

Insights from Upcoming IPS Working Paper on Nordic Welfare States

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Rising income inequality and slowing social mobility are increasingly cited as growing pains for Singapore. IPS has been working on a project to investigate whether Nordic welfare models hold lessons for the city-state in dealing with those trends. The project will outline how reforms to the welfare state in Denmark and Finland have been able to maintain their sustainability and public support. However, this article discusses how it is the support for the ideals of a welfare state and the trust among citizens that keep the system in place in those countries.

Specifically, the IPS project includes a review of 20 hours of interviews with various journalists, unionists and academics in Denmark and Finland about their welfare systems. It is clear from the study thus far that public support, constant reform of the welfare state and its overall sustainability form a symbiotic interplay; all components are tightly bound to one another.

The interviews strongly suggest that the welfare systems in both countries enjoy high levels of public support across all generations; they are designed to be accessed at all stages of life, from cradle to grave, whether through child care, education, pensions or elderly care. Established about 60 years ago, these welfare systems have needed (and will continue to need) constant reform in order to remain viable. Such reforms were a main feature of the welfare state during the 1990s and 2000s due to two major economic crises and the realisation that with ageing populations, welfare systems might not be able to pay for the retirement of the generations that built it.

The reforms since have been profound. Practically every feature has been debated, such as raising the retirement age, reducing benefits and expanding municipality size. Such reforms could not have taken place without the explicit support of the electorate, who have also steadfastly refused to elect, in any significant numbers, any political party that refuses to protect the welfare state. This suggests that the welfare state is not by itself sustainable, but is made sustainable through the collective will of a population that will not countenance its demise.

What are these people fighting so hard to retain? Listening to the interviewees can be misleading, as they have a tendency to describe services like healthcare and education as

being “free”, a sentiment that is usually used to discredit welfare states. However, upon deeper examination, they do say that the payment does come not just from the mass of taxpayers, but is felt to some extent as being personally funded from their own pockets through high direct income and corporate taxes. A student who is being funded through his education knows that in time, he will pay for the generation after him. An elderly citizen who has paid for the elder care of the generation before him now relies on the payments of the generation younger for the same. Each citizen helps and is helped at different times. None of this is charity; it is reciprocity.

There is an undeniable element of faith in the whole system — faith that your fellow citizens from different generations remain committed to this system, that they intrinsically value work, that they make their contribution because of paid work, and that they will also be flexible enough to come to a consensus on reforms when the time comes.

They see the welfare state as a profound form of social risk mitigation; a pragmatic answer to the uncertainty of life. One never knows when misfortune will strike in the form of accidents or disease for instance, and the welfare state answers the question “If I am in need, who will care for me?” with a resonant “We will”. It is a faith that business will flourish in a country where the children are well educated and highly skilled; where the state will return workers back to the workforce with new skills when necessary, that paying for healthy workers will lead to greater productivity. There is a virtuous cycle between work and social security. Most importantly, there is the faith that elder generations with more electoral power will resist the dark urge to “eat the whole field”, as one interviewee put it.

In this sense the welfare state becomes a place that has to be believed in to be seen; and why public belief in the idea of “we” instead of “me” is as vitally important as any fiscal or structural aspect of the system. If the public does not believe in its worth, the solutions needed would never be looked for or found adequate, and the system would be abandoned.

And so while Singapore could take a page from the Nordic welfare states to address some of our present-day concerns, the financial aspect of crafting a more comprehensive welfare state is just one concern we should have. The bureaucracy in Singapore is not without merit and there are several examples throughout the world from which we can draw inspiration, not least from the Nordic states. Therefore, while designing a more comprehensive welfare state in Singapore would be neither simple nor easy, it is not impossible for our civil service. We need to keep in mind that the system not only has to have sound foundations but must also be flexible and open enough to endure regular review, reform and repair when circumstances change or when abuses are found. There are already suggestions on how this may be done and funded with one example being the [IPS background paper](#) for Singapore Perspectives 2012.

The greatest challenge however will be convincing the Singaporean public of the value of these changes. Tax increases might be necessary and the transition will probably be long and bumpy. Changes to Singapore’s current social security structure will require deep public support to bring it into existence. Therefore, any further research into the topic of a welfare state in Singapore must include an investigation into levels of public support for any changes with the details of the proposed policies. The investigation in turn must suggest the sort of

sacrifices Singaporeans need to make for many generations to come for such a system that socialises risk to reach fruition – where our society knows that we have each other to depend on. Spending the national reserves of today will not sustain a universal system of care but spending some of it might help jumpstart it. Ultimately, we will need to determine if Singaporeans share the same sense of solidarity that the Scandinavians seem to have in order to turn faith into reality and keep things that way for a long time to come.

Tan Min-Wei has been assisting IPS researchers in the Politics and Governance Cluster on a Working Paper on welfare states in Denmark and Finland that will be released by the end of February 2014.

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