CHAPTER 1

Searching for Welfare North and South

Abstract In our opening chapter, we briefly present the history of the welfare state. While it is common to attribute its beginnings to the Beveridge Report from 1942, it is obvious that this important institution has much changed during the more than 89 years of its existence. Therefore, we decided that it would be both intriguing and useful to learn what citizens of three welfare states think of that institution at present, and how they imagine its future. The chapter then presents details of our three-country, interview-based study and a description of the methods and questions we used.

Keywords welfare state • institution • New Public Management

“Public relief is a sacred debt.
Society owes maintenance to unfortunate citizens.”
Paragraph 21 of the 1793
Declaration of the Rights of Man and Citizen
A Brief History of the Welfare State

The honor of creating the notion of a welfare state is commonly attributed to Sir William Beveridge, the Liberal economist who, in the 1940s, chaired the UK government’s inter-departmental Committee. The Committee carried out a survey of Britain’s social insurance and allied services, including worker’s compensation, and in 1942 produced the so-called Beveridge Report (Dahrendorf 1995: 154). The best proof that such an attribution is honorary lies in the fact that it took the UK 20 years to implement the report’s recommendations. Nothing peculiar about it: just a clash between the verbs “to institute” and “to institutionalize”. It may take a day to institute something new, but institutionalizing it may require 50, or even 200 years for the innovation to become a collective practice that is justified and taken for granted (Czarniawska 2009).

Although the institution of the welfare state is now 80 years old, it cannot be expected to look identical to that proposed in the Beveridge Report. Originally called Social Insurance and Allied Services, the 300-page long Report announced a fight against “Giant Evils” of the then UK society: squalor, ignorance, want, idleness, and disease. Arbitrary help given by charities was not enough to cope with these evils; therefore, an idea was formed of an all-encompassing system (Abel-Smith 1992). Again, as observed by a Canadian historian Susan Pedersen, “‘The welfare state’ was neither a British invention nor a British product. All advanced industrial societies became welfare states in the twentieth century, even the anti-collectivist United States” (2018: 5). There were many variations of welfare state and, although born from the best of intentions, all shared an in-built paradox, so well discerned by the Frankfurt School:

The welfare state, as Offé and Habermas have pointed out, cannot guarantee that the individual citizen will be protected from social or economic hardship. It holds out the promise of securing the welfare of individuals within the framework of a capitalist economy, but over that economy it has but nominal control. (…) This state (…) is more or less excluded from the economic system in terms of central decision making, and even its most potent weapon, taxation, is dependent upon the overall dynamic of the economy. The capacity of the welfare state to “deliver” welfare remains ultimately dependent upon the capacity of capitalism itself to avoid crises which endanger human welfare. (Watts 1980: 177)
Although the paradox remains (and indeed can be seen as a partial explanation of the triumphant entry of the New Public Management; Hood 1991), so do giant evils, old and new, though the ways of dealing with them have changed.

In Sweden, claimed Beata Agrell (2014), the “people’s home” (an endearing synonym of the welfare state) started crashing in the 1960s. But it was in the late 1970s that the media started talking of “the demise of the Swedish model” (Czarniawska-Joerges 1993). In Australia, according to Rob Watts (1980), collapse of its welfare state was visible by 1975. In Canada, the fate of the welfare state and its forms fluctuated as governments changed; some writers see the 1960s as the period of establishment of a “proper” welfare state in Canada. Still, Allan Moskovitch (2015) spoke of an “erosion of welfare state” in Canada over the past 40 years.

These changes were a starting point of a transdisciplinary research program “Searching for new welfare models”, undertaken by a group of researchers from Sweden, Australia, and Canada. These three countries are considered to be good examples of an institutionalized welfare state, and they exhibit both similarities and differences that may prove illuminating. Canada and Australia share the same origins and the same language; Canada and Sweden, although on two different hemispheres, are both Northern countries. All three countries have an Indigenous population, which may present larger or smaller problems in organizing welfare.

A reader may notice absence of New Zealand in this research focus. After all, New Zealand was, for several decades, considered “the Mecca” of welfare solutions. It earned this moniker because of its enthusiasm for imitating the UK in the introduction of the New Public Management (NPM). At present, however, the NPM is mostly under critique (see next section for more details) and the research program described here belongs with several others attempts to reach beyond NPM (see e.g., a special issue of Scandinavian Journal of Public Administration, 2015, 19/2).

THE MORE SPECIFIC MOTIVES BEHIND OUR SEARCH

Over the past 40 years, the welfare organization has undergone major transformations in most countries. Today welfare can be organized by public, private, and non-profit organizations, as well as by informal actors (social entrepreneurs are on the increase). This change from a mainly state-run welfare system of the past creates particular challenges for governance and collaboration. The organization of welfare has acquired a
great variety of forms, which is accompanied by a variety of ownership models.

For a long time, it seemed that NPM would indeed be the best way to deal with this complex situation. After all, it contains control mechanisms, such as key performance indicators, process management, management-by-objectives, management accounting—to mention just the best-known of a growing number of managerial technologies (Hood 1991; Nilsson 2014). Yet the evaluation of the consequences of these technologies almost invariably shows that they are doing more harm than good. For example, the introduction of many new control mechanisms grew from the assumption that competitive businesses operating on a market are more efficient and effective than service organizations of the public sector (Czarniawska and Solli 2014a). In contrast, several studies show that higher efficiency and productivity are achieved when organizations collaborate, not when they compete with each other (see e.g. Lindberg and Blomgren 2009).

There is no doubt that both the present and the future organizing and managing of the welfare sector represents quite a few serious challenges. To quote but one example: In 1971, a government commission was set up in Sweden to investigate what form futures studies should take. It was led by cabinet minister Alva Myrdal and its final report had the title “Choosing One’s Future”. The Government followed its recommendation and in 1973 the Secretariat for Futures Studies was established, which was originally accountable to the Prime Minister’s Office. In 1982, the Secretariat presented a report called “Time for Care”. The project suggested, among other things, an expansion of outpatient care, as the in-patient care was found to be excessively resource consuming. It has been pointed out that effective care requires time; time given by some people (the staff) to other people (the patients). Careful calculations showed that it would be impossible to recruit sufficient staff to ensure that there will be enough caretakers to offer the proper level and duration of care. If the required numbers of care workers could have been sourced, unemployment would have fallen to almost zero as soon as 2006, and there would have been nobody left to recruit. (One mistake in the report was the assumption of the

---

1 In 1987, the Government decided to transform the Secretariat into an independent institution, whereupon the Institute for Futures Studies was established. http://www.iffs.se/en/about-us/history-of-the-institute/, accessed 2019-07-13.
introduction of the 30-hour working week; had it happened, the predictions of the Secretariat would be completely correct.)

In 2010, the Swedish Association of Local Authorities and Regions (SALAR) published a projection/estimate of the costs of their operations in 2035. The main factor driving up the costs is the demographic change: By 2035, the numbers of people over 85 may grow by 76 percent. Accordingly, the number employees in the public sector must increase from about 800,000 in 2010 to 1,500,000 in 2035. Assuming a normal employee turnover and a necessary expansion of the care sector, about 70 percent of any given age cohort must be employed in care. This leaves 30 percent of the workers to do everything else, thus, it becomes clear that new ways of dealing with welfare needs must be found. The COVID-19 pandemic revealed how problematic the situation can be, even without the 30-hour working week.

Some neoliberal politicians, and some researchers, still seem to believe that NPM is the solution to welfare problems. Let us take a look at their arguments.

A market means that several producers exist who compete on price and/or quality of their products and services. They meet with customers, who should receive all relevant information permitting them to choose rationally. According to market economists, the market will wipe out weak businesses and the strong will be left, as good performance is a result of competition. If the market works well, the winners will be constantly challenged by new competitors. The supply would answer the demand, which requires freely set prices, ensuring that the customers will get what they need at a fair price. At the same time, customers must never be completely satisfied, because demand will diminish.

Sometimes it may seem that competition works as intended. After privatization, many new pharmacies opened in Sweden (though for some reason they are always located nearby the old ones, leaving whole areas deprived of pharmacies as before). International companies came to Sweden to bid on train services. Medical companies with clear business ideas successfully compete with the medical centers that are overflowed with patients. And if public tenders do not work as intended (Czarniawska 2002), the parties can appeal to the Public Tenders Act, and the tender will usually be reissued (Furusten 2014). Of course it may happen that a tender fails, admit their advocates, but such events are not unknown in the history of markets, and if some products and services are not delivered in the right quality and quantity, and at the right time, such problems usually
concern products and services that the customers can do without. This can be said of great many products and services, but not of health care, education, care for elderly, medicine supply, or passenger transport—and it is exactly in these areas that the market solution does not seem to work as intended. All of a sudden there are too many schools, and their quality is repeatedly criticized. The rail traffic, which in Sweden followed the fashionable pattern of privatizing the profits and socializing the costs, moves from one catastrophe to another (Riksrevisionen 2013). The crowding of pharmacies in places where there was already one can hardly be seen as positive. Competition seems to provoke a wasteful over-establishment or overflows (more on overflows in Czarniawska and Löfgren 2012, 2014, 2019).

The actual experiments with organizational and governance forms suggested by NPM frequently end with disappointing results. Instead of demonstrating their efficiency, the results reveal their inefficiency—which the enthusiasts of market solutions often explain away as faulty experiments. The enthusiasts may be right in that the essential characteristics of the market model are missing, at least in Sweden where there is no tradition of organizing welfare on market principles. Yet Gabriel Tarde (1903/1962) made it clear long ago that successful change must be built on traditions. The tax-funded welfare sector in Sweden had been built around a form of central planning, not on the assumption of the superiority of market forces. Neither welfare “clients” nor the state or municipality government are incentive-driven, and the clients are not particularly well informed (Kastberg 2010; Norén and Ranerup 2019). The prices of welfare services are neither desirable nor do they function as regulators, as pointed out in a report from the Swedish National Audit Office (Riksrevisionen 2013). The present organization of welfare in Sweden can be seen as a dysfunctional market or, to put it kindlier, a quasi-market (Solli 2014).

Anna Hager Glenngård (2013) convincingly argued that a well-functioning quasi-market must be based on comprehensive regulations. Inputs and outputs, price structure, minimum quality and safety standards, and guaranteed access—all these must be organized and regulated. Perhaps most important is the requirement that the customers/students/patients/users must pay a fixed price. Competition thus takes place in

---

2 Recently, a “failed” public tender caused a stop of 481 surgeries at several Swedish hospitals, see e.g. [https://www.svt.se/nyheter/inrikes/patienter-kan-ha-dott-inte-forsta-gangen-apotekstjanst-far-kritik](https://www.svt.se/nyheter/inrikes/patienter-kan-ha-dott-inte-forsta-gangen-apotekstjanst-far-kritik), accessed 2019-11-01.
other ways than with the help of price, the linchpin of a market economy. Glenngård showed in her study that patient choices in a quasi-market can be extremely complicated and her analysis agrees with the results of studies in most areas in which quasi-markets have been constructed.

Thus, NPM is a controversial control mechanism. Its critics point out that the ideas (and ideologies) behind it have been confused with the application of specific management techniques, whose effects cannot be anticipated from the ideas only. The common criticisms of NPM concern a number of aspects, such as the conflicting roles of public and private actors in the public sector, the fact that dominant beliefs about the market and competition that are not based on evidence, and the complications of the public procurement laws (see e.g. Almqvist 2006; Hood and Margetts 2007; Montin and Granberg 2013; Czarniawska and Solli 2014a, b; Hood and Dixon 2015.)

In cases when welfare organizing has been transferred to private agents, the resulting competition has led to expansion of welfare services, but the publicly-run organizations have also expanded their services, at least in Sweden. Some major organizational changes took place in Australia and New Zealand (see e.g. Solli et al. 2005) and in the former Soviet Bloc (see e.g. Roney 2000).

Obviously, what Czarniawska and Joerges (1996) called “master ideas”—dominant in a given time and place—have an impact on how the welfare sector it actually organized and managed in that time and place. The COVID-19 pandemic of 2020 produced many sarcastic commentaries about “market lovers “turning to the State for help (see e.g. Schottenius 2020).

In theory, there are many ways of managing the organization of welfare, ranging from market models to central planning, with the use of performance indicators in-between. Many questions remain: Who should control what? Who should measure what? How should management across organizational boundaries be done? How can a kind of governance be instilled that will encourage innovation? And how does an overdose of governance prevent the achievement of desired goals? In the present study, instead of asking politicians or scholars, we decided to ask citizens.

As mentioned in the previous section, we interviewed people in Canada, Australia, and Sweden—three welfare countries, but different in tradition, geographic location, climate, and politics. Sweden was an obvious choice because of its longstanding welfare state characteristics; Australia was interesting as, allegedly, the NPM has had a particularly large impact there
The choice of Canada was prompted by recent developments, which suggest that future changes in the elements and organizing of welfare may be imminent, as indicated by the Canadian debate about basic income programs and the other welfare innovations that point in the same direction.

Our aim was not to find representative data, but interesting representations—about the possible future of the welfare. In our open interviews, we asked citizens three questions:

1. If you could decide, how would the welfare be organized 20 years from now? Who should do it, how should it be done, and who should pay for it?
2. How do you think it will actually be organized?
3. If I asked you the same questions 10 years ago, would you give me the same answers? If not, what has changed?

We interviewed one man and one woman born in 10-year intervals, thus representing ages from 20 to 80 (we conducted additional interviews in Sweden, as some of the potential respondents gave us very short answers, assuming that the solutions are obvious). As this was not a survey, but an attempt to collect reflections that can be analyzed on the basis of their contents, and not their numbers, we attempted to include a variety of respondents in our respondent selection, following the grounded theory criteria (Glaser and Strauss 1967; Charmaz 2006). We ensured that the next interviewed person represented a different job or occupation than the previous one. In each country, we also interviewed two public sector officers, and two politicians representing the major political orientations in the country. We also deliberately chose respondents who lived in different locations: city vs. countryside inhabitants, located in different regions within the country.

REFERENCES

Abel-Smith, Brian (1992) The Beveridge report: Its origins and outcomes. *International Social Security Review*, 45(1–2): 5–16.
Agrell, Beata (2014) Efter folkhemmet: välfärd, ofärd och samtalens estetik i svensk prosalitteratur under “rekordåren” på 1960-talet. *Edda*, 1: 3–16.
Almqvist, Roland (2006) *New public management—om konkurrensutsättning, kontrakt och kontroll*. Malmö: Liber.
Charmaz, Kathy (2006/2014) Constructing grounded theory. London: SAGE.
Czarniawska-Joerges, Barbara (1993) A modern project, a post-modern implementation. In: Hickson, David J. (ed.) Management in Western Europe. Society, culture and organization in twelve nations. Berlin: Walter de Gruyter, 229–248.
Czarniawska, Barbara (2002) A tale of three cities, or the glocalization of city management. Oxford: Oxford University Press.
Czarniawska, Barbara (2009) Emerging institutions: Pyramids or anthills? Organization Studies, 30(4): 423–441.
Czarniawska, Barbara and Joerges, Bernward (1996) Travels of ideas. In: Czarniawska, Barbara and Sevón, Guje (eds) Translating organizational change. Berlin: de Gruyter, 13–48.
Czarniawska, Barbara and Löfgren, Orvar (eds) (2012) Managing overflows. New York, NYC: Routledge.
Czarniawska, Barbara and Löfgren, Orvar (eds) (2014) Coping with excess—how organizations, communities and individuals manage overflows. Cheltenham: Edward Elgar.
Czarniawska, Barbara and Löfgren, Orvar (eds) (2019) Overwhelmed by overflows? How people and organization create and manage excess. Lund: Lund University Press, Open Access.
Czarniawska, Barbara and Solli, Rolf (2014a) NPM, granskingsamhälle och sedan? Om kommunala megatrender. Gothenburg: Kommunforskning i Väst, report 130.
Czarniawska, Barbara and Solli, Rolf (2014b) Hur går det för New Public Management i svenska kommuner? Organisation och Samhälle, 2: 26–30.
Dahrendorf, Ralf (1995) LSE. A history of the London School of Economics and Political Science, 1895–1995. Oxford: Oxford University Press.
Furusten, Staffan (2014) Upphandling som nerköp. In: Björkman, Jenny, Fjaestad, Björn and Alexius, Susanna (eds) Alla dessa marknader. Gothenburg: Makadam, 23–36.
Glaser, Barney G. and Strauss, Anselm (1967) The discovery of grounded theory: Strategies for qualitative research. Chicago, IL: Aldine.
Glennård, Anna Häger (2013) Objectives, actors and accountability in quasi-markets: Studies of Swedish primary care. Lund: Media Tryck.
Hood, Christopher C. (1991) A public management for all seasons? Public Administration, 69: 3–19.
Hood, Christopher C. and Dixon, Roth. (2015) A government that worked better and cost less—evaluating three decades of reform and change in UK central government. Oxford: Oxford University Press.
Hood, Christopher C. and Margetts, Helen Z. (2007) The tools of government in the digital age. Basingstoke: Palgrave Macmillan.
Kastberg, Gustaf (2010) Vad vet vi om kundval—En forskningsöversikt. Stockholm: Sveriges Kommuner och Landsting.
Lindberg, Kajsa and Blomgren, Maria (2009) *Mellan offentligt och privat: om styrning, praktik och intressen i hälsa—och sjukvården*. Liber: Malmö.

Moscovitch, Allan (2015) *Welfare state*. *The Canadian Encyclopedia*, https://www.thecanadianencyclopedia.ca/en/article/welfare-state, accessed 2019-07-15.

Montin, Stig and Granberg, Mikael (2013) *Moderna kommuner*. Stockholm: Liber.

Nilsson, Viveka (ed.) (2014) *Stabila över tid—rapport från tio års ekonomichefskåter*. Gothenburg: Kommunforskning i Västsverige, ROS-rapport nr 10.

Norén, Lars and Ranerup, Agneta (2019) *Guides and an overflow of choices*. In: Czarniawska, Barbara and Löfgren, Orvar (eds) *Overwhelmed by overflows? How people and organizations create and manage excess*. Lund: Lund University Press, 151–169.

Pedersen, Susan (2018) One-man ministry. *London Review of Books*, 8 February.

Riksrevisionen (2013) *Tågförseningar—orsaker, ansvar och åtgärder*. Stockholm: Riksrevisionen, RiR 2013:18.

Roney, Jennifer Lynn (2000) *Webs of resistance in a newly privatized Polish firm*. New York: Garland.

Schottenius, Maria (2020) Tilliten är för värdefull för att kastas bort pga brister hos vårdföretag och kommuner. *Dagens Nyheter*, 1 June.

Solli, Rolf (2014) Kvasimarknader—en praktik med stora variationer. In: Blennberger, Erik and Brytting, Tomas (eds) *Åldreomsorgen—praktiken, debatten och framtid*. Stockholm: Carlssons Bokförlag, 19–36.

Solli, Rolf and Demediuk, Peter (2007) *Tradition som förändringsförklarling*. Göteborg: Kommunforskning i väst, Rapport nr 91.

Solli, Rolf; Demediuk, Peter and Sims, Rob (2005) The namesake: On Best Value and other reform marks. In: Czarniawska, Barbara and Sevón, Guje (eds) *Global ideas*. Malmö/Copenhagen: Liber/CBS Press, 30–47.

Tarde, Gabriel (1903/1962) *Laws of imitation*. Gloucester, MA: Peter Smith.

Watts, Rob (1980) The origins of the Australian welfare state. *Australian Historical Studies*, 19(75): 175–198.