

A discussion paper on the future of
the Nordic welfare model in a global competition economy

What lies ahead for the Nordic model?

By Huset Mandag Morgen



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Nordic co-operation

Nordic cooperation is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, and three autonomous areas: the Faroe Islands, Greenland, and Åland. *Nordic cooperation* has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe. *Nordic cooperation* seeks to safeguard Nordic and regional interests and principles in the global community. Common Nordic values help the region solidify its position as one of the world's most innovative and competitive.

Foreword

Is there a distinctive Nordic welfare model? Is the welfare society a precondition for or a threat to the Nordic countries' competitiveness? And what challenges do the Nordic welfare societies face?

The Nordic welfare model is considered by many to be a winning model in the transition from an industrial to an information society. It has also been criticized from time to time. The question that now arises is whether it is sustainable in an evolving global information economy. There are many indications that the Nordic welfare model is being put to a crucial test: challenges from the inside by major demographic changes and from the outside by global forces for change.

The entire Nordic region and a large part of the western Western world is discussing welfare policy. The Nordic model is attracting international interest, especially because of the seeming paradox that in the Nordic countries we have comprehensive social-security systems and a high level of taxation and level yet, measured on the basis of most competitiveness indicators, we are still competitive internationally.

There is no political consensus on how challenges can be met or the direction that we should take. We must have a solid foundation on which to carry on a qualified debate on welfare. The reports from the Nordic Council of Ministers' five-year Program on Welfare Research, which was concluded in a conference in Oslo in May 2006, are an important contribution to the current welfare debate. The program financed 15 research projects within five themes: the labor market; health and social affairs; marginalization and exclusion; consumer conditions and strategies in a welfare perspective; and gender-equality perspectives for Nordic welfare. Nordic research on the welfare society is continuing in a new research program carried out by NordForsk under the Nordic Council of Ministers. NOK 15 million has been set aside for this theme during the period 2006-2011.

One of the research program's key messages is that the welfare society has developed in different directions in the Nordic countries in recent years. Nonetheless, there is more that unites than separates them in relation to the rest of the Western world. The Nordic welfare model is, however, more complex than the rest of the world readily sees.

The Nordic countries have many good and useful experiences and stories to tell about social innovation. Over the years, the Nordic countries have been pioneers in gender equality. This position should be maintained. But conveying information and experiences from one country to another does not work well enough, and this holds true both within the Nordic countries and within Europe. The Nordic countries can learn from one another's different models; we have few cultural barriers and share common Nordic values.

Mandag Morgen was commissioned by the Nordic Council of Ministers to draw up a discussion paper based, among other things, on the results of the Program on Welfare Research. The discussion paper is intended to summarize important results, analyses, and messages conveyed by the research projects. It is also intended to elucidate the most important choices of direction and the challenges that the Nordic welfare societies face. An effort was made to do so by illustrating the problematic features of development and questioning these developments.

The research projects cover a number of major themes. This fact is also reflected in the discussion paper. It was only possible to include small segments of the study within the framework of the report, and emphasis was placed on highlighting the themes that will prove most challenging in the years to come. To supplement the research projects, a survey was carried out among 21 representatives of government parties/the largest government party, the largest opposition party, labor-market organizations, and welfare researchers in all the Nordic countries.

The discussion paper was written by Silje Aspholm Hole (project head), Gry Larsen, and Terje Osmundsen from Huset Mandag Morgen Norge.

Copenhagen, October 2006



Per Unckel,
Secretary General, Nordic Council of Ministers



Terje Osmundsen
Editor-in-chief, Mandag Morgen Norge

A Nordic study of the future of the welfare model

In working with the discussion paper, we carried out a study among representatives of the largest parties in the governments, the largest opposition parties, labor-market organizations, and welfare researchers in all the Nordic countries. They assessed what direction they believe the evolution of the Nordic welfare model will take. They also assessed what they feel is especially good and worth preserving as the welfare society evolves; its greatest weaknesses and the dangers to it; and the most important priorities in the future.

Denmark:

Helle Thorning-Schmidt, Chairman, MP, Social Democrats
Kristian Phil Lorentzen, MP, Venstre, Denmark's Liberal Party
Erik Simonsen, Confederation of Danish Employers
Niels Plough, Danish National Institute of Social Research

Finland:

Tuire Santamäki-Vuori, President, Trade Union for the Municipal Sector

Faroe Islands:

Hans Pauli Strøm, Minister for Health and Social Affairs

Greenland:

Juliane Henningsen, MP, Greenland Parliament
Josef Motzfeldt, Member of the Greenland Government, Minister of Finances and Foreign Affairs
Jess G. Berthelsen, Greenland Workers Union

Iceland:

Ásta Ragnheiður, MP

Norway:

Saera Khan, MP, Labor Party
Kari Kjønås Kjos, MP, Progress Party
Petter Haas Brubakk, Executive Director, Industrial Affairs,
Confederation of Norwegian Enterprise
Arne Grønningssæter, Fafo Institute for Applied Social Science

Sweden:

Henrik von Södow, MP, Moderates
Anders Morin, Confederation of Swedish Enterprise (welfare policy)
Joakim Palme, Director, Institute for Future Studies, Professor of Sociology,
University of Stockholm.
Anna Hedborg, former Social Democratic minister and Director of the Swedish Social Insurance Agency, now Director General, Ministry for Health and Social Affairs
Wanja Lundby-Wedin, President, Swedish Trade Union Confederation

Åland:

Camilla Gunell, Minister of Culture

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Each chapter in the report can be read on its own.

We have listed the most important challenges to the Nordic welfare states at the beginning of each chapter.

The Nordic Council of Ministers' Program on Welfare Research concludes that we have a Nordic welfare model that is based on common values, even though the countries pursue different welfare policies in various areas. The common values are clear when we compare the Nordic countries with the rest of Europe and the OECD region. Research also shows that other countries are pursuing a welfare policy in certain fields that is more "Nordic" than that found in the Nordic countries themselves.

The Nordic welfare model's core values:

- Universal coverage
- Welfare based on citizenship
- Financing through taxation
- Equal rights and status
- Equal opportunities and results
- Dominant role played by the state
- Decentralized services
- High-quality services
- Generous benefits
- High level of employment¹

The research program also concludes that the Nordic welfare model has become more complex in recent years. The countries have different strategies for dealing with welfare challenges. Nonetheless, there is still more that unites than separates the Nordic countries in relation to the rest of the Western world.

The Nordic welfare model is considered by many to be a winning model. Mandag Morgen believes that there is a danger that we in the Nordic countries are so self-satisfied and preoccupied with showing all the Nordic countries' advantages and successful results that we are not aware of the weaknesses and dangers that threaten the Nordic welfare states. The results of the Program on Welfare Research and Mandag Morgen's analyses tell the other side of the story – the one that shows the tensions that characterize the welfare states. This story deals with welfare states that are poorly equipped for the global competition economy; societies with increasing poverty and marginalization, despite universal welfare systems; that part of the working-age population that remains outside working life; the insufficient integration of immigrants; and men and women who are not as equal as we would like to believe.

The Nordic countries must prepare to face increasing challenges to the Nordic welfare model's core values. How politicians deal with tensions, and their ability to revise and innovate the welfare model, will decide whether the Nordic countries will top the World Economic Forum's list of the world's most competitive countries ten years from now and, at the same time, remain model welfare societies.

Weaknesses and tensions

The Nordic countries have common values,² but the countries have different strategies for dealing with major welfare challenges. Denmark, for example, has gone farther than the other countries in introducing consumer choice and bringing in the private sector to perform welfare services. Denmark also differs from the other Nordic countries by virtue of its "flexicurity model" on the labor market and a stronger assimilation approach to immigration policy, as opposed to the integration approach that characterizes Sweden and Norway. Iceland differs significantly from the other Nordic countries through its access to welfare systems being based largely on employment. The voluntary sector plays an important role in Finland, especially in care for the elderly, while the role of the voluntary sector is unclear in the other countries. In Norway, the public sector plays an even more dominant role in producing welfare services than it does in the other countries.

The welfare researchers and the panel³ largely agree about the problems and challenges that face the Nordic countries: a growing number of elderly inhabitants; getting more people into the workforce and keeping them active there longer; maintaining the quality of welfare benefits; and promoting the integra-

¹ Jon Kvist: "Prosjekt: Europæiske perspektiver på den nordiske velfærdsstat." *TemaNord* 2006:521.

² Mandag Morgen: "Norden som global vinderregion. På sporet af den nordiske konkurrencemodell." Copenhagen, 2005.

³ The "panel" was made up of the 21 Nordic politicians, labor-market leaders, and welfare researchers who took part in the study carried out by Mandag Morgen as part of its work to compile the discussion paper. See the panel's composition above.

tion of vulnerable social groups, especially immigrants. At the same time, we see a large divergence in views of how these challenges should be dealt with. The dividing line follows the traditional political right/left axis.

The right calls for more privatization; quantifications of quality, efficiency, and productivity; and more need-based entitlements. It warns against building up an even more extensive public sector and wants to reduce welfare benefits for the unemployed, for example. The left, in turn, defends the present systems and wants to combat increased privatization.

Some of the panel members point out a number of weaknesses in the Nordic model. The public sector is big and expensive and occupies large segments of the workforce. Public schemes that are too good lead to a lack of initiative and responsibility among citizens; in too many cases, it pays not to work. They also point out that people often do not know whether they will have access to welfare services or what they are entitled to. This leads many to try to ensure that their needs are met through private plans. Several members of the panel point out that too little integration of non-Western immigrants poses both a social and a security danger. The poverty line has risen and now covers new groups that we have not had to deal with before.

A few panel members also believe that there is too little product development in healthcare, education, and care-giving, and that the Nordic welfare model's analyses of quality, cost, and productivity are substandard.

Three challenges

Based on the research program's results and the panel study, the following three challenges will face the Nordic welfare states in the years to come:

Challenge no. 1: The global competition economy

The Nordic region has strengthened its global position in the transition from an industrial to an information society. Well-developed welfare systems, a social-security network, and a low level of conflict between labor-market parties are considered by many to have kept the Nordic countries' labor markets more flexible and adaptable than those of many other European countries. We have largely managed to transform the economy from industrial production to industrial innovation and develop information-based businesses in competition with low-cost manufacturers abroad.

Business in the Nordic countries has benefited from outsourcing and outflagging manufacture and services to low-cost countries. Problems arise when low-cost countries with a highly trained workforce begin to compete in research and development, manufacture, and services on the Nordic market. The new EU countries, India, and China represent the new global competition economy that is changing the rules of the game.

Will we be able to safeguard or reform the welfare society enough to match global challenges? Social dumping, minimum wages, and migrant workers' right to our welfare schemes challenge the universal and generous Nordic welfare model. Migration reinforces inequalities. It raises questions about whether we accept increased inequality or will try to limit migration in order to maintain a homogeneous society that has the greatest possible equality. Another question is whether it will be possible to score high on welfare, com-

petitiveness, and innovation in the years to come, considering how the global competition economy is evolving.

Challenge no. 2: Ideology hampers innovation

The need for welfare services will become insatiable. A number of panel members believe that the greatest dangers to the Nordic welfare model are the way we are building up comprehensive welfare systems that cannot be financed and a public sector that is so large that it pulls labor away from private enterprise. It will be especially difficult if more benefits are based on entitlements and tie up public resources.

Should we introduce more needs evaluations, link welfare services more to earned entitlements, define what the public sector should offer and finance, and define the responsibility of the private individual? This debate is imperative. Several panel members warn that failing to provide good-quality public services, the inability to customize public offerings for each individual recipient, and less solidarity towards society will pose the greatest threats to the development of our welfare societies in the years to come.

Private welfare providers have played different roles in the Nordic welfare model. Some panel members believe that the political debate is characterized by the view that services are either public or private, and that there is little room for innovative thinking. We need a constructive debate on how models can be developed for cooperation between public and private in order to make the best use of total resources and ensure the foundation for maintaining good welfare services for the people.

Models in which the private and public sectors are working together are being developed in several European countries. Spain is one of the countries that are going farthest in evolving new models. The Swedish health-care company Capio, for example, has received a 30-year contract to run the primary and specialist health service in a Madrid suburb with 130,000 inhabitants. The health service is still publicly financed and available to all inhabitants, but is run by a private company. A parallel in the Nordic countries might be the Swedish school system. Private schools can provide educational services with public financing within the same framework as public schools.

Several panel members feel that the Nordic countries risk using resources inefficiently, larger social discrepancies, and too little quality development and innovation unless new models are evolved for collaboration with private and non-profit parties. Despite active political efforts in some Nordic countries to prevent private involvement, a parallel private market is evolving for welfare services in the Nordic countries. People are becoming more uncertain about whether they will receive the services they need from the public sector, and those who can afford to do so buy health insurance and private nursing and care services.

Do Nordic politicians want a private parallel market for welfare services to develop? Or do they want to preempt it and promote forms of cooperation with the private sector that make their services available to the entire population? What models for cooperation should be developed within the framework of the Nordic welfare model in order to safeguard public welfare services in the future?

Challenge no. 3: Marginalization and exclusion

Welfare in the Nordic countries is exclusive: we have the financial means to support people outside the workforce. Nearly a quarter of the working-age population is outside working life in Norway. The number of disability pensioners/early retirees is very high, especially in Norway and Sweden. More immigrants are outside the workforce than others.

Weakening links to working life can lead to more people being marginalized. It also endangers the welfare level. It is not possible to retain the welfare model without having more people work, and without having more people remain working for longer.

Some people in the political debate call for reducing unemployment benefits in order to get more people out to work. Many believe that such a move would be a double-edged sword, because the security provided by the system is often viewed as having been historically important in developing the Nordic countries' adaptability and competitiveness.

The challenge might be to find a better balance between schemes that ensure that it is always more profitable to work than to receive benefits and that, at the same time, ensure a sufficient economic and social safety net if people find themselves outside working life for periods.

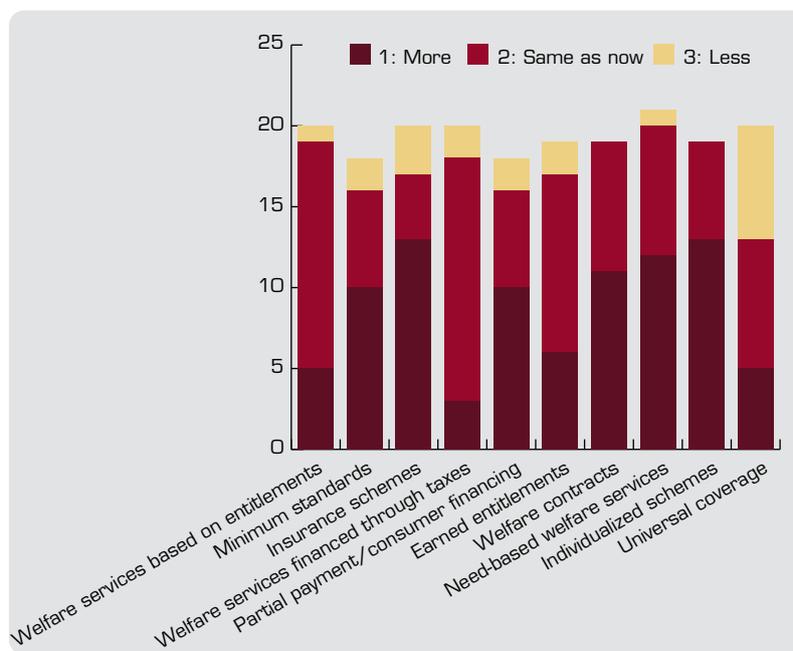
Depoliticizing welfare

The Nordic welfare model is at a crossroads. This is obvious from the panel study. The panel points out a number of clear trends, and notes who will become more important welfare players.

The ideal of equality and universal systems for all will be downplayed in the years to come. The panel believes that the Nordic countries will introduce more insurance schemes, welfare services dictated by need, and more individualized schemes. It also assumes that more use will be made of welfare contracts, under which demands are made of benefit recipients, for example that the unemployed must do community service.

Several panel members also believe that welfare services will be largely financed through taxes, as they are now. They point to a development toward basic public welfare services financed through taxes, with more people buying insurance to supplement public services, for example health insurance, pensions, or insurance that provides more income in periods of unemployment than public unemployment insurance. This raises the question of how the public and private sectors can work together to combine joint responsibility with individual variations.

Figure 1: What do you believe will characterize the evolution of the welfare society in your country in the years to come?



Source: Nordic Council of Ministers/ Mandag Morgen

The expanded use of insurance outside the obligatory schemes can result in greater differences because people can choose their plans on the basis of their private economy. This can also stimulate the growth of a private welfare market. More evaluation of needs and individualized and differentiated welfare schemes challenge the entire organization of welfare services. They are largely based on the development of uniform standards and the concept that this promotes equal treatment.

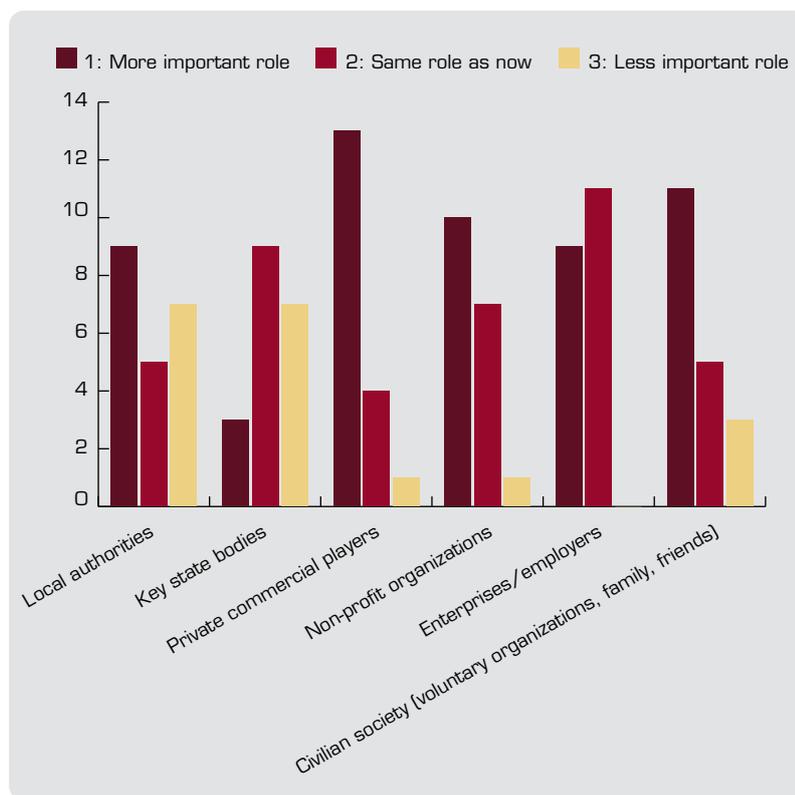
More user orientation, individualization, and differentiation require a new logic for welfare systems. This can lead to more schemes based on entitlement, something that has been implemented in health care through patients' rights. The welfare society is being "juridified" and depoliticized.

Less public, more private

There will be significant shifts in terms of the players who will become the most important providers of welfare services in the years to come.

In the Nordic countries, the public sector – state, regional, and local – has been the dominant welfare provider. The panel believes that private, commercial players and the civilian sector will have a more important rule in the future. The panel does not agree on the role of the state and local authorities. This points to an important issue: everyone must expect to contribute more to carry out the welfare tasks of the future.

Figure 2. The public sector – state and local authorities – has been the main provider of welfare services in the Nordic countries. What role do you believe that different players will have as providers/performers of welfare services in the years to come?



Source: Nordic Council of Ministers/ Mandag Morgen

The point of departure for the next welfare debate will be how the Nordic countries can (further) evolve a welfare model that solidifies the countries' global competitiveness, ensures effective use of public resources, and maps out a clear division of responsibility and tasks among the public, private, and civilian sectors.

The Nordic welfare model must be revised

The Nordic countries have built up their welfare states on a common political intention that provided strong solidarity. This solidarity is being challenged now. Society is being fragmented and this means that Nordic politicians must formulate their visions for the further development of the welfare state.

Over the years, the Nordic countries have changed both the content and the organization of welfare systems to different degrees and in different ways, challenging the core values of the Nordic welfare model. On the basis of the Program on Welfare Research and the panel study, Mandag Morgen has presented a diagram of how the various core values can be challenged by the different changes to welfare policy that are being discussed in the Nordic countries.

Figure 3. Challenging the Nordic welfare model

The Nordic welfare model's core values:	Evolving toward:
Universal coverage	→ Differentiation, individualization, need-based benefits, earned entitlements
Welfare based on citizenship	→ Economic citizenship, customer choice
Financing through taxation	→ Insurance, partial payment
Equal rights and status	→ Increased marginalization, social inheritance, economic citizenship
Equal opportunities and results	→ Increased marginalization, social inheritance, economic citizenship
Dominant role played by the state	→ Private, non-profit, voluntary sector, enterprises, civilian society
Decentralized services	→ Services based on entitlements, national standards
High-quality services	→ Uncertainty about what public welfare services will be provided, saving up
Generous benefits	→ Welfare contracts, saving up
High level of employment	→ Yes, but many working-age people outside the workforce

Source: *Mandag Morgen*

The panel was asked what should be given especially high priority in developing the Nordic welfare societies in the years to come. The answers clearly take two directions.

First, we must raise the public sector and welfare one step up in quality and ability to meet increasingly more individualized needs within a responsible economic framework. Consumer rights must be reinforced and services organized to meet individual needs. It is important to introduce open quality measurements and comparisons between providers.

Secondly, it was emphasized that the Nordic countries must be willing to revise and make certain areas more efficient, for example by not being categorical in differentiating between private and public measures; by being open to intelligent competition in the fields of education, health, care, and employment services; and by being open to private payment-financed welfare services in order to promote innovation and quality.

In other words, the Program on Welfare Research and the panel's answers show that the time is ripe for a debate about "the Nordic welfare model, version 2.0." This debate should deal with how the historic balance between security, community, and the market – which many believe can explain the success of the Nordic model – can be safeguarded in the global competition economy.

The Nordic countries are undergoing major demographic changes. The population is growing older, more ethnically diverse, and more urban. The welfare society faces the following challenges:

- **Getting people into working life:** Maximize the number of working-age people by keeping them working as long as possible and reversing the trend toward early retirement.
- **Increasing the birth rate:** Too few children are born in the Nordic countries. Should conditions be adjusted further to increase the birth rate?
- **Making the best of human resources:** Integrate immigrants into working life to make better use of human resources. This is especially true of the large age groups of young people (“second-generation immigrants”) who are on the verge of getting a higher education or starting to work. Attract and keep migrant workers, on which we will become increasingly dependent, both for welfare production and for a number of other tasks.
- **Preventing ethnic marginalization:** Immigrants systematically suffer from low incomes, loose ties to working life, and health problems. The risk of marginalization increases with a combination of these conditions, and ethnic minorities are especially at risk.
- **Immigrants as welfare consumers:** The Nordic countries will have many more residents with an immigrant background. This can speed up the need to adjust welfare services and systems.

An ageing population

The percentage of elderly people is growing, and the elderly are getting older. This puts pressure on a number of welfare services. The Nordic countries are facing a deficit of working-age inhabitants. Several of the projects in the Program on Welfare Research provide insight into the Nordic countries’ demographic challenges. The project on European perspectives on the Nordic welfare state, headed by Jon Kvist, provides some very clear conclusions concerning several of these demographic challenges. The only way we can maintain our welfare model is through more people working longer. It will not be possible to make up the population deficit through a higher birth rate or more migrant workers.

The “68 generation” has not reproduced as much as earlier generations. Women in the Faroe Islands and Greenland have more children on average than other Nordic women, with 2.6 and 2.4 children, respectively. Women in Iceland have 2.0 children on average, while the figure is 1.8 in the other Nordic countries.⁴ The population as a whole is consequently becoming older and there will be a greater imbalance between “givers” and “receivers.” A working-age person in the year 2000 was obliged to support 0.65 persons in addition to himself, 0.34 of which were the elderly and 0.31 children. Projections show that a working-age person in 2025 must support 0.84 persons in addition to himself, and in 2050, the figure will be 0.98 persons. In other words, this will mean a 51 percent increase.⁵ One of the greatest challenges for the Nordic countries will be to maximize the number of working-age people by keeping them working as long as possible and reversing the trend toward early retirement.

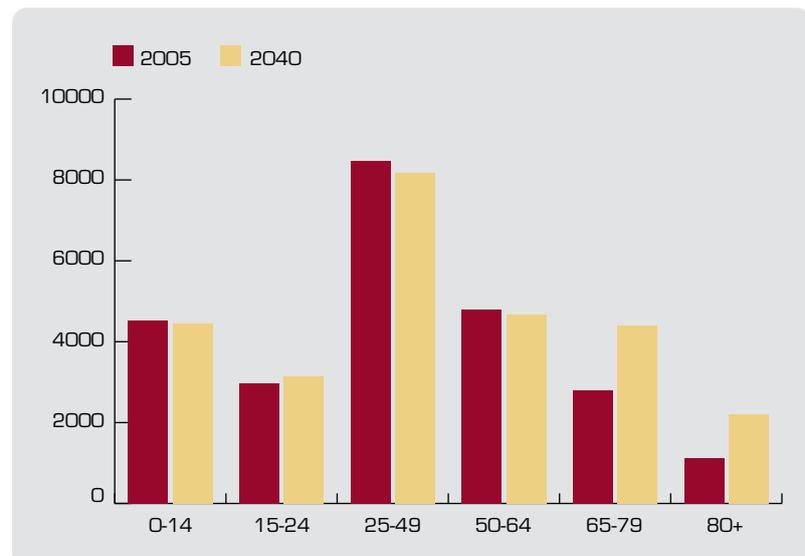
⁴ *Nordic Statistical Yearbook 2005*, p. 67. Fertility statistics for 2004.

⁵ Jon Kvist: “Europæiske perspektiver på den nordiske velfærdsstat.” *TemaNord* 2006:521.

Over the past 25 years, the number of persons over 60 years of age has grown by 796,000 in the Nordic countries, and the population between 15 and 59 has increased by 1.5 million. In the next 25 years, there will be an additional 2,452,000 persons over 60, and c. 1,455,000 fewer between 15 and 59. In

Norway, for example, population projections show that the number of persons over 80 will increase by 150 percent between 2003 and 2050, while the working-age population during the same period will increase by only 15 percent. The figure below shows how this age imbalance will be found between the generations in 2040.

Figure 4. Projections for the age structure in the Nordic countries in 2040



Source: *Nordic Statistical Yearbook 2005*

Challenging a focus on age

Kvist's research shows that one of the greatest challenges for the Nordic countries is to control retirement from the labor market in new ways. A growing problem is that people are retiring at an ever-earlier age and at the same time have many years left to live. Kvist emphasizes that we must challenge biological age as a criterion for granting a number of benefits, because today's elderly are not as sick or poor as the elderly of the past. He also calls for differentiated schemes based on the elderly person's individual potential to work longer. If the level of welfare schemes in the Nordic countries is to be maintained, the number of occupationally active inhabitants must be increased by restricting retirement and ensuring that people who have problems on the labor market because of age, health, ethnicity, or other factors are kept active and integrated.

From private care to privatized care?

There is little doubt that the need for nursing and care services will increase markedly in the Nordic countries after 2020 because of the "elder boom" and because mortality is decreasing for the elderly. It is uncertain how much of an increase is necessary, and various estimates are circulating in the public debate. A calculation from Norway shows that the need for labor in municipal nursing and care services may rise by 130,000 man-years by 2050. This is a c. 20 percent increase and will be necessary if services are to be kept at the 2003 level.⁶ Naturally, hard work must be done to recruit enough people for the sector, especially if we wish to maintain professional standards. A shortage of labor in relation to an ageing population is beginning to prevail. Some people who work in the nursing and care sector for the elderly lack professional train-

⁶ Bjørg Lanset: "Arbeidskraftbehov i pleie- og omsorgssektoren mot år 2050." *Economic analyses*, 4/2006. Statistics Norway.

ing. The greatest shortage of trained personnel is in Norway and Sweden, and the smallest in Finland.⁷

Several aspects will affect demand for nursing and care for the elderly:

- To what extent will relatives provide care?
- Will the elderly remain healthy longer, reducing the need for help?
- Will it be possible to organize nursing and care so that they require less work and fewer resources?

The knowledge base on care for the elderly in the Nordic countries has shown that there are no comparable Nordic studies of informal care and the role of relatives in care for the elderly. Studies in the different countries show that the role of relatives has become more important in recent years. As a whole, studies show that the ones who carry out informal care of family members are most often women aged 50 or more, and that the older the family members become, the more help these women provide.⁸ In Norway, a study of living conditions shows that the adult population's unpaid nursing and care work amounts to 50,000-100,000 man-years.⁹ Studies in Sweden have shown that a reduction in home-care services has increased the care provided by relatives and that to some extent this takes the place of public care. Danish studies show that relatives and public services are complementary.¹⁰

The significance of the volume of family care, in particular, is a major source of uncertainty in calculating the future need for nursing and care. It may be difficult to maintain the level of family care in the future because there will be so many more elderly per working-age person. In contrast to several countries on the Continent, adult children in the Nordic countries have no legal responsibility to nurse or care for their parents. This is considered a public obligation both by the elderly and by their relatives.

Urbanization, with young people moving to central regions and urban areas, can also create problems in providing nursing and care for older family members and relatives. The Nordic countries are characterized by late first births, but make up for this later in life. The problem is that there is increased pressure on the occupationally active part of the population when women have children later in life, and there is an overlapping of the phase when parents of small children both work and are responsible for caring for old parents.

Changes in the family structure, urbanization, and the burdening of the family with nursing and care have gradually created a demand for private nursing and care providers that can take some of the pressure off the family. In several Nordic countries, one-man companies or small businesses have been established that offer nursing, care, and visitor services for the elderly, often paid for by relatives. Large national or Nordic companies such as Eleris, Falck, Carema, and Hjelp24 are also building up services in this burgeoning market.

In Sweden, the percentage of employees in private-care companies, cooperatives, or voluntary organizations rose from three to 13 percent between 1993 and 2000. There has also been a rise in publicly financed private care for the elderly in Finland, where it is more common today than in Sweden. In contrast to Sweden, non-public care of the elderly in Finland is mainly carried out by voluntary organizations.¹¹

⁷ Marta Szebehely: "Hälsa och välfärd – kunskapsöversikt över nordisk välfärd-forskning inom äldreomsorgsområdet." *TemaNord* 2006:521.

⁸ Ann-Britt Sand: "Informell äldreomsorg samt stöd till informella vårdare – en nordisk forskningsöversikt," *Hälsa och välfärd – kunskapsöversikt över nordisk välfärd-forskning inom äldreomsorgsområdet*. Copenhagen, 2005.

⁹ Bjørg Lanset: "Arbeidskraftbehov i pleie- og omsorgssektoren mot år 2050." *Økonomiske analyser*, 4/2006. Statistics Norway.

¹⁰ Marta Szebehely: "Hälsa och välfärd – kunskapsöversikt över nordisk välfärd-forskning inom äldreomsorgsområdet." *TemaNord* 2006:521.

¹¹ *Ibid.*

The figure below is a typology of who typically pays for and carries out care (shown in light blue). The trend in recent years has increasingly been for private persons to pay for private companies to provide care (marked in blue). In the future, we can envision models in which private persons also pay local authorities/public providers and non-commercial enterprises for care services, either as a supplement to services financed and provided by the public sector, or as services that are purely privately financed for those who are not entitled to publicly financed services (marked in yellow).

Figure 5: Typology of who provides and who pays for care

		Who pays?			
		Family	Local authorities/ parliament	The market	Voluntary sector
Who provides?	Unpaid care				
	Publicly financed care				
	Privately financed care		An option in the future?	Will increase	An option in the future?

Source: *Research on the elderly in the Nordic countries, compiled by Mandag Morgen*

Competing for heads and hands

The true unemployment figures were a controversial theme in the Swedish election campaign in autumn 2006. There were also calls for the unemployed to look for work in other Nordic countries in order to improve the balance between supply and demand for labor and to avoid having the unemployed in one country collect unemployment benefits when a neighboring country needs more labor. A Nordic labor market has evolved in practice in the health-care sector, as doctors and nurses move to where jobs are open.

Welfare schemes are considered by many to be one of the Nordic countries' greatest advantages in global competition to develop competitiveness and attract talent and labor.

"I am still surprised that so many people want to come to Norway – and that they do not want to move again. Norway is a beautiful country to live in and foreigners are happy to live here. We have a number of qualities that we can use elsewhere. When foreigners understand how welfare schemes, taxes, and a smooth-running labor market with regulated vacations work, they do not want to go home again." Anne Stavnes, head of human resources, Opera Software.¹²

It is often claimed in public debates that the Nordic countries must concentrate on importing more labor in the future, in order, among other things, to meet the growing need for labor in the health and care sector. This is a risky strategy in several respects.

First of all, a number of Western countries will have an even greater need for increased migrant workers in the years to come, and the fight for the best heads and hands will get tougher. Several countries – for example Canada, Australia, the U.S.A., the United Kingdom, France, and Germany – have introduced, or are about to introduce, schemes to attract migrant workers with

¹² *Ukebrevet Mandag Morgen: "Rekruttering: Jakten på den rette," nos. 10-11, March 14, 2005.*

skills that are in demand. These countries are in the process of turning immigration towards more migrant workers and fewer people brought in through family reunification or as refugees. None of the Nordic countries has so far worked out a similar strategy to attract labor. The pattern of immigration so far shows that the Nordic countries have accepted more immigrants through family reunification and as refugees than as migrant workers.¹³

Secondly, migrant workers will not be able to even out the demographic imbalance. In the case of Denmark, it has been calculated that each year it will take 30,000 male immigrants, each with a productivity that corresponds to that of an average 40-year-old man, to compensate for the demographic trend. If any of the immigrants bring along their families, this figure rises to more than 45,000 migrant workers.¹⁴ This would lead to major changes in immigration policy in several of the Nordic countries, and it would moreover be a challenge to integrate so many immigrants into the Nordic societies.

Thirdly, several countries, including India, the Philippines, and Thailand – which have exported health personnel to the Western world – are experiencing economic growth, a growing middle class, and the development of their own health industry. These countries are calling for emigrant health personnel to return to their home countries to build up a health industry with Western patients as its target group. The WHO has also called for Western countries to limit the recruitment of health personnel from developing countries because of the severe shortage of health personnel in these lands.

The Nordic countries as immigrant countries

More than 56 million people live as migrants in Europe (including the western part of the former Soviet Union). This is 7.7 percent of the total population. In addition, about half a million illegal immigrants reach the EU countries each year. Several of the big EU countries (Germany, France, and the United Kingdom) are among the countries in the world with the largest number of immigrants. Statistics from the International Organization for Migration show that Norway, Ireland, Portugal, and Italy are becoming new immigration countries, i.e. countries that receive a large number of immigrants in relation to their population.¹⁵

In Denmark, immigrants and their offspring account for 8.6 percent of the population. The figure is 8.3 percent in Norway and 12 percent in Sweden. Projections for the three countries show that by 2030, immigrants and their offspring will account for between 12 and 16 percent of the population in the Nordic countries, or nearly twice as many.

Oslo currently has an immigrant population of 23 percent. In Malmö, 34 percent of the 270,000 inhabitants have a foreign background. Many come from former Yugoslavia; some are from Iraq and Somalia. Three thousand new immigrants arrive in the city annually, and it is a challenge to find housing for all of them. Nonetheless, city officials believe that the large immigrant population is not a problem, but rather a strategy for making the city more robust in meeting future challenges. “While the weight of the ageing population is burdening the rest of Sweden, our city has a young population, and this in itself is an investment in future welfare,” says Ilmar Reepalu, Mayor of Malmö.¹⁶

¹³ *Mandag Morgen*: “Norges nye befolkning. Aldring, innvandring og det flerkulturelle samfunn.” Oslo, 2004.

¹⁴ *Welfare commission*. Copenhagen, 2003.

¹⁵ *International Organization for Migration*, www.iom.int.

¹⁶ *EurActiv*, “Swedish immigration: Dramatic change, dramatic gain.” Interview with Ilmar Reepalu, Mayor of Malmö. Sept. 27, 2006.

The immigration debate in the Nordic countries¹⁷

Today, some six percent of Denmark's population has roots in countries outside the EU, the Nordic countries, and North America. In recent years, Denmark has pursued a more restrictive immigration policy than the other Nordic countries. The introduction of stiffer requirements for family reunification with spouses from third-world countries has been widely discussed and criticized. The main principle that a foreign citizen with legal residence has the same social rights as Danish citizens has been weakened because immigrants with a short period of residence receive a special integration benefit – “start assistance” – that is lower than social assistance.

The relationship between immigration, the labor market, and the welfare state has been of central importance in Danish research. One of the basic questions has been whether generous welfare schemes weaken the incentive to get immigrants into the workforce.

Finland and Iceland have been emigration countries, with little worker migration and few refugees. The relationship between the welfare state and immigrants is a less important theme in these countries. There has, however, been increased worker immigration to Iceland in recent years. Even though it has been limited, politicians have adopted changes to immigration rules that seem to be inspired by Danish policies. For example, they have introduced a minimum age of 24 years for family reunification with a foreign spouse. At the same time, the need for increased work immigration is being discussed, in order to, among other things, bring in labor for the care sector.

Sweden holds a special position as the largest immigration country in the Nordic region, with more than one million immigrants since the Second World War. The period toward the middle of the 1970s was characterized by worker immigration, followed by an influx of refugees, asylum-seekers, and family reunifications. From the 1990s, c. 80 percent of immigration has been dominated by these last categories.

Sweden confirmed at an early stage that immigrants must achieve the same standard of living as the Swedish population. A report from the Swedish Integration Board in 2001 showed that there is little indication that Sweden has been more successful than the other Nordic countries, something that led to a major debate. The economic crisis in the 1990s led to rising unemployment among young people and immigrants, something that burdened the welfare budget and led to a more restrictive immigration policy. Since the crisis, challenges related to immigration have gradually been incorporated as a general part of welfare policy and special emphasis has been given to “vulnerable” areas with large concentrations of immigrants, in order to direct measures in general, ensure that entire urban quarters are benefited, and put a stop to social segregation.

There has been less public debate about immigration in Sweden than in Norway, and especially in Denmark. The link between immigration and welfare questions has almost been a “non-theme” among researchers and has consequently received very little attention.

Norway's immigration policy was influenced for many years by Sweden's, but in recent years it has turned more to Denmark for knowledge and inspiration

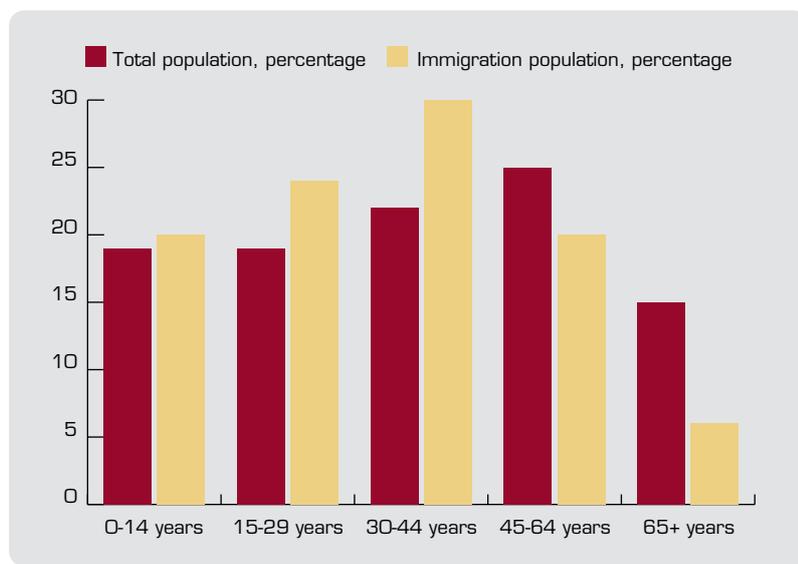
¹⁷ Grete Brochmann and Anniken Hagelund: “Innvandringens velferdspolitiske konsekvenser. Nordisk kunnskapsstatus.” *TemaNord* 2005:506.

in relation to, among other things, the rules for family reunification and the prevention of forced marriage.

The big integration test starts now

A look at the age distribution of the immigrant population shows that it is young. A great many will be getting an education and/or will be on their way out into working life in the years to come, as the figure below shows for Norway. The younger generation of immigrants (often “second-generation immigrants,” i.e. the first generation’s offspring) has consequently done “everything” the right way and followed society’s advice on how to find a place in working life: they have gotten a higher education, often with the emphasis on vocational subjects. The big integration test in the years to come will be whether these “second-generation immigrants” will find relevant work to match their level of training and get on the same career ladder as young people with a Nordic background. What will be the consequences if the Nordic countries do not pass the “integration test”? We can already see signs that talented second-generation immigrants with a solid education are moving to other countries that give them good jobs and careers and are more multicultural. Consequently, the Nordic countries risk losing valuable skills.

Figure 6: The immigrant population is far younger than the population as a whole.



Source: Statistics Norway

In the coming decades, the Nordic countries will have a growing group of first-generation immigrants who will grow old and require increased nursing and care. Will immigrants request public welfare services? Will they wish for special arrangements? What will it mean for the need for skills among health and care personnel? This theme has been dealt with in the Program on Welfare Research, pointing out that older immigrants seem to be requesting public welfare services and are relying less on their families. But we have very little information on this today, and it does not seem to be an issue, except among a few politicians from immigrant backgrounds who have presented proposals for separate nursing homes for elderly Muslims. This is an area on which we will need more information.

The Netherlands planning a Muslim hospital

Within two years, a Muslim hospital will be opened in Rotterdam. All the food will be halal, women will be examined and treated by female doctors and men by male doctors, and an imam will be available to patients at all times. If this hospital is a success, opening Muslim hospitals in Amsterdam and The Hague will be considered.

Paul Sturkenboom, the man behind the idea, previously opened one of Amsterdam's largest hospitals. Now the businessman will launch a private hospital that can offer The Netherlands' million Muslims treatment in a Muslim hospital. The hospital will employ 45 doctors and 275 nurses. They do not have to be Muslims themselves, but must respect Islam.

The project is sparking political disagreement. The right wing in Rotterdam wants the minister for integration to take a closer look at it and believes that it hampers integration. Sturkenboom, in contrast, believes that the hospital will help promote integration. "It took a long time before Jewish, Protestant, and Catholic groups in The Netherlands mixed. They had their own hospitals, trade unions, and schools in the past, but it helped them become integrated at their own speed." He believes that it is only right and reasonable that Muslims have their own hospital, considering that 40 of the country's 100 hospitals are Catholic.

Source: *Dagens Medicin, Denmark*

Work immigration and welfare

Before EU expansion on May 1, 2004, there was some concern about the consequences it would have for welfare systems. EU expansion raised a difficult issue about the relationships between competition and solidarity, equality and justice, inclusion and exclusion in the Nordic welfare states. Opening the markets for labor and services from the new EU countries poses new challenges for the Nordic countries' working life and welfare systems, which have similar histories and have been based on controlling access to the national labor markets.¹⁸

Immigrants who are going to contribute to maintaining the economic basis for welfare in society through their work are welcome. New arrivals will have powerful economic incentives to look for a job in the Nordic countries. The Norwegian child supplement corresponds to a Polish annual wage. Many have warned about the consequences of "welfare tourism."¹⁹ Concerns about competition distortion, undermining social standards, and welfare tourism as a result of expanded borders have also led to proposals to sharpen national control with wages and access to welfare benefits, and have focused attention on illegal work. The debate is especially difficult because it challenges fundamental values of the Nordic welfare model.

Norway's Ministry of Labor and Social Inclusion commissioned Statistics Norway to study the extent to which immigrants from the new EU countries have made use of the various welfare services to which they are entitled.²⁰ Immigrants from these countries who came to Norway after EU expansion in 2004 use Norwegian welfare services to a very small extent. Usage is much more limited than among other immigrants, both from other EES countries and from the rest of the world. Statistics Norway assumes that the use of many welfare services will be more common as rights change with longer residence.

¹⁸ Jon Erik Dølvik: "EU-utvidelsen: Nye mønstre for bedrifts- og arbeidsvandringer?" *DnB Nors Kvartalskrift*, 1/2004.

¹⁹ Interview with Øystein Dørum. *Økonomisk Rapport*, March 18, 2004.

²⁰ Lars Østby: "Nye EU-innvaandere og broken av velferdsordningene." *Statistics Norway*. September 18, 2006.

The Fafo Institute for Applied Social Science prepared a report on the Nordic labor market two years after EU expansion. The study shows that work immigration to the Nordic countries is moderate, and that there are differences between the countries. Sweden and Denmark have a low level of immigration, although it seems as if immigration will rise considerably in Denmark in 2006. Norway and Iceland have had a high level of immigration of both job seekers and service providers, while Finland is the middle, with a high level of immigration of service providers and low regular work immigration.

Since EU expansion in 2004, some 75,000 first-time residence permits have been issued for EU8 citizens in conjunction with work, and there have been almost 30,000 renewals in the Nordic countries. No signs of welfare tourism have been noted. Work mobility associated with providing services has increased markedly and seems to be clearly larger in important sectors than ordinary work immigration.²¹

²¹ *Fafo Institute for Applied Social Science: "Det nordiske arbeidsmarked to år etter EU-utvidelsen."* Oslo, 2006.

The Nordic vision is that there should be close ties between a society's ability to generate benefits and its ability to distribute them. An increasing number of people want to create wealth, be entrepreneurs, and take the initiative for creativity and innovation. At the same time, women and men want to be involved and flexible in relation to family life. Balancing between family and work is a challenging exercise, with new expectations made of both women and men. The Nordic countries have been pioneers in promoting gender equality, and over the years have shown that active family and labor-market policies have produced results in terms of increased wealth and contributions to equality.

Welfare research shows that the Nordic countries are facing challenges in the following areas:

- **Welfare schemes cement differences between the sexes:** There is a need to reevaluate schemes that are intended to promote gender equality. A general expansion of welfare schemes will not necessarily promote equality, and in fact may work to cement imbalances in gender patterns.
- **The ideal of equality hampers greater equality:** The strong Nordic ideal of equality, of "everyone" doing everything, and that it is not really socially acceptable to hire help in the home, together with the shortage of day-care facilities, means that women choose jobs in the public sector in order to be able to combine their job with childbirth and tasks at home. This increases wage differences between women and men and does not contribute to greater gender equality.
- **Many who are occupationally active do not have equal rights to welfare:** Welfare schemes hamper innovation and the founding of new companies, since the self-employed do not have the same rights as employees.
- **Women are the victims of a conflict of goals:** Society is wholly dependent on their labor, and the need for employment will increase in the years to come, especially in the nursing and care sector. At the same time, society is increasingly dependent on their unpaid and informal welfare work in the family. Women enable welfare to work, but lose out in terms of gender equality.

Working life in flux

Working life in the Nordic countries is undergoing a number of structural changes that will affect its welfare societies in the years to come. This dimension has only been dealt with superficially in the Program on Welfare Research. We would nonetheless like to highlight a number of important changes in working life that we believe will be significant for the evolution of our welfare societies and systems in the years to come.

Enterprises will become welfare producers

Enterprises in general, and employers in particular, will take on an ever-greater role in and responsibility for welfare schemes. This close interplay of state, employer, and employee is characteristic of the Nordic welfare model and has contributed to shaping companies' expanded social role. In recent years, we have seen a trend toward more responsibility and tasks being transferred from the public sector to enterprises, and for politicians and authorities calling for enterprises to take increasing responsibility for employees in several areas. More companies are also aware of their social responsibility

and are going into the breach to take a more active role in relation to their employees.

One major social project is Norway's Inclusive Workplace Agreement. Lesser, perhaps more symbolic efforts include demands that employees be allowed to do physical workouts during working hours, that companies urge their employees to get plenty of exercise and enable them to do so, buy health insurance for their employees, and offer childcare and flexible schedules for parents of young children. So far, a great deal of attention has been paid to the parents of young children, to make their everyday lives easier. Now we see that the "elder boom" is focusing attention on employees who are charged with caring for older family members. Storebrand, a Norwegian financial enterprise, recently launched a new scheme under which employees are entitled to be compensated for up to ten days off to take care of old and ailing parents.

Enterprises are increasingly investing in reducing absenteeism due to illness and raising the retirement age in order to give marginal labor a chance. This can lead to stronger ties between the individual's work contract and his personal social security. This is a growing dilemma for the Nordic welfare model, which is based on collective schemes, collective agreements, and equality through standardization.²²

Enterprises are being given expanded employer responsibility as welfare suppliers and their activities are stimulating a private welfare market that offers new plans and services. In Denmark, for example, the number of health-insurance policies rose from 43,600 in 2001 to nearly 400,000 in 2006.²³ Norway has also experienced a sharp rise in health-insurance policies in recent years. Some 50,000 are now covered by some form of private health insurance, many through their work.

More "free agents" and "swing producers"

An increasing number of people have a working life, or part of it, in which they carry out projects or are self-employed, instead of being employed by a company. Being self-employed has become a status symbol among young people and students in the Nordic countries and they are trained to be entrepreneurs from their school days. In recent years, the Nordic authorities have also urged more women to start their own companies. In both Denmark and Norway, women in the nursing and care sector have quit their municipal jobs and started one-woman companies or small firms that offer nursing and care services, either to private individuals or as subcontractors to local authorities.

Traditionally, a number of welfare schemes – for example sick pay, unemployment benefits, work pensions, and maternity leave – have not included the self-employed in the same way as employees. This has especially been a problem for occupationally active women of childbearing age, but it is also becoming a growing problem for men, since it is expected that they will assume more responsibility for the family when illness strikes and when paternity leave is expanded.

There is reason to expect that in the years to come more people will choose to stand on their own feet rather than be employed by others. Older employees in particular may spend the final years of their working lives in the ranks of the self-employed. This trend will significantly challenge welfare schemes.

²² Kåre Hagen: "Den nordiske modellen," lecture at the NHO seminar on "flexicurity." Oslo, 2006.

²³ *Ugebrevet Mandag Morgen*: "Forsikring branchens nye gulerod: Sund livsstil skal belønnes kontant." No. 13, April 3, 2006.

The economic boom increases employment among older workers and others who have had major problems finding work in less favorable times. They serve almost as “swing producers” or buffers in relation to the demand for labor. There will probably be more and more frequent fluctuations on the labor market, with shorter intervals between hiring and firing. Structural and market changes will quickly affect the need for skills and recruiting in enterprises and this will require a flexible labor market. The Nordic countries have more flexibility in their labor markets than many other European countries with stronger job security. Nordic flexibility in the labor market may have helped strengthen competitiveness and will be important in the future.

From nuclear family to multi-family – will welfare keep up?

The Program on Welfare Research shows that a comprehensive child and family policy makes it possible to combine working and family life. It helps ensure a competitive society, a high degree of social cohesion, and strong families in the face of social changes. Is today’s child and family policy well enough suited to the structural changes in the labor market and the changes in family structures?

The welfare societies have been obliged to take account of changes in family size and structure. An increasing number of people live alone or “live apart together” with another person. The percentage of one-person households is on the rise, especially in large cities and in fringe areas. The number of one-person households will probably rise in the years to come, and since women generally live longer than men, there will probably be many elderly women living alone.

Marriage has lost its role as the only socially acceptable framework for childbirth. The Nordic countries differ from the other European countries by having a higher average age for entering into marriage than for the first childbirth. In all the Nordic countries and in the United Kingdom, more than one third of all births are extra-marital – and in Iceland the figure is over 60 percent. Cohabitation lasts longer and the cohabitants have children together more often. Aksel Hatland has found that in seven of eight countries, the proportion of single-parent families with children under 18 years of age is around 20 percent.²⁴

Nordic families are experiencing a rising proportion of divorces and remarriages, falling birth rates, rising ages for childbirth, and more single parents. The program’s research projects document, for example, that families with children that have gone through separation and divorce run a much greater risk of being hit by poverty.²⁵ Single mothers form a group of parents that is socially at risk for cultural, social, and economic reasons.²⁶

Researchers question the degree to which welfare schemes and services are suited to new gender and family patterns, and conclude that governments have reacted late and slowly, both to the new family forms and to two-income families. The introduction of the right to parental leave for fathers is an example of an adaptation that has taken very long to come into force. At the same time, the most fundamental problem has been that governments have been slow to support mothers who assume the double burden of caring for the family and working outside the home.

²⁴ Aksel Hatland: “Welfare policy and employment in the context of family change.” Based on data from 8 countries: Denmark, Finland, Iceland, Norway, Sweden, the United Kingdom, Germany, and The Netherlands. The exception is The Netherlands, with 13 percent. *TemaNord* 2006:521, p. 54.

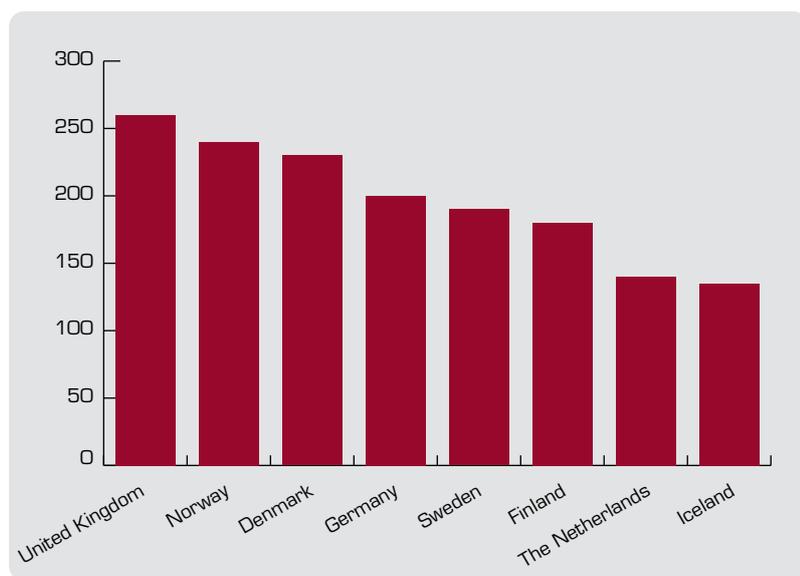
²⁵ “Welfare policy and employment in the context of family change,” headed by Aksel Hatland, Norwegian Institute for Research on Welfare and Aging.

²⁶ “The Nordic Social Citizenship,” headed by Professor Åsa Gunnarsson, Umeå University.

In addition, clear intentions have been expressed at the EU level to make working life more family-friendly. Although the implementation of these ideals in practical politics has varied a great deal, it is surprising how little separates the Nordic countries from the United Kingdom, Germany, and The Netherlands. The research group maintains that the non-Nordic countries are moving in a “Nordic” direction in their policies concerning families with children.²⁷

“Welfare policy and employment in the context of family change” shows surprising variations in child-benefit packages, for example. Family packages do, however, vary according to income, employment status, type of family, number of children, and whether comparisons were made before or after expenses for housing and childcare. In calculations of the average package per country,²⁸ we find that the United Kingdom is the most generous. The Netherlands and Iceland are the least generous. The average package in Iceland is about half that in Britain.

Figure 7: The “average package” of child benefits after taxes, support payments, childcare, and housing (the difference from childless couples). Euro purchasing power parity (PPP) per month.



Source: “Welfare policy and employment in the context of family change”

The Icelandic package is tied entirely to income level, and families with good incomes receive no benefits. In many respects, Iceland is in an extreme position in relation to the other Nordic countries. The public sector is much smaller than in the other Nordic countries, less money is spent on social benefits per inhabitant, and a larger proportion of this money is spent on health and less on disability pensions/early retirement and families than in the other Nordic countries. Iceland cannot be quite as interesting an example for the other Nordic countries in the future evolution of welfare.²⁹

²⁷ The non-Nordic countries in this connection are the United Kingdom, Germany, and The Netherlands, studied in “Welfare policy and employment in the context of family change.” *TemaNord* 2006:521, p. 60.

²⁸ Calculation method described in detail in *TemaNord* 2006:521, p. 60.

²⁹ Grete Brochmann and Anniken Hagelund: “Innvandringens velferdspolitiske konsekvenser. Nordisk kunnskapsstatus.” *TemaNord* 2005:506.

Men get influence; women get flextime

In the past five years, the Nordic countries have defended their place at the top of global statistics on gender equality. It has become increasingly clear that the relative trend in gender equality in the Nordic countries is having positive effects in several spheres. The Nordic economies are doing well in comparison

Table 1: Europe's leading businesswomen

United Kingdom:	7 women
France:	5 women
Sweden:	4 women
Germany:	2 women
The Netherlands:	2 women
Denmark:	1 woman
Spain:	1 woman
Switzerland:	1 woman
Poland:	1 woman
Turkey:	1 woman

Source: Financial Times Magazine, October 7-8, 2006

with the rest of Europe and have the advantage of working conditions with more gender equality. The World Economic Forum has studied various aspects of women's status in 58 countries by looking at such factors as economic participation, economic opportunities, political empowerment, education, and health. The five Nordic countries hold the top positions, with Sweden in first place, followed by Norway, Iceland, Denmark, and Finland.

The Financial Times Magazine published a special issue in October 2006 on Europe's 25 leading businesswomen. The Nordic countries also did well here, though the United Kingdom and France placed ahead of them. Swedish women defended the Nordic countries' honor in the ranking. Denmark had one woman leader while the other Nordic countries had none.

Reasonably priced childcare and good maternity-leave schemes have given the Nordic countries the highest rates of female occupational participation in the world, something that has led to higher economic growth. The question is whether the Nordic countries have placed too much emphasis on entitlement-based schemes that cement gender role models, so that women choose employment in the public sector, where it is possible to combine work with tasks at home.

Øystein G. Holter³⁰ emphasizes that welfare trends in general seem to have a close correlation with gender equality. Studies show that good schemes for combining work and family life have only to a small degree led to eliminating inequalities based on sex with regard to the division of care tasks; we see clear trends toward "gender-equality light." An expansion of existing welfare schemes will probably not contribute to a better balance. A clearer redistribution of rights between men and women can make the difference, for example an increased parental leave quota for the father.

Other important measures to promote greater gender equality could be schemes that motivate women to establish their own companies, so that they are increasingly found among business owners. The studies carried out by Mandag Morgen show that women make use to a lesser extent than men of offers to become partners in the companies for which they work. Women seemingly systematically reject alternatives that can contribute to increased economic independence, the right of disposal over enterprises, and opportunities for increased access to capital. Instead, they remain employees in the public sector and experience a growing wage gap compared with men's wage trends. In this respect, this area is a long way from achieving equality between Nordic men and women.

Educational opportunities have been important in changing women's role. While some 80 percent of women giving birth for the first time in 1950 had only a comprehensive-school education (nine years), the figure in 1990 was some 11 percent. Throughout the 1980s, the educational level of parents, especially mothers, rose sharply (figure 8). But the first generations of children whose majority have two educated parents are still in comprehensive school.³¹

In the course of the past decade, women have been in the majority at institutions of higher education in the Nordic countries. Women are in the process of taking over professions that were previously dominated by men, such as medicine, commerce, and law, and also, to some extent, technical professions.

³⁰ "Welfare, masculinity and social innovation," headed by Øystein G. Holter, Work Research Institute.

³¹ Data from Statistics Norway.

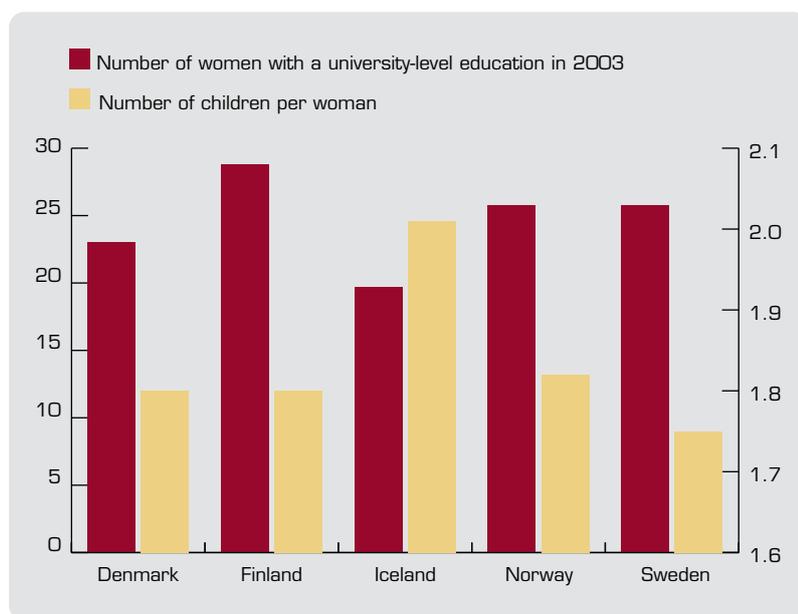
A study carried out by Mandag Morgen among men and women with degrees in law, economics, and civil engineering under 35 years of age in Norway showed that men are better able to receive raises, promotions, partnerships, and access to executive and management positions. The only areas in which women are best able to obtain benefits by virtue of their sex is flexible working hours.³² Gender equality in working life is far from a reality, even for younger persons with a high level of education.

Gender-equality light

Gender equality and welfare development are key factors in maintaining a viable fertility level. The Faroe Islands, Greenland, and Iceland are the most productive in the Nordic countries, far ahead of the rest.³³

Figure 8: The number of women with a university-level education (left axis) and the number of children per woman in the Nordic countries (right axis)

Source: *Nordic Statistical Yearbook 2005*



Good family-policy schemes have a stimulating effect on fertility, but Kari Skrede³⁴ concludes the following:

- Parents who practice a “gender-equality light” division of labor at work and in the home make use of good family-policy schemes that promote having more children more than other groups. The father’s attitude to having children has been overlooked in the debate on a higher birthrate. The Program on Welfare Research shows that men who live in families with “gender-equality light” are more positive toward having children than others.
- Women in professions in the public sector dominated by women have more children when they have access to generous family-policy schemes.

There are consequently clear differences in how many children are borne by women in different areas of the labor market. Despite a high and rising level

³² *Ukebladet Mandag Morgen*: “Unge akademikere: Menn har alle fortrinn.” No. 9, March 6, 2006.

³³ *Fertility for 2004: Denmark 1.78, Faroe Islands 2.59, Greenland 2.36, Finland 1.80, Åland 1.64, Iceland 2.03, Norway 1.82, Sweden 1.75. Nordic Statistical Yearbook 2005.*

³⁴ “Family policies, fertility trends and family changes in the Nordic countries: How sustainable is the Nordic model of family welfare?” headed by Kari Skrede, *Statistics Norway*.

of education, dominance by women is greatest in low-wage, service-oriented work and the public sector. This makes it natural for families with two working parents to make a choice that means that the woman works part time in order to take care of young children and other care tasks. Mothers have assumed more work outside the home, but they also do most of the housework and care tasks, not just for small children but also for adults with handicaps and for older relatives.

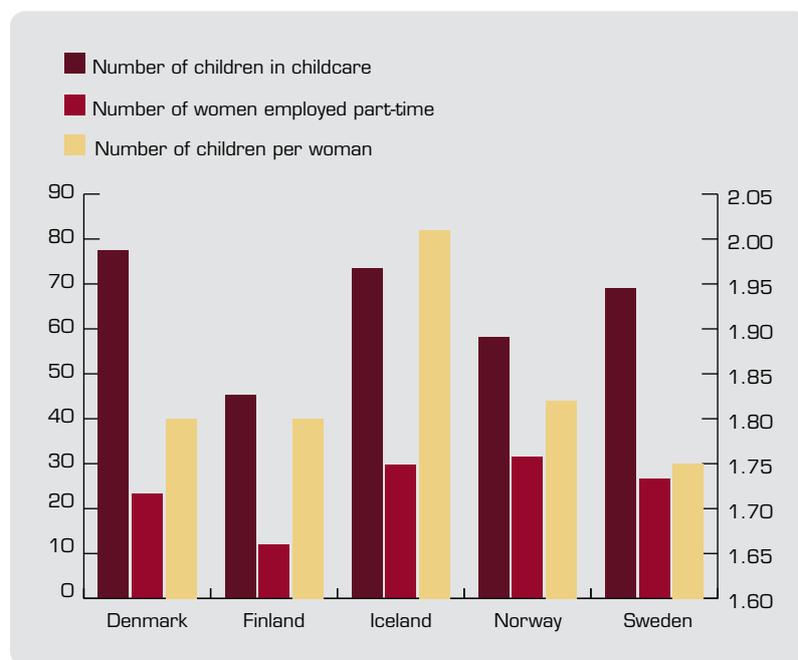
Women rescue welfare

Gender equality can be said to be a condition for the claim that there is a Nordic model. Åsa Lundqvist³⁵ describes the different phases of development in her project. The point of departure was the stable nuclear-family ideal in the 1930s/1940s, with the man as the provider. From the 1960s/1970s, emphasis was placed on “justice,” followed by gender equality as a guideline.

The proportion of women in service professions is nonetheless a precondition for maintaining the Nordic welfare services, just as low wages and status perpetuate the choice of the man as the main provider. Combined with weaknesses in access to childcare and care for older family members, this gives rise to a self-reinforcing “light” version of gender equality. Women enable Nordic welfare to function, but they simultaneously lose ground in terms of true equality.

Figure 9: The number of children in childcare (left axis), the percentage of women employed part-time (left axis), and the number of children per woman in the Nordic countries (right axis).

Source: *Nordic Statistical Yearbook 2005*



³⁵ Åsa Lundqvist's work is part of "Gender Equality as a Perspective on Welfare: The Limits of Political Ambition?" The project was headed by Professor Kari Melby, Norwegian University of Science and Technology.

Documentation shows that there is considerable variation in the scope of childcare and the extent of employment among women. Iceland differs from the other Nordic countries both in the good availability of childcare and in the exceptionally high employment level (figure 9).

Aksel Hatland³⁶ has shown that in addition to providing care for small children, it is also a challenge for the Nordic countries to provide enough after-school care and childcare during vacations. His project also shows that the motives for political measures have not only been to help mothers combine work and childcare, but also to ensure children's own development and to prevent poverty.

Kari Melby goes as far as to speak of the welfare state's "social contract" as a decided "gender contract." The concepts of gender equality and gender-equality policy are being challenged forcefully by debates about parenthood, by the young generation that has grown up with apparent gender equality, and through increasing cultural, religious, and ethnic diversity in the Nordic countries. This is a key point at which gender-equality policy meets family policy.

Men in a bind

In the course of the past decades, our concept of the parents' roles has changed. Traditional gender norms are quickly eroding. Changes taking place among men are also being supported institutionally through paternity leave.

We are facing new roles for both men and women. This also provides new perspectives on gender equality. Equality is not a matter first and foremost of an equal division of work, but rather of an additive program in which both have high aspirations regarding both work and family. For these couples, the force of attraction of the two spheres is taking shape in the form of "gender-neutral" lifestyle projects. Men are also being pulled in different directions when they must choose between quantitative time spent with a child and their role as provider.

The double pressure that working women have experienced for several decades is increasingly becoming the fate of men who enjoy equality. Claes Ekenstam has shown that in 2006, men find the expectations of their role to be ambivalent and stressful:

- Men want, and often feel pressured, to perform well at their job and, at the same time, be more active in childcare than their parents' generation.
- They experience a clear conflict between the demands that are made of men from working life and the needs that characterize family life when their children are small.

The result is "men in a bind," who find themselves facing the major challenge of the pressures familiar to working women. It is a demanding exercise, and one that presents challenges to identity, to close the gap between a "greedy" labor market and a "care-demanding" family.

Paternity leave is the leading means of achieving a more equal division of childcare between women and men. In Norway, Sweden, and Iceland, a majority of fathers have used their quota. Iceland shows one way of promoting state innovation in gender equality and including men in childcare: two-thirds of the parental leave has a gender quota, while the last third can be divided as the parents wish.

³⁶ Head of the "Welfare policy and employment in the context of family change" project. TemaNord 2006.

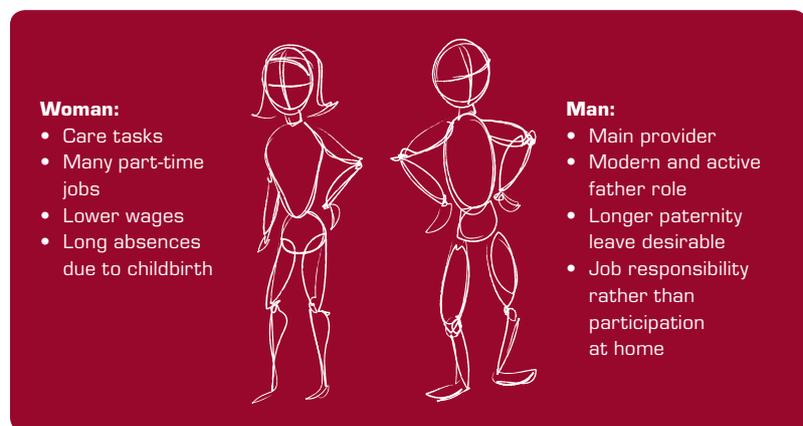
Basic needs under pressure

The evolution of the man's role opens up more mutual involvement and responsibility in the family. The large proportion of women who choose a higher education is important for a more gender-equal family life. Several factors put pressure on basic needs and lead to very little being done by society to ensure that women and men have more equal roles.

First of all, women still find that they are discriminated against in working life during pregnancy. Many women find that work disappears and so does their opportunity for advancement, and wages rise very little because of maternity leave. Limited access to kindergarten services reinforces the effect. Women choose to stay home longer. In Norway, cash payments provide an incentive to stay home with a child. And when mothers join the workforce again, many choose part-time jobs.

With the exception of Iceland, the models for dividing up parental leave between men and women are quite skewed. While the woman is at home taking care of house and child, the man enjoys stable career development, rises in the ranks, and has his wages adjusted accordingly. This increases the difference between the sexes and makes it most reasonable for the family economy for the woman to remain home when children are small or ill. From the very start, the woman has also often chosen a relatively low-paid service or care profession.

Figure 10: Gender equality in 2006



Source: *Mandag Morgen*

Åsa Gunnarsson shows how differences between the sexes are perpetuated in “The Nordic Social Citizenship” project. Neutral and comprehensive social-security systems are built upon implied norms about how public and private provider and care relationships should be organized, but at the same time keep women from full social citizenship. In this way, the right to welfare reproduces the uneven distribution of power and resources that is found between women and men.

Increasing emphasis is being placed on active citizenship in Nordic welfare reforms. A tooth for a tooth, benefits for contributions. This provides an ideal to strive for, but also poses an increasing risk of people falling outside the system. The Nordic welfare model has a sorely tested core of universal coverage. Citizenship is not only a matter of a residence permit and the right to vote. Its economic, social, and multicultural dimensions are making the Nordic population winners – and losers – day by day.

The trend toward more active citizenship is testing the Nordic welfare model:

- **Creating differences and marginalization:** Many experience discrimination because of ethnic origin, weak social affiliation, and a lack of financial resources to buy the goods and services they need. Social inheritance is reinforced.
- **Working life is not for everyone:** Some of the working-age population is not working. The Nordic countries have just as many people outside the workforce as the other OECD countries, but there is a far greater percentage of disabled than unemployed. Welfare schemes do not provide sufficient motivation to remain at work.
- **Poor incentives to work:** Non-Western immigrants have weak links to working life and become welfare recipients instead of welfare producers. It is less attractive for them to work than for other groups since the prospect of a poorly paid job is less attractive than fairly high welfare benefits.

In the “Active Citizenship and Marginality in a European Context” project, Bjørn Hvinden’s team of researchers studied forms of activation with a view to getting the largest number of people “on the team” in the Nordic welfare societies. Reforms include measures such as legal protection against discrimination and against social barriers for equal participation in the market. Other key means are inclusion in decision-making and income guarantees to get more people to work.

Traditional social-liberal citizenship in the Nordic countries has not been set aside, but rather supplemented with development features such as the following:

- More prominent “market citizenship.” Citizens are expected to be increasingly active and to exercise their right of choice. Great demands are made of the individual’s personal and economic resources.
- Cuts and restrictions in public offerings that can result in limitations to citizens’ actual access to benefits and rights. Minimum benefits are guaranteed to some extent, while full coverage – for example childcare – requires personal/private initiative.
- Increasing international influence on the framework for national citizenship. Nordic schemes are being harmonized with impulses at the EU level, and in relation to what is reasonable in order to ensure the countries’ competitiveness on a global market.

On this basis, the researchers doubt the ability of the citizens in question to truly take part in and influence individually directed planning processes.

Some aspects of active citizenship, such as “freedom of choice,” are not yet available to all. Traditional social-liberal citizenship in the Nordic countries still dominates, but is being expanded and challenged. Market orientation and individualization are key features of current trends.³⁷

Marginalized citizens

Are the Nordic welfare societies creating a “borderline-case” category? Are there groups that systematically fall outside and are marginalized, and are there borderlines that help create an “underprivileged class” in the Nordic countries? This is a question that has been debated very little in the Nordic countries and has only been put on the public agenda in recent years. Denmark is discussing measures to be taken for “those at risk.” In recent years, the public in Norway and Sweden has become increasingly aware that poverty is not a problem of the past, and the subject has been taken up for political discussion.

Welfare research shows that marginalization seems to be linked especially to five factors: social inheritance, health problems, weak links to the labor market, ethnic discrimination, and regional impoverishment. The risk of marginalization is often heightened when there is a combination of these factors.

A short journey from one class to another

The consequences of growing up in a (relatively) poor family are less serious in the Nordic countries than they are in other regions. This is demonstrated by research carried out by Oddbjørn Raaum.³⁸ Studies of intergenerational mobility³⁹ support earlier findings that mobility is clearly greater in the Nordic countries than in the United States, with the United Kingdom somewhere in between. Differences are relatively small within the Nordic region.

A Finnish study in the project shows that a child’s family background has a fairly small influence on his income as an adult.⁴⁰ Differences in economic yield as a result of better education are considered to be more important reasons for differences in income mobility between countries. It is also clear that health correlates with social status and income.

Several Nordic studies show that true mobility is actually quite limited, despite the strong emphasis on education in the past 30 years. More people than before are crossing the borders of social class. Nonetheless, the chance that a child of blue-collar workers will become a white-collar worker and a “boss” is much smaller than for a child of upper-level employees and businessmen.

Barriers to mobility are intact, both upwards and downwards. The extent of total mobility has increased, i.e. the change in position from one generation to the next. Studies of intergenerational educational mobility during the post-war period reveal clear trends showing that, instead of promoting equality, the educational system reproduces inequality. It is true that trends are somewhat weaker for those whose parents have the lowest educational levels, but the patterns are nonetheless unequivocal.⁴¹ This is supported by Raaum, who emphasizes that the biggest intergenerational differences are found in the “extremes” (top/bottom) of the income scale. This means that a person from a family with a low income is not condemned to the same fate.

³⁷ Bjørn Hviinden: “Active citizenship and marginality in a European context.” *The program committee’s final report. TemaNord 2006:521.*

³⁸ Oddbjørn Raaum: “Inequality of opportunity and socio-economic outcomes from an intergenerational perspective.” *The program committee’s final report. TemaNord 2006:521.*

³⁹ *Ibid.*

⁴⁰ *Doctoral thesis by Eva Österbacka, TemaNord 2006:521.*

⁴¹ Johannes Hjelbrekke and Olav Korsnes: *Makt- og demokratiutredningens rapportserie. Report no. 71, June 2003.*

Social inheritance is burdensome

The Nordic countries have a large public sector. Welfare schemes are universal and provide good coverage, and the countries have a high level of public expenditure for health and education. Despite a number of measures taken over the years, however, social inheritance still plays a major role for a person's welfare level. A low level of education, a bad private economy, a poor housing standard, substandard diet, and insufficient physical activity promote poorer health and often chronic illnesses that draw people into a negative spiral in which the different factors affect and reinforce one another.

Children of parents with a lower level of education and income have c. 1.7 times the risk of chronic illnesses as children in the highest social groups.⁴¹ The elderly, the chronically ill, immigrants, people with behavioral problems, and people with problems reading and writing are groups that are in danger of marginalization. Especially in the Nordic countries – which are so far ahead in the information society, with continual demands being made of increased productivity and with fewer and fewer jobs based on simple, manual labor – an increasing number of people risk being viewed as disqualified from working life.

Health and welfare are closely interlinked, and the evolution of public health will have major consequences for the welfare society. Several of the lifestyle diseases that are becoming increasingly widespread (see below) are associated with a low level of education, a low income, insufficient physical activity, and substandard diet – all factors that contribute to social inheritance, as the Program on Welfare Research has shown.

- As much as 80 percent of cases of atherosclerotic heart diseases and some 90 percent of cases of diabetes 2 can be avoided by changing lifestyle.⁴³
- Some 1/3 of cancer cases can be avoided by eating healthy food, maintaining a normal weight, and exercising regularly.⁴⁴

Bad nutritional habits are the cause of the following diseases:⁴⁵

- digestive problems >70%
- obesity >50%
- cancer >35%
- cardiac diseases >30%
- diabetes >25%

The pattern of diseases is changing. The Nordic countries will increasingly be burdened by chronic diseases. Cardiovascular diseases are no longer the most widespread chronic ailments in the Western world. Mental illnesses are now increasing most quickly, and when measured from lost working hours, this is the biggest category of illnesses in the world. Health trends are changing rapidly, and this can have widespread consequences for welfare schemes and welfare services as we know them today.

⁴² Norwegian Institute of Public Health: *Fakta om sosial ulikhet og helse*. Oslo, 2005.

⁴³ WHO: *Diet, nutrition and the prevention of chronic diseases*. Geneva, 2003.

⁴⁴ *Ibid.*

⁴⁵ www.obesityonline.org

Must we be prepared for the Nordic welfare societies to have larger groups that are marginalized, as is the case elsewhere? How will we handle the risk of an increasing number being marginalized? Social developments in the past 10-20 years have witnessed the fall of a number of taboos. What were previously considered private problems, if problems at all, have become public subjects of

debate, and the public sector is being given increased responsibility for solving these problems. This is true, for example, of incest and mental illness, and the taboos of poverty and marginalization are now also being broken down.

Ties to working life are becoming weaker

As family and home have lost ground as social markers and as the basis for building up an identity, career and work have become important for the way many people view their identity, affiliation, and community. In the Nordic countries, ties to working life have been so strong and employment levels so high that not being part of working life can be socially stigmatizing and lead to exclusion.

The Nordic countries have largely been able to boast of lower unemployment levels than the other EU and OECD countries. Only Finland and the Faroe Islands had higher unemployment rates between 1990 and 2004 than the 12 EU countries before expansion in the 1990s.

If we look only at the percentage of unemployed, we might get an overly rosy picture of the situation on the Nordic labor market. Mandag Morgen compared the percentage of unemployed and the disabled in a number of OECD countries.⁴⁶ The results show that in most European countries, the sum of the unemployed and disability pensioners lies between 10 and 13 percent. As a rule, countries with low unemployment levels have a high percentage of disability pensioners. Norway, Sweden, and The Netherlands top the European disability statistics, with nearly 10 percent receiving disability pensions. In countries with high unemployment, the percentage of disability pensioners is low.

The sum of disability pensions and the unemployed is conspicuously alike in the European countries. Consequently, the question is whether we have a large percentage of hidden unemployment in the Nordic countries. Is unemployment such a politically and socially sensitive question that we prefer to “improve on” the truth by being more generous with disability pensions, something that is also less stigmatizing for the individual?

Not work for everyone?

The project that studied the consequences of immigration for welfare policy⁴⁷ points out that the labor market holds a key position in integrating immigrants and serves as a springboard for social integration in society as a whole. In contrast, unemployment easily leads to marginalization in other areas as well. This holds true for the entire population, but the effect is probably even greater for immigrants.

Non-Western immigrants have a weaker link to the labor market than the majority of the population, and this creates problems for the welfare state because they become dependent on benefits without being able to contribute with corresponding payments through taxes.

⁴⁶ *Ukebrevet Mandag Morgen*: “Kraftig undervurdert ledighet i Norge.” No. 6, February 9, 2005.

⁴⁷ *Grete Brochmann and Anniken Hagelund*: “Innvandringens velferdspolitiske konsekvenser. Nordisk kunnskapsstatus.” *TemaNord* 2005:506.

Table 2: The percentage of those employed among foreign citizens from non-Western countries and native-born citizens, aged 15-64

	Native-born citizens	Foreign citizens from non-Western countries	Difference in percentage points
Denmark	77.2	42.9	34.3
The Netherlands	75.3	46.7	28.6
Norway	77.6	54.8	22.8
United Kingdom	72.1	52.6	19.5
Sweden	75.0	44.9	30.1
Germany	66.6	52.1	14.5

Source: Eurostat.

Brochmann and Hagelund point out that in many respects, the labor market serves as a reflection of the welfare state when it comes to the welfare and living conditions of immigrants. Status in relation to the labor market is a clear reflection of the individual's welfare and quality of life. Weak or non-existent ties to the labor market result in both a greater need for welfare benefits and less entitlement to these benefits. One of the results is an immigrant population that, to a much greater degree than the majority, is dependent on temporary social welfare, but is far less qualified to build up entitlements to social security (unemployment insurance, old-age pensions, etc.). The Nordic countries have established a universalistic social-welfare model in which goods and services are based on legal residency in combination with income-related social-insurance schemes. This means that all people with legal residency in the Nordic countries have a right to social welfare but, like citizens, have unequal access to coverage and pensions, depending on their relationship to the labor market.

An obvious question is how the welfare state's various transfer income types and programs inhibit or promote integration on the labor market. Transfer schemes that provide aid during activation or educational periods that end in a stable job promote integration. But the interplay between high taxation rates and passive benefits dependent on income creates unemployment traps, which inhibit integration if the private benefits of having a job are only marginally greater or actually smaller than if one lives on transfer income. This has been the subject of research in Denmark, where results show that there were much bigger problems with incentives for immigrants than for Danes. The reason is that immigrants as a whole have lower wages, so that relatively high welfare benefits combined with low wages make it less attractive than for those who have access to a more lucrative labor market.⁴⁸

Regional stigmatization

In the Nordic countries, there is a general tendency for people to move to regional centers and other urban areas. One of the research projects⁴⁹ questions whether women move away and men remain on the periphery. Studies show that this hypothesis is not completely accurate; there is a general depopulation movement.

Anna-Karin Berglund⁵⁰ points out the often-negative debate about the Nordic periphery. People and entire rural areas considered themselves stigmatized, and depopulation results in a heavy burden on those who remain. Although there is plenty of room for big and small, the idyll is often overshadowed by

⁴⁸ Grete Brochmann and Anniken Hagelund: "Innvandringens velferdspolitiske konsekvenser. Nordisk kunnskapsstatus." *TemaNord* 2005:506.

⁴⁹ Anna-Karin Berglund: "Women leave, men remain. *Issues of Gender, Welfare and Labor Markets in the Nordic Periphery.*" *TemaNord* 2006:521.

⁵⁰ *Ibid.*

high unemployment levels, the breakdown of public infrastructures, problems with maintaining services and their quality, and economic stagnation.

The following regional trends challenge the basis for future welfare in these areas:

- A strong trend toward centralization risks creating weaker local self-government.
- Young women and men, above all, are moving from small communities in the Nordic periphery.
- Low employment levels and a smaller population base risk lowering the level of services.

The global economy is challenging the periphery's labor market

The marginalization of the periphery has had major consequences for working life. In recent years, the global economy has especially affected men's traditional workplaces. Several studies have shown that men lose their jobs when the forestry industry, fisheries, and other primary industries are rationalized, and when industrial workplaces are moved to low-cost countries.

At the same time, women's employment rates have become higher than men's in certain areas, because of increased employment in local welfare production or other public services, while they move into what were formerly male-dominated areas such as the fish industry. Women thus seem better equipped to confront the post-industrial labor market than men. A consequence of this may be that women will become the main breadwinners in several areas, and the question is how this will affect childbirths, the private care and nursing that women often provide, and the need for welfare schemes as a whole.

The Nordic welfare system is often described as general, public, and equal. Since the 1980s, market-inspired reform trends have moved into an increasing number of areas, including the core fields of the public welfare state, such as education and the health and care sector. In order to reform welfare society, increase the quality of services, and promote better and more effective use of resources, market mechanisms have been introduced, and minimum standards and consumer rights have been allocated. Consumer strategies and customer choice have become part of the citizens' mechanisms for dealing with the public sector.

The welfare society has introduced market mechanisms and principles in some areas, first and foremost by giving citizens consumer rights, for example the free choice of hospital, treatment guarantees, service guarantees, and the choice of home-help services.^a

The main results of the Program on Welfare Research show the following about customer choice:

- **An unclear division of roles:** There is an unclear division of roles among those who order, pay for, carry out, and monitor the introduction of market mechanisms in the welfare sphere.
- **A lack of sanction options:** In some cases, citizens lack true freedom of choice and the option to impose sanctions against welfare providers. Research shows that dependence on public service providers can lead to an asymmetrical balance of power, with the consumer the weak party.
- **Increased use of private providers:** Few established users choose private alternatives when they are available. New users increasingly choose private providers, and their use seems to be gradually growing.

The theme of customer choice is fairly new in a Nordic context. The Program on Welfare Research has mainly focused on experiences gained from care of the elderly, in addition to more theoretical considerations about the consumer's role in welfare.

Difficult choices

The project on consumer perspectives of public and private market-based welfare services, "Customer choice on welfare markets,"⁵¹ studied the consequences of customer choice. Results show that users have a difficult time finding information about both the customer-choice system itself and the providers that users may choose from. Information material is considered overwhelming, and it is difficult to differentiate between providers. The complexity that many people face on the welfare market means that in many cases the consumer's health and situation are the major factors influencing his choice.

Per Gunnar Edebalk points out many barriers to choice, even though the customer-choice system fundamentally makes it possible to choose and change providers. The consumer's dependence on personnel may mean that he does not wish to complain unnecessarily. Emotional barriers can increase as the need for and duration of care grow. Consequently, new consumers are first and foremost the ones who choose private providers. The percentage of

⁵¹ Headed by Per Gunnar Edebalk, Faculty of Social Sciences, University of Lund.

consumers who choose a private provider is fairly small when customer choice is new, but seems to increase gradually.

The “Consumption and Vulnerability in the Nordic Welfare States” project shows that individuals and families with a tight economy are an overlooked customer segment because, among other reasons, their consumption does not harmonize with the dominant consumer norms and patterns. Vulnerable persons are most often unable to save up. This means both that they have a difficult time buying during sales and that they are not able to “shop around” for private welfare services. In many cases, the economically vulnerable are dependent on their neighborhood networks and relatives. Without help with childcare, gifts of clothing, and direct financial aid in crisis situations, they cannot make ends meet. As increasing emphasis is placed on private and market-controlled services, vulnerable families with children and the elderly do not necessarily have the same true welfare rights as consumers with better finances.

“As the consumer society evolves, social differences that have consequences both on the personal and on the social level are being produced and reproduced.” (Jens Bonke)⁵²

Other examples, however, point in the opposite direction. Through interplay between the public and private sectors in which private players act according to the same rules as the public sector, the introduction of private alternatives can open up new possibilities.

Customer choice and care for the elderly

One of the projects in the program on health and welfare, “A knowledge base on care for the elderly,”⁵³ shows that there have been major changes in care for the elderly in the Nordic countries in recent years. In some respects, these changes mean that we are moving away from the idea of a universal Nordic welfare model for care for the elderly. All the countries have instigated organizational reforms on both state and local levels. Public involvement in the field of care for the elderly has been reduced in Finland and Sweden.

Source: Nordic Statistical Yearbook 2005

Table 3: Institutional services for the elderly in different age groups in the Nordic countries

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Total	8 %	7 %	7 %	9 %	12 %	8 %
65–74 years	2 %	1 %	2 %	2 %	3 %	1 %
75–79 years	7 %	4 %	6 %	7 %	8 %	4 %
80+ years	21 %	23 %	19 %	25 %	25 %	18 %

Market ideas first took hold in Sweden, but have been implemented most extensively in Denmark in the course of the past few years. All Danish municipalities have been obliged by law to differentiate between order-giver/administrator and provider/operations and to introduce free choice within care for the elderly that is publicly financed and regulated. The differences from one country to the next are very sharp in some respects. The model with order-giver/provider, for example, is found in c. 80 percent of the Swedish and 10 percent of the Norwegian municipalities (first and foremost the largest), and only in a few Finnish and Icelandic municipalities.

⁵² Jens Bonke, Danish National Institute of Social Research, head of the “Consumption and Vulnerability in the Nordic Welfare States” project. TemaNord 2006:521, p. 68.

⁵³ “Hälsa och välfärd – kunnskapsöversikt över nordisk välfärdsforskning inom äldreomsorgsområdet,” headed by Professor Marta Szebehely, University of Stockholm.

Marta Szebehely emphasizes the importance of reliable care schemes in the Nordic model. In the eyes of the world at large, Nordic care for the elderly is characterized by a well developed public sector of good quality that is available to all citizens according to need, independent of the individual's finances. Independent municipalities and a large municipal home-help service are also considered specifically Nordic phenomena.

"In the Nordic perspective, smooth-running care for the elderly is considered a welfare resource not only for the elderly who need help but also for their families." (Marta Szebehely)

In contrast to residents of many countries on the Continent, people in the Nordic countries are accustomed to care services that relieve relatives of responsibility. In recent years, privatization and market orientation have affected the scope and quality of the availability of care for the individual. Several projects have shown that most people do not want to be dependent only on their family's efforts, especially not when it comes to more demanding, long-term, or intimate help. At the same time, care workers find themselves increasingly short of enough time to deal with their work's social aspects and feel inadequate when it comes to meeting recipients' needs.⁵⁴

A somewhat unexpected result of recent years' new direction in care is that relatives are increasingly subjected to pressure to assume greater responsibility. The scope of informal care is quite large. New systems relieve the state and local authorities, but not necessarily relatives and those in need of care.

"Freedom of choice" and quality measurements

The introduction of market-inspired models⁵⁵ in the Nordic countries has led to more standardized systems for comparing the quality of nursing and care services that each enterprise provides. Even though the trend makes comparative measurements feasible, few good indicators for following changes have been developed. There is also very little expertise in how different forms of operations function for those concerned, i.e. the elderly and care personnel. It has been documented that personal assistance gives people with functional disabilities an improved quality of life. In care for the elderly, in contrast, there is no basis for evaluating whether the quality of care in general improves when local authorities introduce freedom of choice.⁵⁶

Weaknesses in evaluating quality present a serious challenge and hinder the transparency of both public and private services. Greater insight into the services available and their quality are a precondition for giving welfare consumers sufficient information and providing a foundation for making a true choice in the market.⁵⁷

⁵⁴ The main results of the "Hälsa och välfärd – kunskapsöversikt över nordisk välfärdsforskning inom äldreomsorgsområdet" project. TemaNord 2006:521.

⁵⁵ Often referred to as New Public Management, NPM.

⁵⁶ The lack of qualitative measurements is emphasized, e.g. by Per Gunnar Edebalk and Marta Szebehely. TemaNord 2006:521.

⁵⁷ Ibid.

Further research

The Nordic Council of Ministers requested proposals for important research themes in order to follow up on the Program on Welfare Research. Mandag Morgen formulated a number of proposals based on work with the discussion paper.

Nordic welfare innovation

The Nordic countries have many good and useful experiences and stories to tell in the sphere of social innovation. The Nordic countries have been pioneers in gender equality and family policy over the years and have shown the way for welfare policy in other countries. This position should be maintained. A great deal of innovation and development work is being carried out in the Nordic countries. But there is not enough transfer of expertise and experience from one municipality to another or from one country to another, both within the Nordic region and within Europe.

“The Nordic model” might not have export potential as a whole, but it embodies a number of projects, experiences, and results that others can learn from. Instead of voluminous, often unfocused, and less communicative research reports, we need simple, communicable reports based on facts and information that are easily accessible to political and administrative decision-makers.

A network should be established in which excellent social innovation in the Nordic countries can be marketed and communicated. This would give new vitality to the Nordic welfare model and contribute to necessary reforms in both the Nordic countries and the rest of Europe. It can also position the Nordic region as the world’s most effective, innovative, and competitive welfare society.

Proposals for further research

“New working life” and welfare

- **Working life in flux:** How do changes such as the global competition economy, an increasing number who are self-employed and work on projects, greater work mobility, and work migration affect the Nordic welfare societies and welfare schemes?
- **Gender equality:** We need more information on whether entitlement-based schemes promote or inhibit gender equality. What can be done to promote more true Nordic gender equality in the future?

The consequences of immigration for welfare policy

- **Experiences with Danish immigration policy:** There is a need for information on the factual effects of revising immigration policy in Denmark since several countries, including Norway and Iceland, are looking to Denmark and are considering similar systems.
- **A growing immigrant population:** The proportion of immigrants in Sweden, Denmark, and Norway is rising and there will be more elderly immigrants in the decades to come. How does this population group view different welfare schemes, and what kinds of welfare consumers and producers will it become?

The elderly of the future: Who are they and what do they expect of the welfare state?

- **A new generation of elderly people:** The baby boomers will probably be a generation of elderly people unlike earlier generations their age. What expectations will the next generation of the elderly have of the welfare state, what demands will they make of it, and what kind of social and consumer roles do they envision for themselves?

Social inheritance, health, and welfare

- **Social inheritance:** We need more information about how social inheritance is generated, especially its relationship to ethnicity. And how can trends be reversed?
- **New patterns of illness:** An increasing number of the chronically ill are becoming a growing burden on welfare society and are challenging established welfare schemes. There is a need for more research that considers welfare and health in context.

An interplay of the public, private, and voluntary sectors

- **New models for joint efforts:** There is a need for more information on the interplay of the public, private, and voluntary sectors, and for a model that will promote the best use of society's total resources. Exchanges of information and experiences among the Nordic countries would also be interesting in this respect.
- **Enterprises as welfare producers:** What role should enterprises have in the future, what works best in enterprises' welfare production, and what can we learn from different examples?

A new research program on the welfare society

Nordic research on the welfare society will continue in a new research program that will be carried out by the Nordic Council of Minister's institution NordForsk. NOK 15 million has been allocated for this topic for the period 2006-2011. A Nordic Center of Excellence Program will be established to deal with welfare research and the Nordic welfare model. Its main purpose is to strengthen Nordic research collaboration among the countries. Research teams from at least three countries will form a virtual center. For more information, see www.nordforsk.org.

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“What lies ahead for the Nordic model?” is a discussion paper on the future of the Nordic welfare model in a global competition economy. The Nordic Council of Ministers’ Program on Welfare Research (2000-2005) concludes that we have a Nordic welfare model. The discussion paper sums up important results, analyses, and messages conveyed by the research projects. Leading politicians, heads of labor-market organizations, and welfare researchers in the Nordic countries have presented their views on the Nordic welfare societies’ strengths and weaknesses, and the most important challenges they face in the years to come. The report points to the major challenges that the Nordic welfare states will have to meet so that they will be able to balance the further evolution of the welfare state with their position in the global competition economy.