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# Social Democracy in Sweden

DEVIN JOSHI, NEHA NAVLAKHA

While some scholars argue that socialist democracy is now dead we find abundant evidence to the contrary. Through a case study of Sweden over the last two decades, it is shown that the social democratic system of government not only persists but also contributes to a very high degree of freedom for its citizens – including vast personal, cultural, material, and social freedoms. Although social democracy is not a perfect system, its fruits are ripe and compare favourably to other political systems.

India's first Prime Minister, Jawaharlal Nehru, was a profound admirer of both socialism and democracy. Despising the inequities of capitalism and the violence of authoritarianism, he advocated a democratic socialist pathway of development for India. Nowadays many view him, fairly or unfairly, as a romantic and a failure. Does that mean that the ideal of democratic socialism to which he aspired is also a failed model? If so, Nehru's vision will eventually fall into the dustbin of history. If not, however, there may be important lessons for India to learn from the outside world.

The pursuit of democratic socialism has always been challenging with critics aplenty. From its emergence in the late 19th and early 20th centuries under the intellectual leadership of Eduard Bernstein (1850-1932), critics on both the Right and the Left have attacked the centrist political ideology of social democracy (Berman 2007). The idea that socialism could exist in tandem with democracy and a market-based economy was anathema to both communists and capitalists. While leftists saw it as a sell-out to capitalism, others argued that social democracy would not be workable in the long run because the relentless pressures of global and national capitalism would seek to destroy any and all non-capitalist systems (Przeworski 1985).

Proponents of social democracy, however, have lauded it as a successful centrist compromise and win-win solution that benefit all social classes. Whereas traditional state socialists on the left seek cooperative or state ownership of the means of production, social democrats aim only to control the means of production rather than owning it. In other words, they are content with permitting private enterprise as long as it serves the needs of the workers. At the same time, in contrast to the Anglo-American libertarian model of democracy with its focus on formal majoritarian political procedures, social democrats recognise that human freedom can only be possible when all people have sufficient material resources and social rights (Meyer 2007). This requires the building of consensus and cooperation between capital, labour, and the state to develop institutions and policies that can enhance both prosperity and equality. A key to this system is a deepening of democracy to permit all strata of society to participate equally in public decisions, rather than relying on a winner-take-all system of plurality elections (Einhorn and Logue 2003).

In this paper, we re-examine democratic socialism as practised in the new millennium. Our goal is to see whether it actually works to increase human freedom. To do this we conduct a case study of 21st century Sweden, a country known for its democratic socialism, to see if this model of government is failing or succeeding. Our aim in this paper is not to investigate how or why some countries have been able to achieve social

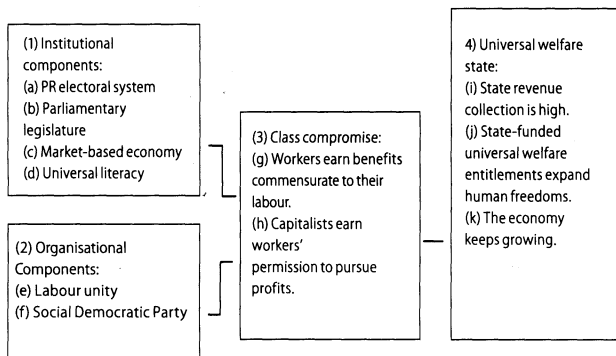
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democracy, but to investigate whether democratic socialism in actual practice is succeeding as a superior model of government. Moreover, our focus is on the social democratic political system rather than an analysis of economic policies pursued by social democratic states.

**What Is Democratic Socialism?**

It is useful for us to start with a definition of “democratic socialism”, a term we use interchangeably with “social democracy”. Social democracy has evolved as a variant of democracy that extends the principles of equality and inclusion beyond the political realm (i.e., ability to vote in elections) into the social and economic realms so that ordinary people (non-elites) have more choice over how they live their lives. The defining features of a modern social democracy (as compared to non-social democracy) are: (a) highly proportional democratic institutions (Einhorn and Logue 2003), (b) socio-economic class compromise (Pontusson 2005), and (c) a universal welfare state (Esping-Andersen 1990).

**Figure 1: How Social Democracy Works to Enhance Freedom**



We argue that social democratic states generally require the presence of six initial factors to emerge. There are four institutional components: (a) proportional representation electoral systems, (b) parliamentary legislatures, (c) market-based economies, and (d) universal literacy (i.e., compulsory primary education). There are also two organisational components: (e) high levels of labour unionisation, and (f) social democratic parties allied with a relatively unified labour movement. As Figure 1 illustrates, in social democratic states this combination of six factors permits a class compromise to take place between the owners of capital and organised labour. The institutional components are important because they open a space for social democratic parties to have influence in parliamentary politics (and to form alliances with other political parties) without having to receive an absolute majority or plurality of the votes. The organisational components also play a role, because a relatively unified labour movement backed by a single pro-democratic political party will have more bargaining power vis-à-vis capital than a fragmented labour movement.

In this system, a social democratic party can work to expand human freedoms if it gains enough support from the voters and is able to get the workers and capitalists to agree to a cross-class compromise resulting in a universal or near-universal welfare state. Workers can earn benefits commensurate to their labour and

capitalists can gain workers’ permission to pursue profits and accumulate private property. The state plays a crucial role in this process by collecting high levels of revenue through progressive taxation to fund universal welfare benefits. For this to work, the state must have an effective public administration and civil service meritocracy with low levels of corruption. In theory, the system sustains itself through a growing market-based economy. Economic growth and extensive welfare benefits in turn enhance human freedoms by improving the savings, health, living standards, skills, and equality of all strata of society. In particular, human freedom expands as equal opportunities extend to females and people from poor families, rural areas, and ethnic minorities.

Importantly, universal programmes increase individual autonomy, and since even recipients contribute, there is less stigmatisation and suspicion attached to these programmes (Rothstein 1998: 182). Moreover, by providing earnings-related benefits not only to the poor but also high-income earners, social insurance institutions are able to reduce inequality and poverty more efficiently than flat-rate or targeted benefit systems (Korpi et al 1998: 681). This increases the financial contributions made to the system, while simultaneously ensuring that all groups in society have a stake in its survival, thereby guaranteeing its political acceptance by the rich and the middle class.

As shown in Table 1, there are major differences in the legislative institutions, labour organisation, and public finance of social democracies and non-social democracies. The social democracies in the table all have 100% proportional representation (PR) electoral systems, whereas many of the non-social democracies have 0% proportional representation. Because of the proportional electoral system, these countries have multiple political parties represented in the parliament including parties that may receive only 5-10% of the vote in a district. In other words, every vote counts because the seats each party receives in parliament are proportional to the percentage of votes each party receives. By contrast, in disproportional single-member district electoral systems minority vote-getting

**Table 1: Selected Examples of Social Democracies and Non-Social Democracies (2010)**

	Proportional Representation Electoral System	Multi-Party Unicameral Parliament	Universal Literacy	Labour Union Members (% of workers)	Strong SD Party	Public Revenue Collection (% of GDP)
<b>Social Democracies</b>						
Denmark	Yes (100%)	Yes	Yes	72%	Yes	49%
Iceland	Yes (100%)	Yes	Yes	89%	Yes	42%
Finland	Yes (100%)	Yes	Yes	72%	Yes	44%
Norway	Yes (100%)	Yes	Yes	55%	Yes	44%
Sweden	Yes (100%)	Yes	Yes	77%	Yes	49%
Average	100%	100%	100%	73%	100%	46%
<b>Non-Social Democracies</b>						
India	No (0%)	No	No	<7%	No	13%
Japan	Part (37.5%)	No	Yes	19%	No	28%
Mexico	Part (40%)	No	No	18%	No	21%
UK	No (0%)	No	Yes	29%	No	37%
USA	No (0%)	No	Yes	12%	No	28%
Average	15.5%	0%	60%	17%	0%	25%

Some consider the UK Labour Party to be a social democratic party. The shift in Japan (1994) to a partially proportional electoral system is recent. The USA and Mexico have a presidential system of government rather than a parliamentary system. Sources: Revenue Collection (2006) and Labour Unionisation (2005). data are from OECD except for Indian revenue collection which comes from the World Bank’s World Development Indicators Database (2010).

parties do not get any parliamentary seats at all if they are not the top vote-recipient in a district.

As seen in the table, social democracies also tend to have unicameral parliaments whereas the non-social democracies have bicameral parliaments or a presidential system of government. When combined with PR, unicameralism can deepen democracy by preventing a non-elected second legislative chamber from vetoing the representatives of the populace. The social democracies also have very high levels of labour unionisation. In 2005, on average, 73% of the labour force were members of labour unions in these social democracies compared to only about 17% in these non-social democracies. The high rates of labour unionisation (and the elimination of an informal sector) give the working majority more voice and power to negotiate wages, improve employment conditions, and advocate public policies to benefit themselves and their families. In social democratic countries, the labour unions also primarily ally with centrist social democratic parties rather than with left wing communist, right wing capitalist or far-right anti-democratic political parties. As Table 1 indicates, average public revenue collection levels are much higher in these social democracies (46%) than in these non-social democracies (25%). The higher levels of government revenue allow for a much broader range of publicly funded services to eliminate the scourges of inherited poverty and inequality prevalent in so many societies.

Having defined and distinguished social democracies from non-social democracies, we now seek to evaluate the success or failure of the social democratic political system by examining its contribution to human freedom. We have chosen freedom as the outcome variable for this study because it is widely recognised, following the work of Amartya Sen (1999), that the goal of development is expanding human freedom. If social democracy is a system that fosters and enhances human freedom as proposed above, we will label it a success. On the other hand, if democratic socialism inhibits freedom, we will label it a failure.

### A Case Study of 21st Century Sweden

We will now examine the case of Sweden, a representative social democratic state, to determine whether its political system enhances or inhibits its citizens' freedom. While the country of Sweden has garnered attention as a model in the past, the country's economic difficulties in the 1990s and a supposedly global backlash against "socialistic" political systems in the post-Cold War period leave open the question of whether democratic socialism is still a viable model in the 21st century.

As shown in Table 1, Sweden meets all of the criteria in our definition of democratic socialism. It has a unicameral parliament, a fully proportional (100%) electoral system and a market-based economy. It also has universal literacy, very high rates of labour unionisation (77%), high rates of public revenue collection (49%), and a strong social democratic party (*Sveriges Socialdemokratiska Arbetareparti (SAP)*) that has often been part of the ruling coalition in modern Sweden. Furthermore, Sweden has the largest population of the five social democratic countries identified above.

Although we cannot conclusively prove in every case mono-causal links between the social democratic political system and

levels of freedom in Sweden, we are able to make strong causal inferences on three bases. First, Swedish government policies and a large variety of freedoms in Sweden are highly correlated and we view this as no coincidence. Second, prior to the advent of social democracy in Sweden, its population experienced significantly less freedom. Third, we make the argument that Swedish social democracy has certainly not hindered its citizens from attaining the high levels of freedom they currently enjoy. We shall now focus our inquiry on investigating four fundamental dimensions of freedom in Sweden: personal freedom, cultural freedom, material freedom, and social freedom.

### Personal Freedom

Personal freedom refers to the ability to live a long and healthy life free from crime, pollution, starvation, and other impediments. Without a doubt, Sweden is strong on personal freedom. It has a very healthy population and the World Health Organisation (2004: 30) rates the Swedish healthcare system among the best in the world. The government, which accounts for 86% of Sweden's health expenditure (WHO 2004: 29), guarantees every individual access to healthcare and grants patients a choice of healthcare providers. Moreover, healthcare is of high quality and accessible to all residing in Sweden for one year or more regardless of their income or nationality (Glenngård et al 2005: 26).

Sweden does exceptionally well on most health indicators. Sweden ranks first in the world on the blood pressure-based happiness index (Blanchflower et al 2007: 11). The under-five mortality rate of 0.3% (in 2007) is less than half of the United States (World Bank 2010) and the maternal mortality rate is only three per 1,00,000 live births (Swedish Institute 2009a). Life expectancy is very high for women (83 years) and men (79 years), and the obesity rate (10%) is far below the US (40%) (CIA 2010; WHO 2004; PRB 2007: 3). Average heights of Swedish men (1.815 m) and women (1.668 m) over age 20 are also higher than American men (1.763 m) and women (1.622 m) (Lundin 2008; McDowell et al 2008: 13-16).

To keep individual health costs low, the Swedish government pays for any medical consultations in excess of SEK 900 (\$125) annually, whereas US healthcare costs are almost twice as high (Swedish Institute 2009d). Importantly, the focus for healthcare in Sweden has been on health promotion and prevention, not just treatment. The government has invested heavily in social insurance benefits such as sickness and parental leave, retirement pensions, supplementary pensions, child allowances, income support, and housing allowances. These services complement the medical system by fostering healthy lifestyles, rehabilitating the sick, and helping people re-enter the labour market (Glenngård et al 2005: 20, 73).

Nevertheless, there are some problems. First, Sweden guarantees patients access to non-urgent care within 90 days, but in 2008 only 75% of patients actually received treatment within this time-period (Swedish Institute 2009d). Second, neuropsychiatric conditions account for the largest share of the population's disease burden, and Sweden could be stronger on mental health, especially for the unemployed (WHO 2004: 2). Sweden's suicide rate (11.1 per 1,00,000 in 2005) is slightly higher than in the US (10.1),

although it is below the average for OECD countries (11.4) (OECD 2010). The state recognises the gravity of these problems, however, and it has instituted a policy specifically for mental health.

Turning to spiritual health, Swedes can follow any religion of their choosing without fear of discrimination or violence (Randburg 2010). Although the majority of Swedes are Lutheran (87%), there are also Baptists, Buddhists, Jews, Muslims, Roman Catholics, and Orthodox Christians (CIA 2010). The country has no recent experience of communal or religiously motivated riots or terrorism. One reason may be the high degree of secularism, with only 23% of the population believing there is a god (European Commission 2005: 9).

Sweden is also strong in supporting environmental health. It ranks second in the world on both the Climate Change Performance Index and the Environmental Performance Index (Esty et al 2006; Germanwatch 2010). The entire population has access to improved sanitation facilities, improved drinking water sources, and municipal waste collection. Between 1990 and 2006, Sweden cut its carbon emissions by 9% – partly due to a carbon tax introduced in 1990. Sweden has also dramatically reduced dependence on fossil fuels by sourcing all of its electricity from hydroelectric and nuclear power plants (Fouché 2008). The willingness to sacrifice for environmental protection is very high with 77% of Swedes willing to pay higher taxes to prevent environmental pollution (Inglehart 1995: 60). Indeed, access to the natural environment is so important that *Allemansrätten* (The Right of Public Access) grants everyone the right to roam freely in the countryside.

Turning to public safety, the International Crime Victimization Survey (ICVS) identifies bicycle theft, personal theft, and theft from cars as Sweden's most common crimes. Comparatively speaking, however, Sweden has the highest recovery rate (97%) among countries for stolen cars, and its prevalence (6.6%) of theft from cars in 1999 was lower than in the US (7.1%). Swedish rates of burglary and attempted burglary (2.3%) are also below the US (3.8%), although the percentage of the population victimised by certain contact crimes (including robbery, sexual assault and assault with force) was slightly higher in Sweden (2.2%) than in the US (1.9%) (Kesteren et al 2000). While crime rates could be lower, the centrality of the rule of law entails that victims of crime have reliable institutions to turn to for help (Trägårdh 2007: 261), and thus overall, Sweden remains a safe country. In summary, personal freedom is quite strong in Sweden and is nurtured and respected by the state.

### Cultural Freedom

Cultural freedom entails that individuals feel they belong in society, that they have the freedom to make their voices heard, and that they treat each other respectfully and equally. Overall Sweden fares well on cultural freedom. It is for the most part an inclusive society with an active civil society, high levels of social capital, a high degree of trust, and great respect for human rights. Unlike neoliberal states, in Sweden there is almost no “means-testing” or stigmatisation of those receiving assistance from the state. The state essentially provides benefits to the entire population.

Sweden respects freedom of choice and freedom of speech. Tied for first in the world on the Press Freedom Index (Reporters without Borders 2010), Sweden provides public and media access to almost all government information except national security matters (Bureau of Democracy 2010). This transparency ensures that there is an additional check on government actions, which subsequently strengthens the legitimacy of the government. Sweden also ranks very high on social capital, membership, and involvement in associations (Trägårdh 2008). Civil society in Sweden, however, takes a different form than its Anglo-Saxon counterparts, because Swedish political culture has a predominantly positive outlook on the state. Swedish citizens as well as civil society generally view the state as an ally rather than as an enemy (Trägårdh 2008: 584).

Sweden's public sector makes substantial financial contributions to the voluntary sector, and the relationship between government and civil society is based on cooperation. In 2000, 90% of Swedes were members of at least one association (Trägårdh 2007: 169) and approximately 80% of the 4.5 million-person workforce in Sweden belongs to trade unions (Bureau of Democracy 2010). Not only is social capital strong, but Swedes trust state institutions (Trägårdh 2007: 154), have high levels of trust in general (Rothstein 1998: 100), and international comparisons rank Sweden the most trusting and third least corrupt nation in the world (Uslaner et al 2002: 8). For the most part, the Swedish model has maximised inclusion while minimising exclusion and most people feel a sense of belonging in Swedish society (Esping-Andersen 2002: 14).

Furthermore, the rule of law plays a central role in Sweden. The high degree of legitimacy afforded to law and public policy in Sweden is largely the result of the consultative process in which it takes place. Both laws and policies in Sweden are “designed and deliberated upon with input from below”, that is from society itself (Trägårdh 2007: 260-61). Almost every piece of legislation is prepared through government appointed commissions. When they compose drafts of reports or propose new laws, they always send these documents out for review and comments to organisations that have a stake in the process. This process, known as *remiss*, creates an open feedback cycle strengthening the policies and laws, as well as increasing the support they receive. In addition, any Swedish citizen may submit a reference to a commission report ranging from a few lines to hundreds of pages (Larsson 2002: 136).

There are, however, some areas where Sweden does not fare so well. The greatest degree of mistrust seems to be for the recently privatised state pension system (42% of the population) (Böhnke 2005). Furthermore, over the past 25 years, Swedish political parties have witnessed a steep decline in membership – losing almost half of their members (Trägårdh 2007: 147). There are also groups of individuals, such as the indigenous Sami and the minority Roma (which together make up about 1% of the population), who are often excluded from core facets of Swedish society – the labour market for instance. This exclusion also extends to several of Sweden's immigrant communities, as will be discussed below. Cultural freedom is, thus, strong, but not universal.

## Material Freedom

Material freedom relates to the overall prosperity of a country and its citizens' abilities to fulfil their basic needs. It depends upon numerous factors including political stability, physical infrastructure, scientific and technological knowledge, and human capital. Taking each of these features into account Sweden fares extremely well on material freedom. In 2009, Sweden's PPP per capita GDP of \$36,800 was about four times higher than the world average and Sweden ranked fourth in the world on global economic competitiveness (WEF 2006).

Living standards for individuals are highly favourable. As of 2005, only 5.6% of Sweden's population lived in poverty, measured as the proportion of the population below 50% of the median income (UNDP 2009). The 2009 UNDP Human Poverty Index (HPI-2) ranked Sweden first in the world on eliminating poverty, with a value of 6.0%, whereas the US ranked 22nd with 15.2% of its population living in poverty. Sweden has also fared better than many industrialised countries during the recent global economic crisis. Its unemployment rate of 8.3% in 2009 was below the US (9.3%) and the European Union average (8.9%) (OECD 2010). The unemployed in Sweden also receive generous benefits. Most workers can continue to receive 70-80% of their former salary (up to a maximum amount) for over a year. Given the Swedish welfare state's commitment to full employment, the unemployment rate is still a significant problem, but overall, the Swedish economy has been healthy and resilient.

Sweden's material prosperity relies upon a foundation of excellent infrastructure, connectivity, and education. In 2009, most Swedes (89.2%) used the Internet (compared to 76.3% in the US) and public transport (highways, trains, airports, seaports, etc) is reliable and efficient in spite of the country's low population density of only 22 people per km<sup>2</sup> (Internet World Stats 2009; Swedish Institute 2010). Sweden has an exceptional literacy rate over 99% (CIA 2010), and the country's combined gross enrolment ratio is 94.2% (UNDP 2009). Sweden is also a leader in science and technology, ranking second in 2009 on the European Innovation Scoreboard Index (Pro Inno Europe 2009). These high figures are the result of a concerted government effort to enhance the skills and competence of the Swedish population.

Sweden spends significantly more on primary education per student (\$7,532) than the OECD average (\$6,252). Sweden also outspends the OECD average on secondary education and ranks third in the world on tertiary education funding per student (\$15,946) (OECD 2010: 9). Sweden's economy benefits from a universal and equal education system whereby all schooling is free of charge – except for nursery schools and higher education, which the government nonetheless heavily subsidises. Compulsory schooling applies to children aged seven to sixteen, and all students receive free lunches (Swedish Institute 2009b). In summary, material freedom is very high in Sweden.

## Social Freedom

Social freedom means that all individuals have the same opportunities for personal development regardless of their gender, social class, or ethnicity. This is an area where once again Sweden does very well overall. A key to the Swedish welfare model is

reducing risks and providing equal opportunity for all individuals, rather than levelling off differences (Trägårdh 1990: 578). The state's commitment to equality has more or less succeeded in freeing individuals from dependence on the family and the market.

Sweden is very advanced on gender equality, ranking first in the world on the Gender Empowerment Measure and fifth on the Gender-Related Development Index (UNDP 2009). Sweden ranks first on the "mother's index" and second on the "women's index" of Save the Children (2009). It also has the narrowest gender gap (Lopez-Claros et al 2005: 5) and women enjoy the same legal rights as men under family law, property law, and in the judicial system (Bureau of Democracy 2010).

In addition, Sweden provides generous parental support. In 2002, parental leave increased to 480 days, of which each parent must take at least 60 days. Swedish policy, in fact, strongly encourages fathers to take more prolonged paternity leave. Subsequently in the 1990s, fathers' share of parental leave reached over 40% (Esping-Andersen 2009: 99). This is complemented by the fact that 70% of all couple households in Scandinavia are dual-earner couples, and Sweden holds the international record for husbands' contribution to unpaid domestic work, averaging 21 hours per week (Esping-Andersen 2009: 67, 2002: 92). Some gender disparities persist, however, including occupational sex segregation (Esping-Andersen 2009: 104). Segregation in Sweden is both horizontal – men in the private sector, women in the public sector – and vertical – women have a harder time advancing in their careers. Nonetheless, in an international perspective, the fact that Swedish women's monthly salaries are only 93% of men's salaries (accounting for differences in profession and sector) is still favourable compared to other countries like the US where it is only 80% (Backhans et al 2007: 1893; Swedish Institute 2009c).

Turning to child welfare, Sweden ranks first on Save the Children's (2009: 46) children's index and UNICEF (2007: 2) ranks Sweden first in the world on child well-being. Sweden is one of the few OECD countries to minimise child poverty (Esping-Andersen 2002: 14). The post-transfer poverty rate is below 5% (Esping-Andersen 2009: 125) due to earnings-related benefits, publicly subsidised services, and high female labour-force participation (Palme 2007: 12). Through generous public support – subsidising 85% of childcare costs – the government has guaranteed affordable and high quality childcare to all children (Esping-Andersen 2009: 94; Swedish Institute 2009a). Altogether, public support for child development has resulted in high social mobility in the country, diminishing the influence of social inheritance (Esping-Andersen 2007: 25, 2009: 125).

The poverty rate is also very low (below 5% in 2000) for those over age 65 (Esping-Andersen 2009: 154). Older people in the workforce have a high employment rate in Sweden (Jonasson et al 2004: 184-85) suggesting less age discrimination than in many other places. In addition, since the 1980 Social Services Act, local authorities must provide domiciliary services to the elderly population (Trydegårdh et al 2001: 175). The government-provided home assistance services include help with domestic duties, personal care, meals-on-wheels, security alarms, transportation

services, day care, snow clearance, gardening, and visiting nurses that provide medical care in the home or in health centres (ibid: 175). The government also guarantees that anyone needing medical attention receives treatment by a doctor within seven days and specialist care within 90 days. A financing guarantee entails that three-quarters of health and medical costs are financed from tax revenue so that all elderly individuals can get the care they need (Swedish Institute 2007). Unfortunately, due in part to decentralisation and strong local government autonomy, there are large variations in the distribution of municipal services for the elderly in terms of coverage, cost, and accessibility. This geographical inequality constitutes a major threat to the principle of equality (Trydegård et al 2001).

A related issue of concern is that while laws prohibit discrimination in hiring decisions (Bureau of Democracy 2010), people in Sweden with disabilities continue to face problems outside of the workplace (DO 2009: 15) as in most countries. Rights for homosexuals are, however, more advanced. The Swedish government was the first government to highlight the situation for lesbian, gay, bisexual and transgender (LGBT) people in the world in its 2006 statement of government policy (Government Offices of Sweden 2009a). In 2003, the state formally recognised gay adoption, and in 2005, lesbian couples gained the same rights as heterosexual couples with regard to artificial insemination and in-vitro fertilisation (Freedom House 2009). According to new rules adopted in May 2009, the marriage code is applied in the same manner regardless of the sexes of the individuals getting married (Government Offices of Sweden 2009). Surveys find these rights supported by a large majority, with 71% of Swedes supporting homosexual marriage (European Commission 2006: 41-42).

Sweden, however, has failed to provide equal opportunities to all of its immigrants, a group which makes up about 10% of the population. In 1975, Sweden's integration policy entitled all permanent residents including immigrants to the same rights as Swedish citizens (Westin 2006). Consequently, most of Sweden's extensive social benefits (such as child and housing allowances) are available to immigrants regardless of their citizenship (Brubaker 1989: 157). Compared to most countries this is very generous. In 2007, EU-supported research ranked Sweden first in the Migration Integration Policy Index. Sweden got a score of 100% for rights given to foreign workers. It also had the highest score for giving migrants the right to stay for the long term (BBC News 2007). Similarly, the Centre for Global Development (2009) ranks Sweden second in the world on migration policy.

Despite these high ratings, however, some people with minority or immigrant backgrounds do experience discrimination and have found it difficult to enter the labour market (Böhnke 2005: 89). Unemployment rates are highest for recently arrived refugees and the risk of unemployment is 30% higher for individuals with one parent born abroad. This indicates that immigrant unemployment can extend to the next generation (Knocke 2000: 364-70). This is problematic because individuals unable to attain employment find themselves marginalised from society as whole. Inadequate labour market integration also means many immigrants are unable to contribute to the tax system, and instead become dependent on the public welfare system (Ekberg 2004:

197). In spite of these challenges, however, 79% of Swedish respondents to the 2006 Eurobarometer survey said that immigrants contributed a lot to Swedish society – higher than in any other European country (European Commission 2006: 43).

In summary, social freedom is relatively strong in Sweden. The social democratic government consciously designed its public finance system with high taxes to equalise wealth and income and, for the most part, it has succeeded (Steinmo 2006: 152). Poverty rates have been among the lowest in the world for decades (Palme 2007: 3). Generous social protections provided by the state keep the level of poverty low. High rates of social mobility are possible only because the state frees individuals from the unequal positive and negative constraints of the family (Trägårdh 1990: 579). Pre-transfer poverty rates are, for example, 50-55% on average, while post-transfer poverty rates are a mere 5% (Esping-Andersen 2002: 37). The Gini coefficient before taxes and transfers (1991-92) was similarly 0.417 while after taxes and transfers it had dropped to 0.197 (Rothstein 1998: 150).

Social services in Sweden are an investment that gives people the opportunity to become taxpayers, thereby, enabling them to contribute to the balancing of state finances (Palme 2007: 8). In Sweden, 41% of the GDP finances social protection measures (Nordic Council of Ministers 2009). Centralised wage bargaining and high union coverage further limit the growth of inequality (Gottschalk et al 1997: 636, 653). As a result, inequalities have barely increased in Sweden since the 1990s. From 1987 to 1995, the Gini index for market income rose by 15%, but the Gini for

**Table 2: 1992 Swedish Attitudes towards Who Should Provide Social Services**

Who Do You Think Should Provide These Social Services?	Education	Healthcare	Childcare	Elderly Care	Social Work
State or local authorities	81.5%	77.5%	48.4%	75.9%	85.5%
Private sector	11.2%	14.2%	20.4%	9.9%	4.4%
Family/relatives	0.0%	0.0%	11.2%	4.6%	2.1%
Other	6.3%	2.5%	20.0%	9.6%	8.0%
Percent of survey respondents who feel this service should be financed primarily through taxes and employer contributions					
	74.6	90.3	63.4	91.9	N/A

Source: Svallfors (1995).

disposable income rose by only 1% (Esping-Andersen 2002: 31). Sweden's current Gini index of income inequality (0.25) is still one of the lowest rates in the world, surpassed only by Denmark (24.7) and Japan (24.9) (UNDP 2009).

### Public Support

The Swedish universal welfare state model maintains strong and stable support among Swedish citizens (Rothstein 1998). Survey research over the last two decades provides abundant evidence that Swedes are very satisfied with their social democracy. Scoring 7.8 and 7.9 (out of 10) on "life satisfaction" and "happiness" survey questions in 2003, Sweden, along with other Scandinavian social democracies, ranked among the highest in the world (Böhnke 2005: 14-15). Similarly, the *Economist* (2005: 4) magazine ranks Sweden in the top five on its Quality of Life Index.

The Swedish social protection system remains, by international standards, universal and inclusive in nature and still enjoys a high level of across the board political and public support (Anxo et al

2006: 36). As shown in Table 2 (p 78), when asked the question “who do you in general consider best suited to deliver the following services”, over three-fourths of Swedes preferred government provision of education, healthcare, elderly care and social work. A similarly high percentage felt that taxes and employer contributions should be the main source of financing for these services.

As Rothstein (1998) points out, there is a marked and stable difference in support for different types of programmes. Support for universal welfare programmes is unambiguously strong and stable, but the opposite is true for selective programmes, such as social assistance and housing allowances. While Sweden’s share of means-tested expenditure to total social expenditure has increased slightly from 1.1% (1980) to 2.2% (2002), this is still far below the average 1980 value (5.9%) for industrialised countries (Lindbom et al 2004: 5). Means-testing, which entails a violation of a citizen’s integrity either in the means-test itself or in the verification checks which often follow, is much more common in the us than in Sweden (Rothstein 1998: 162).

### Conclusions

As demonstrated in this paper, Sweden has very high levels of personal, cultural, material and social freedom. It also has very strong support among its citizens for its social democratic political system and for the universal welfare state. Sweden is also representative among social democracies. At the top of the international charts on all of these dimensions stand fellow social democratic states like Denmark, Iceland, Finland, Norway, and the Netherlands.

The success of social democracy in Sweden may in part rely on cultural attributes favourable to this form of democracy. Sweden has an anti-elitist, pro-statist tradition that emphasises egalitarianism, individualism, education, a strong work ethic, and a great degree of social mobility (Trägårdh 1990). There is a strong belief in Sweden that public social services should be established on the basis of democracy and solidarity to promote economic and social security, as well as equal living conditions and active participation in community life. Swedes view social services as tools for liberating and developing the innate resources (capabilities) of individuals as well as groups. Overall, therefore, the interventionist nature of the government does not inhibit the individual freedoms of its people. On the contrary, by reducing its peoples’ vulnerability and their dependence on the market and the family, the Swedish government has strengthened human capabilities and enhanced its peoples’ freedoms (Hessle et al 1999: 20).

Post-industrial and postmodern values combined with neo-liberal propaganda, however, threaten to reduce the role of the state in Swedish democracy. Support for centralised and standardised solutions has declined somewhat (Rothstein 1998: 209). On the other hand, the public sector employs many people, and the government supports many others through large transfer programmes including pensions, sick pay, and unemployment benefits. These groups have a clear interest in defending the welfare state against cutbacks (Lindbom et al 2004: 16).

In conclusion, two things are unambiguously clear from this study. First, Sweden is still a social democracy. Unlike the Soviet Union, Sweden has not shed the socialist-oriented system of government it developed in the years after first world war. Sweden continues to have a market-based economy, highly democratic governing institutions, a strong state that collects high levels of taxes, and an encompassing universal welfare system. Democratic market-socialism has survived as fit as ever, whereas authoritarian state-socialism has crumbled everywhere with the exceptions of Cuba, North Korea, and Vietnam.

Our second major finding is that Sweden’s social democracy has brought about an unprecedented level of freedom for the Swedish people. Sweden has had to deal with certain problematic issues like immigrant unemployment and discrimination against indigenous peoples. However, even after considering these issues, few if any countries allow their peoples as much freedom as Sweden, and those that do for the most part likewise have social democratic political systems.

For these reasons, the countries of south Asia, including India, should take the social democratic model seriously when pondering their own long-term development pathways. Social democracy is clearly not an option for India in the near future, as it has yet to universalise literacy and eliminate the informal sector. In the longer-term future, however, as the economy develops, the government becomes cleaner and more effective, and education becomes universal, social democracy may be suitable. In three or four decades it might be worth shifting the Lok Sabha to a proportional representation electoral system, developing an encompassing national labour movement allied with a social democratic party, and forging a cross-class compromise to develop a universal welfare state. The future is of course uncertain, but if India eventually follows such a course of action, a positive light would no doubt shine on Nehru’s legacy as his dream would come to fruition.

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