



EDITED BY

JON
PIERRE

≡ The Oxford Handbook of
SWEDISH
POLITICS

THE OXFORD HANDBOOK OF

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Edited by
JON PIERRE

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A project of the magnitude of a Handbook involves a very large number of people, each of whom is integral to its success. The list of contributors includes fifty individuals. Although they are all busy people, none declined the invitation to join the project. I was impressed by the collegiality and professionalism with which the contributors and Section Editors went about preparing their contributions, with Section workshops over weekends or other meetings to get everything right.

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Gothenburg, June 2015
Jon Pierre

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INTRODUCTION

The Decline of Swedish Exceptionalism?

JON PIERRE

THIS *Handbook* represents the outcome of an extensive research effort across the Swedish political science community.¹ Early drafts of the chapters have been discussed at numerous meetings and seminars. The assignment struck many of us as daunting. We were trained to select cases for study based on theoretical analysis and to strive for comparison whenever possible. This project urged us to do exactly the opposite; to take case selection as “a given”—a case we are extremely familiar with—and to write chapters that helped make sense of that case to an international audience.

An initial step in that process has been to gauge the images of Sweden that the international audience of the book will have to engage. If asked to identify the features of Swedish politics and society that stand out in an international comparison, most casual observers of Swedish politics over the past several decades would probably mention the dominance of social democracy; full employment achieved in part through a “historical compromise” between capital and labor; a universal and generous welfare state redistributing income and creating an exceptionally high level of equality while maintaining international competitiveness; an active foreign policy defined by non-alliance and international solidarity; exceptional levels of institutional and social trust; and a high level of political mobilization defined primarily by social class. Some would also probably add consensualism, rationality, high taxes, and a big public sector to the list. This portrait has been painted many times, sometimes with admiration and sometimes with a cautionary finger raised (see, for instance, Childs 1936; Elder, Thomas, and Arter 1983; Heclo 1974; Huntford 1971; Rustow 1957). To be sure, it is an intriguing image of a small, industrialized country harnessing resources across its society to provide equal opportunity and well-being for all—and doing so in a consensual, rational, and deliberated fashion.

This is a logical, coherent, and almost a tad romantic storyline of a country building its wealth on industry and dispersing the fruits of its capitalism among all constituencies in society. There is only one problem with this account of Swedish politics: it reflects, at

best, times past when Sweden, according to some observers, stood out as an economic, political, and social success story in any international comparison. As Bo Rothstein, one of the contributors to this *Handbook*, recently argued, “the days of Swedish exceptionalism are over” (Rothstein 2014). Social democracy is weakened, inequality is increasing, and taxes and public spending are more or less at par with most comparable countries. Furthermore, Sweden as a member of the European Union has surrendered significant parts of its sovereignty to a transnational institution; electoral behavior is decreasingly explained by social class; and although difficult to measure, consensualism appears less distinctive today compared to a few decades ago.

These profound changes in Swedish politics raise a series of questions with relevance far beyond the Swedish case. To what extent are these developments outcomes of global forces, structural changes in the Swedish economy, or of domestic policy choice (for Sweden, see Pierre 2013; Steinmo 2012)? How can we understand political change and political mobilization against the backdrop of society’s evolving into a postindustrial economy? To what degree has the growing international embeddedness, *de jure* or *de facto*, rendered policy objectives such as non-alliance and neutrality moot?

This *Handbook* is intended to serve a multitude of purposes. It presents state-of-the-art accounts of all significant aspects of Swedish politics, institutional changes, political decision-making, foreign affairs, and political behavior. The contributors also share an ambition to review the Swedish case in a conceptual and theoretical context and to provide not a case-based but a theoretical account of the trajectory of change we observe in Swedish politics, broadly defined. Not least important, perhaps, the *Handbook* aims to introduce the Swedish political case to an international audience of scholars and practitioners to be considered either in its own right or as a case among others in a comparative perspective.

Finally, these developments raise the question of what remains distinctive about Swedish politics. As the chapters in this *Handbook* will argue, although Sweden stands out less today than it did a few decades ago, the case it presents still attracts large numbers of social scientists who are interested in a variety of issues, such as the transformation of the Swedish welfare state, its changing political economy, or developments in regional or local governments. While it is true that Sweden is less exceptional today compared to a few decades ago, there are still core features of Swedish politics and administration that make it a case well worthy of study. Given the deep institutionalization of welfare state politics, social justice, impartiality and legal security of public administration, and other fundamental societal values, changes in public policy and institutional arrangements must be understood against the backdrop of those normative structures. Obviously, these issues will be discussed in detail throughout the *Handbook*.

THE HISTORICAL BACKDROP

Once the texts in this *Handbook* have dispelled the common myths and stereotypes about Swedish politics and society, pervasive and often politically charged as they may

be, the reader will discover that Swedish politics is situated in a society undergoing rapid and profound transformation. A small country (the population in early 2015 is just below ten million; population density is about 22 people per square kilometer) situated in northern Europe, Sweden developed into an industrial economy in the nineteenth century. Along with industrial products, Sweden has long been an exporter of iron ore, paper and pulp, and wood.

Industry soon became the economic backbone of the country. With the coming of industry, urbanization followed, along with the emergence of the labor movement. Democratization in Sweden was, comparatively speaking, late but swift once it got underway, facilitated by liberalism, national unity, and legality. Perhaps most importantly, democratization was propelled by the growth and mobilization of the working and lower middle classes opting for a reformist rather than a revolutionary strategy and the Conservatives' belief that accommodation rather than confrontation was the better strategy as it would facilitate a smooth transition toward democracy. This is not to suggest that democratization, i.e. extending the suffrage, was an altogether consensual process. There was deep, potential conflict between the disenfranchised working class and lower middle class on the one hand and the landowning aristocracy, the senior civil servants, and the economic elite on the other. What is consensual is rather the absence of manifest conflict (Rustow 1971).

With universal male (1909) and female (1921) suffrage in place and a parliamentary model of government *de facto* established in 1918, Sweden had built a framework for democratic governance. The King was increasingly detached from the exercise of political leadership; he remained head of state and led the process of government formation after general elections but other than that played mainly ceremonial roles. It is noteworthy that all these developments—extending the franchise, introducing parliamentary government, and removing the monarch from all offices of any political consequence—were undertaken without any significant constitutional reform. It was not until 1974 that a new constitution came into force—a reform which in large parts corroborated institutional and political developments that had taken place since the previous reform (see Section 2).

The first half of the twentieth century saw a dramatic expansion of Sweden's industry (see Lewin and Lindvall and also Calmfors, this volume). Given the small domestic market, bigger industries had to explore international markets in order to generate an economy of scale and competitive prices. As what Katzenstein (1985) calls a "price taker" rather than a "price maker," the Swedish economy and its key corporate players had little choice but to implement a wage development that ensured international competitiveness while compensating the domestic labor force for its exposure to overseas competition.

More broadly, the combination of high trade dependency, a growing public sector, and strong unions created a rather peculiar model of political economy where the state, unions, and employers all had a stake in the accommodation of interests while at the same time thinking creatively about how to balance their interests against the more long-term development of the economy (Milner and Wadensjö 2001; see Sections 9 and 10). With growing public sector employment that was set on a different wage trajectory than that of private industry, economic policy and wage bargaining had to

accommodate significant differences in wage levels and development between these two segments of the labor force (Krantz 2008).

Politically, the first two decades of the twentieth century were characterized by relatively short-lived and unstable minority governments (see Möller 2011). Following the 1932 general elections, however, the Social Democrats ascended to power—a position they would not surrender until 1976 (except for a three-month Agrarian Party government in the summer of 1936). Although this government was yet another minority government, the Social Democrats successfully embarked on a radical new political agenda to attack soaring unemployment, modernize economic policy, and address the need for social reform. The Social Democrats governed in coalition with the Agrarians from 1936–9 and again in 1951–7 and led a war cabinet from 1939–45. Amazingly, during the party's 44 years in power it controlled a majority of its own in the Riksdag only between 1968 and 1970. The remainder of its long tenure in office was secured either by coalition partners or by some other form of collaborative arrangement with one or two parties. Table I.1 presents the composition of governments in Sweden from 1945 onwards (see also Bäck and Bergman, this volume).

Thus, Sweden from the 1880s or so onwards witnessed two parallel trajectories which reshaped and modernized the country. One was industrialization and urbanization and

Table I.1 Governments in Sweden, 1945–2014

Year	Prime Minister	Party (parties) in government
1945–6	Per Albin Hansson	Social Democrats
1946–51	Tage Erlander	Social Democrats
1951–7	Tage Erlander	Social Democrats and Agrarian Party
1957–69	Tage Erlander	Social Democrats
1969–76	Olof Palme	Social Democrats
1976–8	Thorbjörn Fälldin	Moderates, Center Party, and Liberals
1978–9	Ola Ullsten	Liberal
1979–81	Thorbjörn Fälldin	Moderates, Center Party, and Liberals
1981–2	Thorbjörn Fälldin	Center Party and Liberals
1982–6	Olof Palme	Social Democrats
1986–91	Ingvar Carlsson	Social Democrats
1991–4	Carl Bildt	Moderates, Christian Democrats, Center Party, and Liberals
1994–6	Ingvar Carlsson	Social Democrats
1996–2006	Göran Persson	Social Democrats
2006–14	Fredrik Reinfeldt	Moderates, Center Party, Christian Democrats, and Liberals
2014–	Stefan Löfven	Social Democrats and Greens

the consolidation of a capitalist economy; the other was the consolidation of democratic government and the mobilization of social class. These two processes soon became closely linked. In the politically radical early post-Second World War years, nationalization of industry was part of the labor movement's "postwar program" but never made its way onto the government's agenda. Instead, what appears to have evolved was a "historical compromise" between capital and labor. In this compromise, the Social Democrats recognized private industry's need to make a profit and agreed not to seek to change the structure of ownership in Swedish industry. Industrialists, in return, acknowledged that there would be a transfer of wealth from corporations and high-income earners to a universal welfare state (Magnusson 2000).²

The compromise was more a way of accommodating differences than resolving them. The conflict between left and right—that is to say between labor and capital—has been a defining feature of Swedish politics for the past century. It was not until fairly recently that other dimensions, such as the "green vs growth" dimension, have become salient in shaping electoral behavior (see Section 4).

This very brief account of the historical trajectory of democratization and economic modernization brings us into the present history. In addition, many of the chapters in this *Handbook*, with obvious variation, provide brief historical accounts in their respective fields of study.

SWEDISH EXCEPTIONALISM?

We will now briefly further discuss the decline of exceptionalism thesis by way of introducing issues which will be addressed in detail in the subsequent sections in order to see to what extent and in which specific areas Swedish politics still stands out as exceptional. Is there still a distinct Swedish policy "style" (see Richardson 1982)? Does the welfare state, despite cutbacks and marketization, still provide more comprehensive and generous social security than other comparable countries? Are there any distinctive features of the party systems and political involvement?

Welfare State Politics

In the welfare state sector—perhaps the most obvious defining feature of Sweden from an international perspective—it is not difficult to see that there has been a decline in Sweden's exceptionalism. Sweden's performance on several key welfare measures is down; among comparable countries Sweden now ranks twelfth in terms of poverty rate (Eurostat Online Database 2013); tenth in NEET rate (Neither in Education nor Employed; Eurostat Online Database 2013); sixth in Gini coefficient (Eurostat Online Database 2013); ninth in life expectancy (World Bank 2012), and fifth in preventing infant mortality (World Bank 2012). So, overall Sweden's performance in these areas

could be regarded as good but not great, or perhaps great but not exceptional. Much obviously depends on which benchmark you use. If we use the Scandinavian countries and the Netherlands as a benchmark, it is clear that Sweden today has a less generous and successful welfare state. That said, Sweden comes top in terms of gender equality in parliament. Also, since the 2014 elections, the Social Democrat and Green coalition has comprised 50 percent female cabinet members—to our best knowledge an unprecedented achievement.

Constitutional Design

In constitutional design, as Shirin Ahlbäck Öberg points out in her Introduction to Section 2, Sweden presents an intriguing case of extensive reform of the *modus operandi* of its democratic system, including introducing universal suffrage and parliamentary government without any formal changes in the constitutional framework. Dankwart Rustow (1971: 15) suggests that Swedes have a “deepseated devotion to legal rules.” While that may or may not be the case, Swedes apparently also master the art of taking advantage of the elasticity in constitutional rules (see Ahlbäck Öberg, Introduction to Section 2).

If there are any exceptional features related to Sweden’s constitutional design, it should probably be the early (eighteenth-century) formalization of freedom of information and the idea that all government documents are public. When Sweden joined the EU in 1995, there were concerns voiced that Sweden would have to surrender some of that freedom in order to harmonize with the Union. The Swedish response was to argue that one of its missions in the EU should be to increase transparency and open government—a mission that is yet to be fulfilled. In fact, Sweden in 2014 had to accept the EU’s liberalization of the rules exempting documents from public scrutiny (for a critical account, see Funcke 2014).

The Party System

Turning now to the party system, the longevity of the Social Democrats in government has clearly been a defining feature of Swedish politics (see Table I.1; Aylott, this volume). Sweden is sometimes included in the small group of “one-party-dominant democracies,” together with Japan, Israel, and Mexico. In these countries, the early post-war period (or earlier) saw one of the parties securing a position of being more or less continuously in power (Pempel 1990). Interestingly, in all four cases that dominance is now broken and the previously dominant party is now more or less at the same level of electoral support as its competitors. Again, while there are some historical exceptional features to the Swedish case, Sweden now stands out less in international comparison.

In terms of changes to the party system, we should consider Seymour Lipset and Stein Rokkan’s classic “freezing” hypothesis. Their argument was that “the party systems of the

1960s reflect, with few but significant exceptions, the cleavage structures of the 1920s ... the party alternatives, and in remarkably many ways the party organizations, are older than the national electorates" (Lipset and Rokkan 1967: 50). As an *ex post facto* observation this argument is obviously difficult to dispute (see Mair 1997). What is more pertinent to the present discussion is the rapid "thawing" of the Swedish party system which began in the 1980s. In the unicameral parliament that was set in place from 1970, the electoral system has a 4 percent threshold for parties to enter parliament. This arrangement probably helped keep the number of parties with parliamentary representation steady at five for almost two decades. In 1988, however, the Greens gained parliamentary representation (at first only for one election period but they returned to the Riksdag after the 1994 elections).

Furthermore, in 1991 the "New Democracy" and the Christian Democrats made their way into parliament, and in 2010 the Sweden Democrats also secured representation in the Riksdag. "New Democracy," a right-wing party with a diffuse agenda albeit with an anti-immigration orientation, remained in the Riksdag for only three years while the Greens and the Christian Democrats have successfully defended their parliamentary representation. Thus, the Swedish parliamentary party system in 2015 comprises eight parties: the Moderates, the Liberals, the Center Party, and the Christian Democrats on the center-right side of the political spectrum, and the Social Democrats, the Left Party, and the Greens on the center-left side, and the Sweden Democrats, which although pivotal in the 2014–18 parliament have not been invited to any collaboration by either bloc.

The Sweden Democrats' entry in Swedish politics is perhaps the most dramatic development in the party system in recent years. In the 2010 parliamentary election they received 5.7 percent of the votes and thus passed the 4 percent threshold with good margin. In the 2014 election they more than doubled their support, receiving 12.9 percent of the votes cast. The Sweden Democrats pursue a distinct anti-immigration and EU-skeptic agenda. The bulk of their electoral support seems to come from former Social Democrats and Moderates voters, primarily younger male voters. Seen as a racist party by the other parties, the Sweden Democrats are left outside all discussions among the other parties in parliament.

The emergence of the Sweden Democrats could be seen as one of the developments that support the "decline of exceptionalism" argument mentioned earlier (Rothstein 2014). Right-wing, anti-immigration parties have existed for some time in all the other Nordic countries and indeed across Europe. In Sweden, immigration as a topic of political debate was kept off the political agenda for a long time, almost as a tacit agreement among the established parties.

Thus, in comparison with the other Scandinavian countries, the only exceptional aspect of the increasing fragmentation of the Swedish party system and the emergence of anti-immigration parties is that it did not happen sooner. In Denmark the party system changed dramatically in the 1973 "landslide election" when no less than ten parties gained parliamentary representation. In Norway, too, the number of parties in parliament has grown albeit in a less eruptive way than in Denmark. Furthermore, both Denmark and Norway witnessed right-wing populist parties entering

parliament in the early 1970s but it was not until 2010 that Sweden experienced the same development with the Sweden Democrats passing the threshold to the Riksdag. Thus, today all three Scandinavian countries have significant anti-immigration parties in their national parliaments: the Danish People's Party in Denmark, the Progress Party in Norway, and the Sweden Democrats in Sweden. Again, notwithstanding institutional differences, the main difference between Sweden and her neighbors is the timeline.

Electoral Behavior

Needless to say, changes in the party system are ultimately driven by changes in electoral behavior. The "frozen" party system, according to Lipset and Rokkan (1967) rested on entrenched societal cleavage structures and the mobilization of social class. Voters were for the most part strongly identified with a particular party—or at least committed to either the socialist or non-socialist bloc of parties—and therefore not likely to change preferences from one election to the next.

As the editors of Section 4 point out in their Introduction, the four chapters in their section present "four studies of Swedish exceptionalism." As the chapters also substantiate, voting behavior is changing dramatically, and has been changing continuously and consistently over the past several decades. Voting according to social class, although still high in international comparison, is declining (see Oskarson, this volume), while issue-based voting is increasing. As a result, electoral volatility increases and with that the importance of the election campaigns (see Strömbäck, this volume). If previously elections campaigns served primarily to mobilize the party's core constituencies, contemporary campaigns are essential to mobilizing marginal voters. There has been a steady decline in party identification and today's voters are much more likely to switch party preference from one election to the next.

Again, it would appear as if Sweden's political system is moving in a direction fairly much in tune with the rest of Europe. The patterns we observe in Sweden are not unique in any sense; if anything they may only be more marked and dramatic.

Public Administration

The structure and *modus operandi* of the Swedish public administration is another example of Sweden's development from previously displaying some unique features to moving closer toward the international mainstream. Agencies were first introduced during the era when Sweden was one of the leading powers in Europe. Indeed, some agencies, like the National Board of Trade, date as far back as the seventeenth century. Later, agencies became the preferred institutional arrangement to curtail the executive powers of the pre-democratic monarchy. Constitutional arrangements ensured that the king could not use agencies to harass individual citizens. This executive autonomy in

relationship to other branches of government is the epitome of the “dualism” between policy-making and administration which continues to shape public administration in Sweden (see Bäck and Larsson 2006; Jacobsson, Pierre, and Sundström 2015; Premfors and Sundström 2007).

Such executive, autonomous agencies have been a defining feature of administrative reform across the world for the past couple of decades (Pollitt et al. 2004). While there are several important differences between the century-old agencies and the much more recent public-management-style executive agencies, there are also important similarities. However, in the early days of reform, Sweden was perceived as somewhat of a role model in its organization of the executive branch of government.

The Swedish public sector has undergone major reform over the past couple of decades. Much of that reform has been cast in the New Public Management (NPM) format although reform has been much less extensive than in countries like Britain, Australia, or New Zealand. The objectives and pace of reform have been more similar to those seen in Norway (see, e.g., Christensen and Laegreid 1998): gradual, piecemeal reform rather than rapid, across-the-board changes.

As a result of this trajectory of reform in Sweden and overseas there is today a growing resemblance between the Swedish model of public administration and those found in most other developed countries. That having been said, Sweden still stands out to some extent as a country with a history in a legalistic administrative tradition but now introducing more managerial objectives to its public sector.

Subnational Government

Local autonomy is exceptionally strong in Sweden. It is written into the Constitution to safeguard local institutions from impositions by central government. Except for a few stipulated types of actions, municipalities are essentially free to pursue their interests in whatever way they choose. At the same time, however, local authorities are essential to the implementation and delivery of central government services in a wide array of sectors. Balancing these assignments against local autonomy has always been a problem for local authorities.

The local and regional system of government has been reformed several times during the past decades. Perhaps most importantly, from the 1950s into the early 1970s central government implemented a comprehensive reform of merging municipalities into fewer but bigger units. This reform was believed to be necessary to enable local authorities to shoulder the responsibilities associated with delivering the growing number of welfare-state-related services. Interestingly, the new, bigger local authorities had the financial and organizational capabilities to take a tougher negotiating position vis-à-vis central government. And the widespread concerns that the mergers would be detrimental to local democracy largely proved wrong; the new municipalities had a more vibrant political and democratic life and were more attractive to media coverage compared to the former, smaller municipalities (Strömberg and Westerståhl 1983).

International Relations

As a small country pursuing a policy of nonalignment, Sweden is not a major player in international affairs in modern times. The intriguing question here is if there is anything that would suggest that Sweden has, or has had, an influence on international politics which is disproportionate to its size or geopolitical location. Swedish foreign policy emphasizes international law and national sovereignty. This stance has led the country to criticize violations of small states' sovereignty as happened for instance during the Vietnam War, when Sweden was a leading international critic of the United States' war effort in Southeast Asia (Jerneck 1983).

Sweden furthermore has a distinctly internationalist profile in its foreign policy, supporting the UN as an arena of international affairs and emphasizing global collaboration, foreign aid, and international solidarity. In that spirit, former Prime Minister, Fredrik Reinfeldt (Moderate) once described Sweden as a "humanitarian superpower" (*Dagens Nyheter* 2014; see also Nilsson 1991).

As Ole Elgström argues in the Introduction to Section 7, Sweden's strategy of combining nonalignment with an internationalist policy orientation "seems to be one example of 'Swedish exceptionalism.'" This policy remains in place. At the same time, it is easy to note that Sweden today is less of an international critic—a role that largely disappeared with Olof Palme's removal from the political scene in 1986 (Ekengren 2005). Instead, foreign policy has been conducted more *sotto voce*, still underscoring international solidarity but also emphasizing common interests, a commitment to Europe and to international organizations. Thus, while there was exceptionalism in Sweden's basic foreign policy stance, that exceptionalism might be less conspicuous today compared to previous decades.

Sweden and the EU

Given her long history of nonalignment, some might see an inconsistency with Sweden's joining the European Union (EU) in 1995. But the EU was not a military union; indeed, it was seen as a part of the postwar European peace project. Over time, the EU has become increasingly vertically integrated and added portfolios to the original areas of collaboration. While Sweden's EU membership has provided the country with access to an arena where it can promote global issues like increasing foreign aid and human rights, the project of harmonizing the Swedish legislative and regulatory framework with the EU rules has been an extensive process affecting essentially all aspects of policy-making and administration (see Section 8; Jacobsson and Sundström 2006). Indeed, Sweden has made an effort in being a "good European" by harmonizing its legislation and regulatory frameworks to EU norms swiftly and carefully.

Thus, the EU membership has meant a *de facto* concession on several aspects of Sweden's sovereignty. To some extent that development is indigenous to the idea of

integration; as Vivien Schmidt (1999) points out, the more leverage you want to give to transnational institutions and the more successful you want a transnational structure to be, the more individual countries must be willing to surrender their sovereignty to the collective project.

Sweden has conducted two referenda concerning EU membership. In 1994, a majority supported the proposal to join while another majority in 2003 rejected the proposal that Sweden should join the Eurozone (see Mörtz's Introduction to Section 8). It is difficult to find anything "exceptional" about Sweden's relationship with the EU, other than perhaps the relatively smooth process in which a country professing neutrality and nonalignment joined a transnational organization with extensive plans for its vertical integration.

Political Economy of Swedish Governance

In Andrew Shonfield's seminal book *Modern Capitalism* (Shonfield 1965) there is an account of a British union representative asking a Swedish colleague how disagreements with employers are settled in Sweden. The answer is "we has (*sic*) a meeting" (Shonfield 1965: 199; see also Introduction to Section 9). As several contributors to this *Handbook* point out, Sweden is what Johan P. Olsen (1983) calls an "organized democracy" with numerous organizations in all sectors of society. Decisions, as the Swedish union man pointed out, are typically negotiated among collectivities.

This applies particularly to the labor market. We have already mentioned the evolution of the Swedish political economy with regard to the relationships among labor market organizations. Indeed, the autonomy of these organizations was significant; although wage bargaining outcomes had a distinct impact on the economy, there was a strong belief that the state should not interfere in the process in other respects than providing mediation, if necessary. This was the essence of the *Saltsjöbaden* agreement in 1938 which is still in effect. That said, government has on some occasions tried to make for a smooth bargaining process, for instance by adjusting income taxes or using macro-economic policy instruments to facilitate increased purchasing power without significantly increasing nominal wages.

Policy-Making

The search for accommodation of conflicting interests has been said to characterize not only labor market decision-making but is also thought to be emblematic of how decisions are made in the political sphere. Dankwart Rustow (1957) once saw Sweden as the epitome of the "politics of compromise." Similarly, Olof Petersson (1994: 33) notes that "an emphasis on compromise and pragmatic solutions has led to the development of a political culture based on consensus." Elder et al. (1983) make a distinction between consensus with regard to the rules of the political game on the one hand and consensus

within the political process on the other, and find that while consensus remains in the first regard it is less so in the second dimension.

While there is very little evidence indeed of a declining consensus in terms of the rules of the political game, as demonstrated by the papers in Section 10, it would appear that consensus-seeking behavior in the policy-making process is declining. With the consolidation of a non-socialist and a socialist/green bloc in the party system, the political discourse has become increasingly divided. The two blocs stand for rather different ideas in terms of economic governance and the balance between “state” and “market” in more general terms. Parliamentary behavior today follows party lines to an overwhelming extent.

Furthermore, as the papers in Section 10 show, policy-making in Sweden has tended to adopt a rational approach to societal problems and the role and capacity of public policy to address those problems. Sweden is probably not exceptional in this respect but it is nonetheless a rather defining feature of how policy is made there. There is strong belief, at least within the political system, in social engineering and the problem-solving capacity of the state and therefore a lingering expectation on the state to solve all sorts of societal problems (see Hirdman 2000).

WHY THE LOSS OF EXCEPTIONALISM?

As this very brief discussion on the degree of Swedish exceptionalism in the sectors covered in the *Handbook* suggests, Sweden today presents itself less as an “exceptional” country and more as one country among others on the European continent. Each set of issues that has been discussed here will obviously be scrutinized in detail in the ten sections of the *Handbook*.

For the present context, it is intriguing to speculate about what has caused the decreasing exceptionalism of Swedish politics. We can see three potential explanations to this pattern. In order of increasing agency, the three factors accounting for decreasing Swedish exceptionalism would be the increasing affluence of the Swedish working class, globalization, and policy choice. Let us inspect these three in turn.

The first potential explanation is related to changes in political and electoral behavior and Karl Marx’s notion of *embourgeoisement*, i.e. the process through which the working class acquires middle-class ideas and values. The chapters in Section 4 show declining Social Democratic support among working-class voters who increasingly cast their votes for parties on the center-right side of the political spectrum. The decline in class voting (see Oskarson, this volume) has led the parties to alter their electoral strategies. For instance, the previous focus on “workers” in Social Democratic rhetoric has gradually been replaced by references to “wage earners” or “the Swedish people.”

The *embourgeoisement* hypothesis does not in any way suggest that poverty has been eradicated in Sweden; in fact, as discussed earlier, there is today evidence of a growing poverty problem. Poverty remains closely related to work; the difference between

today's situation and the situation at the time when the labor movement emerged is that today's unemployed do not seem to have the same political efficacy or class awareness as those who formed unions and the Social Democratic Party more than a century ago. Today, those who are well established in the workforce, including conventional working-class occupations in the public or private sector, are relatively well off in material terms whereas those who are outside the workforce tend to constitute a new social underclass; long-term unemployed people with limited prospects of returning to the workforce, immigrants, people living on social welfare support, young people struggling to find a way into the labor market, etc. This new underclass is not very politically involved. This potential explanation for decreasing exceptionalism would thus state that the growing middle class is less dependent on, and therefore reluctant to contribute to, the welfare state. This would also explain the decline of the Social Democratic hegemony in the postwar period.

The second hypothesis states that the decreasing exceptionalism can be attributed to globalization which is sometimes said to drive a convergence among different countries (for a review of this argument, see Pierre 2013). Convergence in terms of policy agendas, policy procedures, and policy choice can be the outcome of numerous factors of which globalization is but one. For instance, a growing number of countries today are experiencing vexing problems coping with the demographic situation of a growing senior population and therefore tend to apply similar approaches to that issue.

Convergence can also be the result of cognitive and anticipatory processes; for instance, the political elite's conviction that economic policy which deviates from that of most other similar countries can be a dangerous strategy. After three decades of a continuous increase in public spending in Sweden, the 1990s saw increases in public spending significantly slowing down (see Tanzi and Schuknecht 2000). The country at that time was in the midst of a deep financial crisis and public expenditure had to be fundamentally reassessed. A firm financial regulatory framework was put in place and new ideas of governance and public management were explored. The country's bad experience with overseas speculation against its currency in the wake of financial deregulation helped put measures on the agenda which previously had been likely to be rejected.

In this perspective, the pertinent question is not so much why Swedish exceptionalism is decreasing but more why that decrease did not happen sooner. Sweden has in many ways experienced globalization long before the deregulation of financial markets created the kind of globalization we see today. As a small trade-dependent country building much of its wealth on export revenues, Sweden has lived with the problem of adjusting to international markets for almost a century. The welfare state expansion took place against the backdrop of these contingencies.

A third explanation, finally, is policy choice. This hypothesis suggests that Sweden's becoming increasingly similar to the OECD average in political, social, and economic respects is not so much the outcome of structural changes in the economy as it is a result of policy choices. The cutbacks in welfare state support and the rearticulation of work as the founding principle for public support which have been implemented during the early 2000s are all, in fact, policy choices. These choices were articulated in policies and

programs to induce the long-term unemployed to actively seek work, thus reducing the number of people living on seemingly permanent public support, and thus facilitating tax cuts for people with employment. This policy model thus combined carrots and sticks to reduce unemployment and the number of people living more or less entirely on welfare state support. This is essentially a neoliberal approach to unemployment and welfare spending not terribly different from the projects pursued by neoliberal governments in other countries. It is, however, different from the policy model which built the welfare state and thereby also contributed to much of the “Swedish exceptionalism.” Perhaps a more correct way of describing the development would be to say that if Sweden today is more similar to countries with a long experience of neoliberal policies, it could be argued that Sweden previously was not very exceptional but in fact rather similar to another family of countries (Esping-Andersen 1990).

THE ORGANIZATION AND THEMES OF THE *HANDBOOK*

The *Handbook* is divided into ten sections centered round a specific aspect of Swedish politics, each with an Introduction and four substantive chapters. By organizing the *Handbook* into sections, the reader will find a coherent discussion among different aspects of a particular area of Swedish politics with chapters that speak to and complement each other. We also believe that the ten sections capture all the key aspects of Swedish politics. One could argue that the *Handbook* should have been more focused on a number of substantive policy areas but that would by necessity have meant less attention to presentations and analyses of the framework of Swedish politics and typical political and electoral behavior within that framework or Sweden’s behavior in international arenas. For those readers who wish to acquaint themselves with Swedish politics, the *Handbook* will serve as a gateway into exciting research areas; it will not, and cannot, provide answers to all questions about Swedish politics.

NOTES

1. I am grateful for comments on previous drafts from the Section Editors and Guy Peters.
2. Conventional corporate taxes have always been comparatively low in Sweden; instead, employers have been charged a tax (“arbetsgivaravgift,” employer’s fee) related to wages.

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SECTION 1

THE POLITICS
OF THE
WELFARE STATE

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CHAPTER 1

INTRODUCTION

The Politics of the Welfare State

BO ROTHSTEIN

THE Swedish type of welfare state has been seen as a central part of what used to be known as “the Swedish model.” Although this “model” during its heyday contained many other central features, such as the consensual model in industrial relations, centralized wage-bargaining, a culture of compromises in central political issues, and a strong reliance on experts in policy-making, the specific characteristics of the system for social protection and social services have been a central part. Generally, the Swedish welfare state has been seen as the most typical of the social democratic welfare states. In a comparative perspective, this means that it has generally been seen as more encompassing, more universalistic, and more redistributive than other welfare state systems. Whether or not this is still the case is currently a matter of intense debate. The number of studies of the origin, characteristics, and political effects of this welfare state is huge, and in this section only a small part of this literature can be presented. Since this is a volume about Swedish politics, many aspects from other disciplines such as economics, history, and psychology have had to be left out. The chapters in this section try to answer four larger questions. First, Stefan Svallfors analyzes the shifts and particularities of support among the population for this system as a whole and also for its various specific policies. Based on extensive and detailed survey research, Svallfors shows that the system has strong, stable, and lately also increasing support among the Swedish population. Some of the results from this research are quite surprising, for example the findings that support from the middle class has increased and that people’s suspicions about overuse or abuse have diminished. This is a remarkable result, especially in light of the fact that during this period, immigration to Sweden from outside the Nordic countries has increased substantially and that Sweden now has quite a large anti-immigration party in Parliament which has put this issue high on the agenda.

Since the Swedish welfare state has been singled out as the most typical social democratic welfare state, it is of course interesting to analyze what type of changes have taken

place during the center-conservative government that came to power in 2006. Many international observers expected extensive cuts, maybe to a degree that one could speak about a systemic shift. In his chapter, Anders Lindbom analyzes this specific issue. Using the theory about “feedback” mechanisms in which existent policies determine what is politically feasible, Lindbom argues that while there have been incremental cutbacks in some policies, the basic universal and encompassing features of the Swedish welfare state are still in place. A surprising finding is that the cuts in the social insurance system implemented by the Social Democratic government that ruled from 1994 to 2006 were more pronounced in some important areas than what has taken place after 2006 under the conservative-center coalition government. His conclusion is that the dominant party in the center-right coalition has to a considerable extent changed its ideology, moving away from neoliberalism as it has come to embrace the basic characteristics of the universal welfare state.

A central feature of Swedish society is the importance of gender equality. In achieving its world-leading role in gender equality, Christina Bergqvist shows that many welfare state policies have played an important part. She shows that when the foundations of the Swedish welfare state were laid during the 1930s, issues about gender equality were already important for the reformers. The shift away from the “male breadwinner” model to the “dual-income-earner model” has been dramatic and came about with a surprisingly high level of political agreement between the left and the center-right political parties. However, Bergqvist also shows that despite the many policies that have been put in place in this area, there is quite some disappointment about the results. Women still work more part-time and carry more responsibility for domestic duties than men, the labor market is still quite segregated, and despite doing very well in the educational system, few women reach the highest levels in the occupational sphere. Bergqvist also provides a detailed analysis of the politics of one of the currently most discussed issues in Sweden in this area, namely what measures to use for increasing the time fathers take from the internationally quite generous (16 months) parental leave insurance.

The final chapter by Rothstein analyzes three issues. The first is the normative foundations of the Swedish welfare state. Should it be characterized as a liberal rights-based operation or is it to be understood as foremost a communitarian project? He defines two lines in this debate—one inspired by Jürgen Habermas’s view of the welfare state as a state-led “colonization” of the private sphere and the other inspired by Amartya Sen’s idea about “basic capabilities.” Coupled to this question is the issue whether the Swedish welfare state should be seen as a result of a specific Swedish (or Nordic) historically inherited culture or if it should be understood as “designed” from above by the creation of specific political and administrative institutions. Lastly, he presents an analysis of why, contrary to what seems intuitive, a universal welfare state where “everyone” pays taxes and receives benefits turns out to be more redistributive than a residual one in which you tax the rich to give to the poor.

In sum, these four chapters analyze the Swedish welfare state through different theoretical lenses using a variety of methods. They answer important yet different questions about how this project should be understood; how political support for the system works and has changed; what effects it has on redistribution between social groups as well as between men and women; and what changes in the political landscape have meant for its viability.

CHAPTER 2

WHO LOVES THE SWEDISH WELFARE STATE? ATTITUDE TRENDS 1980–2010

STEFAN SVALLFORS

INTRODUCTION

ANALYSES of attitudes to the Swedish welfare state were slow to get off the ground.¹ Although election studies and other general surveys had occasionally surveyed welfare attitudes from the 1950s onwards, more extensive and systematic research did not take hold until the 1980s. When the doyen of Swedish welfare state research Walter Korpi surveyed the state of the art in the late 1970s, in his classic study *The Democratic Class Struggle*, he found that “social scientists have made few attempts to describe public opinion concerning different aspects of the welfare state” (Korpi 1983: 200).

Why was this the case? There were both internal scientific and external political reasons. In social science, both Marxists and reformist social researchers came in the late 1960s to share a skepticism about the value of surveying attitudes. In the former case, because such surveys were argued to be profoundly unable to capture the true beliefs of people in their everyday lives, and hence would register only the “false consciousness” implanted in the masses (Christiansson 1969; Fredriksson 1970). In the latter case, because it was argued that an enlightened social reformism should rely on objective facts rather than people’s perceptions and evaluations of their situation. As put by Robert Erikson, one of the chief architects behind the celebrated Swedish level-of-living surveys:

The individual’s perception of his situation depends not only on his objective circumstances but also on his aspiration level, i.e. his assessment of what is his rightful

due. The aspiration level may vary sharply between individuals and is contingent upon their earlier experiences, so that persons who have lived under modest circumstances tend to have a lower aspiration level than those who have been better off. From a subjective definition of welfare could follow that an individual who lives in relative misery may well be regarded as enjoying more welfare than one who lives in good circumstances, an inference that I find absurd. (Erikson 1974: 274; see also Johansson 1973)

Neither the Marxist critique of attitude research nor the social reformist misgivings about subjective data explicitly targeted welfare state attitudes. However, the result was nevertheless a general and widespread feeling in the Swedish social science community that attitude research was of little value. In such an intellectual atmosphere it took a long time for Swedish social scientists to realize the need for surveying the legitimacy of public institutions.

Politically, many achievements of the welfare state, and the continuing expansion of welfare policies, were more or less taken for granted by a broad political spectrum (Svallfors 1989: chs. 8–9). The attitudes and opinions about the welfare state among the electorate were therefore seen as of less political interest. As long as the continuous gradual extension of welfare policies was largely unquestioned in Swedish politics, political interest in public opinion about the welfare state remained lukewarm. It took the political questioning of the welfare state, as articulated by neoliberals in the 1980s, to make this public opinion a salient political issue. Now, the electorate was suddenly seen by political pundits as increasingly skeptical about the further expansion of the welfare state, with younger generations seen as the harbingers of what was to come in terms of increased resistance against an overbearing welfare state. But still little was known about the actual state of affairs when it came to citizens' attitudes.

THE SWEDISH WELFARE STATE SURVEYS

This was the background to the fielding in 1986 of the first survey in what was to become the *Swedish Welfare State Survey* (SWS) series. This survey laid the first broad ground for analyses of patterns of welfare attitudes, as well as for subsequent replications (Svallfors 1989). To some extent it also built on previous surveys and publications by Hadenius and by Laurin, probing attitudes to taxes and social spending (Hadenius 1986; Laurin 1986).

In SWS, nationally representative samples of the Swedish population were asked their opinions about spending levels in the welfare state, collective vs private financing, and public organization of welfare policies, but also about their perceptions of abuse of welfare policies (such as cheating with benefits). In later surveys, trust in the task performance of the welfare state was added as an important factor.

A set of key findings from the first welfare state surveys, and compilations of the few then-existing single-indicator time series may be summarized as follows (the summary builds mainly on Svallfors 1989, 1991):

- (1) Swedish attitudes were on the whole strongly supportive of an encompassing welfare state. In contrast to the sweeping statements in the public debate about generational processes leading younger generations away from support for welfare policies, or about rising resistance against bureaucratic-administrative intrusions, the early research in general showed the welfare state to be quite popular. Encompassing welfare policies, which are collectively financed and publicly organized, proved to have overall support from the Swedish citizens.
- (2) However, early research also found a clear difference in support for comprehensive and selective or targeted programs. Programs such as pensions and health care received strong support, while more targeted or selective programs such as housing allowances and social assistance received much lower support.
- (3) This research also found a clear difference between general and specific support for the welfare state. General support, taking the form of attitudes toward objects such as “the public sector” or “social reforms,” was shown to be more dependent on changes in the public discourse and general ideological dispositions. Public support was therefore more volatile at this level. Specific support for concrete welfare policy programs, on the other hand, was shown to be more stable because it was rooted in everyday life experiences.
- (4) The clear support for welfare policies coexisted with considerable ambivalence regarding several aspects of welfare policies. Quite widespread suspicions about welfare abuse and cheating, for example, and concerns about bureaucracy and inefficiencies in the public sector were important qualifications of the overall support for the redistributive and risk-reducing aspects of welfare policies.
- (5) The early research also confirmed the continuing importance of class and “class-related” factors (such as income and education) as the most important determinants behind welfare attitudes—in contrast to widespread arguments about sector-related cleavages as the new main factors behind welfare attitudes (Dunleavy 1980; Saunders 1986: ch. 8; Zetterberg 1985).

Although these first-generation analyses of attitudes to the Swedish welfare state were severely restrained by the shortage of comparable time series, they form an important backdrop to later developments. Simply by making welfare attitudes a topic for systematic social scientific research, instead of the object of political and speculative projections, they laid the ground for subsequent extensions and improvements (for a selection of later analyses of the Swedish Welfare State Surveys, see Edlund 1999a, 2000, 2006; Edlund and Johansson Sevä 2013; Johansson Sevä 2009, 2010; Svallfors, 1995, 1996, 2004, 2011a).

DIMENSIONS OF SUPPORT

What is the current situation when it comes to public support for the welfare state? To begin, one could ask how an “optimal” public support for public welfare policies should look. What conditions should be met in order for us to speak of a strong public support for the welfare state? First, there should be trust that the welfare state can actually solve its tasks (Meuleman and van Oorschot 2012). This trust could be expressed both as a belief about the general task performance of the welfare state, and as a subjective feeling of being protected against the vicissitudes of market exposure and life-course risks.

Second, because extensive welfare policies are expensive, there should be support for high social spending and for taxes used for welfare policies. And since the welfare state is a collective financial commitment, there should also be support for collective forms of financing over private insurance and user fees for services. Third, there should be trust in and support for public authorities as providers of care and services. If there are widespread feelings that other service providers than public authorities are best suited, there is a problem of support. Lastly, there should not be widespread suspicions about cheating and “free riding” in the welfare state. If large groups of people believe there are many others who abuse welfare policies, the legitimacy of the welfare state is threatened.

It should be emphasized that this support is “optimal” only in the sense of offering as strong and underpinning support for extensive welfare policies as possible. In other respects and from other perspectives such attitudes could well be regarded as completely dysfunctional. For example, when ingrained attitudes hinder necessary or desirable reforms of existing policies, or when they clash with other values and perceptions (such as various forms of free-market ideologies).

This exposé of the optimal support for the welfare state also suggests that attitudes toward welfare policies are best seen as multidimensional. People may well support the welfare state in some respects but have less positive attitudes toward other aspects. As already pointed out, early Swedish research on welfare attitudes indeed showed that attitudes toward welfare policies were multidimensional. Other research, using both simple interpretations and descriptive/exploratory methods (Svallfors 1991, 1995; Taylor-Gooby 1982, 1983, 1985) and more advanced confirmatory analyses (van Oorschot and Meuleman 2012) point in the same direction. So there are strong reasons to tap attitudes to the welfare state with a broad spectrum of questions. Trends are not necessarily the same across different dimensions and aspects of the welfare state.

ATTITUDE TRENDS IN THE 1990S AND 2000S

What do the Swedish attitudinal trends look like in these different dimensions of support? To describe this, we rely here on the replications of the SWS in 1992, 1997, 2002,

and 2010. The survey questions cover (by length of the time series) (1) attitudes toward welfare spending, (2) financing and (3) service delivery, (4) perceptions of abuse of welfare policies, (5) welfare risk perceptions, (6) individual willingness to pay taxes for welfare policies, and (7) perceptions about the task performance of the welfare state. The actual figures that substantiate the summaries provided below can be found in Svallfors (2011a: Tables 1–8).

Starting with the issue for which the longest time series is found, there is a large degree of stability in *attitudes toward spending*. Support for increased spending grew substantially in the crisis of the 1990s—probably as a reaction to substantial cutbacks in the public sector at that time. The current crisis has not prompted similar reactions. Now a more mixed pattern is found, in which somewhat fewer people ask for increased spending on health care and schools, while more people want to increase spending on social assistance and employment policies. The dividing line between support for more comprehensive programs and for those aimed at ameliorating weak market positions has become somewhat less accentuated in the last survey round. The weakening support for employment policies from 1981–2002 was reversed in 2010, although support for higher spending is still far from what used to be the case in (the far better labor market situation) of the 1980s. In all, there are no signs of any large shifts in attitudes toward spending for different policy purposes.

But does this general support for high welfare state spending combine with a stated *willingness to pay higher taxes* oneself for these purposes? It is easily conceivable that many people would like to increase spending but at the same time see themselves as unable to pay more taxes (Edlund and Johansson Sevä 2013).

There are two remarkable findings in this regard. One is the sharply increased willingness to pay more taxes between 2002 and 2010. While attitudes were very stable from 1997–2002, the share that is willing to pay more taxes for welfare policies jumps dramatically between 2002 and 2010. The second is that for all listed policies, the share that is willing to pay more taxes in 2010 is actually *larger* than the share that wants to increase overall spending for that policy. This was clearly not the case in earlier surveys and is indeed a surprising finding.

What about attitudes toward *collective or privatized financing* of care, services, and social insurance? There is a large degree of stability in attitudes toward the financing of care and services, in the share that chooses collective forms of financing before increased user fees. The one important trend that may be detected is the gradually increasing support for collective financing of child care.

Stability and increasing support is also found when it comes to the collective financing of social insurance, even when respondents are presented with the prospects of lower taxes. In fact, support for collective financing increased in 2010 for all three major social insurances (pensions, sickness benefits, and unemployment benefits). The deteriorating support for unemployment insurance from 1992–2006 reverses, and the support for collective financing of sickness insurance and pensions increases substantially from 2006 to 2010.

What about *delivery of care and services*? Here we find the largest policy changes in recent times in the Swedish welfare state (Bergh 2008a, 2008b; Bergh and Erlingsson 2009). While virtually all education, care, and welfare service provision is still publicly *funded* in Sweden, the actual *delivery* of these services has changed quite dramatically since the 1990s. By now, a substantial proportion of such care and services are provided by non-public actors. In the early phases of private sector growth in these areas a substantial share of the non-public service delivery came from cooperatives and other non-profit actors. Nowadays most of it comes from for-profit companies, in many cases large shareholding companies that are sometimes not even based in Sweden.

Does the increased privatization of care delivery lead to increased support for other instances than public authorities as best suited service deliverers? The findings show that this is hardly the case. The share that chooses “state or local authorities” when faced with a number of alternative service providers remains very stable. The single clear trend is that support for public authorities as best suited to deliver child care increases over time (at the expense of “family and relatives”).

Yet another issue for which there are a long-term time series concerns *suspensions of welfare abuse*. One should emphasize that this issue does not cover only outright cheating, but also more general perceptions of dysfunctional adaptations of behavior and “overconsumption.”

The interesting finding here is a clear decline in welfare suspicions, first in the crisis of the 1990s, and then again in the last survey. Especially large changes are registered for the question if the unemployed really want a job, and whether those who report themselves sick are really sick. Suspicions about welfare abuse are now at their lowest level ever, and substantially different from what was the case in the mid-1980s. Fears that increased ethnic heterogeneity would undermine welfare state support by increasing suspicions that “the others” would act as free riders seem to receive little support from these findings (Alesina and Glaeser 2004; Finseraas 2008).

These attitudinal trends are all the more striking since they coincide with a more extensive political and media debate about welfare cheating and abuse (Johnson 2010; Lundström 2011). Debate and reporting on welfare abuse increase, and yet suspicions among the public go down. The worsening labor market situation and more stringent conditions in the sickness insurance seem rather to drive perceptions in this regard.

Finally, how have *risk perceptions and evaluations of task performance* of the welfare state changed? This question is of course prior to all the others, but is nevertheless the one for which there are the shortest time series (1997–2010). We find a large degree of stability in welfare-related risks from 2002–10. The most striking thing about this is that figures are substantially lower in 2010 than in the last economic crisis (the 1997 survey). It is clearly not the case that the current economic crisis has made Swedes feel much more insecure in relation to their own sustenance problems.

But we also find an interesting mixture of increasingly positive evaluations of public care and services, and decreasing trust in the task performance of social insurance. Since the government after 2006 made spending on care and services a priority, and made conditions harsher in the social insurances (stricter eligibility and qualifying rules, and

increased individual costs for the unemployment insurance), figures show that this shift is clearly recognized by the public. Trust in the task performance is especially low for policies related to the elderly, something that is also reflected in the high level of perceived risk in relation to one's own pensions.

The trends of weakening trust in the task performance of the welfare state are especially pronounced among workers and marginal groups, such as those with severe problems related to unemployment and sustenance (Svallfors 2011b). Furthermore, satisfaction with social insurance has decreased most among supporters of the political left (Oskarson 2013). It seems that those who are most dependent on the welfare state, and among the traditional supporters of the welfare state, that dissatisfaction with the task performance of social insurances is now particularly widespread.

IS SWEDEN DIFFERENT?

Comparative research on the question of whether inhabitants in different countries display different attitudes to the welfare state often take their starting point in the “worlds of welfare” categorization famously introduced by Esping-Andersen (1990). A number of studies have analyzed whether attitude patterns and group differences correspond to the typology he suggested, and what might explain instances of non-correspondence. Pioneering studies in this regard were Svallfors (1993) and Svallfors (1997), which compared attitudes to redistribution in different Western countries, using Esping-Andersen's worlds of welfare as a frame for country selection and analysis. These studies were followed by many others (Andress and Heien 2001; Arts and Gelissen 2001; Bean and Papadakis 1998; Bonoli 2000; Edlund 1999b, 1999c; Evans 1998; Gelissen 2000; Jæger 2006; Larsen 2006, 2008; Matheson and Wearing 1999; Svallfors 2003).

The main findings of this “comparing-attitudes-in-regimes” industry are not completely clear-cut, since both conceptual and empirical problems abound. But there seems to be agreement on the following set of findings: we do find substantial differences among countries in overall public support for the welfare state, corresponding roughly to welfare policy commitment. Support for equality, redistribution, and state intervention is strongest in the social democratic regime, weaker in the conservative regime, and weakest in the liberal regime. However, we do not find any clear regime-clustering of countries. Differences and similarities between countries show interpretable patterns, but they are too complex to be summarized as “worlds of welfare attitudes.” An important and still somewhat neglected institutional factor behind varying welfare state support is the “quality of government” in terms of the efficiency and fairness of implementing agencies (Svallfors 2013).

Furthermore, there are general similarities across countries in the impact of different social cleavages: categorical differences along class, gender, or labor market status lines show similar *patterns* across welfare regimes. Where interesting differences between countries in the *magnitude* of categorical attitude differences were found, they did not

at all follow the model suggested in the closing chapter of Esping-Andersen's treatise. Instead, they seem to follow the historical articulation of particular social cleavages in different contexts. For example, class differences were especially pronounced in Sweden and some other northwestern countries, reflecting the comparatively high salience of distributive and class-related issues in the political programs and practices of these countries.

Later research confirms that support for extensive welfare policies is stronger in the Nordic countries than in continental Europe and liberal Britain. But it also shows that support for a wide-ranging public responsibility is even stronger in southern and eastern Europe (Svallfors 2012). These analyses have also confirmed the continuing, although varying, impact of "class" and "class-related" factors (such as income and education and various risk-related factors) on the structuring of welfare attitudes (see Cusack, Iversen, and Rehm 2006; Edlund and Svallfors 2011; Kumlin and Svallfors 2007; Svallfors 2004, 2006). Class differences in attitudes toward the welfare state are substantial in many countries, and patterns are fairly consistent across countries. Still, the magnitude of these differences varies substantially among countries, although in a more complex pattern than previous research suggested (Svallfors, Kulin, and Schnabel 2012).

One should be clear that commonalities in attitudes to the welfare state across Europe are just as important as are differences. Strong support for an extensive welfare state, the similarities in cleavage structures, and the similar value bases for the welfare state across Europe are strong common elements and quite clearly contrast with attitudes in the US (Brooks 2012; Svallfors 2012).

It should be emphasized, however, that comparative research on welfare attitudes is restricted to fairly general survey questions from the *European Social Survey* and the *International Social Survey Program*, and never posed at the level of detail provided by the Swedish Welfare State Surveys. So little is known even now about the finer details of whether and how Swedish attitudes to the organization and financing of the welfare state differ from those found in other countries.

SUMMING UP

In summary, what may be said about the trends in Swedish attitudes toward the welfare state? First, there are virtually no signs of any decreasing public support for welfare policies. Overall, there is a large degree of stability in attitudes, and where change is registered, it tends to go in the direction of increasing support. More people state their willingness to pay higher taxes for welfare policy purposes, more people want collective financing of welfare policies, and fewer people perceive extensive welfare abuse in 2010 than was the case in previous surveys. Furthermore, class patterns change so that the salariat and the self-employed become more similar to workers in their attitudes.

Hence it seems well founded to argue that the unprecedented loss of the Swedish Social Democrats in two subsequent elections in the 2000s, and the rise of the Moderate

(Conservative) party as a dominant party on par with the Social Democrats cannot be explained by changing attitudes toward the welfare state. It is rather the Moderate shift toward the political middle ground, and their embracing of the key aspects of the Swedish welfare state, that have made their political fortune (see Lindbom's chapter, this volume).

Explaining the recent electoral misfortunes of the Swedish (and European) social democratic parties lies beyond the focus of the present chapter. But a key aspect seems to be the failure to address rising and persistent unemployment in any convincing manner. This is reflected in declining confidence in the competence of the Swedish Social Democrats in the field of (un)employment, starting already in the 1990s (Davidsson and Marx 2013; Martinsson 2009: ch. 5). Swedish voters care deeply about the welfare state, but they care even more about employment, and when seemingly facing a trade-off between social protection and employment growth, voters often opt for the latter.

In a more long-term perspective, what is indicated by the surveys is the gradual integration of the middle class in the welfare state. The postwar Swedish welfare state was always predicated on integrating large sections of the salaried groups in the core of the welfare systems. But still this was always combined with substantial resistance from the higher echelons of the class structure against higher taxes and the socialization of care and services. What seems to have taken place in the last few years is that since their main party—the Moderates—have embraced the core aspects of the welfare state, even the higher salariat and the self-employed have increasingly become supporters of a collective welfare state. The Social Democratic *Party* may be in dire straits electorally, but the social democratic welfare state is more popular than ever. However, support for the welfare state was no longer automatically translated into support for the Social Democrats, once the Moderates shed their market-liberal leanings.

A few final conclusions regarding the broader aspect of welfare state development and attitudinal change are also in order. One important observation is that the current crisis has not made Swedes feel more insecure. Perceived risks and judgments about the task performance of the welfare state show little change from 2002 to 2010, and Swedes feel less exposed to risks themselves than was the case in the economic crisis of the 1990s. This is in itself a powerful testimony to the cushioning effects of the welfare state. At the same time, it may explain why the current crisis has not been translated into any decreasing support for the government in power. Swedes feel on average no more insecure in the midst of the crisis than they did previously; hence there is little reason to blame the government.

At the same time, we should not forget that for some welfare state areas—especially those related to old age—trust is not impressive. Swedes clearly feel that the task performance of the welfare state leaves a lot to be desired in these respects. Whether this is indicative of any long-term trends is impossible to judge since we have no such data; the only thing we know is that this lack of trust has become neither worse nor better in recent years.

Taking into account the institutional changes in the Swedish welfare state over the last decade, where privatization of the service delivery of welfare policies has been substantial, we can observe that this does not seem to have any clear-cut effects on attitudes to

private vs public service delivery. At least not in the sense that we observe any shifts in the aggregate views about who is the best service and care provider. Whether this is the result of different people changing in different directions, so that overall changes cancel out, or a true non-effect of the increased privatization is hard to judge. Nor do we find any tendencies for increased support for private financing, so any ideas about “spillover” effects to other aspects of the welfare state are unfounded. Neither the hopes of the market-liberal right nor the fears of the political left get much support from these findings.

Hence, no corrosive feedback effects from changing welfare policies may be detected in the Swedish public. It seems rather that the changes in institutional practices and political rhetoric that have taken place in the 1990s and 2000s have further strengthened middle-class support for the welfare state. In an ironic twist of fate, market-emulating reforms of the welfare state and the changed political rhetoric of the political right-of-center completed the full ideological integration of the middle class into the welfare state. The electoral base for any resistance against a high-tax, high-spending, collective welfare state now looks more or less eroded. At the same time, the working class and other groups with weaker market positions display weaker trust in the social insurance system, combined with their traditional support for the basic tenets of the model. Hence, we may perhaps see the current Swedish welfare state as even more of a middle-class welfare state than used to be the case.

FUTURE ANALYSES AND EXTENSIONS

Current research on attitudes to the Swedish welfare state has a relatively descriptive bent. Although it relies on theoretical notions such as feedback effects and tries to explain categorical patterns and changes in attitudes, it is to a large degree descriptive rather than explanatory. In order to become more explanatory, there are a number of points that should be addressed.

One point where more work is clearly needed concerns explanatory mechanisms. Rather little is actually known about the mechanisms that tie specific locations in the social structure with attitudes, or exactly what explains change and stability in such attitudes. In the absence of clear-cut empirically based arguments, much research in the field has been based on an explicit or implicit assumption that self-interest is the mechanism that links social location and change with attitudes. However, this assumption runs counter to much of what is now argued in widely different fields, namely that self-interest has a rather limited role in the formation of attitudes, beliefs, values, and actions. Hence, a broader conception of explanatory mechanisms and also new empirical indicators of such mechanisms are clearly needed, including values, beliefs, and norms of reciprocity.

However, here we encounter a difficult problem. We run the risk of entering endogeneity problems; that is, the risk that some of the things we are trying to explain—such as variations among social categories in attitudes—are so closely and

almost by definition linked to some of the proposed explanatory mechanisms that explanations risk becoming empty and self-evident. This seems to be an important unresolved issue for this whole field of research, but one that should be tackled head-on.

What is needed in order to better analyze explanatory mechanisms? Better indicators in survey research, but also innovative method combinations. Although most would agree that combining methods is a good strategy for this field, very little actual cooperation is taking place. This may have different explanations, but it truly hampers our understanding of processes in the field. There is clearly a need to complement wide but thin survey data with more intensive experimental and/or ethnographic data, in order to study processes and mechanisms in more detail.

A second point where we also need more work is to get a better handle on the dynamics of attitudes. In this respect, it seems researchers in the field have often been unduly constrained by a mechanical application of “independent” and “dependent” variables. Research would perhaps be better served by moving toward evolutionary stories, in which the dynamics of attitudes are seen as coevolving with institutional and political change, subject to mutual and recurring feedback loops. The challenge is to do this without becoming speculative and empirically unfounded.

But dynamics are also relevant to take into account at an individual level. Currently, there are no longitudinal datasets that allow us to analyze the development of welfare attitudes along the life cycle, or even across an extended stretch of time. Comparative longitudinal datasets do simply not exist, and even existing national panels that to any extent include welfare attitudes tend to be either too short term or too sparse to be of much use. Any move to address this shortage would be most useful for the field.

Consequently and furthermore, we know little about the relative importance of the past (that is, biography), the present (that is, the current position) and the future (that is, anticipation) in forming attitudes. In particular, we know very little about how anticipated futures affect present-day attitudes. We all live in the shadow of the future, and the attitudes we hold are to some extent a function of what we believe about alternative futures and their implications for our personal lives and society at large. But very few surveys even include any questions about respondents' views about the future. The latest Swedish Welfare State Survey (2010) has incorporated items related to conceptions of the future, but so far they have not been put to analytical use.

So even if there is clearly scientific and sociopolitical value in replicating surveys of attitudes to the welfare state and keeping up the descriptive time series, a more analytical and explanatory approach would add even more value. By doing a better job at explaining patterns and dynamics, by moving to more combinatory method strategies, and by incorporating the future in explaining current attitudes, researchers of welfare attitudes would move the field substantially forward.

NOTE

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CHAPTER 3

POLITICAL PARTISANSHIP AND POLICY FEEDBACK

The Swedish Welfare State after Eight Years of Center-Right Government

ANDERS LINDBOM

POLITICAL PARTISANSHIP AND WELFARE STATE EXPANSION

HISTORICALLY, the Social Democratic Party has been the dominant party in Swedish politics. During the period 1932 to 2006, the party dominated the governments that were formed for 66 out of a total of 75 years. But in 2006, a center-right coalition government came to power in Sweden and ruled until 2014. How has this affected the iconic Swedish welfare state?

Before presenting data that shed light on that question, the chapter describes the evolution of comparative research on welfare state development and the most important theories on the importance of political partisanship. This is followed by a review of the empirical research on parties and welfare retrenchment. The bulk of the chapter consists of an empirical study of the dominant party in the center-right government, the Moderate Party. First, the changes it underwent in opposition are outlined, and then the welfare reforms the center-right government implemented from 2006–14 are scrutinized. These changes are largely *decremental*, i.e. small but often yearly changes, that however add up over time and hence are important, particularly in the case of unemployment benefit. The importance of decrementalism (cf. Lindblom 1959) is then illustrated by the recent proposals regarding taxation from the Social Democratic opposition which clearly has adapted to the policy legacy of the center-right parties. Last but not least, the chapter presents data on how citizens' attitudes to the public sector have

developed in Sweden over the last 20 years of more or less permanent welfare austerity: has the welfare state's legitimacy been undermined?

The first wave of comparative (large-N) research of welfare expansion explained rising welfare state expenditures in the industrialized countries in a largely functionalistic way. Public policy was seen as the product of large structural societal forces, whereas politics was of secondary importance at the most. As agrarian societies eroded, support based on kinship eroded with it and the unfortunates who could not sell their labor for a wage became largely unprotected. As a consequence, new forms of social protection were developed. Economic growth in combination with demographic change were seen as the root causes of welfare expansion (Wilensky 1975), not politics.

The power resource approach (PRA) sees the efforts of the labor movement as the cause of welfare state expansion. This approach was developed in opposition to the functionalistic argument presented above, primarily by Scandinavian scholars, and the Swedish case is the ideal typical example of the arguments (Korpi 1981; Esping-Andersen 1985, 1990). Contrary to the functionalistic studies above, Esping-Andersen (1990) contends that welfare effort should not be measured in terms of expenditure if we want to study the importance of political partisanship for welfare expansion. Rising expenditure has not been the goal of political welfare reform, but often an effect. The political struggles have been fought over the welfare state's effects on the relative power between capital and labor in the labor market (*decommodification*), or more concretely over policies like unemployment benefit, pensions, and the sickness cash benefit that affect reservation wages. It is worthwhile pointing out that scholars within the PRA approach—in spite of not seldom making reference to the “welfare state”—focus heavily on social insurance schemes and rarely analyze welfare services like health care, education, child care, or elder care. This separates it from the other approaches presented here.

But the welfare state is also a key factor that affects which societal interests organize and how they perceive their self-interest (*stratification*). Intuitively, we often think of the opposite causal direction: interest groups are the driving force in the political process. But where do their interests come from? Esping-Andersen (1990) is particularly interested in the middle class, which is often the group that determines the results of the political elections. What determines whether the middle class will see welfare expansion as something positive?

Swedish political history, specifically the introduction of the supplementary pension (ATP) in the 1950s, is often used to illustrate the argument. Already at this point in time, the Swedish Social Democratic Party was concerned that the working class, their core voters, was decreasing due to the economic transformation Sweden was undergoing into what we would today call postindustrial society. Their solution was to appeal to white-collar employees by giving them income security at retirement by introducing an income-related pension scheme. After the introduction of the ATP, the Social Democrats gained new supporters among middle-class voters and this helped them to keep their political dominance (cf. Svensson 1994; Korpi and Palme 1998).¹

Despite their belief in the welfare state's effects on interest formation, Esping-Andersen and Korpi and other researchers in the power resource approach believe that the forces that drove the expansion of the welfare state also are necessary to maintain it. But exactly on this point, the dominance of the PRA is challenged by the theory of *The New Politics of the Welfare State* (NP) (Pierson 1994, 1996, 2001). Pierson argues that the political situation today is fundamentally different from the situation during welfare state expansion. The welfare state has created its own political support that makes it quite resilient to retrenchment and hence, according to Pierson, a strong labor movement is not necessary to preserve it. Pierson thus takes the analysis of stratification a step further than Esping-Andersen himself did.

The basic logic of Pierson's argument is that before generous public social insurance such as pensions was introduced, many different policy solutions were possible. Today the situation is different. During their working life, current seniors have based their behavior on the expectation that the public pension system will take care of them when they became old. If the welfare state had been organized differently, they would have acted differently and saved up for their old age, but they cannot now change their historical behavior. Unless a party is willing to make these citizens "penniless" and meet the reactions that this action would entail, it is impossible to dismantle existing pension systems. Today the political reform agenda is therefore comparatively restricted. This phenomenon is known as path dependence and is particularly apparent in the area of pensions, but Pierson's explanation of welfare state resilience is based on the same basic idea.

To sum up, there is a general agreement in the current welfare literature regarding the importance of the existing organization of the welfare state for the electoral support of the welfare state. But there is nevertheless a theoretical disagreement on whether this means that the importance of political partisanship for welfare reform has declined. One central issue in this debate concerns the character of party preferences.

EXOGENOUS OR ENDOGENOUS PARTY INTERESTS?

The power resource approach essentially conceptualizes parties as class-based organizations. However, confessional parties, such as the Christian Democratic parties on the European continent, use the religious dimension to appeal to all classes including the working class. While their welfare policies are designed to generate cooperation between employers and employees, in Korpi's (2006: 176) words: "to be credible the confessional strategy for attracting workers' votes had to place some limits on employers' choices, limitations tending to give confessional parties a middling position along the left-right continuum." In Korpi's conceptualization, the behavior of the Christian

Democratic parties seems to be primarily strategic whereas in the more empirical and detailed account of van Kersbergen (1995), Catholic ideology, e.g. subsidiarity and the non-primacy of the market, seems to be important for policy.

Similarly, in order to win elections, secular center-right parties are expected to try to attract the support of the median voter, i.e. to adapt to welfare state popularity (Korpi 1981). This adaptation is however only strategic; their real preferences remain unchanged. Korpi (2006) makes it clear that the PRA is deductive when it comes to assigning preferences and interests to actors. Once center-right parties have won an election, we should therefore expect them to implement radical cutbacks (cf. Korpi and Palme 2003). But unless the center-right parties' only aim to win occasional elections or middle-class voters can be cheated time and again, this does not seem to be a reasonable proposition.

Lindbom (2008) argues, on the other hand, that we cannot rule out the possibility that the change of preferences is "real." He takes inspiration from Rothstein's argument (1998) that what citizens view as rational as well as appropriate depends on their context, and generalizes this proposition to political parties. Over longer time periods, generational change may lead to changing views of what is "natural." For example, the Moderates were generally hostile to public child care during the 1960s, but the current leadership put their own children in such institutions. Whereas it was considered unnatural to do so in the 1960s (a woman's place was in the home), in the twenty-first century it is not (Hinnfors 1992). That is, certain parts of the ideology remain (largely) intact: the family is a central societal institution and the state should not intervene in how the husband and wife organize family life. Other parts of the ideology change, however: the belief that child care institutions are bad for children. The example illustrates that ideology probably often changes in one respect but not in others. It is reasonable to make a distinction between the core values on the one hand and views regarding reality on the other (Tingsten 1941). Whereas the first largely tend to be highly stable, the latter are probably much more volatile.

The supplementary pension (ATP) provides another example of changing preferences. The center-right parties' proposals in the 1950s argued that the state should only be responsible for providing basic security for pensioners. However, the Social Democratic proposal that public pensions should also provide earnings-related benefits prevailed. In the 1990s the pension scheme faced a crisis: it would go bankrupt if changes were not implemented. However, the existing pension system had matured and the center-right parties concluded that the path dependence of the pension scheme meant that it could not be reformed to fit their preferences from the 1950s (Lindbom 2001). The point of the example is that the distinction between a real change of preferences and strategic change largely disappears in a highly path-dependent context. Once a publicly financed earnings-related scheme has been institutionalized and crowded out private alternatives, a significant proportion of risk-averse center-right parties' core voters will be particularly affected if it is taken away (Baldwin 1990; Rothstein 1998; Lindbom 2009).

EMPIRICAL ANALYSES OF WELFARE STATE RETRENCHMENT

Korpi and Palme's analysis of welfare retrenchment (2003) suggests that political partisanship remains important for welfare state generosity, even in a statistically controlled welfare regime, but also that the cutbacks are larger in liberal welfare states than in universal welfare states. Others use similar data to confirm the result (Allan and Scruggs 2004). These analyses calculate the generosity of benefits for certain types of households with average incomes, but only include certain aspects of the sickness cash and the unemployment benefit. Hence large parts of the welfare state are left out of the analyses. On the other hand, effects of tax cuts are included in the analyses. Other studies focus on expenditures. Swank (2003) does not find a partisan effect on welfare expenditure (controlled for unemployment etc.), but remarks that several significant independent variables, e.g. corporatism, correlate with the variable political partisanship.

But quantitative studies of the importance of party policy have certain weaknesses. While it is possible to refine the analysis by making separate analyses of different geographical contexts, the number of countries studied then becomes so small that much of the benefit of the statistical method is lost. Hence Lindbom (2008) suggests that in-depth case studies provide a more fruitful approach to the question of the importance of partisan politics for welfare retrenchment than a more superficial analysis of many, or at least more, countries.

Balslev's case study (2002) of cuts in twelve Swedish social policies is based on budget forecasts on the size of the cutbacks. The total cutbacks undertaken by the Social Democrats (1994–8) are then found to be greater than the cutbacks of the center-right government (1991–4). A study of Denmark and the Netherlands shows similar results (Green-Pedersen 2002). Lindbom (2008) shows that the political conflict regarding the Swedish welfare state since the 1980s has focused on compensation levels and on whether to allow private alternatives in the welfare services, not on issues of dismantling the welfare state. In fact, the Social Democratic government (1994–2006) implemented lower replacement rates than the “neoliberal” Moderate Party proposed during the 1980s. Thus the hypothesis that a “universal” welfare state makes a “neoliberal” party fairly moderate gains support even when tested under very unfavorable conditions, i.e. in the most liberal Swedish party during its most neoliberal period. Hence Lindbom (2008) cannot confirm the stereotype that all right-wing parties are more or less disguised versions of Thatcher and Reagan's neoliberal parties. A comparison between the Moderates' policy proposals and the legislative changes implemented by the Conservative Party in the UK during the 1980s provides further evidence for this.

These conclusions receive some support from some statistical studies. Brooks and Manza (2006) show that the varying policy preferences of the electorate tend to explain much of the variation in social spending levels between countries—no matter which parties are in government. Jensen (2010) even shows that the right-wing governments in

the period 1980–2000 in the Nordic countries spent *more* on social policy than the left parties during their time in government. In contrast, right-wing governments in countries that have traditionally right dominance tend to cut expenditure the most.

To sum up, there is mixed evidence regarding partisan effects on welfare retrenchment. How retrenchment is measured seems to matter a great deal for the empirical results. Party politics seems to be better at explaining changes of net replacement rates of important cash transfers than more general changes of welfare expenditures (including expenditures for welfare services). But even if parties of the right tend to be less generous than parties to the left in the same country, this does not mean that all parties in the same ideological tradition—e.g. conservative parties—but acting in different countries strive to achieve the same replacement rates (cf. Swenson 2002).

In what follows, the ideological changes of the dominant party of the center-right government—*Moderaterna*—are presented, and then the measures of welfare reform taken by the government (2006–14) are scrutinized. This analysis sheds light on the restricted room for maneuver for a center-right government in a “universal” welfare state (Lindbom and Rothstein 2004).

THE “NEW” AND MORE MODERATE PARTY

Reformulating the Party Platform in Political Opposition (2003–6)

After the debacle of the 2002 election when the Moderates received only 15.2 per cent of the votes, compared to 22.9 percent in 1998, the new leadership re-evaluated its proposals. They came to the conclusion that “the doubts of many voters that the Moderates’ proposals for tax cuts were compatible with a sound state of the public finances was one reason that the party lost voters in the election in 2002” (Reinfeldt, Odenberg, and Borg 2004). As a consequence of this analysis, the party reformulated its core policy: promises of future tax cuts were reduced significantly, but tax cuts have also been retargeted toward people with low or average wages.

Moreover, the party no longer proposes to cut state subsidies to local government, since that might affect the quality of education, health care, and so on which are the responsibility of the local governments. The quality of these services has been at the forefront of recent elections in Sweden. It is clear that most voters want public spending to increase—not decrease—in these areas (Svallfors 2011 and in this volume).

In a speech to the party congress in the autumn 2005, Reinfeldt (the party leader) put a strong emphasis on the need to make policies trustworthy. Policy reform has to be possible to implement, trustworthy, and appear to be “safe” to the electorate. Or as he memorably put it: “I didn’t become a conservative because I believed in the idea of the revolution” (Reinfeldt 2005). The new party leader wanted to be seen as pragmatic and in favor of gradual change.

In many ways, incremental reform seems to be one of the major differences between the “new” Moderates and the party during the 1990s. The party used to take a very theoretical starting point: what type of (welfare) arrangements would economic theory suggest? This way of thinking starts from a *tabula rasa* and constructs an “ideal” system (irrespective of empirical context). Since 2003, the party has started rather from what it conceives to be problematic with the actual situation in Sweden and tried to “patch” one problem after the other (piecemeal engineering). Faith in theoretical models is much lower than it was around 1990 when the party expected dynamic effects from tax cuts and productivity gains from private competition in the production of welfare services in its budget proposals to finance tax cuts (Lindbom 2008).

Apart from that, there are some indications that the party does not want to change the existing welfare state in a fundamental way (i.e. toward a more liberal welfare state with more means-testing and private insurance schemes). The tendency of means-tested benefits to create poverty traps goes against the party’s ambition to increase the incentives to work (Lindbom 2008).

The political conflict with the Social Democrats regarding social insurance is not really about the fundamentals such as “universalism,” but is rather on how big the self-risk should be for the insured. The Moderates wanted to increase the—or as they see it rather create a—difference between income from working and living on a benefit, particularly for low-income workers. Both their tax cuts and their cutbacks fit this profile.

But the proof is in the pudding. What changes has the welfare state gone through during the eight years of center-right government?

The Center-Right Government 2006–14

Welfare policies in Sweden come in two kinds: welfare services (e.g. health care, education, child and elder care) and cash transfers. The resources for welfare services have continued to expand since 2006 (*Dagens Samhälle* 2014: 6) and hence this analysis will focus on the cash transfers. Pensions are the dominating cash transfer, but no major changes have occurred in this policy area.² Since 1998 there has been an agreement between the Social Democratic Party and the four center-right parties that a consensus among the five is necessary in order to make any changes to the existing pension system.

Instead this essay will focus on unemployment benefit and sickness benefit (cf. Korpi and Palme 2003). The legislated replacement rate of *unemployment benefit* used to be 80 percent throughout, but the new government—just like it promised in the 2006 election campaign—has lowered it for the long-term unemployed. After 200 days of unemployment, the replacement rate decreases to 75 percent and after 300 days it is further lowered to 65 percent.

But in comparison, in the US the replacement rate is around 50 percent for the benefit’s entire duration whereas the contributory benefit in the UK is a very low standardized amount (£71/week if the client is aged 25 or more). Hence it is obvious that the center-right government has not even been close to making the legislated replacement

rate of the unemployment benefit as low as it is in the so-called “liberal” welfare states (Esping-Andersen 1990; US Social Security Administration 2014).

However, the maximum benefit is also important for medium- and high-income earners. In October 2006, the newly elected government nullified the raised maximum benefit that the Social Democrats had implemented from July 1, 2006. On the one hand, this is an important change since the maximum benefit had been increased by 7 percent. But on the other hand, the fact that the increase had hardly been established before it was taken away means that it had not yet become perceived as an established social right. If the lower maximum benefit was politically correct Social Democratic policy in June, it was difficult to argue that it was impossible to live on in October the same year.

The main change to the *sickness cash benefit* was not related to the replacement rates, but to the duration of the scheme. The duration used to be unlimited, but the new government introduced a time cap of 2½ years. If we compare this to the situation in other countries, however, this change does not seem to be particularly neoliberal. A report from LO (the blue-collar union) states that “(i)t is unclear whether any other country than Sweden and Ireland lacks a limit in the duration of the sickness cash benefit” (LO 2007). In all the other Nordic countries, which are usually argued to have welfare states that are very similar to the Swedish one, there are time limits that restrict the benefit to a maximum of about a year (LO 2007).

To sum up, the legislative changes to unemployment benefit and sickness cash benefit have been gradual or, as I prefer to call them, decremental. But by 2014 the basic character of the unemployment benefit had been undermined. The two arguments are not contradictory. The most important changes to the benefit have not come through parliamentary decisions but through the lack of them. The maximum benefit for unemployment has not been raised as much as the wage levels have increased for a very long time. The consequence is that the income security of average wage earners has decreased substantially. The following paragraphs will focus on this critical case: unemployment benefit.

The Hollowing Out of the Earnings-Related Character of the Public Benefit

For unemployment benefit, the net replacement rate for an average worker has fallen rather dramatically (13 percentage points) between 2005 and 2010, i.e. during the time of the center-right government. The consequence is that the replacement rate is no longer higher than the average level among seventeen comparable countries (Ferrarini et al. 2012). A large part of the decline registered by the PRA scholars is however the effect of the EITC. Since the unemployed did not enjoy the tax cut but the employed did, the unemployed relatively speaking became worse off, but in absolute terms their benefit did not decrease.

Since the maximum benefit has not been adjusted to follow increasing wages, in 2013 today only 11 percent of full-time employees have incomes low enough to receive the legislated 80 percent replacement rate. The rest will receive the maximum benefit (680 kronor per day) (Arbetslöshetskassornas samorganisation 2013) so the system has almost entirely stopped being earnings-related. During the 1990s, the Social

Democratic governments had already allowed the maximum benefit of unemployment benefit to be hollowed out. According to some estimations, this benefit was one of those most targeted for cutbacks (Lindbom 2007). After the crisis, the maximum benefit was raised in 2001 and then again in 2006. But in hindsight, the impact of the center-right government's nondecisions suggests that the Social Democratic Party made a considerable strategic mistake when it implemented the last raise of the maximum benefit as late as in the last months of the election campaign. It seems fairly obvious that the idea was that this would mobilize the core troops of the party in order to win the election, but once it did not, it made the unemployment benefit very vulnerable.

As a consequence of the hollowing out of the earnings-related benefit, a new development in the welfare mix has taken place. It is not so much a development in the direction of a liberal welfare state with individual insurance as toward a corporatist one. Many unions have institutionalized mandatory group insurance schemes for all members of the union and the associated unemployment fund. The first group insurance for unemployment was created in 2001 and by 2007 they had spread over large parts of the labor market. Hence this implicit privatization of the earnings-related unemployment benefit started before the center-right government came to power in 2006, but the more recent developments have of course made it increasingly important.

Interestingly, the regulations of the group insurance are very similar to those of the public scheme. The duration is however shorter (100–200 days), but most importantly, the maximum benefit is higher and therefore many will actually receive 80 percent replacement of their earlier income. Whereas the monthly maximum of the public scheme is less than 15,000 kronor, the maximum monthly benefit in the white-collar groups insurances varies between 50,000 kr and 100,000 kr whereas it is 35,000 kr for the blue-collar workers unions (Rasmussen 2013).

Compared to a public scheme, the individual schemes redistribute about as much. The varying risks of unemployment and wage levels *between* unions, however, affect costs and/or benefits. Most importantly, whereas all white-collar unions are able to offer group insurances, several blue-collar unions that have higher and more fluctuating unemployment risks cannot, e.g. the industrial workers union (Metall), the unions for construction workers (Byggnads), and the union for employees in hotels and restaurants (Davidsson 2014). Whereas the first two represent relatively high-income blue-collar workers, the members of the last have low incomes.

Universalism

In 2006, the center-right government decreased the public subsidy of the unemployment benefit scheme. The consequence was that membership fees had to be increased and that around half a million people left the unemployment insurance. The proportion of the labor force that are members of the insurance scheme fell from 81 to 72 percent (Lindgren 2013). Sometimes it is argued that this shows that the center-right government wants to change the universal character of the Swedish welfare state.

But as Bergqvist's article "The Myth of the Universal Welfare State" (1990) makes clear, Swedish unemployment benefit has never been universal, and the reason for this is a

strong resistance from the labor movement.³ This is contrary to the common perception that in Sweden, strong social democratic governments have created a universal welfare state. She therefore argues that Esping-Andersen and Korpi (1987) confuse the description of Scandinavian real welfare states with the theoretical universal model. Ever since 1934, the Swedish unemployment insurance has had eligibility criteria: to qualify for the unemployment benefit, an unemployed person must have been a member of an unemployment insurance scheme and have satisfied certain work requirements.

In fact, during the 1970s and the early 1980s, the percentage of the workforce that were members of an unemployment fund was comparable to now, i.e. around 70 percent. Coverage gradually increased and peaked during the Swedish economic crisis (87 percent in 1998). Once the crisis was over, membership declined. At the time of the center-right government's induced increase in the fees for membership, the ratio had declined and was back at about the same level as before the crisis (81 percent) (Lindgren 2013). Since 2008 the number of members has been increasing somewhat (AEA 2012).

But which groups stopped paying membership: those with a low risk of becoming unemployed or those who earn so little that they could not take the cost increase? If it was the latter group, it would register in increasing costs of the social assistance scheme. While social assistance spending (in constant prices) was almost 25 percent higher in the middle of the financial crisis in 2010 than in 2006 when the center-right parties formed the new government, spending was still 17 percent lower than in 1997 when the Social Democrats were in power. The costs have remained fairly stable thereafter (National Board of Health 2013).

Summing up, decremental change has occurred within the sickness cash benefit and unemployment benefit. The center-right government has not tried to legislate on radical changes that would change the Swedish welfare state into a liberal one. By non-decisions they have, however, allowed the long-term hollowing out of the maximum benefit of public unemployment insurance to continue, and the power resource approach suggests that this may produce large feedback effects in the future (Korpi and Palme 1998).

Moderate Room for Maneuver?

Were the changes of the Moderate Party's political rhetoric from 2003–6 real or were they deceiving the voters? My answer is that: (1) in the short term the party can only hope to achieve incremental change and it realizes this; but also (2) in the long term, the party does (eventually) change society. The goal does not seem to be a residual welfare state, but they still want to reduce taxes (cf. Lindbom 2008).

However, the argument stressing path dependence should not be taken too far. As Pierson (1994) stressed, there are the possibilities of decremental (and blame-avoiding) reforms and of systemic reform that weaken political support for the welfare state and hence open future opportunities to reform it. One interpretation of the center-right government's changes to unemployment benefit is that they had a systemic character: (1) the reduction of public subsidies led to higher membership fees and thus reduced the incentive to be a member of unemployment benefits, and/or member of the union; and (2) reducing the maximum benefit may make unemployment benefit less interesting to

the middle class and hence make it more vulnerable in the future. Another interpretation is however also possible: the center-right parties had to finance their tax cuts and they used the same methods to reduce spending as the previous Social Democratic government had successfully used (Lindbom 2007, 2011). The two explanations are moreover not mutually exclusive.

A counter-argument to the “systemic retrenchment” interpretation is that the center-right government also could have changed the legislation regarding job security (LAS) if it wanted to weaken the unions, but it chose not to do so. The difference between the LAS and the change in unemployment benefits is that only the latter results in decreased public spending. Furthermore, the subsidy for the unemployment benefit scheme has been increased again and reforms to health insurance increase the incentive to join the unemployment insurance (Parliamentary proposal 2008/9: 1). The criticized differentiated fees for unemployment funds were abolished which entailed a cost of almost 3 billion kronor (*Dagens Arbete* 2014), and this will obviously increase the incentives to join the schemes.

HOW DECREMENTAL POLICY CHANGES STILL MATTER: THE SOCIAL DEMOCRATIC OPPOSITION IN 2013–14

The argument that policy changes tend to be incremental is sometimes misunderstood as implying that the changes are not important. But in order for the incrementalist argument to be consistent, the next government will tend to make only incremental policy changes as well. That means that if a government has had eight years to make benefits less generous and to lower taxes, it is likely that it will take the next government many years to raise them back to where they were to start with.

The situation of the current Social Democratic Party leadership in Sweden can illustrate this argument. The center-right government has implemented income tax cuts (EITC) five times over. In the view of the Social Democrats, these changes add up to a considerable drainage of public finance and they have opposed all five waves of tax cuts. However, they are not promising to nullify the tax cuts. Instead they only propose to diminish the tax cuts just for people with a very high income, i.e. on the margin. The reduced tax income for the state after the first four tax cuts has been estimated at 70 billion kronor and the Social Democratic clawback has been estimated to take only 2.5 billion of those back (cf. Lindbom 2011).

In a television interview the party’s leader, Stefan Löfven, has argued that “Every new government has to accept the situation at hand. Reinfeldt’s government has not dismantled all the policies that they disfavored while they were in opposition.” Löfven also argued that households have adapted their consumption to their new level of income and that for this reason a new government cannot restore the earlier tax levels (*Agenda* 2013).

To sum up, the leadership of the Social Democratic Party argues that the center-right government's tax cuts have decreased its freedom of maneuver. The argument has been illustrated with the EITC, but the same is true for tax deductions for household services (RUT), the abolished real estate tax, and the increased market share of independent schools etc. At least some of the party activists do not want to acknowledge these restrictions, but the party leadership is relatively autonomous when it comes to deciding on policy proposals (cf. Katz and Mair 1995 and 2009).

THE FUTURE OF THE SWEDISH WELFARE STATE

In theory, the Swedish welfare state is largely designed to provide income security, i.e. even people with relatively high incomes should not have to drastically change their way of living in case they are between jobs or are sick and unable to work for a couple of months. But as we saw above, the reality of Swedish unemployment benefit has become very different from the theory. The trend in sickness benefit is the same, but it still provides most clients with an 80 percent replacement rate (Lindgren 2013).

Both the theoretical approaches that this chapter has focused on place significant importance on feedback mechanisms. With the changes to the Swedish welfare state that have been described above in mind, they give different forecasts, however. The power resource approach expects the legitimacy of the welfare state to be undermined by the declining replacement rates over the last 20 to 25 years (Korpi and Palme 1998) whereas the New Politics approach would not expect citizens' attitudes to change, at least not in the short term.

SOM-data provides a long yearly time series (1986–2013) for the question “Would you like to diminish the Swedish public sector?”. If we combine that data with yearly data on the replacement rate of the unemployment benefit for an average worker's wages (CWED data), then we get the graph presented in Figure 3.1.

In the year 1990 negative opinion regarding the public sector reached its maximum and a majority (56 percent) agreed with the statement that the public sector should be diminished. The replacement rate of the unemployment benefit also reached its maximum that year. After 1990, the share of the population that wanted to diminish the public sector decreased, and from 1995–2009 it was relatively stable at around 30 percent. There seems to be no effect produced by the center-right government's decision to make the unemployment benefit less generous (*c.* 5 percentage points) in 1993, nor by the raising of maximum benefit in 2001/2002 (increasing the benefit around 10 percentage points). And when a center-right government again decreased the replacement rate in 2007 (by 5–6 percentage points) it does not register either. Since 2010 however, the share of people that agree that the public sector should be diminished has been decreasing and in 2012 the share that agreed was only 21 percent. In short, the pattern in Figure 3.1

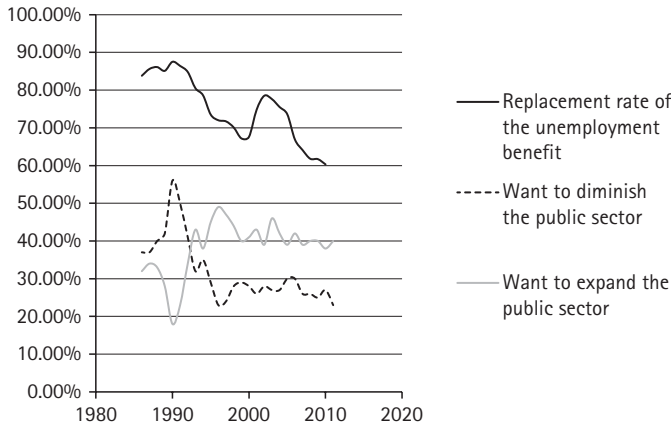


FIGURE 3.1 The replacement rate of the unemployment benefit and citizens' attitudes toward the public sector.

Sources: Top line: Scruggs et al. (2014). Lower two lines: Nilsson (2014).

suggests that the higher the replacement rate of the unemployment benefit, the more negative the public opinion regarding the public sector ($r=0.77^{***}$).⁴

As mentioned before, the development of sickness benefit follows the same general direction as unemployment benefit, but the changes are not as accentuated. The results also remain the same if we use other indicators of welfare state legitimacy. Svallfors (2011) concludes that support for a collective financing of social insurances is strong and increasing. Moreover, the perception that social insurance schemes work well and that they should be publicly financed is much more common among white-collar workers than blue-collar workers.

While at first it seems like the PRA has gotten the effect all wrong, a revised version which allows for a lagged and weaker effect may perform better. Maybe the effect is mediated by citizens' knowledge of the situation, and it takes considerable time for this knowledge to establish itself.

But it is quite clear that the data is more in line with the New Politics approach. Pierson's argument was however rather unclear regarding the exact nature of the long-term feedback mechanism. In the thermostatic public response model (Soroka and Wlezien 2010), people's preferences are assumed to be shaped by policy in such a way that they for example react to a decrease in policy by increasing preferences for more of that policy (cf. Bendz 2013 and 2015). But while the immediate reaction may be that citizens want to spend more, in the long run it would seem to be irrational to stay willing to contribute to a system that is considered inefficient (Kumlin 2007).

If we switch focus from understanding change over time to understanding the level of legitimacy of the Swedish public sector, it appears to be likely that legitimacy is rather connected to the universal welfare services, e.g. education and health care, than it is to social insurance like the unemployment benefit. The explanation of positive welfare attitudes then is less the self-interest of the middle class and more citizens' perceptions of

procedural justice (Kumlin and Rothstein 2005). Larsen (2008) points out that unemployment benefit raises questions about deservedness which makes the policy less popular among citizens, and this may partly explain why this benefit is relatively easy to target for retrenchment (Vis 2009).

This would also provide a partial answer to why the center-right government managed to win the election in 2006 and be re-elected in 2010 in spite of having implemented cutbacks in unemployment benefit and sickness benefit. The center-right government has argued that the reforms were implemented to strengthen the incentives of proper behavior of the clients of these programs and that they would lead to an increase in employment which will help to provide the “core of the welfare state,” the welfare services, with enough resources in the future.

CONCLUSION: REINFELDT IS NOT THATCHER

This chapter presents the debate within welfare research regarding the importance of partisanship for welfare state reform in times of permanent austerity. In contrast to the power resource approach, a version of the New Politics approach is developed that argues that the importance of political partisanship has declined in Sweden because of the specific context of the “universal” welfare state specific context. There are strong theoretical reasons to believe that the center-right parties’ preferences have changed over time and in line with the changed preferences of a significant portion of the electorate.⁵

The Moderate Party’s primary concern is that the (potential) income from work should be higher than the (potential) income from social insurance schemes. It believes that this is both fair and that it has desirable effects (provides incentives to work). The exact level of compensation is not determined by that point, but the varying proposals at varying times are influenced both by what is politically possible and how reality is perceived (e.g. the unemployment level and its trend).

This theory suggests that parties primarily propose gradual (incremental) changes in the existing political institutions to address perceived problems (cf. Lindblom 1959). But incrementalism does not mean that politics is unimportant. Although the Moderate leader Reinfeldt is not Thatcher, he is not a Social Democrat either. The political right and left perceive various things as social problems and their ideologies tend to give rise to various proposals on marginal changes. For this reason there will probably always be conflict about marginal issues regarding the welfare state.

In the long run, more dramatic changes to the welfare state can be made. But just as it took decades to build the current welfare state, it will probably take decades to fundamentally restructure it. The political implication of the analysis is that the “universal” welfare state’s general political resilience is far stronger than the power resource approach claims. This mechanism where the popularity of the universal welfare state creates a pressure on right parties to promise that the welfare state is safe in their hands should be expected to be important in all the Scandinavian countries and probably

in many other European countries as well. A neoliberal party has restricted room for maneuver.

However, the political context in the 2010s has partly changed due to the incremental changes that the Swedish welfare state has gone through during the period of center-right rule. The Social Democratic party leadership does not think it can attack the implemented tax cuts head-on. Hence this party is now experiencing the feedback effects of the center-right policies, just like the center-right parties were forced to do during the long period of Social Democratic reign.

NOTES

1. This explanation differs from the cultural explanations, which argue that Sweden is a Social Democratic welfare state because the Swedes—unlike, for example, Americans—are predisposed to love equality and hence the welfare state. Instead, Esping-Andersen sees the welfare state as the result of a long historical process in which the outcome could have been different.
2. The earned-income tax does not benefit the retired, which has clearly upset many of them, but this reform is nonetheless not an example of welfare retrenchment.
3. The unions see voluntarism as necessary to keep administrative powers over unemployment benefit, which in turn provides a selective incentive for the employed to be union members (Rothstein 1992).
4. Recently, certain researchers have started to question whether the empirical relationships found by Korpi and Palme hold over time (Kenworthy 2011; Marx et al. 2013).
5. It is also quite possible that they have come to see large parts of the welfare state as conducive to economic growth. In an interview with the Minister of Finance, he repeatedly made such remarks (see Lindbom 2008). According to the Varieties of Capitalism argument, different types of capitalism can be effective and enjoy broad political support, which again questions the assumption often made by the PRA that all conservative parties are the same irrespective of the context (Hall and Soskice 2001; Korpi and Palme 2003).

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