

## **AN INTRODUCTION TO THE SWEDISH WELFARE STATE**

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### **ABSTRACT**

With one of the most generous welfare states of the world, Sweden invented the “Middle Way” between socialism and capitalism. Today, Sweden is regarded as the champion of social equality in the world. In this respect, studying the Swedish welfare state or “the Swedish Model” appears to be meaningful in Turkey, too. The first steps toward the construction of the Swedish welfare state were taken in 1890s, but “the Swedish Model” acquired its basic characteristics, which provided Sweden international reputation, after 1960s. In 1990s, the Swedish welfare state was restructured because of the impacts stemming from the economic crisis of the time, economic globalization and the European Union (EU) membership. Researchers generally agree on the fact that 1990s weakened the Swedish welfare state. However, changes that were made in this decade remained limited. Today, Sweden, which left the economic crisis behind, records both economic growth and budget surplus, and the way Sweden uses this budget surplus proves that Sweden did not alienate from the principles of “the Swedish Model”.

Keywords: *Sweden, Swedish Welfare State.*

### **İSVEÇ REFAH DEVLETİNE GİRİŞ**

#### **ÖZET**

*Dünyanın en cömert refah devletlerinden birine sahip olan İsveç, sosyalizm ve kapitalizm arasındaki “Orta Yol”u icat eden ülkedir. Bugün İsveç takip ettiği sosyal politikalarla dünyada sosyal eşitliğin şampiyonu olarak anılmaktadır. Bu bakımdan, İsveç refah devletini ya da “İsveç Modeli”ni Türkiye’de de çalışmak anlamlı görünmektedir. İsveç’te refah devletinin kuruluşuna giden yolda ilk adımlar 1890’larda atılmıştır, ancak “İsveç Modeli” kendisine uluslararası ün kazandıran özelliklerini ancak 1960’lardan sonra edinmiştir. İsveç refah devleti, 1990’larda geçirdiği ekonomik kriz, ekonomik globalleşme ve 1995 yılında başlayan Avrupa Birliği (AB) üyeliğinden kaynaklanan etkiler nedeniyle yeniden yapılanmak zorunda kalmıştır. Araştırmacılar genellikle 1990’ların İsveç refah devletini zayıflattığı görüşünde birleşmektedirler. Ancak yapılan değişiklikler kısıtlı kalmıştır. Bugün, ekonomik krizi geride bırakmış olan İsveç, ekonomik büyüme ve bütçe fazlası kaydetmektedir. Söz konusu bütçe fazlasını kullanım biçimiyle İsveç, “İsveç Modeli”nin ilkelerinden yabancılaştırdığını ortaya koymaktadır.*

**Anahtar Kelimeler: İsveç, İsveç Refah Devleti.**

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## **1. Introduction**

Recent scholarship on welfare states deals with durability or sustainability of the welfare states in the face of globalization. However, this paper, risking to be outmoded and unoriginal, will focus on the Swedish welfare state which is the epitome of the social democratic welfare state regime. The Swedish welfare state, being one of the most advanced welfare states of the world, provides a model in terms of extensiveness of social policies that a state could offer to its citizens. In this respect, considering that most of the Turkish readers are not familiar with the topic, the main objective of this paper will be to give a brief but representative account of “the Swedish Model”. By “the Swedish Model”, it is generally meant

a mixed market economy in which the division of responsibility between private enterprise and the public sector in the economic sphere, and between organizations and individuals, is intended to secure a fair, socially acceptable distribution of income and wealth and the eradication and absence of poverty without jeopardizing economic efficiency and growth in the long run. (Gylfason & others, 1997: 13)

I will use the theme of welfare states under the impact of globalization, too and give it a place in the end of the paper.

To begin with, I should note that the idea of welfare state is thought together with nation-states. In other words, the welfare state is considered to be a project of capitalist nation-states, which dates back to the 19<sup>th</sup> and early 20<sup>th</sup> centuries (Leisering, 2003: 175). Germany is regarded as the pioneer in the welfare state politics with Bismarck’s social insurance designed to meet the needs of the industrial workers of the time (Leisering, 2003: 177, 182).

It may also be useful to give some basic information on Sweden, in the introduction of the article, with a focus on the 20th century: Sweden did not enter the First and the Second World Wars, pursuing a policy of neutrality in foreign affairs. So that while other European nations were trying to reconstruct their countries after the World Wars, Sweden could have a different and better agenda at the time. In 1936, with Childs’ famous book titled “Sweden: The Middle Way”, the Swedish way was described as a third option between socialism and capitalism. 1960s were the golden age of the Swedish welfare state which is a matter of national pride and identity for the Swedes. In 1970s, it became the third richest country in the world. 1980s and 1990s were years of economic crisis for Sweden. Under the pressure of economic problems, Sweden joined the EU in 1995. Sweden is one of the leaders of gender equality in the world: One half of the cabinet and 40 per cent of the Riksdag (the Swedish Parliament) are women (Gould, 1999: 169). In 1996, only 3 per cent of the

whole Swedish population was working in the agriculture sector (Swedish Institute [SI], 2003 / a; 3). So that today's Swedish society with its approximately 9 million members, is a post-industrial society. According to the 2003 Information Society Index, Sweden is the world's leading information technology country and has kept this position for the last four years (SI, 2003 / b: 1). In 2004, the United Nations Development Programme (UNDP) ranked Sweden the second best country in terms of average levels of education, income and expected length of lifetime.

## **2. Variations Among Welfare States**

The Danish sociologist Gøsta Esping-Andersen's work, "Three Worlds of Welfare Capitalism", is one of the most influential contributions to the welfare state literature. In order to understand the place of Swedish welfare state in comparison to other welfare states, we will follow Esping-Andersen. Based on comparative empirical research, Esping-Andersen has defined three types of welfare-state regimes: liberal welfare states, conservative-corporatist welfare states and social democratic welfare states. The first category involves countries like United States, Canada, Australia and offers 'means-tested assistance, modest universal transfers, or modest social-insurance plans' (Esping-Andersen, 1990: 26) which target mainly the working class. This model, in which the state promotes the market,

minimizes de-commodification-effects, effectively contains the realm of social rights, and erects an order of stratification that is a blend of a relative equality of poverty among state-welfare recipients, market-differentiated welfare among the majorities, and a class-political dualism between the two. (Esping-Andersen, 1990: 27)

The second category which is labeled as conservative-corporatist can be exemplified with continental European countries such as Austria, France, Germany and Italy. The conservative-corporatist model is characterized with its insistence on maintaining status differences among its citizens; this means that social rights are tied to status and class and the redistributive function of the state remain underdeveloped (Esping-Andersen, 1990: 27). Being influenced by the Church, this model is

strongly committed to the preservation of the traditional familyhood. Social insurance typically excludes non-working wives, and family benefits encourage motherhood. Day care, and similar family services, are conspicuously underdeveloped; the principle of 'subsidiarity' serves to emphasize that the state will only interfere when the family's capacity to service its members is exhausted. (Esping-Andersen, 1990: 27)

And the third category which is called the social democratic welfare regime represents the Scandinavian countries. This model is based on the principles of universalism and de-commodification and aims to provide services of highest standards to its citizens equally. (Esping-Andersen, 1990: 27). Ensuring same rights for blue-collar and white-collar employees, one universal insurance system works for all in accordance with earnings. In terms of family policy, this model takes preventive measures to render the costs of family life into a social matter and encourages independence from family (Esping-Andersen, 1990: 28). Esping-Andersen describes this model, in which state services are also offered to the children, the old people and the helpless, as ‘a peculiar fusion of liberalism and socialism’ (Esping-Andersen, 1990: 28).

Esping-Andersen explains this variation in welfare regimes with three factors that are considered to weigh most: ‘the nature of class mobilization (especially of the working class); class-political coalition structures; and the historical legacy of regime institutionalization’ (Esping-Andersen, 1990: 29). Although this categorization of welfare regimes, which is based on comparative empirical data, is an important contribution to the literature, Esping-Andersen adds that these regime types are not pure categories. Each regime type may involve elements from other regime types (Esping-Andersen, 1990: 28).

### **3. The Construction of the Swedish Welfare State**

The Swedish industrialization started relatively late in 19<sup>th</sup> century but developed rather rapidly. The ensuing social problems, especially those connected with poverty carried Sweden into a discussion of social policies in 1880s and it is accepted that these discussions are greatly indebted to Bismarck’s social policies in Germany (Lundberg & Åmark, 2001: 157). Since then, Sweden has gradually improved its social insurance system: The first step in this direction was taken in 1891 when the Swedish state began to make contributions to voluntary sickness insurance schemes. In 1901, occupational accident insurance was launched. Other major steps toward the construction of the Swedish welfare state included the introduction of a general, compulsory pension system in 1913 and of a needs-tested local unemployment benefits and relief work system, supported by the state, in 1914 (SI, 2004: 1; Lundberg & Åmark, 2001: 158-159). However, today’s Swedish welfare state with its ‘[c]itizenship-based and tax-financed flat-rate benefits, universally available social and health services, and earnings-related schemes that cover the entire working population’ (Timonen, 2001: 29) was constructed only after the Second World War in 1960s. However, Esping-Andersen states that the true Swedish model ‘came into being with the shift towards active labour market policies, social service

expansion, and gender equalization in the 1970s and 1980s' (Esping-Andersen, 1996: 11). The Swedish welfare state has an international reputation for its generosity and the world's heaviest tax obligations that it poses on its citizens (Wittrock, 2004: 52).

As noted by Esping-Andersen, '[t]he Swedish welfare state is based on the principle that the welfare of the individual is the responsibility of the social collective' (Aspalter, 2002: 9). Within this context, the Swedish citizen has a right to public social welfare. Distribution of welfare, which is financed by taxes, is based on the principle of equality, not on a needs-based approach (Aspalter, 2002: 9). The Swedish welfare model is regarded as the basis of Swedish modernity and it enjoys firm support from Swedish citizens. Moreover, it is a well-known fact that in the elections, the Swedish citizens punish the governments which launch welfare cutbacks.

The engineers of "the Swedish Model" were the Social Democrats who 'first entered government in a coalition government with the Liberals in 1917, and then became sole governing party in 1920, in 1921-3 and in 1924-6' (Wittrock, 2004: 52). About the place of social democracy in Sweden, Wittrock states that

[i]t is no exaggeration to say that the Swedish political scene has been dominated by social democracy for the past 86 years. At least since the mid-1940s this dominance has involved an ideological hegemony. From at least the mid-1960s, the Social Democrats have also enjoyed what might be termed a social hegemony in the sense that the party does not only represent large parts of society, it has also shaped a society in its own image and created a logic of needs and demands in terms of both employment and public consumption patterns that make it difficult for any political opposition to challenge its policies without alienating large sections of the population. (Wittrock, 2004: 54)

Other Swedish scholars, without denying the leadership of the Social Democrats in the country, emphasize the role of other parties:

[Social democrats] had a new will to reform society with the help of the state and the political system. At the same time, the political system in Sweden, using broad parliamentary committees to investigate different questions and to try to come to a consensus over suggested reforms, made it possible for all major political parties to influence new reforms. The fact that the Social Democrats dominated the governments or ruled alone did not automatically mean that the bourgeois parties were without influence. (Lundberg & Åmark, 2001: 160)

The distinctive principles of the present Swedish welfare state are accepted as universalism and de-commodification. The principle of universalism is a traditional feature of the Swedish welfare state due to the comprehensive quality of its social policies. However, it should be reminded that, in reality, 'the Swedish welfare state

has never been entirely universal' (SI, 2004: 1). On the other hand, when compared with other welfare states, the Swedish welfare state ranks high in universality and this is what makes the Swedish welfare state famous for its universality. This universal and de-commodifying model depends on the principle of work or in other words, full employment.

The cornerstones of the Swedish welfare state are basically a social insurance system which operates for the working population, social services and social assistance. Now, I will briefly give place to these pillars of the Swedish welfare model, respectively. Here, the focus will be on the period following the Second World War, for the Swedish welfare state started to acquire its basic features in 1960s.

The basic components of the Swedish social insurance system are the pensions, sickness insurance, parental insurance and unemployment insurance. In order to summarize the development of the Swedish social insurance system in a chronological order, I will start with the old-age pension reform of 1948. With the reform, 'the pensions became universal, flat-rate and state-financed' (Lundberg & Åmark, 2001: 162). Before the reform, retirement meant poverty in Sweden. With the new legislation, some amelioration was recorded in this matter (Ministry of Health and Social Affairs [MHSA], 2000: 1). The reform of 1948 also repealed the income test and in that way provided men and women equality in pensions (Lundberg & Åmark, 2001: 163). The living standard of the retired persons was further improved with the introduction of a supplementary pension scheme in 1960 (MHSA, 2000: 1).

In 1954, a universal compulsory accident insurance was introduced to substitute the old voluntary accident insurance. In 1955, this time, a universal, state financed sickness insurance system with wage and earnings-related benefits was legalized to come after the old voluntary sickness insurance (Aspalter, 2002: 9).

Further steps in advancing the Swedish welfare state were as follows:

During the first half of the 1950s, the principle of income security was introduced in all social insurances in Sweden (...). During the next decades, a number of minor reforms brought benefits up to 100% of the income loss. In 1974, a supplement to the supplementary pensions was introduced, by collective agreement, which raised the pensions to about 75% of the income during the best paid years. In 1974, a reform of the motherhood insurance made it open also for the fathers. The last reform in the expansion of the welfare state was the new work accident and injury law in 1977. This law opened up new possibilities for injured persons to appeal against the rulings of local insurance agencies up to the Insurance High Court. (Lundberg & Åmark, 2001: 168)

The introduction of income security in all insurances brought changes in the family policy, too. The old family policy had intended to solve the falling birth-rates problem of 1930s and, in this direction, had aimed the empowerment of the male breadwinner model. This old family policy, which had provided benefits for houseviews such as sickness benefits and universal children allowances, supported persons living alone, too (Lundberg & Åmark, 2001: 163). With the introduction of income security in all insurances in 1950s, this old male breadwinner model was replaced with a two breadwinners model. Moreover, an inclusive public childcare system was established in 1960s (Lundberg & Åmark, 2001: 168). In addition to this, new measures were taken to provide gender equality. These are mostly related with including women into educational system and securing gender equality in the labour market (Lundberg & Åmark, 2001: 170). All these reforms created a very expensive welfare system in Sweden but also solved the poverty problem in the country.

In 1977, Sweden started to experience the effects of the economic crisis which influenced other European nations in the first half of 1970s. At the time, Sweden was being governed by a bourgeois coalition government which took power in 1976. Even with relatively low unemployment levels compared to other European countries, high budget deficits occurred in the public sector due to the policies with which this and the following bourgeois governments chose to fight unemployment in the country. Discussions on downsizing the public sector started. And it was this debate which brought the Social Democrats back to power in 1982 (Stephens, 1996: 43). Despite the success of “the Third Road” formula which was adopted by the Social Democratic government to eliminate the negative consequences of the economic downturn, the crisis reappeared at the onset of 1990s (Stephens, 1996: 44-45). This economic crisis is regarded as a turning point by some scholars in modern Swedish history (Benner, 2003: 140). The effects of this crisis on the Swedish welfare state will be given more space in the fourth section of this paper.

After the years of economic crisis, in 1999, the Swedish welfare state introduced a new pension system because of the escalating cost of the old pension system due to the growing portion of aged citizens in the population. Low economic growth rate in the country and the fact that the old system had lost its old quality of fairness are other major reasons which made this reform necessary (MHSA, 2000: 1). ‘The objective for the pension reformers was to design a fiscally sustainable pension system tied to economic growth with a clear link between contributions and benefits’ (Sundén, 2000). The major elements of the new system are an income-related pension, a prefunded pension, and a guaranteed pension (MHSA, 2000: 1). While the income pension replaced the earnings-related supplementary pension, the

guarantee pension substituted the old flat benefit and covered citizens who have no or low pensions (Sundén, 2000).

The unemployment insurance system, which is another component of the Swedish welfare state, is voluntary; it receives state support and is administered by the trade unions. This administration of unemployment insurance by the trade unions indicates the strength of the trade unions in Sweden. Swedish unionism is one of the strongest in the world. The benefits from the voluntary unemployment insurance are paid for 300 days but a further prolongation of 300 days is possible. The uninsured and those who do not meet the unemployment benefit requirements receive cash assistance. Including the uninsured, approximately 90 per cent of the workers are covered by the Swedish unemployment system (SI, 2004: 2).

Social services, in Sweden, complements the above welfare pattern. According to the Swedish Social Services Act, 'social services are to be aimed at liberating and developing the innate resources of individuals and groups while also taking into consideration the responsibility of the individual for his or her own social situation and that of others' (The National Board of Health and Welfare [NBHW], 1999: 4). Social services, which are administered by municipalities in Sweden, basically provide 'individual and family care and nursing and care of older people and disabled people. Since 1997 childcare has been the responsibility of the school system and is no longer part of social services' (NBHW, 1999: 4). Social services, which amounted to SEK 107 billion in 1998, provided help for 8 per cent of the Swedish population in the same year (NBHW, 1999: 6).

In Sweden, those without income can receive social assistance which is organized according to a needs-tested, strictly controlled system (Lundberg & Åmark, 2001: 169). In 1990, the amount of social assistance provided to recipients was SEK 6 billion; this increased to SEK 12.4 billion in 1997. The percentage of recipients in proportion to the whole population increased from 5.9 per cent in 1989 to 8.1 per cent in 1994. Especially the number of young and long-term unemployed recipients increased in this period (Timonen, 2001: 48).

I should also devote some place to the Swedish taxation regime, for the Swedish welfare state is mainly financed by taxpayers and it is one of the major attraction points in discussions concerning sustainability in the face of globalization. The old Swedish tax regime 'taxed personal income, consumption, and wealth very heavily. On the other hand, capital and corporate income were taxed remarkably little in comparative perspective' (Steinmo, 2002: 841). Until 1991, some reforms on the

taxation regime were made but a new tax regime which is known as the “tax reform of the century” was introduced in 1991. With the new tax system,

tax rates were reduced substantially for all taxpayers and tax expenditures were radically scaled back. Not only was the top tax rate on income reduced from more than 80% to 50%, but the tax system was simplified to the point where more than 85% of taxpayers no longer submitted a tax return at all. (Steinmo, 2002: 850)

The new tax system brought changes in corporate and capital taxation, too:

Now all capital income faced a flat 30% rate and deductions were substantially rolled back. The Corporate Profits Tax was also reformed. The marginal tax rate was reduced from 57% to 30% at the same time that many of the most generous tax expenditures available in the code were eliminated. (Steinmo, 2002: 850)

Although the tax rates were still very high, experts interpreted the new tax system as the end of the Swedish welfare state, for it was thought to be underfinanced. Moreover, this tax reform deteriorated the economic crisis which hit the country at the time (Steinmo, 2002: 851). But after the Social Democratic Party took power in 1994, new changes in the tax policy were introduced:

[Social Democrats] increased the top marginal rate of tax on very-high income earners by 5% and also reduced the Value Added Tax on food by 50%. Since then, the government has been trying to effectively hold the line and reestablish the fiscal balance. (Steinmo, 2002: 852)

Today, Sweden enjoys budget surpluses and this proves that additional measures have worked well.

#### **4. Challenges to the Swedish Welfare State in 1990s**

1990s were years of economic crisis for Sweden. In addition to the serious economic crisis, the Swedish welfare state together with other Nordic welfare states faced both external and internal challenges during these years. In this section, these pressures on the Swedish welfare state will be taken up.

External challenges on the Swedish welfare state in 1990s involved the impacts arising from economic globalization and Sweden’s relations with the EU. Economic globalization implies ‘increased mobility of capital, internationalizing markets and technological progress’ (Kautto & Kvist, 2002: 192). These new conditions make competitiveness the rule and require dynamic economic players. The Nordic welfare regimes which are regarded as “big and fat” with the world’s most generous services

they offer and with the heaviest taxation regimes they pose were not considered as sustainable in this new situation.

However, in the Swedish case, more important than the impact of globalization was the economic crisis of 1990s. 'By 1993 the public sector borrowing requirement had risen to over 12 percent of GDP. The following year the national debt had risen to 84 percent of GDP' (Gould, 1999: 166). In 1995, unemployment rate, which was 2 per cent in 1990, reached over 9 per cent. This unemployment rate that is almost equal to the European level, has shocked the Swedes (Timonen, 2001: 36). The huge increase in the unemployment rates was especially important for the Swedish welfare system relies on full employment. In this period, the impact of globalization has been severe for

it coincided with exceptionally serious macro-economic crises, largely brought about by unwise and unfortunately timed economic policies. Had there not been such a deep crisis and had economic policy-makers been shrewder, most of the social policy cutbacks and reforms that took place in 1990s would not have been necessary. (...). Nonetheless, we cannot ignore globalization, as it was an important link in the process of welfare state restructuring. (Timonen, 2001: 34)

As a result of this new situation, the Swedish social insurance systems underwent some changes which 'made earnings-related benefits more tightly linked to contributions, diminished the role of universal benefits and made means-tested benefits more tightly conditional on participation in activation measures' (Timonen, 2001: 29). With the changes made, 'income security for example has been lowered to 80% in sickness insurance and the unemployment insurance, and new, harsh qualification rules have been introduced in many programs' (Lundberg & Åmark, 2001: 172). In this period, 'some services for the elderly have been privatized' (Gould, 1999: 166), too. But privatized services have remained under state regulation and financing (Stephens, 1996: 47). New arrangements were based on a new economic policy called "the Third Way". "The Third Way" which is described as a route between neo-liberalism and Keynesianism, was created by the Social Democratic Finance Minister of the time and suggested the transformation of the Swedish society to the "new economy" (Lundberg & Åmark, 2001: 172-173). This was the solution found for the persisting Swedish problems that exacerbated under the impact of globalization.

As a further solution to Sweden's economic and social problems in 1990s, the idea of Swedish membership to the EU was put forward and Sweden became an EU member in 1995. However, now, there are views which support the idea that the EU membership of Sweden introduces new threats to the Swedish welfare state. Because the EU membership means economic harmonization for Sweden and economic

harmonization, in turn, implies harmonization in social policies (Gould, 1999: 171). For example, Gould states that the objective of meeting the European Monetary Union (EMU) convergence criteria was one of the reasons behind the Swedish efforts to reduce the above presented negative economic figures which resulted in narrowed social and public expenditure. However, the Social Democrats who support membership in the EU provide arguments in the opposite way. According to them 'the cuts to public and social expenditure may have happened a little more swiftly because of the EMU convergence criteria but (...) they would have occurred anyway due to domestic and international pressures'(Gould, 1999: 166). Nevertheless, even this argumentation cannot convince Swedes who are known as "reluctant Europeans" (Gould, 1999: 172); especially the Swedish women are sceptical of the EU, for it is considered as a threat to the welfare benefits that provide gender equality (Gould, 1999: 169).

Social dumping and social tourism are presented as other external threats to the Swedish welfare state in the literature. Social dumping refers to a situation in which 'companies speculate in national labour market standards with regard to taxes, wages and job legislation, and (...) governments in response lower standards in order to retain or attract capital and companies' (Kautto & Kvist, 2002: 195). On the other hand, social tourism indicates immigration of the EU citizens to countries which provide better social benefits than their own countries (Kautto & Kvist, 2002: 195). As long as other European states cannot reach the Swedish social standards, social tourism stands as a real option for the citizens of other European nations. On the other hand, social tourism to Sweden might be seen as a cure to Sweden's population issue. Ageing populations, falling birth rates are regarded as the most compelling domestic challenges on the Swedish welfare state (Kautto & Kvist, 2002: 192; Timonen, 2001: 37). And it is no secret that the Swedish state will need extra tax-payers in the future to finance social benefits for its ageing population. At this point, social tourism might function as a solution for this problem and can bring new tax-payers to the country. On the other hand, it should be reminded that in the last few years, a new baby-boom has been observed in Sweden and this might be a beginning of a new trend in the Swedish society that could end the population problem in the country for the coming generations.

About the negative impact of globalization on the welfare states, there are several views in the literature. Among these, the most pessimistic view holds that the competition among the welfare states to attract global capital will result in lowered taxes, deregulated labour markets and weakened social services and all this will lead to a convergence of welfare states at the minimal level (Kautto & Kvist, 2002: 193). The most optimistic one suggests an opposite development: according to this 'upward convergence is expected (...) stressing that the integration of world

economy and technological advances have spurred economic growth as well as raised and homogenized people's preferences and expectations across countries' (Kautto & Kvist, 2002: 193). Another view predicts that different countries would respond differently to the impact of globalization due to their different places in the world economy and their different welfare systems and labour markets (Kautto & Kvist, 2002: 193-194). Some other views put forward the idea that there is not sufficient evidence which proves the existence of globalization and what is happening resembles more regionalization of the world economy (Kautto & Kvist, 2002: 194). However, in order to understand which tendency weighs more in reality, we need to see the findings of new research based on comparative empirical data.

## **5. Epilogue**

Researchers generally agree on the fact that 1990s weakened the Swedish welfare state (Timonen, 2001: 29; Lundberg & Åmark, 2001: 176). But, at the same time, it is also accepted that changes that were made in this decade, remained limited. So, what was put on the agenda has not been dismantling of the welfare state but rather restructuring it (Timonen, 2001: 50). Lundberg and Åmark support this interpretation, too:

Modern Swedish social politics is still successfully preventing poverty and still redistributing incomes among the population to a comparatively high degree, but the level of benefits has been cut down extensively. But the Swedish welfare state does not seem to be developing in the direction of either the British basic security type or the Continental corporativistic type. Instead a new type of welfare state seems to have arisen, mixing private and public solutions with collective agreements negotiated by the labour-market organizations. (Lundberg & Åmark, 2001: 176)

Recent economic indicators are in favor of Sweden. The economic crisis has been left behind. According to the first Swedish budget of the 21<sup>st</sup> century, both economic growth and budget surplus are expected for the coming years. Moreover, the current surplus has been used to increase public spending on child support and to cover the public debt (Steinmo, 2002: 854). The usage of the budget surpluses in this way, still, supports the traditional idea of Sweden as "People's Home" which was first put forward in 1930s. As for the future, it could be said that, as the speech of Prime Minister Göran Persson of 14 February 2005 (Persson, 2005) on the Swedish economic and social policy proves, there is no sign that Sweden will alienate from the principles of "the Swedish Model" but there is indication that it will stick to these principles of advanced social protection, more tightly, under the pressure of challenges.

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