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# The transition of welfare state commitment

- understanding the dynamics of contraction in state welfare <sup>1</sup>

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## Abstract

Se inledning!

<sup>1</sup> Paper presented on the "Conference on Ageing, Care and Welfare of Elderly and how it can improve Quality of Life" in Stockholm, May 7-10, 2001. Arranged by: FAS (Swedish Council for Working Life and Social Research) and Vårdal Foundation

## **The transition of welfare state commitment - understanding the dynamics of contraction in state welfare<sup>1</sup>**

In the 1990s a contraction in state welfare in Sweden has been on its way and still seems to be so by joining forces. With focus on understanding the dynamics involved in the contraction-process this paper aims to discuss the transition of welfare state commitment in Sweden. On the general level it should be seen as an attempt to address the enigmatic and puzzling questions of: How to explain change in social policy? How to understand local differences in the scope and directions of welfare programs?

Over the 1990s we have been witnessing a more sceptical attitude towards the provision of state welfare. It has been argued that state welfare surpresses free choice and that budget deficits and tax burdens have become obstacles to extensive public committments. Closely linked to this (neo-liberal) thinking is the incentive-driven approach to the problems of public welfare, grounded in neo-classical economic theory. Focusing on individual behavior in terms of scrounging, dependancy, lack of responsibility and praise of market-solutions, the new discourse has replaced the traditional socialdemocratic rethorics of autonomy, redistribution and equality. The effect of this new focus is seen both in the general shifts of policy and in research. However, in this paper we will take on another aspect of the transition of welfare state commitment. The contraction process and the understanding of its dynamics, will lead on to the arena of local priorities and adjustments. The empirical data referred to are primarily data from ongoing research of local and organizational processes of adjustment and priority setting in the area of elderly care in Sweden in the 1990s (Blomberg, Edebalk och Petersson 2000). Basically it is a comparative study of a strategic selection of eight Swedish municipalities. Four of them characterized by extensive reorganization i.e. change in user patterns<sup>2</sup> of home help services and the other four, constituting a reference group, without such changes. The approach is largely retrospective, concerning the years 1992-2000. Interviews with local politicians, administrators, professionals and representatives of the

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unions and of the elderly were the main sources of data<sup>3</sup>.

### **The development of elderly care in Sweden in the 1990s**

In Sweden as well as in the Scandinavian countries generally, the provision of social care services has been described as the key to the social welfare system (Sipilä 1997). Traditionally, public care of the elderly in Sweden, municipally produced and publicly financed, has been characterized by high aspirations regarding quality, comprehensiveness and availability. The public care system has been regarded as highly universal in character. However, during the 1990s, the public monopoly in elderly care has been gradually abandoned and old-age care has been partly privatized and assigned to entrepreneurs. Deregulation has been accompanied by management-oriented reorganizations aimed at achieving greater efficiency and productivity. As a result of measures aimed at rationalizing care and at limiting the care that is offered, of increases in fees for participants and making them progressive in character, and of being increasingly strict in the assessment of individual needs, old-age care in Sweden in the 1990s has lost much of its universal character and has become increasingly selective (Sunesson 1998). The changes involve the care provided, how it is conducted and how it is organized. Such changes have accentuated more long-range developments in which there has been a successive reduction in the proportion of elderly persons receiving public help and a redistribution in the use of public-care resources, in particular through home help services<sup>4</sup> being limited more and more to those who are oldest or most in need of help. In the process there has been a changeover within the elderly care system in Sweden from the traditional welfare model to a more pluralistic model in which the supplementary resources of the family, neighbours and volunteers are utilized, and in which market forces have assumed greater importance (cf Szebehely, 1996, 1998a, 1998b). How could the contraction (or decrease) be explained? There also exist huge differences between municipalities for example regarding the relation between institutional care and home-help services provided and numbers of recipients. How should those differences be understood?

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<sup>2</sup> User patterns includes both quantitative and qualitative aspects i.e who gets what, when and how.

<sup>3</sup> The interviews were carried out during the spring of 1998 and again during the spring of the year 2000.

<sup>4</sup> The term *home help service* refers to the service and care a municipality provides elderly persons within their own homes.

Before we try to give some answers to those questions we will outline the theoretical underpinning of the analysis.

### **Explaining the expansion of the welfare state – The old road**

In explaining the growth of the welfare state (i.e. public welfare programs) in the 20th century there exist different approaches. They have however some common traits. They try to explain a rather single patterned cumulative process of expansion and focus on nationally oriented programs. The prime explanations are either grouped around structural or actor driven forces<sup>5</sup>. While structural forces tend to explain similarities, actor specific explanations opens up for diversity. Historically, theory builders have investigated the importance of a certain explanative variables and told the story of welfare change in terms of this. Today, it is however widely recognized, that explanations do not exclude one another, but are rather complementary and interwoven in explaining change. A systematization of explanative approaches is seen in chart 1

#### **Chart 1: A grouping of factors used in order to explain the expansion of the welfare state over the 20th century**

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<sup>5</sup> Actor driven explanations are either of a top-down or bottom-up kind. In the first group we find elitist oriented theorizing, while the second perspective recognizes action of more spontaneous kind and initiated from below.

<u>Structures</u>	<u>Actors</u>
Industrialization	Politicians (ideology)
–	
Urbanization	Class (power resources)
–	
Demographic change	Experts
Institutional structures	Risk groups
	–
	Interest groups
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	Citizenship
	Modernity

Looking at the industrialization thesis it suggests that a similar path follows as countries are industrialized. Industrialization processes and changed conditions in working-life tend to be met by similar reform requirements opened up for by the growth in GNP that accompanies the process (Wilensky, 1975). National welfare solutions tend also to be copied by other countries. This diffusion process strengthens the convergence thesis that is associated with change driven by structural forces (Halvorsen, 1993). Urbanization might be seen as an accompanying factor to industrialization, that creates demands for reform. Demographic circumstances, such as low birth rates as well as growing proportions of elderly at different times, is also often referred to as an explanative variable. Another factor that tends to structurally restrain (new) solutions is the institutional structures initially created. Once a model ( or administrative solution) is implemented it creates its own vested interests of values and constrains which results in a kind of path dependency. An unemployment insurance that is administered by the employers unions (as in Sweden) or child care connected to certain

professional skills and categories of employees set practices that become structural obstacles to future more far-reaching organizational change.

To sum up, structural factors have been recognized as both forces that determine change as well as creating inertia in welfare change. A likely hypothesis is that in the expansion process the focus is on quantitative change within given structures, while a contraction process opens up for a combining of quantitative change with breaking of given structures. Breaking of given structures i.e. qualitative change, to a larger extent, put stress on resistant forces in the process of contraction than in expansion.

The other line of explanations set focus on actor driven processes. One such traditional explanation takes into account the importance of different political ideologies in shaping welfare. The most well known approach of the kind is probably the three worlds of capitalism identified by Gösta Esping-Andersen in his book from 1990. The three worlds were rooted in the social democratic, the liberal and the corporatist / conservatist governing regimes in different countries. In this tradition of ideological explanations to welfare, the Swedish sociologist Walter Korpi (1981) has argued for a slightly more disaggregated view – identifying forces linked to the battle between capital and labor.

Other observed actors are the experts, and especially expertise in alliance with dominant political powers. In the Swedish case, the confidence in expert knowledge manifests itself both in the planning optimism (or social engineering) that characterized the expansion-period after the 2nd world war and in the formation of new professional groups in connection with the implementation of the welfare programs. The alliance between experts on different levels and the state have had important effects on policy and practices in Sweden (cf Brante 1991) and could explain differences between countries<sup>6</sup>. Peter Baldwin (1990) on the other hand identifies risk groups becoming important interest groups in pushing for reforms. Also in this case their alliance with political power become important for effects on policy.

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<sup>6</sup> For example one could suspect that the alliance between social democracy and social work in Sweden, in contrast to that of liberalism and medicine in Netherlands, might explain the different views on harm reduction practices in drug policy that clearly distinguishes the Netherlands (pro) from Sweden (con).

TH Marshall's (1963) theory on the formation of consecutive rights is a sort of hybrid. It presents itself as an inevitability that takes on the profile of structural determination. At the same time the push for social rights is second to the formation of political rights, which sets the agenda of a need for democratic action to support the thesis of Marshall. Today, some researchers talk of a modernization thesis (cf. Pierson, 1998), which tends also to fetch its strength from the idea of a national political-administrative system facing requirements for welfare reforms emerging from a surrounding post-fordist or globalized society.

### **The new road – explaining contraction of local welfare**

Now, these explanatory factors are rather familiar to all of us with an interest in social policy issues. What will be the theme for rest of this paper is that this frame of analysis has become much less applicable through the 1990s. If we look at it, its focus is on national, standardized and expanding welfare programs. Today another characterization – from the Swedish horizon – is more accurate. Welfare programs are to an increasing extent local, varied and contracting. There are many explanations to this. One is that the Swedish welfare state deliberately has shifted its involvement's in welfare on to local governments – without compensating for resources needed. One could say that the state budget deficit has vanished through being transferred to lower levels in the economy (SOU 2000:13). This process of decentralization has also gained support by the EU, whose dialogue is much oriented towards regions and local areas and thereby partly bypassing the nation state. Swedish labor market policy is an excellent example portraying the move from national and standardized programs to local and varied one's. But the important implication of this change, at issue here, is that the explanations of change built around national structures and actors presented above loses its supreme validity in explaining change as this transformation takes place. The explaining forces also need to be recognized as decentralized and varied! For example, when policy decisions in this way come closer to (and sometimes even linked to) policy implementation, the configuration of these decisions changes. The arena where priorities and adjustments take place will become much more interwoven with organizational structures and bureaucratic (administrative) and professional practices.



Our ongoing research project indicates that local change (and resistance to change) of welfare policies has to take its starting point in an interactive perspective, leaning both on power relations and structural realities, grasping the process of change as a complex process. We have found different conceptions of the possible, necessary and / or desirable courses of action involving different driving forces both within and outside the local organization of elderly care. New structures and actors for change are identified on the local / organizational level. As a consequence the theory of rational political choice has to go. Local politicians take decisions, but far from always make decisions! As we have already mentioned, the tracing of explanative factors will fetch its empirical findings from the care of the elderly, which is a field that certainly gives evidence to this trend of increasing decentralized decision-making and local variations.

### **A new explanative chart**

Explaining the development of elderly care as a welfare program in the local setting requires (at least) a two-dimensional approach. Elderly care is a policy field in itself and some changes develop, so to say, within this administrative body itself. On the other hand, elderly care is but one of many services provided by local governments. This implies that elderly care is a part of broader restructuring processes and priorities.

The basic division between structures and actors as explanative devices will also be used for the local arena. We will however make a distinction between structural conditions on an internal (i.e. local) and external (i.e. environment) level and driving forces<sup>7</sup> within and outside the local / organizational arena. The second chart, so far of a (very) provisional status in our research, adds the following layers to the former.

### **Chart 2: Additional explanative factors used in order to explain contraction of local welfare**

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<sup>7</sup> We keep the notion of actors in order to keep the symmetry with the chart above. However, since we are mainly identify groups as the driving forces of action on the local level, the term driving forces might have been a more appropriate notion.

	<b><u>Structures</u></b>	<b><u>Actors</u></b>
<i>External</i>	National regulation	Normative intermediary bodies
<i>Internal</i>	Formal organization	Professions/ Occupational groups
	Local traditions	Bureaucrats Politicians
		Public opinion Local media

We have argued that coalitions between actors paves the way for stronger positions in developing welfare in one way or the other. This is by all means the fact also in this local setting that opens up an arena of cooperation, confrontation and normative debates among professionals, bureaucrats and politicians. These actors however also translate demands from above i.e. from regulating bodies and different organizations with normative claims regarding problems and their solutions as well as from below, that is from public opinions and local media.

Let us start with some aspects on the importance of *national regulation* and its varying forms. National regulation contains the relation between the state and local governments. Basically and on the formal level these regulations can either be of an imperative or indicative (recommendation) kind. The change of model for allocation of governmental grants to

subsidize the local welfare production could serve as an example of this and its importance. Before, the grants were paid down on certain conditions related to costs and production in specific welfare programs but today the state pays down the grants as a general lump-sum (without specification). This means that the reliance on money as a steering-device has decreased but in some cases it has been replaced with a strengthened legal regulation. In the perspective of the local communities, changes of this kind reformulates the frame of action for internal decision and practices in general, as well as between local welfare programmes. Besides the choice between steering with money or legislation is also the construction of the law of importance. In our study, priorities made regarding the allocation of resources between care for the elderly or handicapped, in the late 1990s, has, to some extent, been influenced by the fact that the 1994 legislation concerning the handicapped groups is imperative while the legislation that regulates care for the elderly is only indicative. It is obvious in the case of elderly care that the indicative, framework legislation, makes it much more vulnerable to change than do some other areas in welfare where the local responsibilities and frame of action is more restricted by state regulations.

To conclude, welfare rights for the elderly have a weak legal position and is open for different interpretations in the local setting opening up for local variations in priorities. An example of this kind of local autonomy and its consequences is the differences concerning the actual use of an extra grant, designated for elderly care, that were handed out to the municipalities by the Swedish government in 1998/99. Our findings are that very diverging proportions of those grants in the communities were actually used for the purpose intended by the state. With the legal setting in mind, the technique for this was simple. Formally were the grants paid down to the elderly care administrations, but the actual priorities took place in the overall budget negotiations, in which the extra grants were used as an excuse for not increasing or even decrease the budgets for elderly care. The general picture is that the new resources were actually transferred to cover up overall budget deficits rather than increase the budgets for elderly care.

The *formal organization* of elderly care is a second important structural factor framing the decision-making process of elderly care. In the beginning of the 1990s deregulation made room for different organization structures in public administration. This has led to differences among municipalities and our study shows that it is important in the making of priorities, mainly as a restricting force. One example of this, is that handicap issues can be connected to other activities within local welfare provision in organizationally different ways. In some municipalities we find handicap and elderly care within the same administration, while in other municipalities handicap care is placed under the same administration as family care. We have found that it is the common practice to reconsider priorities *within* organizational units, rather than to redistribute resources *between* units. More precisely, evidence show that elderly care has been more vulnerable to cut downs where it have been organized together with handicap care, while this exposed position is taken over by the family care where it's organized together with handicap care. This is an example where the formal organization restricts prioritizing at the same time as it might express political prioritizing. Moreover, some municipalities organize their administrations around age. In this organizational setting, the conflicting boundary emerge around age rather than groups. In one municipality there is an on-going conflict regarding if the 20-23 year handicapped should be viewed as grown-up's or not.

*Local traditions* should more or less be seen as unquestioned patterns for actions and thinking on the local arena (i.e. cognitive and normative conceptions and routines). These become obstacles to change constructed around the material aspect of the social rights. What is expected by users (or citizens) as well as what should be provided is taken for granted (i.e. institutionalized). To change this institutionalized pattern seems to be a rather complex problem. Our studies suggest that change takes place in a combination of new imposed working practices as well as the starting up of a legitimizing and persuasive discourse around the new values and beliefs that surrounds the new practices. We have found that expertise from the outside (consultant agencies) in some cases seem to have been the catalyst force that was needed to promote (and legitimize) organizational change demanded from powerful

agents on the local arena<sup>8</sup>. As promoters, *normative intermediary bodies*, for example the Swedish Association of Local Authorities<sup>9</sup> are important. Their position between the state and the local governments allows them to become convergent forces in processes of change, often codifying and mediating modernity. In relation to the first chart, these actors have importance for diffusion of common ideas on to the local level. The Swedish Association of Local Authorities hands out interpretative documents around changes in state regulations as well as takes on the role of transmitting overall local claims on to the state.

However, the direct implementation and change oriented dialogue and struggle (on what to do and how to do it) takes place on the local arena itself, in the interplay between local *politicians, bureaucrats and professions / occupational groups*. What happens depends both on the formation of forces for change as well as forces resisting change. We have found cases where the struggle between professional groups seems to have been of importance in explaining differences between municipalities. It seems that the relative strenghts between the social caring and nursing (i.e. medical care) professions in home-help services for the elderly play an important role for its direction and scope. A national reform (Ädelreformen) in 1992 implied that the medical service (with exception for emergency treatment) for the elderly became a local responsibility. It also meant that the organizational boundaries between socially and medically justified care was broken up. In the local arena the power-relation is built up through the different knowledge represented by the professions as well as the number of employees representing those different groups of care-workers in the municipalities. In the process, the relative strenghts in the local governments of the caring professions and the nursing professions came out differently. We have found that communities where the nursing profession dominates tend to allow for a more health-care approach to elderly care, while a strong position of the caring profession lends support to a more service-oriented (traditional) view.

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<sup>8</sup> An example of the interplay of the local arenas and external world is the import of organizational models based on ideas often referred to as "New Public Management".

<sup>9</sup> The Swedish Association of Local Authorities describes themselves as an interest and employer organization for the 289 municipalities in the country.

Also the bureaucratic practices vary and are of importance. In most municipalities we today find an organizational model that singles out entitlement (i.e. need assessment) from provision (i.e. need fulfillment) as two different stages and elements in elderly care<sup>10</sup>. In general the reforms have promoted a process of selectivity and contraction which explains some general and common trends in local welfare change. However, bureaucratic practices can also explain the occurrence of difference in local change. We have found that the care managers (or need assessment-specialists) have (at least) two different qualifications or qualities. In our interviews care managers who base their knowledge on experience from actual care work express a strong ambition of “doing the *right* thing”. On the other hand, (younger) care managers base their knowledge on education in assessment procedures. In our interviews they express a strive to “doing a *correct* assessment”. In our interpretation, focus on the procedure tends to change attention *from* how services should adapt to need *to* the adaptation of individual needs to services offered. The latter group will also change the overall principle of fairness *from* “different needs should be treated differently” – the problem of *variety* *to* “equal needs should be treated equally” the problem of *standardization*. From one perspective this change might lead to less flexibility and individual adjustment and through this diminishing service / care. But on the other hand standardization implies a clearer definition of the material contents of social rights, which might increase demands from the users. We are as yet not able to analyse the typical effect of this change. But the point to be made here is to argue for that what bureaucratic skills and practices that are emphasized on the local arena is of importance and could open up for variety .

Concerning the role of *public opinion* and *local media* more theoretical underpinning and empirical analysis is needed but public opinion on the local level has shown to be of importance. As an example, in one of our communities public opinion have prevented the closing-down of the local hospital. Also the existence of locally and historically strong pressure groups have shown to be of importance. For example, in one local government we found that the handicapped were strongly supported from humanitarian and intellectual groups that work much to influence politicians. However, most strikingly is the relatively

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<sup>10</sup> Sometimes also referred to as a purchaser – provider split.

weak opposition among representatives for the elderly against cut-downs in the area of elderly care. In our interviews with representants from the local pensioners councils and local branches of national organizations they, to great extent, shared the common view of “what must be done must be done”.

Lastly the *local media* situation seems to be of importance both in crediting and discrediting certain policies and politicians, as well on reporting on demonstrations and paying interest to certain issues.

### **A concluding remark**

Strength in explanation by structural forces is a key factor for the identification of a national model and its features. While a welfare state built around a strong centralized and nationally framed social policy can leave this issue of a (coherent) model aside; the opening up of stronger variation through decentralization has to address this issue at every point in time. Are similarities (and which – theoretically or empirically) strong enough to yield a Swedish model or are variations becoming too extensive to argue for that the idea of such a model should be abandoned?

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