

Immigration and the Scandinavian Welfare State

A Conversation with Grete Brochmann

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Owens: Could you begin by describing the scope of what you call the Scandinavian welfare state? What sorts of benefits are offered to citizens and non-citizens, and what sorts of burdens are placed on the taxpayers?

Brochmann: Most of the Western European countries would regard themselves as welfare states. The Scandinavian welfare states belong among the most generous ones when it comes to rights extended to immigrants. There is basic philosophy behind this. The welfare state, in the first place, came about after the Second World War, and it is based on a type of 'class compromise,' where employers and labor organizations – and in the Norwegian case, organizations of peasants also – came together and settled on some sort of an agreement which the whole welfare state would be based on. It is a negotiated, peaceful kind of structure that was generated after the Second World War.

In the Scandinavian countries, the welfare state is tax-based and universal, which is different from what you find in many other Western European countries, where you have to gain your assets through work. In the Scandinavian countries, people who come to the countries will have access to some welfare goods from day one – if they are legal. That is very important.

The whole idea is that since society is fairly equalized, and since the labor market is highly regulated, it is in the interest of society and of the countries more generally to treat people the same way as citizens are treated. Newcomers would, therefore, not serve as a 'reserve army' in the labor market, nor would they fall by the wayside when it comes to the general situation.

The whole system is based on a philosophy where people are considered as equally good from day one, in terms of having access to welfare. The whole thing is, of course, based on the presumption that people would work. That is very important. Sometimes from the outside it looks like this is an overly generous kind of situation where people can just show up and harvest welfare goods. In one way that is true. If you are a refugee, or you have legitimate reasons for being there without having a job in the first place, that is true. The system, however, is generally based on work.

Owens: In terms of the actual benefits, particularly in comparison with the system in the US, what sorts of payouts does this include? What are the benefits that come to people beyond unemployment insurance? What are some of the other boundaries to the benefits?

Brochmann: The most important, compared to the situation in the US, would be the income security benefit. This means that you are guaranteed a minimum standard of living if you can't work. That includes some sort of a social security income, support for housing, and a needs-based, needs-tested system for establishing general living costs.

That is for people without work, and who have, therefore, not gained benefits through work. This applies basically to refugees and, occasionally, to people who come to Norway through the family reunification system. When, for various and legitimate reasons, they cannot be supported by their families, they immediately get enrolled in this welfare system.

Then, of course, everybody hopes that they will find work as soon as possible so that they will no longer be a burden on the welfare system. That is the whole logic of the system. However, if you cannot make it, you are still guaranteed these minimum standards of living.

Owens: One observation, from an outsider's perspective, of the Scandinavian people notes the relative level of homogeneity, as opposed to some Southern European countries, for example. How has this been changing in recent years? How has that affected both the economic and the philosophical approaches to the social welfare state?

Brochmann: The Scandinavian countries are still among the most harmonious countries in the world. It very often seems like you are in a sort of bubble when you live there. You see everything is burning around you, but you remain in this protected area.

Of course, everything is relative. There has been a remarkable change in these societies over the years. I would say that the welfare state is actually one of the stabilizing factors in a growing pluralistic society, which is very important politically. There is still overwhelming support for the welfare state in all three countries, which is interesting. On the other hand, particularly with regard to immigration, people tend to say that the welfare state is being undermined through comprehensive immigration. They argue that immigration is overtaxing the system, and support for the system could potentially diminish when a large portion of the welfare benefits go to newcomers. This, in many ways, is a similar argument to the US argument for not establishing a welfare state.

Thus far, however, support for the welfare state has not gone down in the Scandinavian countries. This is not the same thing, however, as saying there is no pressure on the welfare state. The welfare state in all three countries is pressured and the legitimacy issue of the welfare system in relation to immigration is also under pressure.

In Denmark, reforms have been introduced that differentiate between newcomers and others when it comes to some welfare goods. This demonstrates some very serious breaks in the line of continuous, universal approaches to welfare. In Scandinavia, Denmark is the only country, so far, to have done this. Still, however, Denmark is still a generous welfare state with regard to immigration. This break, however, was very important when it occurred just after the turn of the century.

It is difficult to predict what is going to happen in the future with relation to the welfare state. It all depends on this taxation question. In Norway, for example, we are in a particularly fortunate situation because of the oil revenues. Norway has been able to pay for this increase without large problems. Sweden, on the other hand, has had great problems with their welfare system since the beginning of the 1990s. Even so, Sweden is still the most generous of the three welfare states when it comes to immigration and the extension of rights and benefits.

Owens: You mention in a recent paper that Sweden ranks highest among the Scandinavian countries in its granting of rights – and perhaps of all of the world. Yet, the integration of immigrants into their labor market is at the lowest of the OECD members. Could you speak a bit about that? What sorts of challenges does this mean? Is that a case of principals exceeding reality? Or is there some other story that can be told about that gap?

Brochmann: This is a very interesting and important factor. It is a type of systemic weakness of this generous, universal welfare system that has been most marked in Sweden, partly because Sweden is, as I said, the most generous of the three countries. This does point to a sort of a trap that these countries tend to fall into. Formerly there has been, and technically today there is, no minimum wage in Scandinavia, but there is in practice something similar to a minimum wage. These are not laws, but negotiated levels, the minimum level which is very high, as compared to most countries in Europe and to the general welfare situation. The incentive to take a job is consequently low, because the level of the goods is so high and, basically, you may gain more from being on social welfare than from working. This situation has been very prominent in Denmark, because it was revealed first in Denmark, but it is also marked in Sweden and Norway. This is why you have this paradoxical situation where Sweden

ranks highest when it comes to the extension of rights, but lowest, in fact, in Europe, when it comes to integration of immigrants in the labor market.

In Sweden this is not a very popular issue to discuss. In Denmark, however, there are lively discussions of this in public and in the papers. Politicians have gained from this on the right. However, this has been hidden much more in Sweden.

Owens: What does this issue of integration into the labor market mean? Does it mean that fewer immigrants are working at all, because they're taking social welfare benefits? Or does it mean that the types of jobs available are not part of the mainstream of the labor market?

Brochmann: Both are correct in a way. The rate of employment is significantly lower for specific groups of the immigrants. It is not the same all over. Some of the immigrant groups have a higher rate of employment than the majority of the population. Africans in particular, and a few other groups as well, have significantly lower rates of employment. At the same time, though, the level of job availability within the labor market of an advanced society for people without education is very limited. So you find a situation very often where specific niches of the labor market are "monopolized by immigrant labor." For instance, the cleaning market in Norway has been more or less 100% taken over by immigrant groups. This is low paid work compared to the niches of the labor market where the majority dominates.

Owens: In your paper, you mention a particularly Scandinavian phrase: Do your duty, claim your rights. You speak of that dichotomy as being at the absolute core of the Scandinavian welfare state. Has there been a sense of breakdown in the duty portion of this? Have the rights exceeded the ability to pay for them? How has that dichotomy challenged as a result of the immigration you are talking about?

Brochmann: More and more now the understanding is that the duty side has been undermined in many ways, particularly in relation to newcomers. The whole welfare system is based on very subtle social mechanisms. The legitimacy issue is extremely important. The majority in Scandinavian society has been raised through handling these subtleties. You are guaranteed – from cradle to grave – that you will have an income and a fair standard of living. However, on the other hand, you do have to work if you are able, at all, to do so. It is not legitimate to take out welfare if you are able to work. If you are a healthy and all right person in any respect, then you should work.

There used to be some shame, as part of the old system, associated with welfare before the welfare state came. In the old system, to be on welfare was shameful. The welfare state brought about a very revolutionary

change in this regard. In a sense, welfare became no longer shameful. Nevertheless, it was attached to a feeling that you shouldn't overtax it. You should know your limits, and this sensibility worked quite well.

Of course, people who come from a completely different context would not have been socialized this same way. They come and they learn, maybe they even see it as an achievement that they mastered this bureaucratic and complicated Scandinavian welfare system. They can inform each other how to really get things out of this system, but they have not been raised to feel the limitations of this system to the same extent. At least, that is one hypothesis.

At the same time, it is important to say that the majority of the people who come to the Scandinavian welfare states would also like to contribute through to work. Sometimes, however, it is difficult to find work that is suitable. These complex interrelationships are always present, and this has at least generated an understanding in the public that there is an over taxation from the newcomers side.

Owens: A final question: Are the pressures you mention being put to the Scandinavian welfare states attached, by and large, to immigrant populations? Is there also some sort of a common domestic problem, whereby native Swedes, Danes and Norwegians are recognizing the value of not working in their lives?

Brochmann: Yes, there is something to that, too. This moral discussion on 'duties versus rights' in the welfare state would also apply to the general population. However, recently the concentration has been on the immigrant side, because some groups tax the welfare system disproportionately. Of course, you will find similar traits among the general population, and this is often referred to as the paradox of welfare as such: The more welfare the state distributes in society, the more people come to expect it. This serves to undermine the whole basis for the welfare system as such, and that is not at all unique to immigrants.

For instance, in Norway now, there is a high proportion of the population in general being on disability and receiving disability benefits. This number has increased tremendously over the last 10-20 years. If we may assume that the population has not become more chronically ill over this period, it is reasonable to hypothesize that there are some more systemic and structural reasons why more and more people are on disability and receive disability benefits.

Owens: Given this, would you say that generalist welfare is, at the end of the day, self-defeating?

Brochmann: No, there is no evidence for this – and I am among the most solid supporters of the welfare system as such. I think it has proven both a very solid and productive system. The philosophy is opposite the one in the US: security is good for production. What is interesting is that American economists have had the tendency over the years to predict what you are suggesting, that it is self-defeating in many ways. This notion, however, has not held true, particularly with regard to the Norwegian and the Danish economies. They are both extremely strong by international standards. Many would say this is the case in Norway because of the oil. Denmark, however, doesn't have oil, and both their welfare state and economy are booming, and have been booming for years. Therefore, I still think that the Scandinavian welfare state system is both very productive and very human.