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The Arctic and Nordic Countries in the World of Economyand Politics

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THE ANALYSIS OF DIFFERENT SOCIAL POLICY MODELS AS WELL AS THEIR EFFECTIVENESS USING THE EXAMPLE OF SWEDEN AND SPAIN

„Social policy is a hypothesis, that should be tested against reality and corrected in the light of experience"

Karl Popper

Currently, most countries in Europe have been increasingly active in the particularly important field of social policy, and attempts to increase its efficiency have posed a challenge under the circumstances of crisis, that affect also those countries, which hitherto have been regarded as leaders in the development within the framework of the European Union. The two countries indicated in the title of these considerations, i.e. Sweden and Spain have not been selected randomly, as the objective of this paper is to make a comparative study of two substantially different (in European terms) models of social policy, of which each reveals some weaknesses. The juxtaposed states are considered as extremely different by the general public, mainly because of the popular belief of the pro-social policy followed in Sweden and the enormous problems especially in the labour market faced by Spain.

Do the Swedish solutions really involve universal approach? Is it possible to effectively implement them in other systems? Does the Swedish society take a full advantage of the solutions put forward by the state and do these solutions interfere with freedom of choice of individuals and groups? On the other hand – is

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unemployment and social exclusion of many Spanish people a result of incompetence of the subsequent governments, or is it a more complex group of reasons? Finally, is social policy of a state reflected in the satisfaction degree of its residents and their willingness to participate in the system, which is equivalent to building civil society.

At this point, there arises a problem, that is more global referring the nature of the relationship between the economy and democracy in terms of axiology. As it was stated by Thomas Piketty, the author of the new version of "Capital": "[...] capitalism should be the slave of democracy. Today, the opposite is true"[2].

The Swedish model of social policy is in the literature referred to as liberal social, although its individual character should be considered in a broader perspective of the conditions, in which it was formed, i.e. social, cultural, political factors. The first concepts of the welfare state were born in Sweden already in the 1930s, when the great economic crisis was conducive to the search for the sense of security and the choice of the political parties, which would be its guarantors. The welfare state has been a vision of the Social Democrats, who came to power in 1932, and right from the moment of gaining control of the government started to implement fundamental social policy reforms. In 1946, the government introduced income support payments to parents for each child, and two years later, it made a decision of increasing the level of pensions. During the following years the welfare state and associated with it benefits were further developed until the mid 1970s, when the problems caused by the global recession arouse. „Low economic growth weakened the foundations of the Swedish economy to a greater extent than of most of OECD countries'. The Swedes, concerned with the difficult situation, blamed mainly the ruling social democrats, who lost in the 1976 parliamentary elections, and had to devolve power upon the coalition led by the Centre Party (*Centerpartiet*). However, after a period of political and economic turmoil, cool Scandinavian wind of change took the right direction, blowing in the sails of the ship heading towards the land of the universal welfare. Already around 1980 poverty was a marginal phenomenon in Sweden, which distinguished itself as the country with exceptionally high degree of social egalitarianism"[3].

It is particularly worth mentioning, that in the early 1990s when non social democratic parties were in power, Sweden was hit by the economic slump (increased unemployment, low GDP growth, deregulation of financial markets, botched reform of the tax system, etc.), which made the Swedes realise that attempts to move away from the welfare state were not a step in the right direction. In subsequent years, attempts were made to introduce reforms to these areas of social policy, which required adaptation to the changing external influences.

Health care was one of such areas. As a model welfare state, Sweden guarantees a high level of health care and its universal access, and at the same time

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[2] See: M. Janik, *Marks naszych czasów*, „Wprost", no. 21, 19-25 May 2014, p. 79.

[3] F. Maciągowski, *Dwa modele polityki społecznej: europejski – socjaldemokratyczny i amerykański – liberalny. Na przykładzie wybranych przykładów polityki społecznej Stanów Zjednoczonych i Szwecji*, http://www.ce.uw.edu.pl/pliki/pw/3-2011_maciagowski.pdf, s. 79.

the system is based on a kind of paradox, which can be simply described by saying that "it pays to be sick". The system is conducive to abuse, both due to the fact, that a visit to a specialist does not have to be preceded by referral from the GP, and the frequent sick leaves. These result not necessarily from a specific disease, but are more due to widely understood "malaise". The biggest problem, however, is too extensive bureaucratization of the system in which the number of managers involved in the health care service is comparable to the number of medical staff. Described in the literature, the so called "miracle in Oviken"[4] shows how considerable impact on the efficiency of medical care may have reducing bureaucratic procedures and "liberation from the welfare state."[5] The system employs about 90% doctors. The responsibility for its functioning lies with local authorities (i.e. landstingi) as a result of the reforms carried out in the 1990s. However, the system needs further reforming, as otherwise local authorities must vote on decisions, whether it is more important to rescue health or to make some cultural investments.

Social welfare system in Sweden, perceived as model by the majority of European societies, also suffers from drawbacks, that impede its smooth functioning. The idea of providing decent standard of living to the whole society is not only costly, but it also generates difficult situations, not encountered anywhere else. The state both provides the citizens with the benefit of public housing, using the indicator specifying the size of a department per person, and it grants numerous housing allowances (for both pensioners and working people). The state not only ensures good quality of life , but it also makes efforts to stimulate population growth (especially in the situation of an aging population), hence the flagship role of family allowances to mitigate the differences in standards of living resulting from different number of children. So where is the problem? As one of the researchers observes: "Swedish welfare system has been undergoing a progressive dehumanization for the sake of equality. Everyone is obliged to follow strictly regulated standards of behavior. The cause of the callousness of the welfare state is almost obsessive pursuit of equality, which would never fully materialize"[6].

Swedish family policy has been evolving over many years, and starting from the post-war period it can be divided into four main transition stages. The first was a traditional model based on one family provider (man). The role of a woman focused on family life, however Swedish women were much more emancipated than women in other European countries (especially southern Europe countries including Spain). The 1960s mark the beginnings of the second stage, of which the

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[4] "Miracle in Oviken", i.e. situation relating to care center in Oviken, where was a record fall in the length of absenteeism of employees, although earlier the staff of this institution was not standing out in this respect from the high national average. The change came with the introduction of the reform, which replaced the bureaucratic, unsuited to the realities system (langstigusystem), replaced with a new, more flexible, more favorable for employees and employers system.

[5] F. Maciągowski, *Dwa modele…*, *op.cit*., p. 79.

[6] *Ibidem*.

axis was the "gender contract", i.e. proportional distribution of tasks within the family. A decade later, a model of co-responsibility of a woman and man for the maintenance of the family *(dual-earner family)* was already popular. The state promoted the rapid growth in the number of women in the labour market (crèches, kindergartens), which was not always a sufficient response to the actual needs. Moreover, conservatives protested against changing the model of the family.

The fourth transition stage „supplemented the formula […] of dual earner […] with a missing symmetry component, namely the formula of […] dual carer […] (*dual earner- dual carer model*)[7]. In the mid 1990s paternity leave („month for Dad") was introduced, which supplemented the existing since 1974 parental leave. In the same period, certain benefits were also abandoned (e.g. in favor of large families), and such decisions were caused by baby boom and the increase in the number of beneficiaries (including immigrants). Swedish family policy is distinguished in Europe by the level of child care institutions, and, on the other hand, thorough care for the elderly. Due to the increase in the life span and the imbalance between working-age population and non-working age people, the system is threatened. Current trends are therefore aimed at both developing optimum pension scheme system and the introduction of benefits, which promote childbirth.

Another distinctive feature of the social policy carried out by the state, which is currently analysed, is a particular approach to **work**, which in accordance with the Lutheran ethos, is a value and a duty of every adult person. „Sweden – as Ryszard Czarny writes - is one of the countries with the highest levels of work activity, taking into account both men and women [...] The unemployment rate in comparison with other countries has always been relatively low, mainly due to the strong private sector, developing public sector and well-developed labour market policy"[8].

Sweden, like other Scandinavian countries, belong to the so called group of working societies, which face the dilemmas of how to implement the ideas of the welfare state, not making citizens lose their motivation to efficient work at the same time. Trade unions perform a central role in the relationship between employees and employers. They collectively settle the minimum wages, working conditions, labour laws, applicable standards, and the existing law makes it extremely difficult to dismiss employees. On the one hand, the influence of trade unions guarantees the absence of social protest (it is stipulated by the signed collective agreements, that organizing and participating in protests, including strikes is prohibited), but on the other, nearly 90% employees belong to the three major trade union organizations, which is the highest rate in the world. „If you are a member of a trade union in Sweden, you are covered by the collective agreement settled by that union. Even if you are not a member of any trade union, your

[7] M. Księżpolski, *Wspólnie czy osobno*? …, *op.cit*., pp. 53-54.
[8] R.M. Czarny, *Szwecja w Unii Europejskiej*, Kielce 2002, p. 59.

employer has the right to apply the provisions contained in the collective agreement, which was adopted by negotiation"[9].

With the approval of authorities, trade unions have become independent, powerful decision-making centres, which regulate labour market conditions by means of a huge budget and consider those, who are not their members as against the system.

In conclusion, Swedish model of social policy can be considered as **institutional and redistributive**. It is characterized by the following distinctive features:

- high standardization, institutionalization and detailed procedures for building a society based on equality ("social citizenship" which means, that citizens are entitled to many benefits and social services only because they are citizens or residents in Sweden)
- state's active involvement in many areas of social life (the so-called "cradle to grave" care)
- domination of universal solutions, i.e. universal access to services and provision of social benefits (relatively small groups are entitled to selective benefits)
- weak link or no link between the individual's own contribution, and received benefits[10].

With the knowledge of the main principles of operation of the Swedish model of social policy, referenced repeatedly as a model, it is worth - for comparative purposes – to refer to social policy implemented in **Spain**, which, in spite of being a modern European country, provides different standards of social care for its citizens. As far as all the Nordic countries are concerned, one can easily distinguish common features of the standards of the implemented social policy; one can make an analogy with the Mediterranean countries. Greece, Spain, Portugal, Italy have poorly developed systems of social policy, and its implemented model is in the literature sometimes referred to as a **Southern European**. The following features are characteristic for this model of limited state support:

- large disparities in the system of guaranteed income (preferring few groups)
- insufficient support to groups facing difficulties in the labour market (young unemployed people, single parents) or those outside the labour market (retired people)
- limited state's participation in the social policy
- clientelism associated with the distribution of certain benefits (e.g. pension schemes)
- the so called soft state (freedom of officials in obeying the generally formulated rules)

[9] http://www.av.se/languages/polski/Prawo_pracy/?AspxAutoDetectCookieSupport=1, [30.05.2014].
[10] M. Księżpolski, *Wspólnie czy osobno?...* , *op.cit*., pp. 66-67.

– the limited role of trade unions and the strong role of parties as exponents of social interests[11].

In these countries the "support" role of the state is limited, and problems of social policy are devolved to social organizations, local communities, charities, churches (in the case of Italy and Spain the position of the Catholic Church has been continuously strengthened over the years).

In the area of social policy, the state has a limited capacity. **National Health System** (*SistemaNacional de Salud, SNS*), which was established under the Health Act (1986) and the Act on the Consistency and Quality of Health Care (2003), is based on the British solutions. The system is financed through taxes. The healthcare policy has been decentralized, which means, that its implementation lies with the responsibility of local governments. For this reason, 17 autonomous regions (divided into health areas, which cover 200-250 thousand people, and those are further divided into smaller areas)often vary in services. For instance, immigrants access medical services financed from public funds only in Navarra and Valencia (in other parts of the country only emergency services are provided)[12]. The only responsibility of the Ministry of Health[13] is to determine the nationwide scope of minimum standards and requirements of benefits paid from public funds, as well as to ensure coordination between local and central governments[14]. The major problem of the Healthcare System adopted in Spain is a small percentage of budgetary resources provided for this purpose. These are some of the lowest rates in the „old EU"[15]. Since the funds for medical services come from both general and local taxes, in some regions the funding in healthcare is higher, nevertheless extensive private sector is needed to ensure proper care.

Citizens have a social security card (*cartilla de SeguridadSocial*), which is useful in a situation of unemployment, sickness, accident or applying for benefits. Unemployment benefit is available to people, who are at least 16 years old, were employed in Spain for at least 12 months and lost their jobs due justifiable reasons. The allowance is usually granted for a period of six months, and then it may be extended up to two years. The level of unemployment benefits varies, but it is not less than 600 euros (up to approx. 1,300 euros). In the situation of the economic crisis, many young Spanish people (the so-called *Mileuristas* generation) think, that the amount of 1,000 euros is too small to run an independent (from parents) household and hence their mass return to previously abandoned „family nests".

In case of an employee's illness their salary is covered in 75 percent by national insurance, but on the basis of a collective agreement, employers can pay extra 25 percent to this sum. Spanish people, who have children, can receive family allowances (up to child's full age), and in the case of disabled children with

[11] See more, *ibidem*, p.68.
[12] It is especially important, that today there are about 6 mln immigrants, and this number was even greater before the economic crisis.
[13] Currently Ministerio de Sanidad, ServiciosSociales e Igualdad see https://www.msssi.gob.es/.
[14] Health Care Systems in Transition: Spain. Health System Review 2010 [01.06.2014].
[15] See: http://www.healthpowerhouse.com/files/Report-EHCI-2012.pdf, [04.06.2014].

no age limit. Family benefits in Spain include and a 16-week maternity leave (the father is entitled to 10 weeks of leave) as well as 3-year, unpaid parental leave.

The attempts to introduce austerity police by José Luis Rodriguez Zapatero and the actual implementation of the policy by his successor Mariano Rajoya and his right-wing government, have resulted in imposing limitations on the basic social services. The Spanish were not willing to give up their benefits and already in September 2011, teachers in 10 regions of Spain organized public protests against the cuts in education as part of the budget savings (combining classes, increasing the workload of teachers and not employing teachers on contract).

Spain's membership in the EU, however fuels the development of some areas of social policy, which results from the activity of the European Commission. One of the current priorities is gender equality. Because of the cultural background of the Iberian country, this issue has been so far difficult to tackle. The cultural transformation initiated by the reforms of the leftist Prime Minister Zaptero and his cabinet have been given succour resulting from the EU policy. It is Zapatero, who succeeded in introducing a 40 percent female quota; his government was composed of nine women and eight men. It should be emphasized that women in Zaptero's government held key positions (for instance, Deputy Prime Minister Maria Teresa Fernandez de la Vega). Moreover, a new ministry - the Ministry of Equality (Ministerio de Igualdad) was created at that time. This ministry is responsible for the policy in three areas i.e. public administration, family and private life, labour, crime prevention, prevention of prostitution as well as prevention of human trafficking. In conclusion, attitudes in favour of gender equality are noticeable in many areas of life in Spain - fathers are encouraged to take paternity leave, it is easier for women to return to work after childbirth, sexual minorities are allowed to organize the Equality Parade with the supervision by the police.

At this point, one can draw an interesting conclusion, that "Spain, which is relatively weak in terms of economy, wants to become well-known on the international scene for its care for citizens comparable to the Swedish pattern, unrivaled in Europe"[16].

However, Spanish people are not fully satisfied with the social policy guaranteed by the state. The health care system poses lots of questions, yet not so much in terms of services provided but in terms of procedures - a long time appointments to see a doctor, partial drug subsidies for the elderly (which leads to abuse, i.e. older people have a prescription issued for younger family members), the differences in standards of health care between regions (and the waiting period for an appointment), and above all bureaucratization. On the other hand, in spite of relatively low funds for the health care system as compared with other EU countries, the Spanish receive services at quite a high level, although the problem of well-educated staff shortages is ever-increasing. The successive governments of Spain therefore strive to shorten the waiting time for an appointment with the

[16] http://ec.europa.eu/social/images/thematic/spidla.jpg, [05.06.2014].

doctor. Moreover, private insurance companies are very popular (especially in the richest regions), as they help to avoid waiting to obtain the services.

An effective solution are also the so-called mutual funds (equivalent of Private Health Funds), associating certain professions, and financed in 70 percent through taxes and in 30 per cent by its own members. Resignation from the services provided by the public health care system is required in order to join the funds. The largest mutual funds are: MUFACE (for government and administration employees and their pensioners), PAMEM (for the fruit growers in Catalonia), ISFAS (for soldiers), ISMA (for seafarers) and MUGEJU (for lawyers)[17].

In conclusion, it should be pointed out, that the system of social policy in Spain, which has been undergoing some transitions for more than two decades is now threatened by the need to impose austerity policy and look for savings. The government aims to reduce the budget deficit below 3% GDP (in 2014), which means, inter alia, reductions in the welfare benefits for immigrants.

It is virtually impossible for Spain to be able to adopt the Swedish model of the welfare state, mainly because of its weak economy. Furthermore, the equality reforms, introduced by Zapatero's government will never become the state's flagship of modern social policy, due to political pendulum swing, which resulted in taking power by the rightwing party, Partido Popular, in 2011. Since then the party has been increasing efforts not only to block the reforms, but also to find a way to reverse cultural transformation changes. The Spanish economy, which has been immersed in crisis, has been focused on reducing expenses and remaining capable of basic social services provision. Fertility decline, aging population, record unemployment and educational backwardness hinder the efficient operation of the state in the described areas.

The states, selected for the comparative study needs, are at the extreme poles in the area of social policy. None of the outlined models is ideal, and although both Sweden and Spain seek to optimize the adopted policies, the so-called social climate surveys indicate, that citizens of rich north European countries have the highest levels of life satisfaction. In the case of Sweden, the rate was 98% in 2012, whereas life satisfaction rate in Spain was only 69% (similar to 72% ranked by the residents of Poland)[18].

In addition to current policy (very negatively assessed by the Spanish), the overall social welfare system is affected by many factors such as, inter alia, historical conditions, the condition of society, economic status. It is also worth mentioning, that each of the described systems, although so different, suffers from some weaknesses, and therefore both the too far-reaching state intervention (Sweden) as well as the too far-reaching decentralization of tasks (Spain) are not optimum solutions. The paradox of the illustrated systems is that wealthy Sweden pursues a policy leading to the erosion of traditional family roles (thereby gaining

[17] http://www.nazdrowie.pl/artykul/systemy-opieki-zdrowotnej-na-swiecie-hiszpania.

[18] http://wyborcza.biz/biznes/1,100896,12690909,W_kryzysie_radosc_z_zycia_sie_zmniejsza__Zwlaszcza.htm, [06.06.2014].

greater control over economic resources) through "its highly supportive role in social care and market facilitating mechanisms resulting in taking some of the household responsibilities by the state"[19]. On the other hand Spanish pro-family approach does not guarantee a policy supportive to families. It seems, that both states can meet "halfway" between the institutional-redistributive and the Southern European model.

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Abstract

The purpose of this comparative analysis is to show two different models of social policy. Two states - Sweden and Spain – have been selected for the comparative study. Sweden is generally considered as a welfare state with the most extensive social benefit system and strict application of equality concepts. In turn, Spain, due to its historical traditions as well as the current economic recession, has been reducing pro-social benefits to the guaranteed minimum and the state's role in social care has been gradually devolved upon other institutions, including the Catholic Church. A closer look at the contemporary social problems of the two countries results in concluding, that both systems suffer from weaknesses, and probably the best solution in the context of social policy may be a kind of compromise between the two systems, one that takes care of a citizen from the cradle to the grave, and the other that provides basic social services to both citizens and immigrants depending on the local regulations.

Różne modele polityki społecznej i problemy jej efektywności – analiza na przykładzie Szwecji i Hiszpanii

Celem niniejszej analizy porównawczej jest ukazanie dwóch odmiennych modeli polityki społecznej. Wybranymi w celu komparatystyki państwami są:

[19] W. Anioł, *Szlak Norden. Modernizacja po skandynawsku*, Warszawa 2013, p. 49.

Szwecja i Hiszpania. Szwecja uchodzi w społecznym odbiorze za państwo dobrobytu z najbardziej rozbudowanym system świadczeń społecznych i szczególnie skrupulatnie realizowaną zasadą równości. Z kolei Hiszpania, ze względu na swoje tradycje historyczne jak i przeżywaną obecnie recesję gospodarczą, ogranicza świadczenia prospołeczne do niezbędnego minimum, a rolę opiekuńczą państwa przejmują częściowo inne instytucje, w tym Kościół katolicki. Przyjrzenie się współczesnym problemom społecznym obydwu państw prowadzi do wniosku, że żaden z opisywanych systemów nie jest wolny od wad, a złoty środek polityki społecznej może znajdować się w pół drogi między państwem, które opiekuje się obywatelem od kołyski aż po grób, a państwem które w zależności od regionów i ich lokalnych władz różnicuje podstawowe świadczenia zarówno dla obywateli jak i emigrantów.

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