"European Integration and the (Nordic) Welfare State: is coexistence possible?"

1. Premise for the research proposal:

"There is widespread agreement that the Nordic welfare model . . . is a specific type of welfare system and that it is a de luxe, top of the range model" (Archer 174).

"EMU membership may mean that there is little alternative to equalising welfare provision throughout the EU" (Barnes, in Miles, 183).

"In view of cost problems, EU member states are unlikely to follow the Nordic social welfare example. Rather the most likely chain of events is that the strains on the budgets of the Nordic countries will lead to a scaling down of their welfare systems" (Johnson, in Miles, 196).

The three quotes above summarize the basis for my thesis research proposal. To put it another way, the Nordic welfare model is a unique and comprehensive approach to social well-being and, due to both domestic and external factors, it is in danger. One of these external factors, the one my thesis will be concerned with, is European integration, especially the criteria that Sweden had to meet for EU membership and which must be met in order for her to join the European Monetary Union (Barnes, in Miles, 180). The thesis will be focused on the changes in Swedish social provision policies since the 1991 application for EU membership and analyzing how much that application and subsequent membership affected those changes.

2. Literature Review:

Perhaps the most direct way to explain why the research I am proposing is original and useful is to say that there isn’t current literature on the subject, or at least not much in English. There is a wide library catalogues will show. In terms of what I am seeking to study specifically however, the effects of Union on social policy of the archetype Nordic Welfare state, the literature is extremely limited. This is due both to the relatively recent accession of Sweden to the EU and a tendency in European Union literature to focus on both large states and on domestic actors rather than external ones in the determination of constraints on a state.
Kenneth Hanf's and Bea Soetendorp's contribution to the literature is an exception to the tendency to focus on large states. Their compilation entitled *Adapting to European Integration: Small States and the European Union* (1998) attempts to address the lack of literature concerning small states. Hanf and Soetendorp use a comparative approach and a multi-level game focus to examine the methods of adaption to Europeanization by small states. Ten small European states (non-members Norway and Switzerland are included in the analysis) are discussed with the emphasis placed on governmental, political, and strategic (i.e. methods of achieving national goals at the European level) methods of adaption. The editors separate the book into chapters to study the specific experience of each state; the chapter on Sweden focuses on the clash between the goals of the Swedish political elites and the process of EU bureaucracy, analyzing and describing the adjustments Sweden has had to make. As such, the book and the chapter on Sweden are very useful. However, the question that my research is most interested in is not addressed and instead the editors choose to focus more on personnel restructuring than shifts in policy and possibly in ideology. In fact, in the context of social policy, the authors of the Swedish chapter follow the traditional domestic-actor line of discussion. Social policy is mentioned only as part of the Swedish elites' vision to "infuse the rest of the Union with the progressive values and positive experiences of the time-tested Swedish version of the good society" (140). The authors have made a useful contribution to EU literature by studying both small states and domestic effects, but by overlooking the possible effects on domestic policy formation in general, and specifically Swedish social policy, they have still left a significant gap in the literature. It is into that research gap that my research fits.

Gerda Falkner's *EU Social Policy in the 1990s: Towards a corporatist policy community* (1998), focuses on the development of EU social policy, both *de jure* and *de facto*, through the Maastricht Treaty. Hers is a historical and case-study analysis of how social policy has developed on a European institutional level. By focusing on indirectly national institutional developments rather than specifically national influences however, Falkner is traveling a different path than the one I seek to follow. In
addition to leaving out an analysis of what effects the current social policy developments have had on the state, and not simply on EU institutions and their processes, Falkner's work is limited because the analysis ends with the Maastricht Treaty. The developmental history Falkner analyzes provides a useful background for my research. Her "inclusive analytical framework" for studying EU social policy provides a jump off point for researching the effects of that policy development on domestic policy in the Swedish case (52-54).

Another text, Lee Miles's book *Sweden and European Integration* is an example of a text which analyzes the domestic reasons for membership and the domestic opinions and influences which have constrained Sweden's EU role. In his discussion of Sweden's decision to join the EU and the early stages of her membership, Miles promotes well thought-out and useful ideas of a "Swedish Diamond" and a "Membership Diamond" for understanding the links between the four main domestic constraints on Swedish action towards the EU. As Miles himself highlights however these are primarily domestic actor constraint models and do not address the issue of how EU membership has put constraints on the domestic situation (Miles-b, 298).

Additionally, the Miles text was published in 1997 and concluded its analysis of Sweden after only the first year of EU membership. In the three and a half years since the end of Miles' analysis, much has happened both on an EU level and domestically in Sweden. The 1997 Treaty of Amsterdam has introduced changes to EU policy, and domestic elections in Sweden in 1998 have led to internal developments and discussions concerning the state of the welfare model which Miles was not able to analyze. These new developments, as well as an alternative way of analyzing the situation (looking down from the EU rather than up from the state) are what separate my research from what Miles has done and make it both original and worthwhile.

In *Scandinavian Politics Today* (1999), David Arter discusses all five Nordic states (Denmark, Finland, Norway, Sweden, and Iceland) and the three Home Rule territories (Greenland, Faeroes, and Åland) in a comparative, thematic approach, with a specific and helpful chapter on the Nordic Welfare
Model. Chapter 8 is especially important to my research question, as it addresses social policy and the idea of a Nordic Welfare Model. Arter not only outlines the characteristics of the model and analyzes how well each of the Nordic states fit that model, he also addresses Staffan Marklund’s postulation that the Nordic Model is a case of “paradise lost” and places the discussion into the context of meeting the convergence criteria for EMU.

Arter highlights the demands of meeting the criteria for EMU as a main challenge for Sweden’s existing welfare model. He questions the future of the Nordic model, and raises the issue of EU constraints on domestic welfare provision, but he does not attempt to analyze how these constraints have actually affected Swedish policy. In so doing (or not doing), he provides the impetus for my research.

3. Research goals:

My main goal will be to discuss the effects that meeting economic criteria for membership in the EU and preparing for Economic and Monetary Union (EMU) have had on Swedish social policy. I will also attempt to analyze the context in which the Nordic Welfare Model has been placed in the EU discussion (up to 2000) concerning social policy integration and how this has influenced Swedish policy.

I have chosen to focus on Sweden in this analysis because its strong, comprehensive welfare program, which was once seen as a "third way" between capitalism and communism, is the most representative of the Nordic Welfare Model (Åström; Barnes, in Miles, 174; Arter, 181). Sweden is the largest Nordic state and therefore has the potential to wield significant policy influence both among its Nordic neighbors and on a greater EU-level (Miles-b, 11, 143).

My research will focus around an attempt to analyze and explain how domestic philosophy and action concerning Swedish social policy has changed with membership in a neoliberal economic union. How has the comprehensive, public-sector-oriented welfare state been affected by the constraints of EU membership? My arguments will come from the point of view that although a number of modifications to the system have been made, and more changes may be necessary, the comprehensive spirit of the
Swedish Model has survived European integration, and will continue to do so. This is an optimistic point of view, but it is not without support (see Fremfors, Arter for cautious optimism and Möller for evidence that a commitment to the comprehensive spirit of the welfare state remains strong among the main Swedish political parties).

In assessing the argument that the Swedish Model is surviving, I will discuss the compatibilities of the neoliberal European perspective and the interventionist Swedish Model with the goal of analyzing how their incompatibilities have been navigated thus far in EU-level discussion and in domestic-level policy implementation. What compromises have been made concerning the two perspectives? Which ideology has come out on top thus far? Is coexistence successful or is one ideology being subjugated in favor of another?

I plan to argue from the assumption that EMU and greater social integration will continue to be supported by Europe and is the stronger actor in this situation (that is, I will assume the future existence of EMU and social integration, rather than spend a considerable amount of time arguing whether or not they will be able to go forward with Nordic participants and their special welfare structure). While a consideration of possibilities for the future in the context of current trends is not the main thrust of my argument, it will be useful for promoting and highlighting areas for further research.

In assessing the future of the Swedish version of the Nordic Welfare Model, it will be necessary to discuss the social policy issues the EU and Sweden will both need to face in order for coexistence to continue to be possible. For instance, my research will concern assessing the current discussion in the EU on matters such as: how strong of a role will the EU take in integrating the social policy of its member states? I will analyze the extent to which my research supports Debra Johnson’s point that “the EU’s emphasis on social policy and on health and safety issues in recent years has shifted from harmonisation towards the establishment of minimum standards” and her conclusion that “the most likely chain of events is that the strains on the budgets of the Nordic countries will lead to a scaling down of their welfare systems” (Miles, 192, 196). In the context of Sweden and my thesis then: is Johnson’s point
valid? What are the likely effects that it will have on domestic welfare policy?

4. Preliminary discussions and context:

In order to effectively argue my points, my thesis paper will need to discuss several sub-issues and place them into context.

First I will need to explain what the Nordic model is. I will do this using the framework outlined in Arter (177-181). The six main features of social rights based on citizenship, the key role of the public sector in providing basic services, the comprehensive nature of the social policy (the so-called "womb to tomb" policies), public monopoly of social policy provision financed through taxation, a high level of income redistribution, and equality as an explicit policy objective will be fleshed-out using Swedish examples. In so doing I will put Sweden into context as a representative of the Nordic model.

Secondly I will need to explain how this model differs from other European welfare models. To do this I will use the classification made by Pekka Kosonen in his entry entitled "The Scandinavian Welfare Model in the New Europe" to the 1993 book Scandinavia in a New Europe edited by Boje and Hort and outlined in Arter (174). This classification identifies four welfare models: peripheral, found in poor Catholic states where family and the church are seen as the primary welfare providers; continental, the standard model in economically advanced states which provides significant social benefits but suffers from gender inequality and ties social security to labor-market position; crisis, which is typified by how Great Britain dealt with its economic challenges of the 1980s; and the Scandinavian or Nordic model. The continental model is arguably the dominant EU model, although all four are present in the Union. The continental model therefore represents the most significant danger to the Nordic model, because it is the most likely alternative should the universal, equality promoting system become unsustainable.

In the context of these welfare models I will then be able to analyze EU social policy developments (including the 1994 Social Policy White Paper and the Social Protocol in the Treaty on European Union) and the current EU-level discussion. I will explain how much integration of social
policy has occurred thus far and in what direction it has gone. That is, has the EU taken a purely minimalist approach to welfare or has the Nordic model had some positive impact on the welfare policies of a greater Europe? I will then analyze how the EU’s social policy approach has affected Sweden’s welfare policy.

Thirdly I must put into brief historical context the economic problems faced by the Swedish model. From spiraling budget deficits in the early 1980s to the depreciation of the krona in 1992-3 following Sweden’s unsuccessful attempt to shadow the Exchange Rate Mechanism, and the resulting high unemployment (for Sweden, although it was still well below the European average), which had disastrous effects on Swedish debt because of high unemployment compensation (Premfors, 86; Barnes, in Miles, 174-6). This domestic economic context is important because it explains why the state of the Swedish model is in question: domestic economic problems exacerbated by initial attempts to shadow the beginning stages of EMU led to the need to consider and begin to implement benefit cuts and to serious consideration of the continued long-term sustainability of the Swedish model. Perhaps even more importantly, this domestic context explains why it is possible for EU policy to affect and constrain the Swedish welfare state to the extent that it does. Sweden’s reasons for joining the EU were primarily centered around the need to improve the domestic economy; Sweden felt she needed the EU, and this vulnerability has made her more susceptible to the constraints of membership (Miles-b, 183). By highlighting the vulnerability of the domestic situation my subsequent analysis concerning the effects of EU constraints on Sweden will have added import.

5. Organizational outline:

A. Introduction
   1. Identifying the question of coexistence
      a. Why discuss Sweden?
   2. Identifying the discussion of external constraints on domestic policy
      a. Historical discussion
      b. European Union context
      c. Thesis

B. Part one
1. Explaining the Nordic model in context to the other European Welfare Models
   a. What is the Nordic Model?
      i. The Swedish Model as the most comprehensive.
   b. What are the other European Models and how are they different from the Nordic Model?
      i. Identifying the Continental Model as the biggest threat to the Nordic Model should costs become unsustainable.
2. Explaining Sweden’s decision to join the EU
   a. Economic situation in early 1990s
      i. Assessing the argument put forth in Miles that economic fragility in the early 1990s made EU membership necessary (63).
   b. Need to maintain welfare model
   c. Domestic perception that the move was necessary
      i. Placing welfare policy into the accession debate
   d. Highlighting Swedish vulnerability to external economic constraints

C. Part two
   1. Results of my research
      a. EU economics
         i. Policy, ideologies, and dynamics of ideology in decision-making
      b. EU social policy discussion
         i. Comparing the social policy perspectives at the EU table: Nordic v. Neoliberal
         ii. Direction of social policy integration in the current discussion
         iii. Analyze social integration implementation by the Finnish suggestion (supported by her Nordic neighbors) of a common “minimal level” of welfare, that states may choose to go beyond.
      c. Analyzing the changes in Swedish welfare policy.
         i. What are the changes?
            a. Preparation for accession
            b. Upon membership
            c. Working towards EMU
         ii. To what extent have these changes been induced by EU constraints?
            a. How has EU membership affected the direction of these changes?
         iii. How effective is “minimal level” social integration in maintaining the Nordic model in the face of economic competition and the possibility of social dumping?
            a. How well are Nordic economic and social needs being met within the EU v. How much is the Nordic social system being constrained by the EU
         iv. Considering the future of the Swedish welfare state based on current trends of EU constraints.
            a. Arguing for the ability of the spirit of the Swedish system to survive and coexist within the EU.

D. Conclusion

6. Summer Research Plan:
May 2-6:

Trip to Brussels to visit EU institutions with the chance to talk to MEPs and other EU officials.

Goal: get EU officials input on how constraining EU membership is on domestic policy, with specific attention to Swedish social policy.

May 7-June 1:

Use of European Union Documentation Centre at the University of Wales, Aberystwyth and the National Library of Wales to access primary materials such as Eurobarometer polls from Sweden, the 1997 White Paper on Social Policy, EU treaties, statements, and agreements on the integration of Social Policy, and reports on the economic situation in Sweden.

Use of the internet to access archives of the two main Swedish morning newspapers “Svenska Dagbladet” and “Dagens Nyheter” to learn more about the domestic perceptions of EU membership, EMU, changes in the Swedish Welfare Model, and the perceived effects of EU membership.

Preparation of interview questions for Sweden trip.

Goal: to collect practical evidence of the effects of EU constraints on the domestic policies of Sweden.

June 2-10:

Trip to Sweden for primary research and interviews. Preliminary interview plans:

-Karin Borgström, History Professor (retired), on background and development of the Swedish Comprehensive Welfare Model.

-Eric Borgström, Urologist (Danderyd Hospital, Stockholm), on the changes in the Swedish health services since the payment system for treatment was introduced.

-Mikael af Malborg, Professor of Political Science (University of Lund), on the effects of EU membership on Swedish economic and social policy, and constraints on the Swedish social security system.

-trips to local social security offices to informally collect information and ask questions about the
current state of the social security system.

Goal: Continuation of prior goal as well as getting primary source reactions to the developments in the social security system since application for EU membership and accession.

**June 18-July (during internship):**

Preliminary comprehensive analysis of primary sources based on theories of the domestic consequences of external events and the constraints of EU membership on member countries. Theories of external constraints promoted by Miles Kahler and Peter Gourevitch will be applied and assessed for their value in the context of EU constraints on Sweden.

Goal: come to preliminary conclusions and assess areas where further research is needed.

**July & August (during internship):**

Goal: further research and analysis in needed areas.

**August:**

Goal: continued in-depth analysis of primary sources and planning of thesis paper based on outline contained in section 4.

7. Selected Prospective Bibliography:

(Note: I am fluent in Swedish, so I will be able to make use of both English-language based and Swedish-language based primary and secondary sources.)

**Primary Sources**


Eurobarometer surveys.

Regeringsskrivelse, Riksdagen, Stockholm [Published Records of Parliamentary Meetings of the Swedish Riksdag, Stockholm].

Newspapers: Dagens Nyheter (the Social Democrat morning paper)
Svenska Dagbladet (the Conservative morning paper)

Secondary Sources


Journals: Journal of Common Market Studies  
Journal of European Public Policy  
Scandinavian Political Studies  
West European Politics  
Scandinavian Journal of Social Welfare  
The Economist

8. Referenced Bibliography:


Hanf, Kenneth and Ben Soetendorp (eds). *Adapting to European Integration: Small States and the*


9. Non-referenced Bibliography:


