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 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 one was to elucidate how the Nordic Model can contribute to international welfare strategies and specify its important strength in the social political areas. The second main objective was to clarify the contents within the Nordic and international welfare programs, 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, Kirsi-Marja Lehtelä and Jussi Simpura from the National Institute for Health and Welfare, Finland, Maarit Aalto and Pia Rosenqvist from the Nordic Centre for Welfare and Social Issues.

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For complete documentation, please visit NVCs website: http://www.nordicwelfare.org/helsinki2011.
EXECUTIVE SUMMARY

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Workshop 1: The strength of the Nordic Welfare Model

Workshop 2: The Nordic Welfare Societies in a European Context

Workshop 3: Challenges for Nordic Welfare Policies in Global Context

Workshop 4: Matching Work and Family – Challenging the Welfare System

Workshop 5: Equal opportunities for all
Executive Summary

What Role Will the Nordic Welfare Model Play in Globalization?

Several historic phenomena have been shaping The Nordic Welfare Model (NWM): emergence of the universal approach, 1930’s population crises and depression, postwar social citizenship, earnings-rated social insurance and modern family policy.

Now NWM is challenged by the globalization of the world economy and worldwide economic crises. The tension and lack of progress in the negotiations between the Global South (G77) and North (OECD) affects the whole globe. The globalization in 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 2000.

Freedom on movement and migration of citizens, both as clients of the welfare state and as workforce, affect both the demand and supply side of the NWM. When people are moving, also taxes move, which affects the tax base of the welfare state. Globalization increases competition for markets, talents, knowledge.

Climate change is affecting all countries and together with globalization it is a major driving force. Demographic challenges, especially aging, demand new ways of producing welfare services. The possibilities of the private sector need to be remembered.

The nation is not anymore 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 constraint. But may also provide a chance to innovate, and prolong the time horizons for policy making without losing the academic rigour and without losing sight of the practical instruments. The recent human catastrophes in North Africa, Japan and global economic crises have shown the need for responsible policy: capacity to respond to likely and unlikely developments is crucial.

There are also specific Nordic challenges

Labour market:
- Maintain high employment rate
- Avoid increase in long term unemployment
- Can active labour market policy deliver this?

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

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. At least 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 immigration in general and, also,
towards the social rights of immigrants, in particular 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.

NWM is no miracle. It has many strengths, but also disadvantages, problems and challenges. There is an increasing demand for labour force with high skills. This is excluding groups such as school drop-out (mainly boys), immigrants (mainly boys), persons with disabilities, people with low education, 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

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 the cross-roads:
- Adequacy of social insurance
- Universalism in health and elderly care
- Dual-earner model for real or only 'light' version
- Access to education
- Skills of the lowest quintile
- Effects of segregation
- Youth and migrants as the ‘new’ social risk groups...
- How to match efficiency and equity

- 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 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 a agenda and a moving target at the same time. Social cohesion is also an instrument, which we can use in the fight for human right issues

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

Massive attention needs to 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 need to 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 “learning economy”. Understanding the role of family policy and working life development are important. We also need to relearn to live together in diversity and pluralism.

The challenge is to explain this to citizens – how to translate? One way could be to create deliberative spaces- mainly at local level - which foster engagement and may legiti-
mize the participation of citizens in political process. The historical Nordic modification of deliberative space the “ting” (ks. wiki: A ting (Old Norse, Old English and Icelandic: þing; other modern Scandinavian languages: ting) was the governing assembly in Germanic and introduced into some Celtic societies, made up of the free people of the community).

How can the Nordic Co-operation contribute?
The Nordic countries are still distinctive, but less so than in earlier decades. The Nordic countries are not identical, but our problems and societies are still very similar. The Nordic co-operation is lively and resourceful. Much is going on: the Nordic centres of excellence, Nordic institutions, joint projects such as projects for marginalized groups and youth exclusion, 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 across countries, 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 large research and research driven initiatives between the Council of Ministers, sectors and countries. The Nordic co-operation, the concept, forms a platform to face with globalisation and the grand challenges of climate change and aging populations. Knowledge, green growth and sustainable welfare are the elements of this concept. Long term priorities and focus are needed.

What role can NWM have in the global world?
Evidence from the Nordic experience show that in 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

Nordic countries cannot keep the 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 is promoting 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 Individual countries may be possible 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?
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 up-rises in Northern Africa, the earth-quake and tsunami in Japan and the financial crisis in Europe messages 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 upcoming years where sustainable development that involves economic, social and ecological sustainability is keyword. Towards a socially sustainable society one can advance 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. Though, development can’t 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 emphasises 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 the Nordic cooperation as an important means of influencing the social and health policy objectives related to the work of the EU, UN and WHO.

THE NORDIC WELFARE model is deemed successful as a provider of welfare for the 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 goals to eliminate poverty and to achieve sustainable development.

GLOBALISATION is not only an economic issue but also a large-scale process that tributes 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 policymakers it is even more important to be able to evaluate what kind of changes globalisation entails, 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.

Links

Kari Välimäki
Follow this link to see Kari Välimäkis presentation:
According to the (old) rules of economics - the Nordic Model cannot fly – but it does. Titlestad said that according to the World Economic Forum’s Global competitiveness report 2011 – 2012 the four Nordic countries rank higher than Europe on all 12 benchmarks and higher than US on all but 3. According to Titlestad globalisation means increased competition, markets, talents and knowledge. 

Titlestad told about the Nordic premiers meeting at Punkaharju 19.6.2007 which goal 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 utilise information technology, as well as creative implementation of innovations. The premiers agreed therefore to launch a new Nordic endeavour in globalisation. The premiers shared a positive attitude towards the opportunities and challenges of globalisation for the Nordic countries. The Prime Ministers initiative was followed up by a number of projects, among others a yearly Globalisation Forum and Nordic Top-level Research initiative.

**Titlestad asked** what is going on in Nordic co-operation which can create the base for developing further the Nordic model, the fundamental parts of which are citizens’ future welfare. He mentioned policy initiatives, knowledgebuilding, Nordic institutions for health and welfare, focus on youth exclusion/drop outs/unemployment, networks on education, research and innovation – and health.

Titlestad also presented some other key issues on the welfare agenda, like active and Healthy Aging, programme for food and physical exercise, a Nordic Market for Organising high specialised services within health, vulnerable families, Nordic Program against Human Trafficking, eHealth and the future Nordic co-operation on Handicap issues.

**Nordic Co-operation** in knowledge, green growth and sustainable welfare, is a platform to face with globalisation and grand challenges like Climate Change, Environment and Aging population Titlestad said. At Punkaharju it was decided 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 of strengthening the 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: promotion of innovations; climate, energy and environmental issues and welfare research and health.

**Nordic Research** Cooperation needs to agree on rules of the game for large research and research driven initiatives, between Council of Ministers, sectors and countries. Consultations, coordination and decisions are needed and interplay between top down and bottom up. Memorandum of Understanding between main stakeholders before initiating the process leading to a decision is also needed.

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**Links**

**Gard Titlestad**

Follow this link to see Gard Titlestad’s webcast:

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

Follow this link to see Gard Titlestad’s presentation:
www.nordicwelfare.org/filearchive/1/121106/PPGardTitlestad.pdf
Gilda Farrell, Head of Social Cohesion Development and Research Division, Council of Europe

Struggling for social cohesion

Farrell spoke about shared social responsibilities and protecting social rights. It is at the heart of the Council of Europe strategy for social cohesion because the complexity of present arbitrations and challenges imposes the sharing of responsibilities in decision-making and the implementation of actions she said. It is a response to the widening disparities regarding well-being and precarisation, to the democratic deficits, to the need to take into account simultaneously economical, ecological, political and social aspects, to the necessity to resolve questions linked to human dignity and the fight against poverty and to the urgency to put in place new arrangements based on experimentation.

**Shared Social Responsibility** is linked to commonly decided objectives for the well-being of all. Consideration of the consequences of choices happens on the basis of clear norms and co-decided mechanisms of motivation, where for example externalities are part of decision-making. There has 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. Reinroducing 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 stresses** 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 for shared social responsibility is that it among other things can create moral and social resources of organizations and citizens; it can develop concepts and practices of co-decision and co-production strengthening the motivation to collaborate with others and it can also promote mutual accountability. Shared social responsibility demands the development of collective competences.

**Farrell concludes** 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 Gilda Farrell’s webcast: http://194.79.19.108/webcasts/stm/nordicwelfare/farrell.php

Follow this link to see a short interview with Gilda Farrell: www.youtube.com/watch?v=9deeYgdAEE

Follow this link to see Gilda Farrell’s presentation: www.nordicwelfare.org/filearchive/1/121107/PPGildaFarrell.pdf
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 changed nothing fundamental: the agreement was that the owners of capital would continue to make all the important decisions. But the the success of the policy created its own weakness. Workers who previously had a clear identity, got a higher standard of living and the new political role also changed their social identity - the feeling of being exploited weakened. People became more and more consumption-oriented, and saw less reason to lean towards the labor movement.

The decline led to a paradox, said Heikki Patomäki. People felt less reason to identify with movements that were the premise of the welfare state. Capital, on the other hand, had for some time 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 increase it squeezed out companies that couldn't 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. On the political stage the Swedish Social Democrats lost power in 1976 - when they regained it in the early 1980s, they made a compromise with neoliberalism by defining inflation, not any longer the unemployment rate, as a major economic problem.

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 it looks dark:

- The EU has, if anything, become even more new liberal, 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, with its properties has much to contribute in 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 that the 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 structure 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 don’t always have to pay the full price of recessions and serious efforts to combat marginalization and discrimination.

The tax morale is of central importance. In the Nordic countries, it is a small percentage of people who justify tax evasion. In many developing countries the figure is much higher. Other statistics can give an answer 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 to be useful.

Links

Johannes Jütting
Follow this link to see Johannes Jüttings 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/HmR94lEJ80

Follow this link to see Johannes Jüttings presentation:
http://www.nordicwelfare.org/filearchive/1/121110/PPJohannesJutting.pdf
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 is view on the key elements of the model.

Universalism, earnings-related social insurance, universal and decentralized social services, and a labor 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 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 labor 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. The 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 aging population and a mobile tax base, said Joakim Palme, who argued that it is obvious that the model is put 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 about the level of pensions and healthcare. 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 workforce that can compensate for an aging 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 policies, a social investment agenda, involves a commitment to both social protection and inclusion in the labor 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 the protection to certain conditions, rehabilitation programs and active labor market policies.

A successful future social policy needs, says Joakim Palme, focus on strengthening the tax base, both by the number of taxpayers and their productivity - fertility and education. The term "Children and youth are our future" may be said to be a cliche but has never been truer than now.

Links

- Joakim Palme
  Follow this link to see Joakim Palses webcast:

  Follow this link to see a short interview with Joakim Palme:
  www.youtube.com/watch?v=qPMucyHHo8&NR=1

  Follow this link to see Joakim Palmes presentation:
  www.nordicwelfare.org/filearchive/1/121109/PPJoakimPalme.pdf
Universalism is a cure for poverty

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 the society in one way or another to support them in old age or in case of surprising 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 Organisation (ILO) and 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 strive to create a stable world with human rights as its pillars.

Timo Voipio and Sarah Cook

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 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 se a short interview with Timo Voipio:
www.youtube.com/watch?v=6mJ168WGelk&feature=related

Follow this link to se 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 se Sarah Cooks presentation:
www.nordicwelfare.org/filearchive/1/121125/PPSarahCook.pdf
The economic theory’s approach 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 a cost in terms of lower efficiency.

The Nordic countries are an example where the theory is contradicted by reality: there is both a high degree of equity and high income, which is a measure of efficiency. The economic theory’s approach that 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’t 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 social security system is universal and focused on the labor market. Benefits are conditioned by demanding individuals to actively seek employment. Active labor market measures are aimed at helping individuals to adapt to the existing labor 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 conditionalities with a strong labor 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 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 be for the same reason a challenge to the welfare model.

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
Helena Blomberg-Kroll, professor, University of Helsinki

Strong support for the Nordic model

Popular support for the Nordic welfare systems is still strong. Different societal changes, including growing immigrant populations, haven’t weakened the support. This was one of the conclusions when Helena Blomberg-Kroll spoke 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 among others based on a study in 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.

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 favor 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 towards immigrants.

**It has often** been presumed that immigrants might be in favor 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 obvious. 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 the last decades.

– In fact, the Nordic model today looks truly uniformly Nordic if one looks at popular support for the welfare state, she said.
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, put it mildly, limited. Bruno Palier believes that we must reach a new understanding of the economy.

- Many researchers agree that a large proportion of Europeans are experiencing a situation of unmet social needs on one hand and rising inequality, poverty despite work and unemployment, said Bruno Palier.

AFTER A PERIOD of neoclassical economic theory, when public spending was seen as a cost and 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 said 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 INVESTMENTS includes both 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 labor market poli-

ty that includes traditionally excluded groups.

DESPITE GOOD INTENTIONS and many declarations, this policy has not been realized in Europe. Figures show that, among other things, 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 spoken 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’m not an economist and 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. The equal societies perform better.

In the new economic thinking investment in human capital such as education, must not be seen as consumption. GDP measure should be amended to also 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 the neoclassical solutions to the problems created with the neoclassical policy can not succeed, said Bruno Palier.

Today’s Europe is led by people applying neoclassical policy but you need not be clairvoyant to predict a new financial crash in a few years, like the one that hit us 2007.

Links

Bruno Palier

Follow this link to see Bruno Paliers webcast:

Follow this link to see Bruno Paliers presentation:

The Nordic Welfare Model (NWM) stands for a combined pursuit of universalistic 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, distinct interplay between public policy, market, family and civic society.

An important goal is to mobilize the whole working-age population for employment. An overall goal is wellbeing. 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 growing competition.

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./ Encompassing and fairly generous systems of income, which 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 Nordic economies role in labour becoming more and more specialized towards research and innovation. The general increase in the education level of Nordic citizens and wage earners lead the exclusion of the ones who will not be able to attain or complete longer education. At the same time for example Finland has a large number of unemployed high educated young people. To varying degrees the Nordic countries have a substantial drop-out from upper secondary school and there is no “second change” educational system. Traditional apprenticeship placement 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 done enough integration measures. There is also a problem with attitudes towards immigrants among employers.

IT IS A MYTH that we have so 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 increasing demand for labour force with high skills. At the same time boys, immigrants, disabled, low educated 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.
The Nordic Welfare Societies in a European Context

In the Nordic Countries young single adults have three times bigger possibility to be poor than average young single adults???, 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. Healthcare, 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 the welfare! Employment of young adults should be supported as well as employment of immigrants. Decent work is everybody’s right: it protects workers’ rights and its employers are socially responsible.

In decent work you have social partners, the number of conflicts is low, 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 will there be only one Nordic Welfare Model in the future? According to specialists there will be no, one and only, Nordic Welfare Model, 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 which are global. We have built our Nordic Model “brick by brick” for decades – to build a European Model takes certainly a much longer time.

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 U.K. The Nordic Model is better in handling old risks than new risks.

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Challenges for Nordic Welfare Policies in 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 definitely are affected by globalization. The 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 the 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 service changes and the less educated have a hard time when unskilled jobs move abroad. All the European economies but Poland had negative growth in 2009 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 show up 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 the Finnish politician Sanna Lauslahti 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 commentator in the audience, believed it would be a challenge in supporting 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 can not 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 an awareness of a huge international interest in the Nordic model. Ralf Ekebom was referring to an EU meeting where speakers argued that all EU countries should do as the Nordic. 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. The job, the kids and some leisure activities, there is not time enough. A balancing act that has impacts on welfare policy.

- While the Nordic countries are pioneers in gender and family policies, the countries have partially chosen different paths. Minna Salmi, Research Manager, National Institute for Health and Welfare in Finland believes that the opportunities to combine work and family is a political key issue if we are to keep the Nordic welfare model in the future. Balancing Act is to both preserve the high labor participation among parents of young children, and to create conditions for young couples to dare having children.

- The demographic challenge must be tackled from two directions: we must create better conditions for older workers to remain in the labor 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, experience that they often have difficulty keeping up with family life because of work. This is understandable since we Northerners work more than rest of Europe. Besides our long days, we have more overtime hours. A Finnish study shows that about 30 percent of parents are working overtime every week. It is a slightly higher figure than 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 the need for Nordic research in order to monitor developments affecting 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 situation. How to work, working time and length are important for the stress of everyday life and how they experience their life situation.

There are often cited increased opportunities to work part time 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 figures are around ten percent, regardless of country.

Far from everybody made a deliberate choice to have shorter days. The fact that more and more young people have temporary jobs means that many can not influence their working hours. It 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 to start 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 labor participation.

The paid parental leave is higher in Scandinavia than in the rest of the world. Sweden has the longest maternity leave of 70 weeks, while the shortest Island 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 equality. A third mother can take out, third father and the remainder, the parents can choose who should be home with the child.

Since the new law entered into force eleven years ago, the fathers’ parental leave has increased dramatically. In 2006, eighty-seven percent of Icelandic fathers on 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.
Equal opportunities for all

Researcher Jukka Kumpuvuori from the Institute for Human Rights at Åbo Akademi University and Luk Zelderloo, general secretary for EASPD, European Association of Service Providers for Persons with Disabilities, spoke at a workshop during the conference “What Role will the Nordic Model Play in the Globalization?” about human rights and equal opportunities for disabled.

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 disabled, but that reality doesn’t 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 are regarding violations against disabled as cases of human rights violations.

During his speech, Kumpuvuori brought up 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 brought up the importance of the service providers for the disabled. Staffs working in the service sector are those who uphold human rights. Huge challenges due to demographic and economic changes needs 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. Network of support 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, legal aspects and quality of social services.