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Emergence of a Welfare State – Social Insurance in Sweden in the 1910s

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ABSTRACT
Two important dimensions of the Swedish social insurance system are those of universality (encompassing the entire population) and of compensation for loss of income. The decisions basic to the Swedish social insurance system and thus to the Swedish Welfare State were made during the 1910s. A universal pension insurance system was decided upon in 1913. This was the world's first universal public insurance system. Pensions were provided both in cases of disability and of a person reaching the age of 67. Important factors explaining this decision were that Sweden had the oldest population in the Western world and thus high expenditures for poor relief, and that as the reporting and taxation of individual incomes had just been introduced it became possible to finance a universal pension system by means of compulsory contributions by the individual (a special earmarked tax).

The establishment of a pension insurance system provided the basis for a system of insurance for work-related injuries, in 1916. It included the entire workforce and was the most modern of its kind. The presence of a pension insurance system and insurance for work-related injuries pointed to the need for a sickness insurance system. This was designed to deal with simple cases of injury as well as with more serious cases of illness or injury that could lead to disability. A proposal was presented in 1919. A serious deflationary crisis after the First World War and high levels of unemployment during the period between the two world wars made it impossible to introduce a sickness insurance system.

INTRODUCTION

The social insurance system in Sweden today is a universal one, applying to all inhabitants. Compensation is governed by a loss-of-income principle. The various forms of social insurance in Sweden are coordinated with each other. These include sickness insurance, insurance for work-related

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injuries and pension insurance, which are all administered by the Swedish Social Insurance Agency, the offices of which have a monopoly in a given geographic area. The Swedish welfare system is relatively easy to characterise theoretically. According to the classification system of Titmuss (1974), Sweden possesses an 'institutional redistributive model'. Esping-Andersen's (1990) model considers Sweden to exemplify a 'Social Democratic Welfare State'. Bonoli's (1997) two-dimensional classification system terms Sweden a 'Beveridgean high-spending welfare state'.

Experience has shown that when a system for ensuring economic security begins to be established the basic framework that evolves tends to become permanent (Toft, 1996b). For example, the present German system has its roots in Bismarck's reforms in the 1880s. Similarly, the present British system can be traced back to decisions taken by the British government in 1908 and 1911. The purpose of this article is to show that the framework of the current Swedish social insurance system was established during the 1910s. The model that began to evolve contained both a clear vision of what has gradually come to be called 'the Swedish model' and many of the characteristics of it. The Swedish model did not, as is often claimed, have its basic origin in events of the 1930s or 1940s (Edebalk, 1996).

UNIVERSALISM: GENERAL PENSION INSURANCE

In 1913 the Swedish parliament decided to introduce a general pension system. This was the world's first universal public insurance system (Elmér, 1960; Heclo, 1974). Back in 1884, the question of pension insurance had been raised in the Swedish parliament by the liberal politician Adolf Hedin. The motion he introduced, concerning work injury and old age insurance for workers, was inspired by reforms in Germany at the time which Bismarck had been decisive in bringing about. Twenty years after Hedin presented his motion in parliament, however, there was still no solution to the question of pensions, despite two public investigations having considered the questions involved, and various government initiatives having been taken. Shortly thereafter, in the early years of the twentieth century, the issue of pensions appeared on the political agenda again.

In 1905 various motions aimed at initiating a new investigation of pensions were introduced in the Swedish parliament. The pension issue was also incorporated into the party platform of the Liberal Conservative and Social Democratic Parties in the election campaign later that year and again in the elections of 1908. Count G. A. Raab, who had led a privately financed campaign for old age pensions ever since 1896, which attracted considerable attention, presented a highly specific pension proposal in 1906. Late in 1907, the Conservative government commissioned a new investigation, to be conducted by the Committee for Old Age Insurance. After five years of work, in 1912 just as the year drew to a close, the Committee submitted its recommendation (Ålderdomsförsäkringskommittén I, 1912). This was acted on very quickly at both the governmental and parliamentary levels and was accepted by a largely unanimous parliament in May 1913.

The general pension insurance thus established encompassed the entire population. Those unable to work because of disability or having reached the age of 67 received a pension. The pension consisted of two parts:

(1) A pension financed by the individual's own contributions, which were based on his/her taxable income; the higher the income, the higher the contributions. Since the size of this pension was related to the total value of the contributions the person had made, it could only assume a socially acceptable level after he/she had paid into the system for a considerable number of years.
(2) A tax-financed, income-based supplementary pension intended for those either not covered or not covered adequately by a pension of the first named type. This pension aimed at removing elderly or disabled persons from poor relief.

In discussions and proposals preparatory to the decision taken in 1913, five alternative models were considered (Elmér 1960; Ålderdomsförsäkringskommittén I, 1912). Two of them had little support and can be regarded as unrealistic. One involved the type of state-subsidized voluntary insurance found, for example, in Belgium, France and Italy (Gordon, 1989). Experience had shown that few people selected voluntary insurance of this sort, and that those who did were scarcely those most in need of it. It appeared obvious, therefore, that pension insurance had to be compulsory. The other impractical model was a universal tax-financed pension with a flat rate. There was no financial basis for a pension of this sort sufficient in size and no country in the world had such a pension system. This left three alternatives that could be regarded as realistic:

(1) A model introduced in Germany in 1889 as part of Bismarck's insurance system for workers. This system was financed by contributions of both the employer and the worker, together with certain

state support. A worker´s contributions were related to the size of his/her income. The pension's size, in turn, was related to the total contributions the worker and the employer together had paid in. This was a compulsory system.

(2) A model introduced in Denmark in 1891. This was a pension system having basic rules for the level of support provided, but without having the character of poor relief. It included the entire population and was thus not limited to employees. The system was administered at a community level and was financed to an equal extent by the community and the state. Elderly persons deemed worthy recipients were provided with a pension after their financial needs had been reviewed. This system had a certain effect upon Great Britain, where a tax-financed system of pensions taking account of the recipient's income was introduced in 1908 (Petersen, 1990).

(3) Raab's model, specifically the proposal he presented in 1906, which was designed to include the entire population. As in Great Britain, in determining the size of a person's pension, account was taken of his/her income and compensation should consequently be provided to those of low income. An important aspect of Raab's model was that the size of the contributions the individual made was the same for all (i.e. flat rate). This compulsory contribution represented simply a new individual tax.

Many forces were at work in Sweden driving the development of a social insurance system onwards (Baldwin, 1990; Heclo, 1974). During the thirty years that had elapsed since Hedin raised the question of pensions, Sweden had undergone rapid economic development. Industrial expansion had been very strong, particularly since the 1890s. Industrial workers had become both unionised and politically active. They demanded respect for their social rights and not to be degraded to the role of being recipients of poor relief. The rural population was in the majority, yet in many rural communities the support for the poor that was needed made it difficult for the communities to assume sufficient responsibility for elderly people. Economic developments of this sort were accompanied by social and political changes, among these the introduction of universal voting rights for men in 1911. The various developments just described can help explain pension insurance being introduced as an alternative to the ill-regarded and degrading community support for the poor that had been provided earlier. Yet how can one explain the model selected, which was a universal pension system financed by the individual's own contributions, rather than one of the models described above?

The influence which Sweden's highly agrarian structure had on many of its early decisions regarding social policy has been referred to frequently (see e.g., Baldwin, 1990). Swedish farmers had a strong political position and were intent upon reducing the economic burden that poverty measures placed on rural communities (Elmér, 1960). Also, the Social Democratic Party, anxious to gain new members, sought to appeal to 'farm folk'. These people were not taken account of in a Bismarck-type model, whereas they could be dealt with more adequately in a Danish, British or Raab-type model. The latter three models involved assessing the needs or the income of the individual. This made these models better able to handle problems of the poor. The question still remains, however, as to why Sweden chose a universal pension system financed by citizens` own contributions rather than one of the latter models.

Sweden's special demographic situation at the turn of the century is one important factor to consider. The demographic factor has been neglected by Baldwin (1990), Elmér (1960) and most other authors in analysing the decision on pensions reached in 1913. One should note, above all, the marked increase that had occurred in the proportion of older people in the population. The percentage of elderly persons (65+) had increased from 4.8 in 1850 to 8.4 in 1900. A decrease in infant mortality at the beginning of the 1800s and emigration near the end of that century lay at the basis of this. A comparison with countries that introduced an old-age pension system before Sweden indicates the age structure in Sweden to have been unique. Sweden had the oldest population in the Western world (Ålderdomsförsäkringskommittén I, 1912). The figures were such that at the turn of the century there were 165 persons of 65 years of age or older in Sweden for every 1,000 persons in the ages 20 up to 65, whereas the comparable figures for Great Britain, for example, were 88 and for Germany 96.

Demographic developments of this sort, in combination with industrialisation and urbanisation, created serious financial problems for many communities. The rural communities in Sweden, 2,000 then in number, experienced marked difficulties in providing for the needs of their inhabitants since the number of elderly people living in poverty had increased. This led to a demand for measures by the state to even out or reduce the communities' costs for care of the elderly. The issue of whether portions of the tax revenues of some communities should be used to help other communities was raised (Andersson, 1995), but it was difficult to obtain a majority for this in parliament. A pension insurance system, on the other hand, was seen as a possibility for reducing and equalising the burden to communities for care of the elderly.

Another factor to consider is that of the possibilities for financing such a system. Other things being equal, a pension insurance system could have been expected to be considerably more expensive in Sweden than in other countries due to the demographics. This problem was heightened by the heavy expenditures on defence during the years shortly before the First World War. A Danish or a British model (i.e, individual determination of means) with the tax financing this would have involved thus had difficulty gaining acceptance. Raab's model had specifically taken financing costs into account through its proposal of equal contributions by all, these representing in effect a regressive tax. There was a serious drawback to his proposal, however: a flat rate contribution was far too harsh on persons of low income, especially rural but also urban workers.

A new possibility for financing appeared with the introduction of income taxes in Sweden (Rodriguez, 1980). As the country developed economically, and a monetary system became thoroughly established, individual incomes began to be taxed. In 1902 the basis was laid for the present Swedish tax system through the introduction of a progressive income tax, and also for the submission of individual income tax reports. It became possible then for taxes and insurance contributions to be determined on the basis of income. This created a financing opportunity that had not existed during earlier discussions of pensions, such as those following Hedin's introduction of his motion in parliament. The income-based insurance premiums the individual was to pay became a special tax earmarked for pensions and thus an integral part of the taxation system. It could be said that a person was taxed so as to be able to avoid being a recipient of poor relief (or being dependent upon one's children) in old age. This produced a spreading of the financial burden for different communities of their costs for care of the poor. It was an early form of inter-community redistribution of income, i.e, from urban to rural communities.

There were decisive differences between Sweden, Great Britain and Germany in the possibilities for financing old-age pensions. In Germany, Bismarck had first attempted to introduce a tax-financed insurance for workers (Toft, 1996a), but the politically strong member states (*Länder*) had refused to accept this proposal. The only chance remaining was to require both employers and workers to pay the insurance costs themselves. In contrast to Germany, Sweden was a unified state, its central government was rather strong, and its farmers had considerable political power and a deep interest in reducing communal expenditures for poor relief.

The decision on pensions made in Great Britain in 1908 could be explained, as the decision taken in Sweden could be, by the desire to shield elderly people deemed worthy of support from being made recipients of poor relief (Hill, 1990). It has also been pointed out that the highly influential ‘friendly societies’ in Great Britain opposed compulsory insurance contributions, as well as pensions being based on these (Gilbert, 1966; Heclo, 1974). Sweden was, in contrast, a relatively young industrial nation. Since the self-help movement there had not reached a comparable strength or degree of influence, there was no opposition of the British kind to compulsory contributions.

The general pension system decided upon by the Swedish parliament in 1913 was the first of its kind anywhere. The pensions provided, however, were low. Although all the parties involved realised that pensions would initially leave much to be desired, they considered the direction taken to be the right one and expected improvements to come (Elmér, 1960).

LOSS OF INCOME PRINCIPLE: WORK INJURY INSURANCE

The Swedish parliament reached a decision in 1916 regarding compulsory insurance to cover work-related accidents. At the time, this was a very advanced form of social insurance. Until the beginning of the 1950s, it could also be considered the form of Swedish social insurance that was most fully developed (Edebalk, 1996).

Hedin had included work injury insurance in the motion he submitted to the Swedish parliament in 1884. However, various governmental initiatives to introduce insurance of this sort during the 1890s failed. In 1901 parliament approved a statute of employer’s liability in the case of industrial accidents. According to the statute, compensation was to be available to workers in certain jobs and professions located mainly in industry. The compensation per day was a flat rate, not related to the income that had been lost, and it was the same for everyone, for a young apprentice and for a worker of long experience. There was a waiting period of sixty days for which no compensation was available. It was found that only 5 per cent of the accidents that occurred resulted in work disability of sufficient length for the person to be eligible for compensation.

Compensation for work-related accidents was the type of social insurance which developed earliest internationally (Pierson, 1991). When Sweden introduced it in 1901, most other countries had already progressed much further. Not only was Sweden very late with this, but the system adopted was one of the worst found (Edebalk, 1996). The trade unions reacted vehemently. Together with the more progressive forces in parliament, they demanded that insurance be compulsory. It was not certain that all companies were able to meet the obligations which the 1901 law had assigned them. The demand was also made that compensation be more generous and conform with a loss-of-income principle. Particular criticism was directed too against the long waiting period for which no compensation was provided. One might conceivably have been able to defend this if there had been an effective sickness insurance system to cover this period, but the only system found was a highly undeveloped and ill-coordinated set of voluntary health insurance societies to which, after a decision to that effect in 1891, the state left a small administrative subsidy.

During the 1890s and the start of the new century, industrial development in Sweden proceeded rapidly. This resulted in an increase in mechanisation, in work tasks involving the use of machines and in the accident rate. The law of 1901 regarding compensation for accidents at work was much criticised from the very start. As economic growth progressed, the law came to be regarded as less and less in keeping with the times. Recommendations for changing it were presented in parliament and in many other contexts. The demands for change finally left their mark in 1910, when the Committee for Old Age Insurance was commissioned to consider improvements of the 1901 law on employer's liability. In November 1912 the Committee submitted its recommendation concerning a general system of pension insurance and in October 1915 it submitted its recommendation regarding work injury insurance (Ålderdomsförsäkringskommittén V, 1915). The latter recommendation resulted in the passage of a law in 1916 concerning insurance for work-related accidents.

The work injury insurance was compulsory. A major motive for this was to cover the entire workforce, whether employed in large or small companies. If the employer was required to assume responsibility for compensating the employee in case of accident, certain employers could be ruined financially and the employee's supposed financial security would be an illusion. The level of compensation was also raised considerably compared with what the earlier law had offered, and it was to conform with the loss-of-income principle, providing two-thirds of the normal level of income. This was partly based on employees of virtually all kinds being included in the system. Thus, the principle contained in the 1901 law, that the compensation per day should be the same for everyone, would scarcely be appropriate, since persons highly trained in a profession, as well as high-salaried persons generally, might then receive too little. The inclusion of white-collar workers with little risk of injury could be justified by their insurance premiums being low, since insurance premiums were to be differentiated in terms of risk. Basing compensation on the loss-of-income principle could also be seen as advantageous in terms of the strong regional variations found in both incomes and living costs, since compensation of an unvarying level would tend to be of less value in a large city, where incomes and living costs were higher. Also, since it was income in particular that the work-accident victim lost, use of the loss-of-income principle had the advantage of tending to prevent unnecessary lawsuits aimed at obtaining better compensation.

Since in 1916 insurance for work-related accidents was viewed as a major political issue, the parliamentary committee that was to deal with it included many top political leaders. Both the various political parties and the trade unions were highly satisfied with the results achieved. The work injury insurance created was one that in many respects was superior to comparable systems in other countries.

One should note the role that the earlier parliamentary decision on pension insurance played in creating the basis for establishing such a work injury insurance system. The pension insurance of 1913 encompassed the entire population and also provided compensation for cases of inability to work because of disability. Thus, a person whose disability was caused by a work-related injury could obtain compensation that was financed either by his/her own contributions or by funds paid in by taxpayers generally (in the case of the supplementary pension). This was not consistent with the view that injuries at work should be regarded as production costs and should thus be financed by the employer, since in compensating injured persons in the manner just described the government could be said to be subsidising companies that failed to maintain safe working conditions. In as much as pension insurance embraced the entire population, insurance for work-related injuries needed to include that part of the population that was employed.

In two respects, the 1916 insurance law on work-related injuries involved temporary solutions. For one thing, whereas the Committee for Old Age Insurance argued that work-related illnesses should be included in the law, parliament did not agree (Edebalk, 1996). In addition, whereas the Committee argued that there should be no waiting period for insurance coverage, since there was no compulsory sickness insurance to fill the gap, the law parliament passed prescribed a thirty-five-day waiting period. The law contained a provisional solution, however, that of the employer being responsible for compensation during this period.

Interest in the creation of a compulsory sickness insurance system gradually increased. Again, one can note the role which the establishment of one type of insurance can play in creating the basis for introducing insurance of another type. If there had been compulsory sickness insurance, this would have been able to meet the needs of persons who, whatever the cause, were unable to work for limited periods of time. This would in turn have obviated the need of investigating whether a work-related injury was involved, as well as of any disputes regarding this. Compulsory sickness insurance would also have an important function in relation to a disability pension, that of allowing the individual to receive medical help at an early stage so as to counteract or slow down the processes leading to disability.

Before a proposal for insurance for work-related injuries was presented, a Social Insurance Committee was established for investigating the possibility of compulsory sickness insurance. In the Committee's instructions, reference was made to the insurance for work-related injuries that was being planned. The final form of the latter was to be dependent – in terms of how waiting periods and work-related illnesses should be dealt with – on the form of sickness insurance system recommended by the Committee.

UNIVERSALITY AND LOSS OF INCOME: PROPOSAL OF A GENERAL SICKNESS INSURANCE SYSTEM

The Social Insurance Committee submitted its report in 1919 (Socialförsäkringskommittén, 1919). It recommended that sickness insurance be compulsory since voluntary insurance failed adequately to cover those whose needs were greatest. The Committee used the term 'general sickness insurance'. All working segments of the population above 16 years of age were to be included, except for those with particularly high incomes or with considerable wealth, as well as those whose jobs gave them sickness benefits (as was the case, for example, for regular governmental employees), these groups being excluded so as to reduce the system's costs. The insurance was to provide sickness pay, medical treatment, drugs and help in connection with pregnancy and childbirth.

Sickness pay was to follow the loss-of-income principle (two-thirds of normal pay for every day of illness). This compensation was the same as for the work injury insurance, which was to be coordinated with sickness insurance. The Committee felt that the sickness insurance administration should be responsible for both true cases of illness and cases of minor injuries, and that it should also take over cases of more serious injury, being reimbursed for the latter by the work injury insurance. Approximately two-thirds of the costs of the general sickness insurance were to be financed by the insured and the other third by the state.

It was considered important that the job of administering sickness insurance be assigned to sickness insurance societies that had an economic interest in administering it effectively. The Committee recommended that sickness insurance societies be economically independent and be responsible for limited geographical areas (one or several communities). The sickness insurance societies were regarded as inappropriate administrative bodies due to their being so split up. Many of them were also considered too small for the magnitude of the task the proposed insurance would involve. Problems were anticipated too if employers were to report data, on income and on contributions paid, to many different sickness insurance societies which might vary in the level of payments required and the dates when payments were due. Since 1912 competing insurance societies had operated within the British sickness insurance system, presumably satisfactorily due to contributions and compensation being flat rates.

There was strong political support in Sweden for a general sickness insurance system (Edebalk, 1996). This can be seen in the comments of experts in discussions of the proposed law on insurance for work-related accidents that was passed in 1916, as well as in the platforms of the political parties for the elections in 1919. In 1920, parliament made clear the importance it placed on the matter of sickness insurance being dealt with quickly.

Nevertheless, no proposition was submitted. A serious deflationary crisis at the start of the 1920s put a stop to this. The resulting high unemployment level and the stringent demands on the state to save money continued for more than a decade to prevent any realisation of what had been planned. A partial reform was finally carried out in 1931, when sickness insurance societies with a monopoly for a given region were established. Not only did this make sickness insurance more effective, but it also paved the way for the administration of a future universal sickness insurance system. It was not until 1955, however, that a universal sickness insurance system was introduced, based in all essential respects on ideas already clearly expressed in 1919.

CHANGES IN SOCIAL POLICY DURING THE 1910S

During the 1910s, far-reaching changes in social policy occurred in Sweden. The dominance of the degrading and stigmatising poor law system gradually gave way to a social insurance system, one that had a universal character and provided compensation in terms of the loss-of-income principle.

One can ask whether the establishment of such an insurance system reflected rational planning based on theoretical considerations. What little discussion or consciousness of theoretical aspects can be detected seems scarcely to have affected the developments that occurred. At the beginning of the 1900s, those persons who could be regarded as theoreticians in this area felt that sickness insurance was the area with which to start. They considered it to be a kind of stepping stone to other forms of insurance (Andersson, 1907). Such insurance should initially include basically the same group of persons as covered by the 1901 law on compensation for work-related injuries. Germany, seen as a model for social insurance developments, had begun by providing workers with sickness insurance and had added insurance for work-related accidents and finally pension insurance. The route of reforms in Sweden was just the opposite and the entire population was included.

The social insurance system in Sweden developed in what was a specifically Swedish context, characterised by the rapid industrialisation and mechanisation that were occurring at the time. Sweden was on the way to becoming a rich country, but the developments involved created social tensions. Among these were turbulence in the labour market, culminating in widespread strikes in 1909, the increasing strength of the labour movement and of workers' involvement in politics, and efforts to establish general voting rights, rights of voting for men being introduced in the elections of 1911. Background factors of particular relevance were the largely agrarian structure of the country and the fact that help provided for those in need consisted largely of a highly stigmatising form of community help for the poor. Around the turn of the century, many small communities also had considerable financial difficulties due to the marked increase in the elderly and in those in serious need of financial support. Problems of helping the poor and also the less prosperous communities thus came up on the political agenda.

At a time when the tax system was not yet well developed, a pension insurance system could serve as a means of balancing out the expenditures of different communities. The pension system of 1913 was a compulsory one in which the individual's contributions were related to the size of his/her income, making them an earmarked tax. Thus, a general pension insurance became part of the tax policy. Appointing a Committee for Old Age Insurance in 1907 was done without any idea of establishing a social insurance system generally, as the very name of the committee suggests. The creation of insurance for work-related injuries can be seen as having occurred in a kind of parallel process. The trade unions had been strongly dissatisfied with the 1901 law in which compensation for accidents was to be paid by the employer. The rapid mechanisation (also within agriculture) and the accompanying increase in accidents that occurred accentuated the demand for change. When the matter appeared on the political agenda again, it was assigned to the Committee for Old Age Insurance. The introduction of a universal pension insurance system in 1913 facilitated the establishment of insurance for work-related injuries, which became a general form of insurance and was based on the loss-of-income principle.

While this latter form of insurance was in preparation, a Social Insurance Committee was appointed to consider possibilities for establishing sickness insurance. The decisions made in 1913 and 1916 gave the Committee little leeway in the actions it could take. Sickness insurance was to be universal in character, was to be financed by both the individual's own contributions and by taxes generally, and was to be based on the loss-of-income principle. This readily led to the establishment of sickness insurance societies that were given a monopoly in administering the system.

Considerable changes in social policy thus occurred during the decade of the 1910s. Security of income came to be viewed as a social right for all, replacing the degrading system of poor relief. The new system was to have the function, too, of equalising resources between communities and was likewise to have a preventive function. The latter involved the possibility of intervening, allowing a person to maintain his/her economic standard in case of illness or injury. In contrast, in a system of poor relief, compensation was first provided when a person became destitute. The social insurance system that evolved was a national one, which was highly advantageous in the type of highly fluid job market that developed.

Financing by means of the individual's own contributions was an important part of the pension and sickness insurance systems. The conditions needed for a system of compulsory contributions by the employer to function were lacking. Farmers, who were in a strong political position, were opposed to contributions of this sort, as were employers in industry. It was regarded as important that employers and their political representatives be actively engaged in bringing about reforms. Although contributions by the employer were less controversial in the case of insurance for job-related injuries, such contributions nevertheless added to the costs companies were faced with. This gave employers a particular incentive for demanding a universal sickness insurance system that would take responsibility for short-term cases of inability to work due to injuries.

During the 1910s, much was done to establish the basis for what later came to be called 'the Swedish model'. The decade has tended not to be assigned the importance it in fact had in Swedish social political history.

Sven E. Olsson, for example, in his dissertation, *Social Policy and Welfare State in Sweden* (1990), failed to take adequate note of the role the events described here played in modern thinking in Sweden on matters of social welfare. The decade of the 1910s represents, not the end of the old system, as Olsson declares, but the beginning of the new one.

The 'Swedish model' cannot be said, therefore, to have started in the 1930s and 1940s, as has generally been claimed. Neither can the reform work of the 1910s be regarded as simply a passive adjustment to developments in other countries. This is not to deny that developments elsewhere provided models and stimulated thinking. (Edebalk,1996; Olsson 1990). Germany represented a strong prototype for what happened in the 1910s and the Liberal British government provided many impulses for the changes that occurred through its public insurance initiatives in 1908 (pensions) and in 1911 (sickness and unemployment insurance for manual workers). Also, the Minority Report of the British Commission on the Poor Laws and Relief of Distress in 1909, recommending that poor relief be abolished, served as a source of inspiration. The British decisions were of major importance since Great Britain, as the first country to be industrialised, had long opposed public insurance. Although other countries did provide considerable inspiration to go ahead, the solutions arrived at in Sweden (including the recommendations made for sickness insurance) were more comprehensive than those achieved elsewhere. In building a 'welfare state', Sweden was on the way to achieving a top position internationally.

When the strong deflationary crisis came at the beginning of the 1920s, the establishment of a general sickness insurance system was postponed. Already prior to the 1913 decision on pensions, the idea was advanced that one should begin by establishing a compulsory sickness insurance system, as in Germany. During the 1920s, leading social policy-makers in Sweden complained that Sweden had chosen the opposite approach and that there was no general sickness insurance system to complement and support either insurance for work-related injuries or the disability pension (Edebalk, 1996). The 'reverse' reform strategy that Sweden followed can be attributed to the current there at the beginning of the 1900s that getting rid of the misery of poor relief and solving the financial problems of the communities should be given the highest priority.

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