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A Bermuda triangle?

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INVITED REVIEW

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Constantly changing Nordic welfare states: A Bermuda triangle?

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Abstract

This introduction discusses recent developments in the Nordic welfare states as well as an overview of the contributions to this regional issue on Nordic welfare states. The issue focuses on topics of demography, financing, solidarity, and migration. The overview points to a potential conflict between resource availability, user expectations, and norms of professionalism. Navigating this 'Bermuda triangle' will likely require constant negotiation over the developing path of the Nordic welfare states. Specific challenges include how to maintain the historical tradition of high equality of income, economic opportunity, and access to services for men and women, native and foreign-born. Welfare states will be constantly recalibrating, to accommodate residents' demands for what they are willing to accept in terms of benefits and what they are willing to pay in terms of social contributions.

KEYWORDS
demography, equality, Nordic welfare states, professional norms

1 | INTRODUCTION

The Nordic welfare states are constantly changing. This is not only due to fiscal crisis, COVID-19, and demographic transitions, but also because of continuous citizen demands for better and larger welfare states. Therefore, it is an ongoing challenge is to understand these changes. Despite criticism from professionals and citizens, Nordic welfare

states still do comparatively well in maintaining happy and healthy domestic populations. They are the happiest countries in the world (Martela et al., 2020) and have coped better with COVID-19 than most other democracies (Greve et al., 2021).

Social Policy & Administration has a long tradition of having regional and special issues (Jones Finer & Greve, 2016) covering the world's geographical regions and many substantive issues systematically. Regional issues on the Nordic welfare states were published in 2004, 2011, 2017 (including, in that year, the Baltic countries) and now in 2022. The journal has also published many other articles on the Nordic countries, either alone or as a contrasting case to other nations. This regional issue has a somewhat different approach than others in that the call for contributions focused on four social forces impacting Nordic welfare states: demography, financing, solidarity, and migration. The contributions collectively paint a picture of important changes in the Nordic welfare states, though not any revolutions All of the articles provide us with a new and better understanding of the Nordic welfare states in their current form.

1.1 | Core challenges and changes underway

Before giving an overview of the articles in the issue, let us first paint a short comparative picture of the four issues mentioned above. There are many books and articles characterising the Nordic countries as a specific welfare type or regime (e.g., Esping-Andersen, 1990). Debates continue about on the Nordic countries' gender 'blind spots' and even the existence of a distinctive 'Nordic welfare regime' (e.g., Arts & Gelissen, 2002; Blum et al., 2020; Greve, 2019; Kennett & Lendvai-Bainton, 2017; Pfau-Effinger, 2017; Powell et al., 2020; Powell & Barrientos, 2011; van Gerven, 2022). These articles all point to a core set of elements that have defined the Nordic welfare states: universality; general tax financing; high decommodification; high labour market participation; equality; the generosity of welfare benefits; and high levels of public service provision. A central question is whether this combination of welfare characteristics is still possible in the Nordic countries themselves, or anywhere else.

Demography, in particular population aging, is an issue not only for the Nordic countries but they are acutely impacted.[1] A relatively large, vulnerable, and 'unproductive' segment of the population places pressures on the terms of universal access to health care, not least due to a relative lack of productive workforce available to provide and finance social transfers and services (Greve, 2016). The changes due to aging are depicted in Table 1.

There are clearly large and unprecedented changes underway, especially through the middle of this century, where the growing proportion of those aged 80 and older brings demands for long-term care and a longer duration of pension benefits. The Nordic countries have, to a large degree, already modified their pension systems in anticipation of some of these changes but planning for the growth of welfare state services has not taken place on the same scale. This issue is discussed in several articles in this regional issue. Aging population pressures on services are modified by healthy aging (Foverskov et al., 2019), but there will nevertheless be ongoing challenges in transferring resources from between social functions. How that takes place will impact lives and social solidarity.

Solidarity has been seen as a core issue in the Nordic welfare states, and the ambition of low levels of individual economic inequality has been a conscious goal of social policy. Thus, the Nordic welfare states have long been known for a high degree of equality in many spheres of society. However, while they still tend to compare favourably on equality in some areas, (like gender equality), Nordic countries have become less distinctive when it comes to economic equality.

Figure 1 illustrates that there have been different patterns in different Nordic countries concerning economic equality. There has been a large increase in economic inequality in Denmark and Sweden during the last two decades, but inequality has declined in Iceland and exhibited little change in Norway and Finland over this period. Denmark and Sweden currently rank in the middle of all EU countries on measures of income inequality and therefore are no longer as distinctive in that social feature. Among the reasons for this are less generous benefits, as well

TABLE 1 Change in dependency ratio for those aged 80+ and 65+ from 2020 to 2070

Country	2020	2030	2040	2050	2060	2070
Dependency ratio 80+ as a percentage of the total population						
DK	4.8	7.0	7.9	9.4	10.0	10.6
FI	5.6	8.2	9.9	10.5	10.7	12.2
SE	5.3	7.2	7.6	8.5	9.1	10.1
NO	4.3	6.1	7.4	8.8	9.7	10.7
EU	5.9	7.3	9.2	11.2	12.1	12.5
Dependency ratio 65+ as a percentage of the total population						
DK	19.8	22.0	23.8	24.1	26.3	28.3
FI	22.3	25.2	25.7	26.6	28.2	29.2
SE	20.2	21.3	22.3	22.7	24.7	25.0
NO	17.5	20.2	22.7	23.8	25.8	27.0
EU	19.9	23.5	26.5	28.6	29.8	29.5

Source: https://ec.europa.eu/eurostat/web/population-demography/population-projections, accessed the 22nd December 2021.

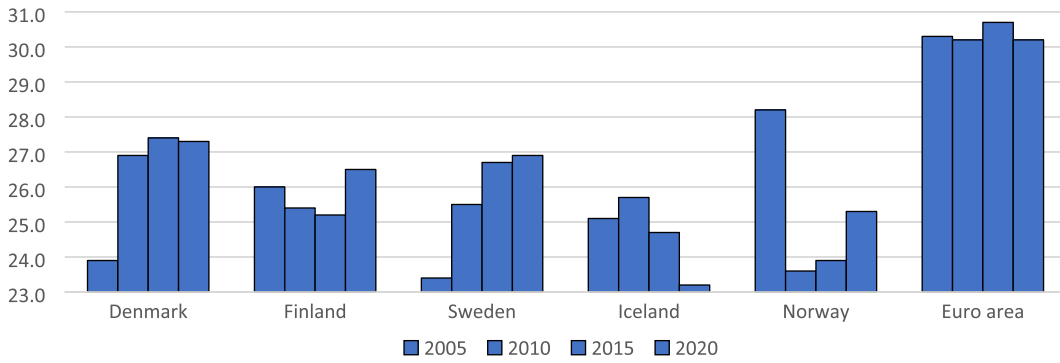

FIGURE 1 Gini coefficient for equivilised disposable income. *Source*: Eurostate ILC-DI12 (accessed 13 February 2022); Iceland 2020=2018; Euro area 2020=2019 [Colour figure can be viewed at wileyonlinelibrary.com]

as some economic impacts that may be attributed to an aging population (Aaberge et al., 2018; Pareliussen & Robling, 2018).

Migration can also be seen as a challenge to the Nordic model. International migration can pose various challenges to traditional social solidarity. Still, in 2014, the Nordic countries tended to have the most positive views in the region regarding the positive contribution of migrants to societal development.[2] There are nonetheless differences in the degree to which the Nordic countries have successfully surmounted some challenges of immigration, such as labour market integration (Brochmann & Dølvik, 2018). Welfare chauvinism is also less pronounced, at least in Sweden, compared to other European countries (Ejrnæs & Greve, 2019).

Debates about who receives benefits, demographic aging, and growing inequality all point to the fact that some important changes have taken place since Esping-Andersen named the 'social democratic' welfare state over three decades ago. At the same time, several elements indicate that the Nordic countries are still distinct, but perhaps this is also the case for central European countries, which are more distinct now than earlier. When looking at inequality,

this is also the case for a few Eastern European countries (Greve, 2022). It is also with this background that the articles in this regional issue can be read.

1.2 | Content of articles

The increasing attention to a 'social services state' has been noted for some time in the Nordic countries (Greve, 2016, 2022). Yet the character and quality of social services have been criticised in recent years, as some important services have become less universal or increasingly delegated to private providers (Szebehely & Meagher, 2018). It is against this background that Minna Zecher et al. analyse the provision of eldercare over the last 20 years in the Nordic countries. They argue that New Public Governance has been influential in changes in this sector, with an increasing emphasis on the concept of 'service co-production', though perhaps as a buzzword more than as a fundamental shift in actual service organisation. This contribution highlights a common challenge facing the Nordic social services state: expanding needs, high-citizen expectations for quality, and a at least perception of inadequate resources in the sector.

Historically, the Nordic welfare states have also had a strong commitment to gender equality (Greve, 2016). And they continue to perform comparatively well internationally (Greve, 2022). Yet, as shown in the contributions by Ulmanen and Arnalds and Duvander, the ambition for gender equality remains unachieved. Petra Ulmanen finds that women in Sweden still face much greater care responsibilities than men do and that the consequences of these demands place relatively larger strains on the well-being, work performance, and labour force participation of more educated women. It seems plausible to suggest that this effect exists elsewhere in the Nordic countries but awaits further research. Meanwhile, Arnald and Duvander's contribution to this issue suggests that the lack of guaranteed access to public pre-school at the end of the paid leave period in Iceland may impart a class bias to goals of gender equity that is not present in Sweden, where access to public childcare is generally assured at the end of the period of paid leave, and paid leave is typically longer. Their contribution also reminds us that there are important, consequential policy differences within the Nordic model.

As alluded to previously, economic equality has declined in recent years within this region (and elsewhere among most wealthy democracies). This is due in part to declines in the number of welfare benefits as Iben Nørup and Betina Jacobsen illustrate in their paper on Danish social workers, increases in child poverty. Nørup and Jacobsen's focus is less on the growth of inequality, but on how the policy discourse surrounding cuts in benefits, and how the 'activation' imperative has shifted how social workers perceive the causes of social vulnerability. Drawing on 4 years of intensive investigation and interviews with frontline workers in one Danish city, they report that 'What the frontline workers see is poor parenthood rather than poor parents' and that increasingly 'frontline workers act on the idea that social problems are caused by deviant behaviours or actions rather than by societal structures limiting an individual's actions.' How to cope with those who are most socially disadvantaged in the Nordic countries is thus still an important issue.

A contrast between frontline workers and claimants of benefits is also shown in a scoping review of the literature in the article by Tonje Haakvag and co-authors. Their review deals with professional encounters between workers on long-term sick leave and social insurance officers (SIOs) and the role of that encounter in the 'return-to-work' process. They find that most literature has focused on the perspective of those on sick leave and that most studies have found that the encounters between benefit recipients and SIOs are positive and that positive encounters enhance the process of returning to work. Only a small fraction of studies in their review took the SIO perspective, and those suggested that return-to-work determinations can be impeded by a lack of coordination between employment agencies or those involved in making health care determinations. For both those on sick leave and the SIOs, there can be a contrast between what is desirable to achieve and what it is possible to implement.

Even though housing has long been considered the best approach for improving the lives of the homeless, there is a need to know how that goal is best accomplished how to implement new evidence-based practices, as shown by

a Swedish study hereof by Stylianides Carlsson et al. Overall, the implementation and use of evidence-based studies seems to be an important issue not only in the Nordic welfare states (Greve, 2017).

In relation to services, there can also be successes as well as failures. Maria Norbäck et al.'s paper demonstrates using elements from NPM in Sweden that it is possible to achieve innovative collaboration between the public sector and civil society actors instead of competition and market governance. This case indicates that cooperation between different parts of the welfare state is possible even when using paradigms that are not always interpreted as helping to give the best service for citizens.

What factors determine which residents are more likely to receive benefits is an ongoing subject of welfare investigation, not least of all in the Nordic countries. The fact that immigrants tend to receive social assistance benefits at higher rates than non-immigrants is a source of interest among welfare state experts and is sometimes politically charged. The contribution to this issue by Bård Smedsvik et al. on Norwegian social assistance recipients shows that the conventional models of benefits leave considerable unexplained variation why some receive the level of benefits that they do. As the authors suggest, there appears to be much more work to be done in understanding why and to what extent Nordic welfare systems have different patterns of benefit allocation between native and immigrant groups.

Finally, Nordic welfare states have relatively decentralised administration and centralised funding. This can create possibilities for moral hazard, where private and social benefits of social insurance can diverge, and private actors may be tempted to 'overutilize' centrally financed social insurance benefits. Hagen and Malmberg use the example of permanent disability benefits to propose the creation of more co-financing schemes for social insurance in Sweden. They suggest that such reforms could considerably reduce existing incentives to overutilize social benefits while maintaining insurance against genuine disability risks at the local level.

2 | CONCLUSION

The Nordic welfare states are in many ways distinct, but perhaps with a greater variation than in previous decades. They are seemingly more criticised at home than abroad, and there are some important challenges in the ways that services will be delivered to its citizens. The possible conflict between available resources, expectations from users, and professional norms look like a Bermuda triangle that will require ongoing reforms. These reforms will likely determine whether there is a continuation of the historical traditions of equality-in income, access to services, and the treatment of men and women. Therefore, the welfare states will be constantly under change and recalibration and based upon voters' perceptions and what they want from the welfare states in the years to come and what they are willing to pay for.

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ENDNOTES

[1] See https://ec.europa.eu/info/strategy/priorities-2019-2024/new-push-european-democracy/impact-demographicchange-europe_en, accessed the 22nd of December 2021.

[2] https://www.europeansocialsurvey.org/docs/findings/ESS7_toplines_issue_7_immigration.pdf, accessed the 22nd December 2021.

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