END OF UNIVERSALISM – WHAT ABOUT THE NORDIC SUCCESS STORY

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OCTOBER 18, 2016
Right to daycare
3 WHY THIS TOPIC?

- Universalism is a concept describing the essential idea of post-war welfare state
  - The core idea for Beveridge and the British welfare state reforms
  - The regulative idea of the Scandinavian welfare state
- Together with equality, universalism has lost some of its political attractiveness in rich countries
- Today, fundamental changes in economy and politics create new social questions
  - Good reasons to revive the discussion on universalism
4 THEMES OF MY PRESENTATION

• The concept and its usages
• History and conditions
• Nordic universalism
• Success and disappointments
• Decades of erosion
• Uncertainty and new interest
5 THREE APPROACHES TO THE CONCEPT

• Idea
  • Citizens are equal members of a society having equal rights (backgrounds in Christianity, constitutional state, socialism, UN declarations).

• Principle of distribution in social policy
  • Full coverage: all citizens are entitled to benefits; targeting is based on non-discriminutive factors like old age of young age, maternity or sickness (risks over the life-course).

• Type of welfare state
  • State, which emphasizes equality of citizens, their fair treatment, rule of law, strength of social rights, equality of outcomes.
6 RESIDUALISM, SELECTIVISM, AND UNIVERSALISM

- Residualism: in every community people help disadvantaged members
  - Poor law, social assistance schemes, means-tested benefits
- Selectivism: some groups are selected to receive benefits, usually because of the payments made by them or for them
  - The first pensions were selective. Rulers started to arrange pensions for soldiers, their families and strategical elites like civil servants and teachers.
- Universalism: in social sciences universalism refers to everybody – all the members of a society (municipality/nation/country)
  - Examples: child allowance, basic old-age pension, primary school, access to public health care and social care
7 BASIC FEATURES OF UNIVERSALISM

- Social rights: citizens have rights to universal benefits
- Universal system offers rather uniform services all over the country
- Citizens have equal access to services, at least in principle
- All this is possible because of the taxation
- Universalism is the essence of the welfare state: only the state is the only organization that can guarantee social rights, equal access and full coverage
- Welfare society means something else, it is always selective
The basic difference between the state and the society is in the coverage of services. The state is the only organization that can stipulate laws, which include all the citizens. “All are included, all benefit, all presumably pay.”

Welfare society, instead, is based on social norms and contracts, mainly those between the employers and employees. Of course, the families also carry responsibilities.

The flagship model is the Nordic welfare state. The term universal emphasizes coverage.

Quite many states function as welfare states in the fields of education and health care.

Only few states provide social security (insurance or allowance) or social care to all people in need.
9 UNIVERSAL CASH BENEFITS AND SERVICES

• Cash benefits
  • No means-tests, total coverage within a group (e.g. children), same amount of cash for people in a similar situation (not necessarily flat-rate)

• Social services-in-kind
  • Equal access to decent services. Gate keeping based on needs. Low payments if any.
  • Examples: right to daycare and early education for children
  • In practice universal access to services is a difficult aim because of geographical distances, negotiations with gate keepers, and the different resources that people have at their disposal. Education is the easy case.
HISTORY: TOP DOWN AND BOTTOM UP

• From rulers to citizens
  • The interest of rulers, city dwellers’ common interests, and the interests of citizens in democracy
  • Universalism may have its origin in authoritarianism, populism, or democracy, for instance.

• Examples of different origins
  • Education – top down (Prussian interest in discipline and military power)
  • Public health – townsmen (citizens’ common interest to prevent epidemics and improve environmental hygiene)
  • Health and unemployment insurance – bottom up (wage-earners’ interest)
  • Social care – female politicians (working women’s interest)
Women for the vote in Helsinki 1905
• Universalism as a principle of governance was already in use before democracy

• Coverage has always been a very central principle for the state
  • e.g. when collecting taxes, keeping order, protecting the land and population

• Human resources are the central object of governance
  • Both the subjects and the rulers benefit of increasing human resources
  • Improving human resource policies add to the legitimacy of the state
Primary school for all
UNIVERSALISM THROUGH BOTTOM-UP POLITICS

• Ideological roots in Christianity and the 19th century political movements

• In the 20th century political democracy spurred universalism

• In the field of social security (cash benefits) universalism faces contradictions
  • Basic national pension systems only exist in some 20 countries; only two European countries have full coverage on unemployment benefits

• Universal service systems in basic education and health care are common all over the world, also in developing countries
  • However, the access to specific services varies enormously, and so does their quality
Egalité
16 WHY UNIVERSALISM?

- Coverage, inclusion, opportunities for all – particularly important for people who are not employed
  - Small farmers and other entrepreneurs, persons with irregular employment, students, unemployed, housewives
- Helps to avoid stigmatization and its negative behavioral effects, when managing poverty-related social problems
- Increases solidarity – a necessity for nation-making
  - Authoritarian governments love the rhetorics of universalism but seldom act according to this principle
- Citizens’ wide support, particularly among women
- Rational governance: fast and equitable decisions, whereas large-scale residualism is an administrative nightmare
- If wanted, selective benefits may be added upon the universal basis (a concession to the middle class)
WHAT UNIVERSALISM NEEDS TO DEVELOP?

• Universalism and democracy support each other
  • Possibility for large compromises among political movements and parties, like between workers and small farmers

• Recognition of needs:
  • Bringing social needs to the political agenda is a slow and complex political and cultural process – not easy to work against sectional interests; most difficult to cancel privileges already received

• Economic resources:
  • In spite of their broad coverage the total expenditure tends to remain reasonable because the universal systems consist of basic benefits (e.g. basic pensions, primary school, public health promotion) whereas selective benefits are generally better

• Governance:
  • Universalism supports good governance, it is a splendid strategy to fight against clientilism and corruption
Good and efficient governance
NORDIC HISTORICAL PARTICULARITIES

- Protestantism: education for all, importance of everyday life and economic development
- Periphery: young small states, far from Rome
- Strong governance: small Sweden playing big
- Late industrialization and urbanization: small cities, small industrial labour force
- Class conflict was not the first issue to be solved. It was the rural poverty, especially among the elderly and disabled, and the inefficiency of poor relief.
- Universalism was the political principle providing something for all.
NORDIC REGION: THE SHOWPIECE OF UNIVERSALISM

• The Nordic welfare state is called universal although it is literally not true at all, in regard to the welfare state systems – the expression rather describes a certain relationship between the citizens and the state

• Trust in the state
  • Centuries old Swedish tradition of rational and fair administration
  • Trust has facilitated the high level of social investment (education, early education, child care, family policies) – a major reason for the Nordic well-being

• Early systems of income protection
  • Because of late industrialization and urbanization industrial workers were too weak to insist on selectivist social policy
  • Basic pension became the response to the problems of poor relief, which was dealing with the elderly in the countryside (DK 1891, Sweden 1913)

• Sense of community
  • Universalism is a strange idea in a society divided by ethnicity, regionalism, or religion
  • However, it is a functional solution to relieve tensions between the classes
  • Only in the Nordic languages we do not distinguish the state and the society: the state belongs to us just as the society
Education and milk during the war (1942)
22 NORDIC DEMOCRATIC UNIVERSALISM

• After the World War II:
  • Education: universities not for elites only but for anybody with sufficient competence
  • Health care: no more a private good
  • Social security: everybody has a right to basic income
  • Social care: women have the opportunities for paid work and active participation

• Well-functioning democracy meant that people could safely use the state for societal management

• Minority problems were minor: all people seen as citizens and members of the state
MY UNDERSTANDING:

ALL THAT MAKES THE NORDIC COUNTRIES EXCEPTIONALLY GOOD PLACES TO LIVE IN, IS STRONGLY CONNECTED TO THE WELFARE STATE
WELFARE STATE AS A SUCCESS STORY

- Trente glorieuses (1945-75) – the happiest period in the 20th century for western people
- Economy: new technologies, mass consumption
- Welfare state: security, opportunities, and services at low price
- Political success: no revolutions
- Political surprise: social expenditure did not slow down economic growth
- Administrative success: universal benefits increased general trust in the societies
THE SECRET OF THE SUCCESS: VIRTUOUS CIRCLE

- Investment in individual and social capital among men and women, rich and poor, urban and rural

- High employment rate, economic growth, citizens’ participation, local governance lead to well-being, political stability and mutual trust

- High proportion of providers supports the economy

- A trustworthy state providing conditions for well-being – what more can people give to themselves?
UNIVERSAL INSTITUTIONS MAKE THE VIRTUOUS CIRCLE

- EXAMPLES:
- Universal basic and vocational education was the core of social investment
- National pensions reduced poverty, particularly in countryside, and relieved the young ones for paid work
- Public health (first through city hygiene, later more through health care) maintained capabilities for work and private life
- Unemployment benefits allowed time for searching for work and contributed to good matching between jobs and workers
- Family policies stabilized family incomes; children’s day care helped the use of young women’s labour force
- Income support reduced misery and crime, and created trust and solidarity
- NOTHING WAS IMPORTANT FOR THE RECEIVER ONLY – THESE INSTITUTIONS PROVIDED TRUE PUBLIC GOODS
Wonderful days in front of us
UNIVERSALISM NOT LIVING UP TO PROMISES

• We want more!
  • Middle class people want more cash and better services
  • People burdened by severe social problems need more
  • Minorities experience discrimination and desire selective services

• Individualization, growing desire for self-determination and choice

• Even in principle, it is difficult to achieve universalism in health and social care
  • Eldercare, in particular, lacks strong political drivers and is largely left on families

• Regional and local differences and autonomy maintain inequalities

• After all, welfare state is just a national solution — global inequality is a world class topic…
LESS INTEREST IN UNIVERSALISM: THE NEW WESTERN SOCIAL ORDER

- Political universalism requires a strong state, at present it presupposes strong democracy
- Since early 1980s business has been gaining power over the state
  - The tightening marriage of big money and politics – weakening democracy
  - Transnational business shopping around with states to receive subsidies and avoid taxation
- From the point of view of big business the role of the state has radically changed
  - National reproduction of labour force and political legitimacy are no more core issues
  - States have become useful for the finance capital, however, because of their tax revenues and regulatory power
    - States are the only institutions that can bail out the banks, too big to fail
    - The huge market of public services cannot be conquered without the cooperation of the state
    - In this field the market forces find innovative ways to decrease the wages, dilute the quality, top up the products, and shift costs to others
TOWARDS A VICIOUS CIRCLE: LACK OF PUBLIC MONEY

• Economy: long recession caused by globalization and the increased inequality in the Western countries, lower employment rate, weaker public economies

• Ageing: increasing pension expenditure because of the higher proportion of elderly and the maturing pension systems

• = LESS TRUST IN THE STATE BECAUSE OF RETRENCHMENT AND FINANCIAL INSECURITY
INDIVIDUALS IN THE MOVE

- Migration: weaker commitment to the state, weaker mental citizenship and nationalism among the migrants, fear of immigrants especially among the poor
- Individualization, less confidence on collective arrangements, political passivity among the poor, weakening of political mass organizations, US cultural dominance
- = LESS NATIONAL COHESION
• Short-sightedness: postmodern political life, no threat of collective wars, no threat of revolutions, no immediate interest in political stability among the elites or finance capital

• = NO NEED FOR SOCIAL COMPROMISES
IN OTHER TERMS

• Even if the state wanted to maintain present services, it cannot: it lacks financial resources and political support
• Because of ageing and weak economic growth the welfare state has become relatively more expensive
• Not the state nor the citizens have the motivation for long-term investments, which the maintenance of welfare state requires
• Citizens do not make a community in the same sense as before
• Americanized problems might expect American solutions? = LESS SECURITY, MORE OPPORTUNITIES
• HOWEVER, THE NORDIC CITIZENS HAVE MORE OPPORTUNITIES THAN THE AMERICANS
• DO WE HAVE MORE OPPORTUNITIES IF WE CANNOT SECURE OUR BACKING?
THE FINNISH CASE: CHANGING POLITICAL POSITIONS

• Post-war universalism was especially favoured by the strong Agrarian Union, thus receiving keen support from the small farmers and countryside women, in particular

• Finnish Communists also supported universalism, although Soviet Union was an example of extreme selectivity e.g. with six inequal health care systems

• Conservatives have always preferred marginalism: assistance only to those who personally need it

• Social Democrats were originally strict supporters of universalism but in the 1950s they started to press for earnings-related benefits. Today their ideal is called "stratified universalism"

• Today there is no self-evident majority of people with low incomes. Those who most benefit of welfare state are politically more divided than before.
THE FINNISH CASE: END OF THE ERA OF UNIVERSALISM

• In the 1990s recession and the fast growing state debt led to reductions in basic income security. Municipalities lost a significant part of their state subsidies, which caused deterioration of public services.

• In the same decade, the previously universal basic pension was converted to a marginal benefit. Of course, it lost much of its political backing.
  • In the 2000s the poverty rate of old women has been one of the highest in the EU.

• Equal taxation ended: since 1993 capital income has been favoured by lower taxation rate.

• Recently reductions in income taxation, welcomed by the labour market partners, have made it more difficult to finance universal benefits.

• Labour unions have been able to protect the employees rather well, e.g. weakening of the public health care has been compensated by enlarging the health care of employees.

• Present government has decided to stop financing public and non-profit services in health and social care!!!
BREAKS IN THE NORDIC SUCCESS STORY

• A democratic nation state found its keystone by making itself a welfare state
• The nation state has lost much of the capacity to maintain itself
• A weak state cannot keep up the credibility of its welfare systems
  • As a consequence most people trust less in the state (e.g. clear decrease in voter turnout)
  • Welfare state requires faith in the future > we see a new interest in private insurances
• Solidarity is shattering in the society
  • Recent immigration has spurred new hostility: discrimination of immigrants inspires nationalist movements
  • Right-wing populism does not have the power nor the means to bring the welfare state back.
WHAT HAPPENS TO PEOPLE, DEPENDENT ON UNIVERSAL BENEFITS?

• Low-skilled workers, hit by the loss of industrial jobs and the irregularity of service work, have received less and less protection from the welfare state.

• A new trend in Europe: creating an underclass by granting less than minimum benefits.

• The main reason for the present Finnish plans to marketize all the health and social services is retrenchment. Companies can lower wages and weaken services in a way that is not possible for the municipalities or voluntary organizations. Those who want quality services must pay for them out-of-pocket or have an employer who pays for them.

• This is the end of welfare state: a fundamental turn towards the middle class welfare society.
Nordic welfare state model has given way to the welfare society model, which is not particularly Nordic.

The weakness of universalism is that it is a genuine political creation. Its backing is weak, labour unions do not defend it.

Tax-financed benefits are difficult to defend and they may be cut to the level of insignificance.

Universal benefits do not vanish but they are becoming irrelevant.
IS THE NEW SOCIAL ORDER SUSTAINABLE?

• Who else than the state can pay for social investment?

• Will the state make social investments without believing that they will benefit the state in the future?

• Who else than the state can finance the basic health and social care?

• Who else than the state is able to guarantee that present social security contributions will be transformed into pensions and other benefits, later on?
NEW NEED FOR UNIVERSALISM?

- Our material conditions of life have been largely based on paid work.
- However, it seems possible that because of technological development and economic inequality there will be many more people with no jobs, and their benefits will not be based on previous labour contracts.
- People still need health and social care, education and some income.
- It’s not a surprise that so many young people are interested in basic income…
- If basic income would be the only state benefit, as wished by some neoliberals, does it mean the fulfilment of universalism or the end of it?
- Actually, universal education, health care and social assistance make progress in developing countries; the time window is open there.
- Long ago, when the future was uncertain – as it always is – the Nordic states dared to take the path towards universalism…
Now we say goodbye to the Nordic human-friendly success story, but no worry, the consequences of ice age stay…