What Role will the Nordic Welfare Model Play in Globalization?
THE CONFERENCE "What role will the Nordic Welfare Model Play in Globalization" was part of the programme for the Finnish Presidency of the Nordic Council of Ministers in 2011 and was arranged by the Finnish Ministry of Social Affairs and Health (MSH), the Nordic Centre for Welfare and Social Issues (NVC) and the National Institute for Health and Welfare in Finland (THL).

THE CONFERENCE had several objectives. The first was to elucidate how the Nordic Model can contribute to international welfare strategies and specify its important strength in social policy areas. The second main objective was to clarify the contents within the Nordic and international welfare programmes, discuss their consequences and strengthen the Nordic and international processes in relation to social security and welfare. It is important to point out the challenges and alternatives for the future. The global, demographic, social and financial changes constitute a strong pressure on the welfare systems and the ways the Nordic welfare states act in a global context.

MEMBERS of the organizing committee were Ralf Ekebom, Anne Eriksson, Liisa-Maria Voipio-Pulkki and Maria Waltari from the Ministry of Social Affairs and Health, Finland, Kirs-Marja Lehtelä and Jussi Simpura from the National Institute for Health and Welfare, Finland, Maarit Aalto and Pia Rosenvist from the Nordic Centre for Welfare and Social Issues.

THE EXECUTIVE SUMMARY was written by Taina Mäntyranta, Ministry of Social Affairs and Health.


LAYOUT: Nino Simic, Nordic Centre for Welfare and Social Issues.

FOR COMPLETE documentation, please visit NVC’s website: http://www.nordicwelfare.org/helsinki2011.
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Several past events have shaped the Nordic Welfare Model (NWM): the introduction of the universal approach, the population crises and the economic depression of the 1930s, postwar social citizenship, earnings-related social insurance and modern family policy. Now the NWM is being challenged by the globalisation of the world economy and worldwide economic crises. The tension and lack of progress in the negotiations between the Global South (G77) and the North (OECD) affects the whole world. The globalization of the economy also means new exit options for private productive capital and new room for manoeuvre for financial capital.

Globalization, however, is more than just an economic issue. Globalization has also transformed important aspects of culture, technologically-mediated public and expert discourses and European and global relations of domination. In the global context the world is changing in several ways. China, India and some other developing countries have been leaders of global growth since the 2000s.

The Freedom of movement and migration of citizens, both as clients of the welfare state and as labour, affect both the demand and supply side of the NWM. The movement of people also affects the tax base of the welfare state. Globalization increases competition for markets, skills and knowledge. Climate change is affecting all countries and together with globalization it is a major driving force of change. Demographic challenges, especially ageing, demand new ways of producing welfare services. The possibilities of the private sector need to be kept in mind.

The nation state is no longer a sufficient framework for dealing with some of these challenges. Weak development in one region may have repercussions for other regions. The economic crisis and climate change will in many ways impose constraints. But they may also provide a chance to innovate and extend the temporal horizons for policy making without losing academic rigour or sight of the practical instruments. The recent humanitarian catastrophes in North Africa and Japan and the global economic crises have shown the need for responsible policy: the capacity to respond to likely and unlikely developments is crucial.

There are also specific Nordic challenges in the Labour market to:
- Maintain high employment rate
- Avoid increase in long-term unemployment
- Can active labour market policy deliver this?

Fiscal policy to:
- Maintain fiscal responsibility
- Ensure fiscal sustainability
- Are current fiscal frameworks able to deliver this?

NWM is a significant social innovation

NWM has several characteristics:
- Open economies
- Particular importance of the state
- Comprehensive social benefits and publicly provided social services
- Large investments in tax-financed education and research
- High taxes and high public spending
- High trust in government institutions
- Labour market and social policies
- Role of active labour market policies – “protect workers, rather than jobs”
- A high degree of unionization and centralized wage coordination
- Universal benefits and Individual social rights
- Earnings-related social insurance
- Benefits targeting the poor
- Social services are universal, decentralized and separated from cash benefits
- Taxation and employer contributions
- Central/local taxes
- Local taxes with state subsidies
- Dual-earner model

NWM has succeeded best in creating a “subjective” sense of security against future social risks, which seems concordant with the “factual” performance of welfare states. So far increasing immigration has not led to any particularly strong anti-immigrant attitudes in the Nordic countries. On the contrary, the populations in the Nordic countries still have a rather positive view towards immigrants and migration in general and towards the social rights of immigrants, in partic-
cular if compared to European countries in general. We do not have a clear picture of systemic structures defining our NWM systems. Perhaps this makes the NWM so successful in international comparison.

The NWM is no miracle. It has many strengths, but also disadvantages, problems and challenges. There is an increasing demand for a highly skilled labour force. This is excluding groups such as school dropouts (mainly boys), immigrants (mainly boys), persons with disabilities, persons with low education and single mothers. The NWM has produced low life-cycle poverty and high employment and reduced many inequalities. But the model has also created pockets of poverty. Problems such as social fragmentation and growing unequity also show the weak points of the NWM.

NWM 2.0: we are all in the same boat
The Nordic Welfare Model 2.0 needs to be developed in order to face the challenges of globalization and other new challenges. Equity is a core issue of social development and of the NWM as a whole.

Social policy is at a cross-roads:
● Adequate social insurance
● Universalism in health and elderly care
● Dual-earner model in reality or only its 'light' version
● Access to education
● Skills of the lowest quintile
● Effects of segregation
● Youth and migrants as ‘new’ social risk groups
● How to match efficiency and equity

Social cohesion may provide a useful framework

Social cohesion: A useful framework

A cohesive society works towards the wellbeing of all its members, creates a sense of belonging and fights against the marginalization of within and between different groups of societies

Social Mobility
Social Capital
Social Cohesion
Social Exclusion

Addressing social exclusion: from absolute to relative concerns
Promoting the building of social capital: fostering trust between and within groups as well as providing the means for effective participation – sharing social responsibility
Fostering social mobility: education and labour market institutions to smooth out labour relations
Better sharing of risks
Alleviating inequality of opportunities
Covering the informal middle classes
Fighting marginalization and addressing discrimination
Gender equality and social institutions

Working for social cohesion is an agenda and a moving target at the same time. Social cohesion is also an instrument that we can use in defending human rights.

In building shared responsibility, the focus is on motivating people to participate and contribute in the model. Especially the middle class needs to know what they can have. It is important to analyze the costs of non-action and of lack of responsibilities. Finding the motivation to reciprocity and empowering the weaker actors are crucial. We need to develop new tools to tackle the growing feeling of insecurity. Another challenge is how we can organize the division of work and responsibilities between the public sector, private sector and voluntary work.

Extensive attention must be addressed to the future tax base in terms of both the number of tax payers and their productivity. The dependency ratio, education and labour must be prioritized in order to secure the future tax base. Sustainable social policies for the future mean that we need to put our children and youth first. The capacity formation includes elements such as child care, quality of education, skills needed in advanced industrial societies and the "learning economy". It is important to understand the role of family policy and working life development. We also need to re-learn to live together in diversity and pluralism.

The challenge is to explain this to citizens. One way could be to crea-
te spaces for deliberation – mainly at local level – which foster engagement and may legitimize the participation of citizens in political processes. The historical Nordic version of such a space is the “ting”.

**How can Nordic co-operation contribute?**
The Nordic countries are still distinctive but less so than before. The Nordic countries are not identical, but our problems and societies are very similar. Nordic co-operation is lively and resourceful. Much is going on: Nordic centres of excellence, Nordic institutions, joint projects such as projects for marginalized groups and youth, and eHealth. We also have networks in education, research and innovation in health. The question is will it be possible to cluster projects and initiatives across sectors and countries and to achieve significant synergies in contributing to the continued development of a sustainable Nordic welfare model? Also younger generations are needed in this work. There are problems between the Nordic countries in cross-border movement. Social benefits do not move smoothly with people. The Nordic governments should cooperate more to solve these problems.

**There is a need** for extensive research and research-driven initiatives between the Council of Ministers, sectors and countries. The concept of Nordic co-operation forms a platform for facing globalization and the great challenges of climate change and ageing populations. Knowledge, green growth and sustainable welfare are the elements of this concept. Long-term priorities and focus are needed.

**What role can the NWM have in the global world?**
The Nordic experience shows that in the adaption and development of welfare models we need to go beyond social protection:
- Labour markets and links with the productive economy
- Inequality and redistribution
- Reproduction and gender roles
- Politics of welfare policies: contestation, interests and constructing social pacts
- Synergies and complementarities between these areas (economic, social and political)
- Building structures and trust

The Nordic countries cannot keep their welfare model alive alone. The basic principles of the NWM seem to have been adopted, but also further developed, by other bodies: UN, EU, World Bank and OECD. The European Social Model promotes social inclusion and equality of opportunity. The Nordic countries support the NWM, but at the same time are willing to participate in developing the European model. New regions and countries are potential users/further developers: Latin America, China, Africa.

**The Nordic Welfare Model** – despite its different context – has a lot to offer in inspiring solutions in other countries. The key question is whether the NWM can balance the market and technology driven development?

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**Footnote**

*A ting* ... was the governing assembly in Germanic tribes and introduced into some Celtic societies, made up of the free people of the community.
In his Opening Address Kari Välimäki said he strongly supports the idea of the Nordic welfare model, but that it is necessary to analyze the content and possibilities of our model in a global and changing environment. National and international commitments and objectives are becoming ever more intertwined in governmental policy, he said. For example the uprisings in Northern Africa, the earthquake and tsunami in Japan and the financial crisis in Europe make clear that we have to prepare ourselves also for unforeseen global events.

VÄLIMÄKI ALSO presented the Ministry of Social Affairs and Health’s new Strategy Document for the years ahead where the keyword is sustainable development that involves economic, social and ecological sustainability. One can advance towards a socially sustainable society by creating a strong foundation in all policies for welfare, guaranteeing access to welfare for all and by promoting a healthy and safe living environment. However, development cannot be sustainable locally if it results in unsustainable development globally. A philosopher has said: You have to think globally and act locally.

SOCIAL SUSTAINABILITY is both a means and an end. Välimäki said that the Ministry’s strategy has its foundation in the Nordic model. We want to be engaged in proactive global social welfare and health care policy cooperation in the EU, internationally and bilaterally. Cooperation is based on international commitments including conventions and recommendations of the UN, the WHO, the Council of Europe and the ILO. The Ministry emphasizes the extensive preventive role of the UN in reinforcing the social dimension and the important role that the ILO is playing in setting rules for the labour market and society in general. Välimäki said the Ministry appreciates Nordic cooperation as an important means of influencing the social and health policy objectives related to the work of the EU, UN and WHO.

GLOBALIZATION is not only an economic issue but also a large-scale process that contributes to the development of social and health policy. It also affects the policy environment of welfare and health policy, and the operations and methods by which the policies can be pursued and regulated. For national policy-makers it is even more important to be able to evaluate what kind of changes globalization entails, and how it will affect the population’s welfare. Välimäki said that peace, favourable economic development and social cohesion, transparency and cooperation are the key to sustainable development all over the world.

THE NORDIC COUNTRIES need to discuss what kind of challenges and pressures international developments are putting on their solutions. There is a need for a better dialogue between countries, regional actors and international agencies. There is also a need to explore how the Nordic model could contribute to global solidarity and solutions.

**A model in constant development**

Kari Välimäki

The Nordic welfare model is deemed successful as a provider of welfare for citizens. The Nordic countries are not identical, but very much like each other and our societies have been built on common values. The Nordic welfare model is a significant social innovation. The knowledge and best practices related to it should be shared taking into account the Millennium Development Goals to eliminate poverty and to achieve sustainable development.

Links

Kari Välimäki

According to the (old) rules of economics, the Nordic Model cannot fly – but it does. Titlestad said that according to the Global competitiveness report 2011–2012 by the World Economic Forum, the four Nordic countries rank higher than Europe on all 12 pillars and higher than the US on all but 3. According to Titlestad, globalization means increased competition, markets, talents and knowledge.

Titlestad told about the Nordic premiers’ meeting in Punkaharju on 19 June 2007, the goal of which was to promote a more skilled, visible and thriving Nordic region. The premiers also wanted to develop the strengths of the Nordic countries: the high-standard and extensive education system, expertise and research work, the ability to utilize information technology as well as creative implementation of innovations. The premiers, therefore, agreed to launch a new Nordic endeavour in globalization. The premiers shared a positive attitude towards the opportunities and challenges of globalization for the Nordic countries. The Prime Ministers’ initiative was followed up by a number of projects, among others an annual Globalization Forum and a Nordic Top-level Research Initiative.

Titlestad also mentioned some other key issues on the welfare agenda, such as active and healthy ageing, programmes for food and physical exercise, Nordic market for organizing highly specialized health services, vulnerable families, Nordic programme against human trafficking, eHealth and future Nordic co-operation on disability issues.

Co-operation is the basis for the future

Focus on youth exclusion/drop-outs/unemployment, networks on education, research and innovation – and health.

Nordic research in close co-operation with industry and commerce. The possibilities for strengthening co-operation between Nordic top research units and actors in the innovation business have been examined. The following sectors have been given a special emphasis: the promotion of innovations; climate, energy and environmental issues and welfare research and health.

Nordic co-operation in knowledge, green growth and sustainable welfare is a platform for facing globalization and great challenges such as climate change, environment and ageing population, Titlestad said. It was decided in Punkaharju that investments in a solid Nordic knowledge and innovation area will be boosted in Europe.

The Nordic Council of Ministers has interacted with the ministers for trade and industry, education and research and drafted a proposal to the Ministers for Nordic Co-operation on the promotion of top-class Nordic research in close co-operation with industry and commerce. The possibilities for strengthening co-operation between Nordic top research units and actors in the innovation business have been examined. The following sectors have been given a special emphasis: the promotion of innovations; climate, energy and environmental issues and welfare research and health.

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Nordic Research Cooperation needs to agree on the rules for extensive research and research-driven initiatives between the Council of Ministers, sectors and countries. This requires consultations, co-ordination and decisions as well as an interplay of top-down and bottom-up approaches. A Memorandum of Understanding between the main stakeholders before initiating the process leading to a decision is also needed.

Links

Follow this link to see Gard Titlestads webcast: http://194.79.19.108/webcasts/stm/nordicwelfare/titlestad.php

Follow this link to see a short interview with Gard Titlestad: www.youtube.com/watch?v=kccNOxtb1-o

Follow this link to see Gard Titlestads presentation: www.nordicwelfare.org/filearchive/1/121106/PPGardTitlestad.pdf
Farrell spoke about shared social responsibilities and protecting social rights. In her view, these are at the heart of the Council of Europe strategy for social cohesion because of the complexity of present arbitrations and challenges imposed on the sharing of responsibilities in decision-making and the implementation of actions. The Council of Europe is responding to widening disparities in welfare and instability, democratic deficits, the need to take into account simultaneously economic, ecological, political and social aspects, the necessity to resolve questions linked to human dignity and the fight against poverty and the urgency to introduce new evidence-based arrangements.

**Shared social** responsibility is linked to jointly decided objectives for the welfare of all. The consequences of choices are considered on the basis of clear norms and co-decided mechanisms of motivation, where for example externalities are part of decision-making. There have to be mutual transparency and reciprocal obligations.

Farrell emphasized thinking and acting together. We also have to identify social disparities and potentially irreversible threats and appropriate emergency measures to cope with them. Reintroducing the notion of equity and fostering an appreciation of public goods is also important. Farrell also mentioned action to combat pollution as an important task.

**Farrell stressed** that in negotiations, the dialogue has to be qualified, and impartiality and ethics have to be guaranteed by public administration. Therefore, it is necessary to consider mechanisms of constraint, mediation/arbitration and balancing of powers for reducing distance, etc.

**The role of deliberative democracy** in shared social responsibility is that it can create moral and social resources of organizations and citizens and it can develop concepts and practices of co-decision and co-production strengthening the motivation to collaborate with others and it can promote mutual accountability. Shared social responsibility demands the development of collective competences.

**Farrell concluded by saying** that we can reach shared social responsibility by developing motivation for reciprocity, analyzing the costs of a lack of responsibility and losses due to non-action or inaction, creating shared objectives and rules through dialogue and consultation and implementing processes of innovation.

**Links**

- **Gilda Farrell**
  

  Follow this link to see a short interview with Gilda Farrell: [www.youtube.com/watch?v=9deeYigdAEE](https://www.youtube.com/watch?v=9deeYigdAEE)

  Follow this link to see Gilda Farrell’s presentation: [www.nordicwelfare.org/filearchive/1/121107/PPGildaFarrell.pdf](https://www.nordicwelfare.org/filearchive/1/121107/PPGildaFarrell.pdf)
Envisaging a global democracy

The nation state is no longer a sufficient structure to provide citizens with the basis for progressive political action, to re-create a welfare society. The Nordic welfare model, the social democratic welfare state, has been on the decline for several decades. Restoring it requires a new economic theory and global welfare policies, including tax and fiscal policies at the global level and a world parliament. This was Heikki Patomäki’s message in his speech during the conference.

Before the Cold War there was a natural polarization between socialism and capitalism. The apparent contradiction led to a Nordic social democratic invention: the 3rd road’s policies. In this way, the Nordic countries found their clear role. Scandinavia became an entity but an entity that was only possible under the conditions that existed during the Cold War. The model was to develop the educational system and care outside the logic of the market. Solidaristic wage policy, gender equality, central wage negotiations and a redistribution of resources through government tax and transfer policies were other characteristics of this middle way between capitalism and socialism.

But the model left the capitalist institutions intact. The Swedish Saltsjöbaden agreement brought no fundamental changes: the agreement was that the owners of capital would continue to make all the important decisions. But the success of the policy created its own weakness. Workers, who previously had a clear identity, obtained a higher standard of living. The new political role also changed their social identity – the feeling of being exploited became weaker. People became more and more consumption-oriented, and saw less reason to lean towards the labour movement.

– The decline led to a paradox, said Heikki Patomäki. People felt less reason to identify themselves with movements that were the premise of the welfare state.

Capital, on the other hand, had for some time been mobilized and businesses were becoming increasingly multinational, capital moved abroad and thus had an exit option.

– The Swedish model was simple in essence, said Heikki Patomäki. Through steady wage increases it squeezed out companies that could not afford the increase. This created a technological dynamism and with active labour market policies, society reached the goal of full employment, which was important to finance the welfare state.

Economic globalization has given capital exit-options whose effects can only be countered by a new international politics and economics. The solution, says Heikki Patomäki, is a global social democracy, global political parties and a new economic theory.

But the situation looks dark:

– The EU has, if anything, become even more neoliberal, said Heikki Patomäki.

**Links**

Heikki Patomäki
Follow this link to see Heikki Patomäki’s webcast:

Follow this link to see Heikki Patomäki’s presentation:
The Nordic model inspires

Economic growth is not enough to guarantee everyone a safe life and participation in society. There are both single-instance and general statistics that show this. The Nordic welfare model has much to contribute to international development, said Johannes Jütting during his speech in Helsinki.

Over the past ten years, developing countries’ contribution to the world’s GDP growth has increased more and more while the wage share of the increased value has fallen, suggesting that economic growth in many countries has been accompanied by rising inequality. Even different types of measurements show a sense of satisfaction not necessarily related to economic growth.

Achieving social cohesion requires much more than economic growth. In today’s changing world, social cohesion faces some significant challenges. Today most of the poor live in middle income countries as opposed to twenty years ago, when most people lived in low income countries. The feeling of confidence or lack of it becomes clear in the measurements that show that about 60 percent of Northern Europeans believe that most people can be trusted, while the corresponding figure for people in Africa and South America is 15 percent. To build confidence in the society and its structures is one of the biggest challenges in the changing world of today and requires more than just economic growth. It takes a community of effective workers’ organizations to strengthen workers’ position in society, better risk-sharing so that the employees do not always have to pay the full price of recessions as well as serious efforts to combat marginalization and discrimination.

The tax morale is of central importance. In the Nordic countries, there are a small percentage of people who justify tax evasion. In many developing countries the figure is much higher. Other statistics can give an answer as to why willingness to pay taxes is so different: in many developing countries inequalities are as great after taxation and completed transfers, as before. Within the OECD, where few people justify tax evasion, inequality drops dramatically after taxes and transfers.

The Nordic welfare model has some characteristics that may be worth studying for countries seeking greater cohesion in their communities. The Nordic countries are open economies, where the public has a strong role with extensive social benefits and social services, major investments in education and research, high taxes and high public spending levels and high confidence in the institutions of society. These are elements that countries in the South could find useful.

Follow this link to see Johannes Jütting’s webcast:

Follow this link to see a short interview with Johannes Jütting:
http://www.youtube.com/user/nordicwelfare1?blend=5&ob=5#p/u/3/HmR94ivEJ80

Follow this link to see Johannes Jütting’s presentation:
http://www.nordicwelfare.org/filearchive/1/121110/PPJohannesJutting.pdf
The challenges to the model

When we see how well off we are, it’s easy to forget that the Nordic welfare model faces difficult challenges, said Joakim Palme during his speech, which he began by explaining his view on the key elements of the model.

Universalism, earnings-related social insurance, universal and decentralized social services, and a labour market that includes both men and women are some of the elements that Joakim Palme sees as central to the Nordic welfare model.

– The model's design is threatened by both decisions and non-decisions, said Joakim Palme, and gave as an example of the latter, the fact that the income ceiling for unemployment benefits are not increased, despite higher revenue. This means that fewer and fewer rely on the social security system and seek out private solutions.

He also pointed out that universalism is no longer obvious and that at least in Sweden political decisions have made it easier for women not to look for work, which threatens a labour market that includes both men and women.

Through the increasing residential segregation and an increasingly unequal access to education, youth and migrants have become new social risk groups that are moving towards a difficult future.

Also globalization is a difficult challenge for the welfare model. The deregulation of financial markets has led to a situation where the tax base, which determines the level of welfare, has become mobile. Power has shifted in favour of capital.

– Although the World Economic Forum says that the Nordic countries are among areas with the best investment climate, we are high-tax countries with an ageing population and a mobile tax base, said Joakim Palme, who argued that it is obvious that the model is under pressure.

His prescription is to focus on strengthening the tax base, requiring a partial new social policy.

– I think we have discussed too much the level of pensions and health care. There will not be much pensions and health care left, if we do not invest in the future tax base.

In plain language: an effort to improve families' conditions and increase fertility and a commitment to quality education providing a workforce that can compensate for an ageing population.

To succeed, we must have long-term perspective in decision-making, partly because children are expensive in their first years of life, partly because investment in education does not pay until after a long time.

A future-oriented social policy, a social investment agenda, involves a commitment to both social protection and inclusion in the labour market. Without the safety net people are at risk of being marginalized and will lose confidence in relation to necessary conversion processes.

Subsidies may, on the other hand, create dependency. It is therefore important to link social protection to certain conditions, rehabilitation programmes and active labour market policies.

A successful future social policy needs, says Joakim Palme, to focus on strengthening the tax base, both by the number of taxpayers and their productivity – fertility and education. The saying "Children and youth are our future" may well be a cliché, but it has never been truer than today.

Joakim Palme

Joakim Palme, Director, Institute for Futures Studies, Stockholm

Follow this link to see Joakim Palmes webcast: http://194.79.19.108/webcasts/stm/nordicwelfare/palme.php

Follow this link to see a short interview with Joakim Palme: www.youtube.com/watch?v=qPMuzyyHho8&NR=1

Follow this link to see Joakim Palmes presentation: www.nordicwelfare.org/filearchive/1/121109/PPJoakimPalme.pdf
Health care for all, high levels of employment, reasonable basic income, including pensions, are key values in the Nordic countries. The population can, therefore, expect society in one way or other to support them in old age or in case of sudden illness or unemployment. The population also takes child allowances and disability pensions for granted. Much of the world’s population, however, lack these reassuring forms of support.

**Timo Voipio and Sarah Cook** gave a lecture during the conference on the international community’s efforts to reduce poverty and to even out inequalities in the world.

**Nine initiatives** were launched in 2009 during the UN meeting on the financial crisis. “The social floor” initiative is one of them.

– The aim of the initiative is to learn from the negative impact of financial crisis, accelerate recovery and create the basis for a more just and sustainable globalization. In other words, there is a wish to create a global social contract and a balance in world politics, says Voipio.

“The social floor” initiative is coordinated by the International Labour Organization (ILO) and the World Health Organization (WHO). The basic principles of the initiative are to provide everyone with basic services and considerable income transfers in the form of income redistribution and universal health care. This is because social services and income transfers are considered to be the most effective policy instruments in the fight against poverty, insecurity and inequality. Through the initiative the United Nations is striving to create a stable world with human rights as its pillars.

**Sarah Cook**, Director of the United Nations Research Institute for Social Development (UNRISD), asked how we can expand social policies so as to cover the entire world population. How to create basic security for all? UNRISD has recently published a report ‘Combating Poverty and Inequality’, which gives advice on how poverty could be reduced and how equality in the world could be increased.

The report argues that poverty is not reduced significantly by a policy whose efforts focus solely on reducing poverty. A much broader approach is needed in which social policies are based on universalism. This means that the entire population, not only a part of it, should be covered by social rights. – The introduction of pensions for all persons over 90 years in Nepal is an example of this, Sarah Cook said.

Although there are not many 90 year-olds in Nepal, the principle is there. With an increasing standard of living, the age limit may be lowered.

**Links**

**Timo Voipio**
Follow this link to see Timo Voipios webcast:

Follow this link to see a short interview with Timo Voipio:
www.youtube.com/watch?v=6mJ168WGeIk&feature=related

Follow this link to see Timo Voipios presentation:
www.nordicwelfare.org/filearchive/1/121126/PPTimoVoipio.pdf

**Sarah Cook**
Follow this link to see Sarah Cooks webcast (starts at 23:10):

Follow this link to see Sarah Cooks presentation:
www.nordicwelfare.org/filearchive/1/121125/PPSarahCook.pdf
Torben M Andersen, Professor, University of Aarhus

This is why the Nordic model works

The approach of economic theories that efficiency and equity are opposites is not true. Torben Andersen, Professor of Economics at Aarhus University, challenged the view that a well-developed publicly financed welfare state must pay in terms of lower efficiency.

The Nordic countries are an example where reality contradicts theory: there is both a high degree of equity and high income, which is a measure of efficiency. The approach of economic theories according to which redistribution reduces people’s incentives to work are contradicted by the Nordic countries. A systematic explanation of why the Nordic system works and how it can be built up, can be a lesson for other countries wishing to follow the Nordic road by strengthening the social safety net.

Torben Andersen’s explanation assumes that social support should be seen as insurance. The social security network, which is financed by a redistribution of income and capital through taxes, is synonymous with insurance. The policy creates flexibility and readiness for change in a way that does not exist in societies without a welfare state. The insurance, which a private market can not offer, is embedded in the Nordic welfare model.

- There are situations where a community can improve both efficiency and equity by strengthening the social safety net, Torben Andersen said. Having said this, it doesn’t contradict that there is a point where the efficiency suffers because the incentives to work are removed. Since the rights of the individual are financed by the community, a benefit can at some level disrupt efficiency. Why doesn’t this problem emerge in the Nordic countries, considering their high level of social security? Torben Andersen’s response is that the social security system is universal and focused on the labour market. Benefits are conditioned by demanding individuals to actively seek employment. Active labour market measures are aimed at helping individuals to adapt to the existing labour market.

The generous benefit level is one side of the coin, but the other side is that the activation is stepped up, depending on the duration of unemployment. Entitlements are universal but there are a lot of conditionality with a strong labour market focus.

- The aim of the social safety net is clearly to provide income and therefore an insurance of the living standard but definitely not to subsidize leisure, said Torben Andersen.

The Nordic welfare model’s way of functioning makes it susceptible to two factors: demographic trends and high unemployment. The funding of the model requires a stable and large tax base. The demographic trend of a higher proportion of elderly is a challenge to the model because the income of a declining proportion of the population is supposed to finance welfare for all through taxation. An economic crisis, leading to lower long-term employment, would for the same reason be a challenge to the welfare model.

Links

Torben Andersen
Follow this link to see Torben Andersen’s webcast: http://194.79.19.108/webcasts/stm/nordicwelfare/andersen.php

Follow this link to see Torben Andersen’s presentation: www.nordicwelfare.org/filearchive/1/121127/PPTorbenAndersen.pdf
Popular support for the Nordic welfare systems is still strong. Different social changes, including growing immigrant populations, haven’t weakened this support. This was one of the conclusions of Helena Blomberg-Kroll’s intervention about the legitimacy of the welfare state, the impact of immigration on welfare state support and citizens support for the Nordic Welfare Model. Results are based on, among other studies, the project “Welfare Attitudes in a Changing Europe”.

According to Blomberg-Kroll welfare state legitimacy also needs to be viewed by groups most affected by and dependent on the welfare policies conducted. This could provide valuable information on the legitimacy of European welfare systems, she said. People who often get sick or have financial difficulties can be assumed to support the welfare state because they want to secure themselves against these risks.

Results indicate that the Nordic regime, closely followed by the Continental regime, has succeeded best in creating a “subjective” sense of security against future social risks. Also evaluations of welfare state task performance seem to correspond with factual welfare state performance in terms of poverty and other social problems: high-

Links

Helena Blomberg-Kroll
Follow this link to see Helena Blomberg-Krolls webcast:

Follow this link to see Helena Blomberg-Krolls presentation:
www.nordicwelfare.org/filearchive/1/121124/PPHelenaBlombergKroll.pdf
risk groups in the Nordic countries and in Continental Europe are most satisfied with the performance of the welfare state, while high-risk groups belonging to the Southern European, the Anglo-Saxon and particularly the Eastern European model have a far more negative view of the task performance of the welfare state.

Regarding welfare state attitudes, our results show that it is the high-risk groups in Eastern and Southern Europe who stress government responsibility to the greatest extent, followed by the high-risk groups in the Nordic regime, while high-risk groups in the Anglo-Saxon and, above all, in the Continental model are the least in favour of government responsibility.

Even though we can find differences between risk groups in different welfare regimes, state responsibility for welfare is strongly supported among high-risk groups in all European welfare regimes. Thus, there is a rather strong support for a comprehensive welfare state of the Nordic type in all European countries.

It has been assumed that since the Nordic countries have become increasingly multicultural, popular support for universal social policies in these countries has started to decline as a result of this development. If one assumes that especially the Nordic-type welfare system requires a high degree of conformism regarding certain values, this easily leads to the conclusion that the Nordic-type welfare system is seriously challenged by immigration. According to Blomberg-Kroll, increasing immigration has not led to any particularly strong anti-immigrant attitudes in the Nordic welfare states. On the contrary, the populations in the Nordic countries still have a rather positive view of immigrants.

It has often been presumed that immigrants might be in favour of the welfare policies in general and the Nordic welfare model in particular. On the other hand, because of its universal and comprehensive character, the benefits and services of the Nordic welfare state may, for example, change the character and importance of family ties between generations or between spouses since social protection and services are offered universally and to individuals, not families. From this perspective, support for the Nordic welfare model does not seem self-evident. Based on the European Social Survey 2008, immigrants’ attitudes towards the welfare state are close to the attitudes of the native population in the new home country.

Blomberg-Kroll concluded that popular support for the Nordic welfare systems in general showed no signs of declining during recent decades.

– In fact, the Nordic model today looks truly uniformly Nordic if one looks at popular support for the welfare state, she said.
We need new economic thinking

Why is there a Nordic welfare model only in the Nordic countries? Although much of Europe and a lot of countries in the world both admire and want to transfer the Nordic model’s advantages to their own countries, the success is, to put it mildly, limited. Bruno Palier believes that we must reach a new understanding of the economy.

– Many experts agree that today’s social problems are unmet social needs on one hand and rising inequalities, in-work poverty and persisting unemployment on the other, said Bruno Palier.

After a period of neoclassical economic theory, when public spending was seen as a cost and a barrier to development, there was a decade ago a relatively broad consensus that social politics should be seen as a productive factor, essential to economic development and growth. – Had I been here ten years ago, I would have had that the Nordic welfare model has won and has become a reference point for the development of our societies, said Bruno Palier.

But now, ten years later, it is possible to see whether the policy actually has been implemented or not, and then the picture becomes darker.

Social investment includes investments in human capital through health, education and lifelong learning, and making effective use of human capital by providing support for single parents and by having an active labour market policy that includes traditionally excluded groups.

Despite good intentions and many declarations, this policy has not been realized in Europe. Figures show that investment in education declined, per capita. The only countries that follow the principal of social investment are the Nordic ones and to some extent the Netherlands and some English speaking countries.

Why haven’t we got a new welfare state?
– We need a new economic theory, said Bruno Palier. Both Keynesian and the neoclassical policies were supported by economic theories. Bruno Palier went on to establish a number of characteristics that a new theory must cover in order to be successful:

– I am not an economist or a candidate for the Nobel Prize but I think there are some important points that need to be incorporated into a new theory.

We must change our view of incentives and inequality, and even of economic mechanisms. According to neoclassical theory, it is the rich that drive the economy forward, but although several societies have applied this, they have failed, says Bruno Palier. Equal societies perform better.

In the new economic thinking investment in human capital such as education, must not be seen as consumption. The GDP measure should be amended to include welfare and the environment. Ways to measure productivity in a service economy must also change.

– Even today, many people look upon neoclassical solutions as an alternative, but to apply neoclassical solutions to the problems created by neoclassical policy cannot succeed, said Bruno Palier. Today’s Europe is led by people applying neoclassical policy but you don’t need to be clairvoyant to predict a new financial crash in a few years, such as the one that hit us in 2007.

Links

Bruno Palier
Follow this link to see Bruno Paliers webcast:

Follow this link to see Bruno Paliers presentation:
The Strength of the Nordic Welfare Model in Times of Global and Financial Crisis


- The Nordic Welfare Model (NWM) stands for the combined pursuit of universal provision, public delivery of services, gender equality, broad voluntary participation inclusion and cohesion, institutionalized collaboration between the social partners and the state and coordinated wage setting, and a distinct interplay between public policy, market, family and civic society.

An important goal is to mobilise the whole working-age population for employment. An overall goal is well-being. The public delivery of services is a means to achieve this goal. The NWM's problems and weaknesses are to a great extent the unintended consequences of the way in which the model is constructed. Yet, these consequences are reinforced by the ways in which Nordic economies and Nordic business corporations adjust to the increased global competition.

While the Nordic countries have high female employment rates and, hence, high overall employment rates, the employment situation of young people with low or incomplete education, persons with disabilities, ethnic minorities and immigrants is more uncertain, vulnerable or precarious. Nordic countries have high social expenditure but low poverty. Employment rates of women are high in Nordic countries. Gender equality and impacts of public delivery of health, education, social and care services have a key role in creating high employment for women. Issues of segregation, gendered working patterns, gendered wage and life earning gaps are unintended consequences of the welfare state's dominant role as employer for women.

Hvinden outlined five latent exclusionary mechanisms associated with NWM characteristics, for example: business organizations' adjustment to growing competition/Nordic business interest, which may have accepted high level of taxation and sharing of gains as a part of a broader institutional settlement./ All-encompassing and fairly generous systems of income, the maintenance may have served to facilitate restructuring of Nordic working life and adjustment to growing competitive pressures in the globalized systems by providing reasonable, stable incomes outside paid work.

The workshop members discussed the role of the Nordic economies in labour and stated that it is becoming more and more specialized towards research and innovation. The general increase in the education level of Nordic citizens and wage earners is leading to the exclusion of those who are not able to attain or complete longer education. Finland, for example, at the same time has a large number of unemployed highly educated young people. To varying degrees the Nordic countries have a substantial drop-out from upper secondary school and there is no "second chance" educational system. Traditional apprenticeship placements have disappeared or become insufficient compared to the number of young people who need more practical and work-related training.

Boys drop out more often than girls, and especially ethnic minority boys are dropping out more frequently than others, including ethnic minority girls. The labour market should be sustainable and the governments should take care of these problems. The Nordic countries have not adopted enough integration measures. There is also a problem with attitudes towards immigrants among employers.

It is a myth that we have such a good financial support system that one does not have to work. Cash benefits have become more tightly controlled and most young people do not qualify for the more generous social insurance benefits. The labour market is not easy to enter. There is, thus, an increasing demand for labour force with high skills. At the same time boys, immigrants, persons with disabilities or low education and single mothers are at risk. The main strength of the NWM is that it encourages working, that it has mobilized women for labour market participation and that the labour force has a high overall level of qualifications.

Moderator: Kirsi-Marja Lehtelä, Planning Officer, National Institute for Health and Welfare, Finland
Bjørn Hvinden, Professor, NOVA, Norway
The Nordic Welfare Societies in a European Context

The Finnish Ministry of Social Affairs and Health is active at several levels – Nordic, European and global levels. At all levels the Ministry promotes welfare and equity. The Ministry supports the Nordic Welfare Model, its ideas of democracy, equity, universal access and trust. But what is the role of the Nordic Welfare Model in combating poverty?

The Nordic Welfare Model was not built in a couple of days, on the contrary it took decades. The Nordic Countries are still a distinct group of countries with their stable democracy and welfare, but today they are on "a shaky ground". They still succeed well in international comparisons and are among the best countries. The Nordic Welfare Model is quite successful in coping with poverty and its representatives’ life satisfaction is measured to be one of the highest in the world together with the Netherlands and the U.K. The Nordic Model is better in handling old risks than new risks. In the Nordic Countries, young single adults have three times higher risk of poverty than young single adults in Europe, but the time spent in poverty is shorter than average. Education plays a big role in coping with equality and welfare.

According to a politician’s view we should inspire other countries and societies with the Nordic Welfare Model. Health care, social equality, education, inclusive work, fiscal balance, universal rights should be a part of our global policy – it should be a mainstream policy. Solidarity is also needed – “the rich world sharing with the poor world”. The states are to create working places to their citizens – work gives you freedom and welfare. In other words, work pays for welfare! The employment of young adults should be supported as well as employment of immigrants. Decent work is everybody’s right: it protects workers’ rights and the employers using it are socially responsible. In decent work you have social partners, the number of conflicts is low and gender equality and family policy are followed. Most often poverty has a woman’s face, but it is changing due to gender equality processes in working life. “The welfare state is a girl’s best friend”.

It was also discussed whether there will be only one Nordic Welfare Model in the future. According to specialists there will be no single Nordic Welfare Model – the disparities will continue. This is due to national flexibility. We support the Nordic Welfare Model and collaborate to maintain and develop it, but at the same time we have to deal with EU politics and pay attention to economic forces that are global. We have built our Nordic Model “brick by brick” for decades – to build a European Model certainly takes a much longer time.

Moderator: Anne Eriksson, Ministerial Adviser, Ministry of Social Affairs and Health, Finland
Susan Kuivalainen, Senior Research Fellow, University of Turku, Finland
Laila Gustavsen, Member of Parliament, Labour Party, Norway
Challenges to the Nordic welfare politics in a global context

What happens when the world becomes smaller, distances are shrinking and globalization exposes the Nordic welfare model to major challenges? And how can the Nordic countries operate on a global level to present their alternative?

These were some of the questions asked and answered by the participants. Bent Greve, Professor at Roskilde University in Denmark, stated in his speech that all countries, and the Nordic welfare model especially, are affected by globalization. Integration makes it impossible to pursue independent economic policies:
- For example, devaluation is no longer an available tool, countries need to adapt to each other, said Bent Greve, pointing out that this development makes education policy even more important than before.

The welfare system is under pressure in different ways: demographic change forces the welfare system to reorient from the young to the elderly, the demand for services changes and the less educated have a hard time when unskilled jobs move abroad.

In 2009, all European countries but Poland recorded a negative growth and deficits. This fact is not necessarily a consequence of globalization. The relationship is not entirely clear and the literature has no obvious answer to what is cause and effect.

The Nordic countries are in many ways similar, but have slightly different financing. From an international perspective, we can point to several crucial factors that make a welfare state:
- a model for sustainable funding – revenue can only be used once, the deficit one year must be offset by a surplus of other years, but persistent deficits and high levels of debt affect a welfare society,
- stable growth strategy – even a modest growth of 2 percent per year gives double income after 40 years
- balance between state, market and civil society
- an understanding of the benefits of equality and stable social development.

In the ensuing discussion, Sanna Lauslahti, Member of the Finnish Parliament, pointed out that the relocation of jobs to Asia's developing countries means that we must become more efficient in our service provision.
- There is scope to develop these processes, said Sanna Lauslahti.

A member of the audience commented that it would be challenging to support the community in such a way that people can help each other, within the family or within some other voluntary structure.
Bent Greve agreed that voluntary social work is positive, but pointed out that society cannot build structures on such work.
- It is good as a supplement, but in practice it is difficult to establish the universality of it, he said.

There is a huge international interest in the Nordic model. Ralf Ekebom referred to an EU meeting where speakers argued that all EU countries should do as the Nordic countries. However, as was demonstrated in a workshop, it is difficult to transfer experience to others:
- We can say that we have been successful and that we have stable markets, said Bent Greve. But our traditions are different from others – all must find their own ways.
Matching Work and Family – Challenging the Welfare System

Many families in the Nordic countries are struggling to win more time. Work, children, some leisure activities – there is not enough time.

- While the Nordic countries are pioneers in gender and family policies, the countries have partially chosen different paths. Minna Salmi, Research Manager at the National Institute for Health and Welfare in Finland, believes that the opportunities to combine work and family is a key political issue if we are to keep the Nordic welfare model in the future. The balancing act is to both preserve the high labour participation among parents of young children and to create conditions for young couples to have the courage to have children.
- The demographic challenge must be tackled from two directions: we must create better conditions for older workers to remain in the labour market and at the same time we must increase the birth rate.

Research shows that about twenty percent of men and women having a job in Scandinavia find that they often have difficulties keeping up with family life because of work. This is understandable since we Northerners work more than the rest of Europe. Besides our long days, we work more overtime. A Finnish study shows that about 30 percent of parents are working overtime every week. It is a slightly higher figure than for the professionals without children.

Working life in the Nordic region is undergoing significant changes. More and more people have flexible working hours, while the number of permanent jobs is reduced and more services are put on the free market. These changes affect women’s and men’s perceptions of opportunities to solve their employment and family situation. Minna Salmi says that Nordic research is needed for monitoring developments affect the citizens.
- We should put the same emphasis on family policy and gender issues as in the economics of the welfare model.

From a policy perspective, it is about giving people more influence over their work: how they work and how long they work are important for the stress of everyday life and how people experience their life situation.

The increased opportunities to work part time are often cited as a way to balance family and work. In the current situation, it is primarily women in the Nordic countries who are working part time, but the figures vary greatly between countries. In Norway, for instance, thirty percent of women work part-time, while the corresponding figure for Finland is around fifteen percent.

On the other hand, the number of men working part-time is around ten percent, regardless of country.

Far from everybody made a deliberate choice to have shorter working days. The fact that more and more young people have temporary jobs means that many cannot influence their working hours. This specially affects women because of their higher employment rates in the social sector where the number of temporary contracts has increased markedly in recent years. Meanwhile, short-term contracts increased economic uncertainty, which in turn leads to more waiting before starting a family. Minna Salmi believes that the Nordic countries must take parents’ concerns about their own lives seriously, or else countries risk declining birth rates and lower labour participation.

Paid parental leave is longer in Scandinavia than in the rest of the world. Sweden has the longest maternity leave with 70 weeks, while Iceland has the shortest with just under 40 weeks. All Nordic countries have some form of ear-marked days for the father, but Iceland is the country that most consistently divided the parental leave equally. One third of the time can be taken by the mother, one third by the father, and the remainder can be split between the parents according to their choice. Since the new law entered into force eleven years ago, the fathers’ parental leave has increased dramatically. In 2006, 87 percent of Icelandic fathers took parental leave, putting the country at the absolute peak in the world.

- Iceland has shown how countries should proceed if you want to create an egalitarian model that encourages fathers to take more parental leave, says Minna Salmi.

Meanwhile, Iceland has the highest fertility rate in Europe. This in turn means that the country can maintain its position as a young country with a low proportion of older people, which ultimately favors welfare.
Part of Jukka Kumpuvuori’s ongoing research is on comparing disability rights in Uganda and Finland. He pointed out that both countries have good laws and constitutions that in theory speak in favour of persons with disabilities, but that reality does not correspond with theory.

In spite of laws, violations are taking place every day. Because these laws are vague they leave a lot of room for interpretation. In Finland people are focusing on changing the laws instead of changing attitudes and the way people interpret the law. Kumpuvuori points out that not even the police consider violations against persons with disabilities as cases of human rights violations.

During his speech, Kumpuvuori discussed the Rights Approach. This is a preventive human rights strategy, based on a strategic point of being and a radical form of human rights approaches. In this approach every organization has the right to interfere and point out their view of interpreting the law.

Luk Zelderloo highlighted the importance of the service providers for persons with disabilities. Staff working in the service sector are those who uphold human rights. Huge challenges due to demographic and economic changes need to be taken into consideration when it comes to future demands in the service sector. Many of those employed in this sector are female, working for low wages and with few career opportunities.

Ongoing de-institutionalization also leads to an urgent need for the development of community-based and personalized services across Europe. Support networks and available services for the client are key issues for the future. New types of services are needed, where family support systems, individualized solutions and cooperation, amongst other things, are key factors.

Conclusion: Human rights are guaranteed by laws, but in the future we need to focus on different levels of implementation of human rights, including legal aspects and the quality of social services.