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Editorial introduction to special issue:

***Public policies in the Nordic welfare states.
Challenges and responses***

Leszek Balcerowicz, professor of economics and prominent politician, known as one of the key architects of the neoliberal restoration of capitalism in Poland (Kowalik, 2012), in his 1995 book published a chapter titled “Szwecja – raj zbankrutowany” (Eng. “Sweden – the paradise that went bankrupt”). In this work, Balcerowicz elucidated the inevitable decline of the Nordic model of the welfare state. He states that since a critical juncture in the 1990s, the model appears to be facing inevitable deterioration (Balcerowicz, 1995, p. 293). The chapter outlined various factors contributing to this perceived decline, including stagnant wages, unnecessary efforts to curtail income inequalities through solidarity policies, active unemployment leading to inefficient allocation of public resources, and GDP growth deemed merely a statistical “illusion”. Balcerowicz saw these phenomena as both consequences of flawed economic assumptions behind the Nordic model and as triggers of the impending crisis that necessitated its downfall. This chapter serves as an illustrative example within a broader body of scholarship and socio-economic commentary that predicted the ultimate failure of the Nordic welfare state.

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Fast forward 29 years. Since 2012, the World Happiness Report is published annually. The ranking of the world's happiest countries is based on self-assessed life evaluations. This report ranks countries based on self-assessed life evaluations, drawing upon polling data from 143 societies. The attention is paid to six categories with the most crucial relative impact on the study's outcomes: GDP per capita, social support, healthy life expectancy, freedom to make own life choices, generosity of the general population, and perceptions of corruption levels. The World Happiness Report is coordinated by the Wellbeing Research Centre at the University of Oxford, the Gallup Institute, and the United Nations Sustainable Development Solutions Network. In the report's latest edition, all five Nordic countries have been situated within the top seven, with Finland leading the rank, followed by Denmark, Iceland, and Sweden, and Norway securing the seventh position (Helliwell et al., 2024). Similar outcomes have been observed in every edition of the study. Never has any Nordic state been outside of the top ten in previous rankings. The Nordic countries remain among those that provide the inhabitants with the best conditions for well-being. They also assure stable socio-economic conditions, being in the top 20 of the world's most competitive and innovative economies (IMD, 2023; WIPO, 2023).

Most recently, the Nordic welfare states have demonstrated resilience and effectiveness during the COVID-19 pandemic. Iceland, Norway, Finland, and Denmark have reported among the lowest coronavirus death rates, more than halving the European Union average. Even Sweden, which adopted a distinctive and controversial approach to pandemic management in its initial stages, had a coronavirus death rate lower than the EU average. Socio-economic and monetary indicators show that the economies of the Nordic states bounced back quickly after the downturn caused by the pandemic and lockdowns. They achieved the seemingly contradictory task of combining egalitarian values and relatively generous welfare spending while fostering an active and entrepreneurial state which facilitated both economic and technological growth and a rapid increase in the quality of life of their citizens. However, it seems notable (see: Davesne in this volume) that intra-regional cooperation did not play a significant role in achieving those goals as it used to in the past.

Despite their internal diversity, all the Nordic states have effectively challenged the opinion that governments "should simply not interfere". Many of their achievements are attributed precisely to the proactive role of the state and the implementation of evidence-based policies. In the substantial volume published by Oxford University Press in 2022, titled *Successful public policy in the Nordic countries: Cases, lessons, challenges* (de la Porte et al., 2022, see also: de la Porte et al., 2023), evidence is provided for successful policies spanning various domains, including green energy innovation and sustainability, oncological treatment in healthcare, retirement policies, social investment through the education system, gender mainstreaming, cultural policy, green taxation, vaccination, homelessness reduction, and defence policy. Concerning, the last example, we can read the chapter titled: "Sweden's Policy of Neutrality. Success Through Flexibility" (Bromesson et al., 2022). The following years brought another example of the flexibility and adaptability of Nordic states in this area when Sweden and Finland departed from their long-lasting tradition of neutrality to join the North Atlantic Treaty Organization, demonstrating diplomatic adeptness during the accession process. The processes ignited

by Russia's invasion of Ukraine substantially changed the geopolitical landscape. Nordic states responded promptly to a new profound challenge, applying for NATO membership just three months after the invasion, showcasing their agility in the situation that could be the most significant geopolitical test in decades.

For many scholars and commentators, the Nordic model represents a beacon of hope and the most inspiring example in the contemporary world. In some cases, this leads to the idealisation of the Nordic model or some particular solutions implemented in the Nordic states. For instance, Daniel Dorling, Professor of Social Geography at Oxford University, and otherwise very critical scholar, entitled his recent book (co-written with Annika Koljonen, 2022) on Finland with an enthusiasm rarely seen in scholarly publications: *Finntopia: What we can learn from the world's happiest country*. Viewing contemporary Finland from the perspective of the UK after 12 years of Tory rule characterised by austerity measures and all-encompassing neoliberal policies, it seems to restrain criticism and invoke a tendency to adopt an overly optimistic outlook (see: Rek-Woźniak's review essay in this issue).

Nonetheless of the ubiquitous praise, the Nordic welfare states face diverse challenges. Some are universal for all states in the Western hemisphere, and some are specific to the Nordic conditions and concern how public policies are being agreed upon and implemented. One of the foremost concerns pertains to social citizenship and welfare chauvinism in the era of increasing national and ethnic diversity. The surge in support for far-right parties with radically anti-immigration stances raises doubts about the feasibility of existing solutions and the future of migration policies, pivotal in the context of ongoing and anticipated demographic transitions. It underscores the significance of political discourse and conflicts surrounding the integration of migrants and their socioeconomic standing in Nordic societies, which is crucial for maintaining social cohesion.

In the field of political discourse and its impact on social policies, many are under constant pressure to incorporate pro-market solutions in accordance with the neoliberal narrative. The gradual erosion of certain aspects of traditional Nordic welfare regimes is ongoing, although the process is very diversified. Additionally, the growing domestication of the start-up culture and expansion of a digital platform economy, as elsewhere, threatens the stability of labour relations, even within the most advanced segments of the labour market. While the healthcare systems of the Nordic states are renowned as the most stable, efficient, and cost-effective, they are under growing pressure from multinational corporations to privatise or at least further commercialise the services. From a global perspective, while promoting internal social cohesion, some Nordic states and private companies actively participate in aggressive competition in international markets as investors, thereby exerting direct and indirect economic pressure on other economies and societies in and outside Europe.

Therefore, the Nordic model's future is unclear. This special issue of *Social Policy Issues* is yet another modest attempt to further the discussion on this topic.

The volume's opening offers a broad, birds-eye overview of the problems following the absorption of global socio-economic and policy trends. The text by Ivan Harsløf adopts a critical realist perspective to assess and interpret the interrelation between the growth in social inequalities in the Nordic countries and the emergence of the

“new” social risks since the 1970s. By combining the literature review with comparative data analysis, the paper shows how social problems have been reproducing and cumulating within the most vulnerable social categories and handled by the Nordic states. The analysis suggests that while the redistributive effects of education have become less effective, the labour precariousness distribution remains relatively democratic, with a notable exception of non-Western migrants. The complexity of problems experienced by this category shows how the structural drivers of new risks in the Nordic countries intersect with transnational dynamics.

Johannes Kananen reflects on the interconnections between the rise of neoclassical economics followed by the international competition state paradigm and the theory and practice of social policy in the Nordic countries. The paper reconstructs how the anthropological model rooted in the competition state paradigm has been facilitated by the leading intellectuals and gradually penetrated the welfare discourse in Denmark and Finland. Despite clashing with constitutional constructs of social citizenship, it triggered the transformation of public policies, which used to be built upon social solidarity and justice. The author also demonstrates how three decades of such developments have generated systemic instabilities. Thus, the paper adds to the discussion about the role of endogenous factors related to the ideational sphere in building a crisis-prone culture.

The problematic status of resilience has been also undertaken from a supranational perspective. Alban Davesne accounts for the evolution of the regional integration between Denmark, Norway, Sweden, and Finland. The model built upon formal political and administrative coordination mechanisms and cooperation between those countries has declined since the 1970s. Nevertheless, some scholars argue that the effective implementation of soft mechanisms has counterbalanced the decline. However, the scrutiny of the responses to the COVID-19 pandemic shows that neither the informal coordination of domestic policies nor intergovernmental cooperation became decisive in handling the pandemic in the Nordic states. Thus, the analysis adds up to the body of studies pointing at the challenges for Nordic solidarity in times of crisis by demonstrating how the mechanisms of international cooperation and coordination seem increasingly disconnected from domestic decision-making.

The following articles focus on country-case studies and diverse policy fields. Kjetil Wathne, Sidsel Therese Natland, and Ragnhild Hanse point to the risk of losing synergy between the state and municipal level of welfare provision structures in Norway. The authors track the outcomes of the Norwegian Labour and Welfare Administration (NAV) reform of 2006, drawing on the results of a multi-method qualitative study carried out in Oslo. The empirical investigation was organised by the question of how municipal leaders and social workers have accommodated reducing both school dropout/marginalisation and social budget expenditure. The case analysis enabled a more general conclusion that the construction of the partnership between the state and municipality at the local offices might hamper the organisation’s ability to use the organisational resources effectively and, thus, deliver holistic support to the citizens.

In the final paper, Wojciech Woźniak approaches sport policy in Finland. Traditionally, combining significant successes in elite sports with mass sports participation

and the promotion of “sports for all” policies and lifestyles has undergone substantial changes in recent years. On the one hand, the traditional class divisions in organised sport ceased to exist, and the field’s professionalisation was observed, along with gradual commercialisation and neo-liberalisation in accordance with new public management principles. On the other hand, the field remains influenced by active politicians, mostly from one political party, who control crucial institutions.

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