

Care and Welfare at the Crossroads

While Sweden has one of the most advanced social welfare systems of all the industrialized nations, the problems that system faces mirror many of those in the United States and perhaps foreshadow others we may soon be confronted with. Sweden's system of services is straining and creaking, costs are skyrocketing, and demographic projections yield impossible extrapolations in terms of the costs and burdens of providing care to those in need.

In 1978, the Swedish Secretariat for Future Studies began a study of these enormous problems. Its report was published in 1982, and an English translation, "Care & Welfare at the Crossroads," is now available.¹ The study was undertaken with the premise that, if the welfare state is to be defended, new ways must be found to achieve its objectives. The report is grounded on three basic principles:

The problems of care must be solved closer to their source.

Everybody must assume greater personal responsibilities for mutual care.

Citizens must exert more influence on professional care.

"Care and Welfare at the Crossroads" provides an extensive analysis of the different forms of care, its purposes and relation to society. The authors explain the concept of man and the values that govern their analysis and proposals, and the report concludes with a blue-print for human services in Sweden in the year 2006.

The critique of human services in Sweden presented by the Institute raises concerns that are not new to the United States: services are not available on an equal basis relative to need; services often do not meet appropriate goals; the tremendous costs of human services are not reflected by improvement in public health standing; and a prevailing technological ideology (a tendency to identify a need for care as a problem that must be fixed) creates general expectations that the consumer of services will be a passive recipient.

Extrapolations from current to anticipated needs for human services also yield results that, if startling, are nevertheless

similar to projections made in the United States. Sweden will become increasingly burdened with a workforce growing at a rate that exceeds the growth of employment in the private sector, and so the economic base to pay for services will lag behind the growth in population. Continued high divorce rates, smaller families, and more single persons living alone will cause an increase in the demand for human services that previously was met through family resources. The report estimates that maintaining the present level and structure of human services through the end of this century would result in an average tax rate exceeding 70%!

In developing proposals for change, the Secretariat for Future Studies relies on a vision of human services where preventive care is truly recognized in theory and practice and where the individual receiving services is vested with a legitimate role in influencing the care he or she receives. Sweden's blueprint for care in the twenty-first century relies heavily on the growing labor surplus and on flexible methods of sharing job opportunities. The authors propose a formal allocation of jobs among a larger segment of the workforce, with a reduction in the average individual paid work week. For example, rather than 100 workers averaging 40 hours per week, employment would be given to 130 workers averaging 31 hours per week. All 130 workers would be expected to devote 9 hours per week to the human service sector.

To a large extent their proposal relies on volunteerism, but the authors recognize that this alternative cannot become a panacea. Remaining needs for services would be filled by creation of shared obligation for "compulsory care conscription" for community services. This is perhaps the most significant—and most controversial—conclusion of this provocative report.

Reference

1. Wenner-Gren Center, P.O. Box 6710, S-113 85, Stockholm, Sweden.



Crisis in the Social Welfare State: **Sweden at the Crossroads**

Editor's Note: John McKnight, Acting Director of the Center for Urban Affairs and Policy Research at Northwestern University, and HMPRG Board Member, was a consultant in the development of the Swedish report summarized in "Care and Welfare at the Crossroads" and had many discussions with its authors about the nature, development and future of Sweden's social welfare system. He talks with *Health & Medicine* Editor Quentin Young about the report and its implications for the United States.

Quentin Young:

John, describe briefly the significance and development of "Care and Welfare at the Crossroads."

John McKnight:

It is clear that this is a very important document because of its implications for the whole area of social welfare in the West. Scandinavia has been the leader, the point of design for many of the welfare programs that we now have in the United States. Those who are knowledgeable about social policy developed here can easily trace the flow from Europe to us.

In this document we can see a society which has come to the point of planning seriously for the next generation. This is a twenty or thirty year social welfare blueprint for Sweden, a country that has been the chief architect of western social systems.

The Secretariat for Future Studies, which produced the paper, is supported by the government. It is the agency that produces basic long-term "white papers"

for Sweden. They put together a very carefully constructed group of people representing all the sectors in the society, give them a superb group of planners to work with and three years to study the issues. All the major political parties are represented. They pick the issues they feel are most important to the broadest range of people and get full participation in the planning process.

The report has some very unusual, some might say radical, recommendations. Some of them seem almost unbelievable; though, as I talked with people in Sweden, I was told that the group has an almost perfect record of effectiveness because of the broad participation in the development of the plan. Also, of course, the method works because the Swedes are a very homogeneous people, unlike the United States. That difference between the two societies is very important, but I also think there are some similarities. This document and its recommendations come out of a very real dilemma faced by Sweden.

QY: What is that dilemma?

JM: I think it has three dimensions. First, Sweden has a comprehensive publicly supported system of care, with broad expectations for not just its continuation, but its expansion. For instance, one of the areas where Swedes see a great demand for expanded service is in child care. They already have the largest percentage of the

By agreement with Sweden's National Board of Health and Welfare, rural mail carriers would help provide social services in the form of making home visits, delivering goods, maintaining a contact and alarm service, and carrying out a variety of special duties.



Day-nursery attendants walk with their charges. The Swedish government provides child benefits in the form of free medical care, dental care, educational and vocational training, and subsidies for day nurseries and summer camps.



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female population in the workforce of any western society. This creates a great demand for child care. Swedes have the same expectations for increased support of the elderly.

A second dimension, and one that we can see in our own society, relates to the fact that a very large percentage of the Swedish workforce is involved in providing services. Similarly, in the U.S. we have now about 80% of the workforce in the sector the Labor Department labels "services" and about 20% in goods and production. That's a sizable part of the workforce.

Swedes consider their social welfare system the crowning achievement of their society.

The third element is the cost of providing these services in terms of the common or societal wealth. When this document was written (and I'm sure it's advanced beyond this now) the lowest paid person in Sweden was paying income tax of 52% and a 15% VAT (the equivalent to a sales tax on everything they purchase), plus very high taxes on unhealthful products such as alcohol and tobacco.

These three elements, which I think we can see looming on the horizon of our own society, have finally come to pose what seems to me a basic contradiction. This document was written in an attempt to face this contradiction.

The Swedish people expect services to increase. The economy and the nation's workforce are heavily invested in providing those services. Yet the available wealth, public and private, seems to be at its limit.

While in Sweden, I listened to a discus-

sion in which people were saying that they thought they probably would have to stop taxation of the lowest income group when it got to 60%. After that they didn't know what they were going to do. They are at 52% right now. That's the dilemma: a huge, politically potent workforce in the service sector, expecting better pay, expecting expanded coverage and better services, and public and private resources whose capacity to absorb this growth is about to run out. What do you do? This report is motivated by that question, and its recommendations, in a curious way, finally decide how to resolve this apparent paradox.

Swedes consider their social welfare system as the crowning achievement of their society, akin perhaps to the way many Americans think about our having put a man on the moon. There is a culture which has a very different view of social welfare. As I mentioned before, it is also a homogeneous society. As a result people there think that social welfare is for "them," themselves, rather than for "them," the outsiders. Welfare is not just for those most alienated from the society, it is a right expected by all.

QY: Obviously the thinking in the U.S. is very different.

JM: But the realities are curiously congruent. If we take the most basic definition of social welfare programs in the U.S., the fact of the matter is that the beneficiaries of 80% of all transfer payments in the U.S. are the middle class and the upper class. This includes Medicare, Medicaid, Social Security, education and almost all other categorical monies. Here, in this country, only 20% goes to what one would call the lower classes.

One might say that, except for non-

Swedes in Sweden, we have a unique and obvious problem of poverty and race in the United States that makes it difficult for us to think about social welfare in the same sense that Swedes think about it. The report is based on different assumptions.

QY: What about political constraints? They are not as restricted as we in the U.S. are, but clearly different sectors have different interests.

JM: The human service workers in Sweden are generally associated with one of the two major political parties and are organized into a union that is part of the labor party. It is the country's strongest union; so that in discussions of new directions and programs it seemed to me that a whole series of alternatives were not seriously considered. That's because the service system itself is the single most powerful entity in Sweden. That *really* produced the core of the dilemma, because the political power of the service workers put the planners in a position where a range of choices could not be seriously considered and were against popular expectations.

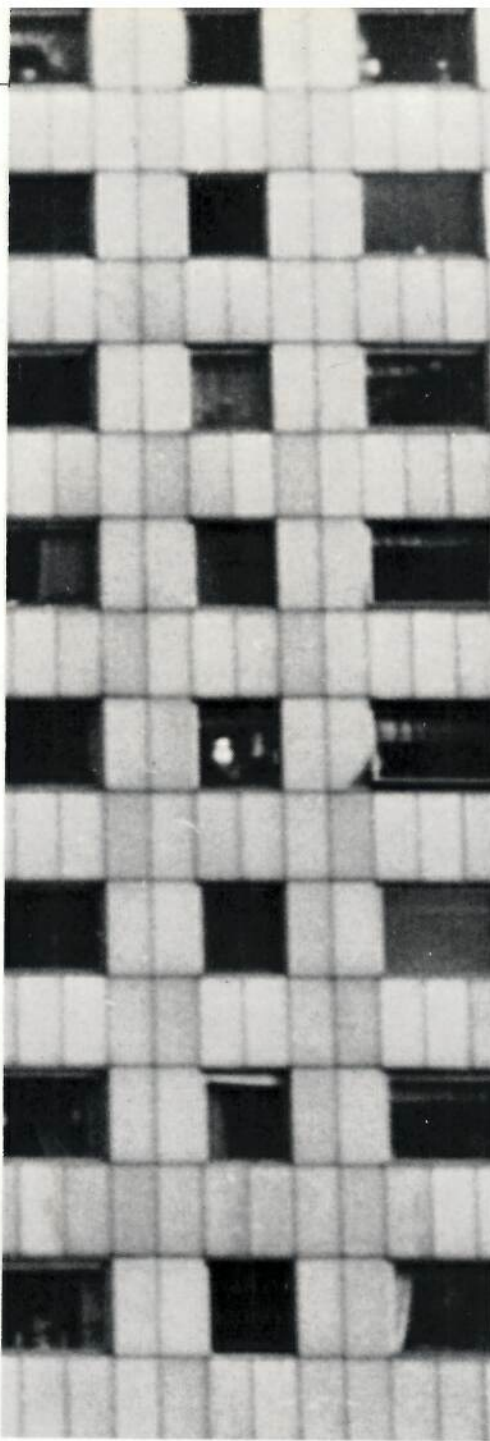
In essence, the report says, "We expect more, we have the strongest political force in the society wanting to give more service, yet we can't afford to commit much more of our economy to it.

QY: How do they deal, or propose to deal with it?

JM: Here is the unique recommendation of the group. They conclude that you can't tax people's income further, but there is one other way you can take something from the population to make the system work and grow—and that is to take their time. After all, the government has the possibility of taxing either our income or our time (military service is a good example of the latter). Having played out the income taxation possibilities, the basic proposal is to begin to tax people's time. They use a wonderful term, "care conscription."

The proposal is that every Swede will have to initially contribute one day's work a month to the social service system. At the same time, the government will cut back on the number of days that people are allowed to work outside the service system. That is, if we now have a 40-hour week, the government will say nobody may work at a paid job more than 35 hours a week in order to work half a day on an unpaid job. And five years from now, if the demand grows, they will say you can only work 32 hours a week because you have 8 hours of unpaid work.

QY: That doesn't sound like they are really asking people to volunteer.



Sweden has the largest percentage of its population in institutions of any nation in the western world.





JM: No, it's a reallocation of the working life of the population. That's the really radical conclusion and I see people reading it in two possible ways. Some people see it as government coercion, an attack on people's freedom. Bertram Gross wrote a book called *Friendly Fascism*, and I think he might consider this a good example of what he warned. On the other hand, the Swedish people, to a very large extent, think of their society as "theirs," and, in my opinion, would not see this reordering of the social service system in terms of an onerous, compulsive obligation. In the U.S., on the other hand, I think most people would see it in very different terms.

The Swedes did a serious job of looking at the voluntary sector around the world to see how it worked in terms of care and service. They recognize that in Sweden their comprehensive social service program, as it is organized by the state, has by and large stifled the voluntary sector. They tell me what they have left are the Red Cross and singing societies. They considered how they might rekindle the voluntary sector. Now I have great regard for the sophistication of the Swedish analysis and study on questions like this. Their conclusion was that they couldn't. Once it's gone, it's gone, and you can't put the genie back in the bottle. I mention that because it is one thing I would say we need to consider before it's too late. The result is that Sweden is moving toward compulsory work in the service sector.

In Sweden at least they got their economic life straight and then set out and built social services. We've got it upside down in the U.S.

The final point I would make, and it is a great concern to me personally, is that Sweden has the largest percentage of its population in institutions of any nation in the western world. One of the probable consequences of a highly developed service system is the move toward institutionalization of large numbers of the population in hospitals and facilities for the mentally ill, institutions for the mentally retarded, residential schools, and homes for the elderly. There are many who believe, regardless of their political position, that one of the signs of a decaying society is the increase in the percentage of the population that resides in an institutional setting. I was told frankly by several of the planners that they thought the most unfortunate aspect of the direction Sweden is headed has to do with the fact that most of the effort that would be

garnered by drafted work would, in fact, channel people into mopping the floors of institutions. That is where the great demands are, where there is the highest cost per capita in terms of support people. This buttresses what I think is the worst part of the social welfare system: it pulls people out of the community.

QY: *Have they tried to move toward de-institutionalization?*

JM: Yes, but without success. I would argue that's because there are no examples where it has worked given the many institutions and a major workforce dependent on jobs in those institutions.

QY: *How much of this applies to the U.S.?*

JM: Let me make explicit a key difference between the U.S. and Sweden. In Sweden, while the lowest paid person is going to pay 52% of their income in taxes, the fact is that they do have the income to live a decent life. The architecture of social services is important, but I think they have gone beyond some point of productivity and are probably moving into a counterproductive phase in that regard. *But they started out right.* And in the U.S., the basic problem is—and the point that shouldn't be missed in terms of what Sweden is doing right—that we in the U.S. are not only *not* providing basic income for a decent life (which is more important than any social service, I would argue) but for the last decade, in the name of social welfare, we have been taking money that should have been allocated for income and switched it over to social services. This is especially true of the area of medicine.

In the State of Illinois we end up providing \$1 billion in income for low-income people, and \$1.6 billion for medical care. Now that is a wild, radical distortion. The number one cause of ill health of poor people in Illinois is not their lack of doctors but their lack of income. A major source of their poverty is this transfer payment, the transfer of wealth into the medical system which bypasses them and their own economic choice-making and well-being.

Sweden at least has the income situation very clear. And the message I would draw from it is that we don't provide adequate income for people at the bottom of our society. We are worse than any other western society in that regard—and Mr. Reagan has made a bad situation even worse. The real issue is economics, not services. In Sweden at least they got their economic life straight and then set out and built social services. We've got it upside down in the U.S.

QY: *Thank you.*