child (per cent of an average production worker's net disposable income, December)

	Denmark	Finland	Iceland	Norway	Sweden
1995	77	77	..	..	59
1996	77	74	..	..	55
1997	76	70	..	..	54
1998	74	68	..	..	55
1999	71	66	59	..	60
2000	68	65	59	..	54

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

Table 13. Compensation rate for old age pension with full contribution, single, no children (per cent of an average production worker's net disposable income, December)

	Denmark	Finland	Iceland	Norway	Sweden
1995	65	64	82	62	82
1996	64	66	82	62	81
1997	64	65	82	62	83
1998	63	64	85	62	82
1999	62	66	86	62	71
2000	62	66	92	63	69

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

Table 14. Compensation rate for old age pension, no contribution, single, no children (per cent of an average production worker's net disposable income, December)

	Denmark	Finland	Iceland	Norway	Sweden
1995	54	65	80	57	81
1996	54	66	79	57	80
1997	53	64	77	56	83
1998	52	66	76	57	82
1999	52	65	77	57	65
2000	50	64	79	58	64

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

Table 15. Compensation rate for invalidity pension, maximum qualifying period, single, 50 years of age, no children (per cent of an average production worker's net disposable income, December)

	Denmark	Finland	Iceland	Norway	Sweden
1995	..	..	..	..	..
1996	86	66	..	65	81
1997	85	66	..	65	82
1998	83	64	..	65	81
1999	76	65	..	64	73
2000	81	66	..	65	74

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

Figure 1. Unemployment rates, the Nordic countries 1990 – 2000

