

**IPS Working Papers No. 23:  
The Politics of Sustaining Inclusive Growth and Social Inclusion**

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In the past few years, Singaporeans have experienced concerns over an ageing demographic, rising income inequality, and the cost of living, alongside the socioeconomic impact of a growing foreign workforce and a turbulent global economy. Denmark and Finland, both small countries with open economies like Singapore, are also facing similar, although not entirely identical, challenges. Denmark and Finland have approached these challenges in a markedly different way from Singapore, by maintaining their traditional welfare state and adapting it to face new challenges.

In late 2013, the Institute of Policy Studies (IPS) sent a team of researchers to Denmark and Finland to study the systems and values of their welfare states. They spoke to journalists, academics and union leaders about the workings of the welfare states, particularly regarding the ongoing support from younger Danes and Finns, and the reforms the countries undertook in order to sustain the welfare state. An IPS Working Paper detailing the team's findings and recommendations for Singapore, titled "The Politics of Sustaining Inclusive Growth and Social Inclusion", was published in October 2014.

The Danes and Finns have come to understand that constant reform is central to maintaining the welfare state; that the countries had to regularly engage in policy change in order to maintain the core tenets of their welfare states, such as its universality. The welfare states in these two countries are not seen simply as policies undertaken by successive governments; they have been woven into the very fabric of Danish and Finnish society, and more important than any single benefit or service provided by the welfare state is the sense of social solidarity it represents.

This also helps to explain the way that these countries have chosen to approach ageing and immigration. One prevailing view of the welfare state is that it is part of an intergenerational compact. The welfare state contributes to a person's wellbeing at all stages, from birth to education, to employment and finally until retirement. This leads citizens to believe that they should leave the welfare state in as good a state as they had received it, if not better. It is these social bonds and responsibilities that are a concern of Danes and Finns when it comes to thinking about incorporating immigrants into the welfare system whether they are from within the European Union or outside it. Interviewees wondered if immigrants would share that sense of solidarity with Danes and Finns.

For Singaporean policymakers looking at the Nordic states for ideas, this working paper not only points out the approaches to certain policies and reforms that these two nations have taken, but also underlines the societal factors that are considered fundamental to its continued existence.

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