

# Neoliberalism and the People's Home: The Erosion of Social Citizenship in Welfare Policy

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## ABSTRACT

*The Canadian welfare state has undergone significant cutbacks and retrenchments in the previous three decades. In light of persistent restructuring that has led to reductions in the generosity and universality of social programs and services, the current state of social citizenship in Canadian policy is uncertain. This work employs a qualitative comparative analysis of Canadian and Swedish policy in order to examine the current saliency of social citizenship rights in welfare policy. The results, drawing on historical and contemporary policy data concerning three domains –employment insurance, sickness insurance, and maternity and parental benefits, indicate drastic policy reform in both countries since the 1990s, which has led to an overall erosion of social citizenship rights. In light of the influence of neoliberal policy formation, capitalist political mobilization and the effects of globalization, I argue that the welfare state has been effectively dismantled to the extent that it no longer serves to institutionalize social citizenship.*

Greatly prized domestically, and lauded by social policy researchers throughout the world as the quintessential 'Nordic model', the Swedish welfare state is characterized as highly developed, encompassing and generous (Olsen, 2013: 7). By contrast, the Canadian welfare state has occupied a somewhat uncertain position - a middle ground - between the generosity of the Swedish model on one extremity, and the rudimentary American regime on the other (Olsen 1992: 37-38). When compared with its southern neighbor, as it often is, the Canadian welfare state appears relatively generous, enjoying more substantial transfers and universal programs than its American counterpart. However, Canada's policy model has never closely approximated 'the people's home', and in recent decades the model has retreated even further from this standard. The central focus of this study is to elaborate on the differences between Canadian and Swedish welfare policy, both contemporary and historical, with the aim of assessing the extent to which the current policy models of each foster and protect social citizenship. Ultimately it will argue that in both Canada and Sweden (though to varying degrees) neoliberal welfare retrenchment has led to an erosion of social citizenship rights. Further, it will argue that the welfare state, as a social institution in its current context and iteration, no longer possesses the

organizational capacity to advance and protect the goals of social citizenship. This thesis will examine three policy domains in both Sweden and Canada related to social citizenship rights: employment insurance, sickness insurance, and maternity and parental benefits, with a specific focus on their historical development, generosity and universality. The discussion will focus on the saliency of social citizenship rights in Canadian policy, probing the common conception of Swedish welfare state resilience, and finally, the failure of the contemporary welfare state's organizational capacity to institutionalize the social rights of citizenship.

### **Social Citizenship and Welfare**

Citizenship is broadly understood as a legal status conferred upon full members of a community (ex: a nation state) (Handler 2004: 9). This status provides certain entitlements, for example, the right to permanent residence within the state, the right to vote, and the right to own property (Handler 2004: 9). Of particular interest to this study is the concept of social citizenship. Thomas H. Marshall (1950) first coined the term 'social citizenship' in his work *Citizenship and Social Class*. Marshall's theory divides citizenship into three forms of rights: civil rights, political rights, and social rights. Civil rights are composed of the rights necessary for individual freedom, such as the liberty of the person, freedom of speech and the right to own property (Marshall 1950: 10). Political rights entail those rights that allow individuals to participate in the exercise of political power, either as part of an electorate, or as a member of an elected body (Marshall 1950: 11). Finally, by social rights, Marshall (1950) means "the whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in the society" (p. 11). These three forms of rights were not achieved uniformly. According to Marshall's history of rights development, modern states granted their citizens civil rights in the eighteenth century, political rights in the nineteenth century, and finally, social rights in the twentieth. Marshall observed that under capitalism social class mediates the ability of individuals to access those rights conferred by citizenship. The ability to access and enjoy social rights is confined to those who possess effective market power. Securing social rights under these conditions, Marshall contends, requires a robust welfare state (Marshall, 1950: 56).

Gøsta Esping-Andersen's *The Three Worlds of Welfare Capitalism* (1990) examined the extent to which various welfare states advance social citizenship. Esping-Andersen's analysis evaluates social rights by their capacity for decommodification. Social rights are examined in the degree to which they allow individuals to maintain a certain standard of living independent of pure market forces (Esping-Andersen 1990: 3). Welfare states that foster decommodification ensure that citizens can "freely, and without potential loss of job, income, or general welfare, opt out of work when they themselves consider it necessary" (Esping-Andersen 1990: 23). With this

criteria in mind, we would, for example, require a parental insurance policy to grant individuals benefits equal to their normal earnings if they choose to take time away from employment to raise their child (Esping-Andersen 1990: 22).

If we are to understand social citizenship as entitling citizens to a basic standard of living regardless of their involvement in the paid labour market, then focusing on social assistance only captures a segment of those not currently attached to the labour market. Social assistance in Canada is intended as a last resort safety net for those who are unable to provide adequately for themselves and any dependents they may have. However, those who are not currently working in paid labour are not automatically relegated to social assistance. Individuals not currently attached to the labour market may apply for other forms of benefits, depending on their context. There are several policy domains that capture other forms of temporary or life-stage based exits from labour market participation: in cases of illness, insured workers may be eligible for Sickness Insurance; insured workers who become parents may be eligible for Parental Benefits; finally, insured workers who lose their employment may be eligible for Employment Insurance. These policy domains are less often considered in studies examining citizenship rights embedded in policy, and they have also undergone significant changes in the past several decades (Olsen 2008; Habibov and Fan 2007; Battle and Torjman 1995). Furthermore, social assistance is currently under the jurisdiction of provincial governments, which has meant that policy has differed from province to province (Gaszo and McDaniel 2010: 19). In order to gain an understanding of social citizenship rights in Canada, all policies that cover situations that remove individuals from participation in the paid labour market should be examined.

## **The Canadian Policy Regime<sup>1</sup>**

### *Employment Insurance*

Employment Insurance (EI, formerly Unemployment Insurance or UI) in Canada is a social insurance-type program currently funded through mandatory contributions of employees and employers. EI is the primary social safety net for those (insured) workers who have lost their jobs (Olsen 2008: 328). EI was a provincial concern until a constitutional amendment in 1940 rendered it a federal responsibility (Olsen 2008: 329). Under the Unemployment Act of 1971, virtually all employees were covered, with income replacement rates reaching as high as 75 percent for individuals with dependents, and 67 percent for those without (Olsen 2008: 329). However, the program was then drastically redesigned throughout the 1990s. Program expenses were initially shared between employees, employers and the federal government. Although still

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<sup>1</sup> Current policy data compiled from the Service Canada branch of the Government of Canada, 2015. (url: <http://www.servicecanada.gc.ca/eng/home.shtml>)

under federal jurisdiction, federal financial support for the program was withdrawn in 1990 (Habibov and Fan 2007: 7). Alongside withdrawal of federal support, eligibility criteria became more stringent, with required work hours increasing, and criteria that emphasized job search activities becoming markedly stricter. The program was renamed in 1996 from Unemployment Insurance to Employment Insurance, to emphasize the shift from a passive approach (insuring unemployment) to an active approach (insuring employment) (Habibov and Fan 2009: 8).

The Government of Canada EI website indicates the following criteria need to be met in order to receive EI: citizenship (or legal entitlement to work), loss of employment through no fault on the part of the beneficiary, and a readiness and willingness to work. Further work-related requirements include having been without work and without pay for at least seven consecutive days in the previous 52 weeks, as well as demonstrably searching for work (a written record of employers contacted must be provided). Readiness and willingness to work entails conduct that shows a desire to work, and a willingness to accept all types of work that one's abilities, skills, training or experience enable one to do. To demonstrate readiness and willingness, EI claimants must submit biweekly EI reports to demonstrate their continued eligibility for benefits. The stipulation of loss of work due to no fault of the beneficiary's precludes claimants who voluntarily left their employment, were dismissed for misconduct, or are unemployed as a result of directly participating in a strike, lockout or other labour dispute. A final consideration is the amount of hours of work in the previous 52 weeks required to be eligible for benefits, which is variable, depending on the rate of unemployment in the region in which the individual resides. At the top end, those living in regions with the lowest rate of unemployment (6% or less) are required to have worked 700 hours in the last 52 weeks, while those living in areas with the highest rate of unemployment (13.1% or more) are required to have worked 420 hours in the last 52 weeks. If it is the claimants' first job, or they had reentered the workforce after an absence of two years, they require 910 hours of insurable employment during the qualifying period.

If an individual's claim is approved, they will receive their first payment within 28 days of the claimant's application date. Prior to receiving benefits, there is a two-week waiting period during which claimants will not receive payments. This waiting period is generally served at the very beginning of the benefit period. Claimants may receive EI regular benefits for a period ranging from 14 to 45 weeks. The number of weeks depends on the regional unemployment rate and the number of hours of insurable employment accumulating during the 52-week qualifying period. During the period of benefits claimants can expect to have 55 percent of their average weekly insurable income replaced up to a ceiling of \$49,500 (in other words, a maximum weekly benefit of \$524).

*Sickness Insurance*

The EI program in Canada includes temporary financial assistance for those who are unable to work due to sickness, injury or quarantine. Sickness benefits were initially introduced under the Unemployment Insurance Act in 1971, targeted at workers with at least 20 weeks of insured employment (Prince 2008: 5). Since being introduced, EI regular benefits and sickness benefits have shared legislation, departmental administration and appeals systems. In 1989, alongside the shift from UI to EI, the system for determining benefits changed from weeks of insured employment to hours of insured employment. Claimants seeking benefits were required to have worked 700 hours in insured employment, which was reduced to 600 hours in December of 2000 (Prince 2008: 5).

Currently, in order to be eligible for sickness benefits under the EI scheme, claimants must have worked 600 hours in insurable employment during the previous 52 weeks, must be unable to work (but would be otherwise available for work if not for their medical incapacity), have obtained a medical certificate signed by an approved medical practitioner, and have had their normal weekly earnings reduced by more than 40 percent as a result of medical incapacitation. Sickness insurance also has a two-week waiting period, though it can be waived if claimants receive sick leave pay from their employer after their last day worked. The basic rate for calculating benefits is the same as EI regular benefits: 55 percent of a claimants average weekly earnings up to a ceiling of \$49,500 (\$524 a week). Sickness benefits can be sustained for a maximum of 15 weeks. This period has been a standard feature of sickness benefits for the entirety of the program's history, making it one of the few to emerge relatively unscathed by the considerable legislative changes and political attention devoted to regular UI/EI benefits (Prince, 2008: 5).

#### *Maternity and Parental Insurance*

Maternity benefits in Canada were also introduced under the Unemployment Insurance Act of 1971, initially providing fifteen weeks of benefits for biological parents (adoptive parents were not granted benefits until 1984) (Olsen 2007: 149). In 1990, the period of benefits was increased by ten weeks to be shared between mothers and fathers (both biological and adoptive), and then further increased to 35 weeks in 2001 (Olsen 2007: 149). Currently, maternity benefits are available for biological mothers (including surrogates) who cannot work because they are pregnant or have recently given birth. These benefits apply for a period of 15 weeks maximum, and may begin as early as eight weeks prior to the expected birth date, and can end as late as 17 weeks after the actual date of birth. After the child's date of birth, parental benefits may be taken, for a maximum of 35 weeks. This period can be taken by either parent, or shared between both. For example, the mother may take 15 weeks of leave, and the other parent may then take the full 35, or it may be split between them. These benefits are eligible to both biological and adoptive parents. Adoptive parents may take access these benefits as of their child's date of placement.

Eligibility criteria is much the same as sickness benefits: claimants must be employed in insurable employment, have accumulated at least 600 hours of insurable employment during the previous 52 weeks, and normal weekly earnings are reduced by more than 40 percent. Pregnancy must be proven via a signed statement declaring the expected due date or the actual date of birth. As with EI regular benefits and sickness insurance, the replacement rate is 55 percent of the claimants average weekly earnings up to a ceiling of \$49,500 (\$524 a week). There is also a two-week waiting period prior to receiving benefits, generally served at the beginning of the benefit period. For shared parental leave taken after the 17 weeks of maternity leave, the waiting period need not be repeated.

## **The Swedish Policy Regime<sup>2</sup>**

### *Employment Insurance*

By the end of the 19<sup>th</sup> century in Sweden, many trade unions provided some kind of financial relief to their unemployed members. The first legislation on an optional unemployment insurance scheme was passed by the Swedish parliament in 1934. The first Unemployment Insurance Act came into force in 1935, which allowed disparate unemployment insurance funds to register with the government, and receive state grants for the payment of benefits (IAF 2007: 5). In 1974, an additional government-based benefit system for the unemployed, cash labour market assistance (KAS) was introduced as a way to secure an income for those who were not well established in the workforce, and therefore not eligible under the existing unemployment insurance scheme (IAF 2007: 5). In 1993, amidst a severe economic crisis and surging budget deficits, replacement levels dropped from their peak of 90 percent to 80 percent (Olsen 1998: 13, Bennmarker, Carling and Holmlund 2007: 86). Three years later they were reduced again to 75 percent, but were restored to 80 percent in 1998 (Olsen 2013: 13).

The current basic program covers employed persons and persons seeking employment, while the voluntary income-related program covers those employed and self-employed persons who are members of an unemployment insurance fund. There are 28 voluntary insurance funds currently supervised by the Swedish Unemployment Insurance Board (IAF), which are open to employees in a specific occupation or industry (ex: journalists, metal workers etc.). Eligibility criteria for both programs are that the claimant must be between the ages of 20 and 65, must be unemployed and registered as a job seeker at the public employment service, able and willing to accept a suitable job for at least three hours a day and an average of at least 17 hours a week. The insured must have been employed for at least six months, or for at least 480 hours during a

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<sup>2</sup> Current policy data compiled from: Inspektionen för arbetslöshetsförsäkringen (IAF) (2007), Duvander, A.-Z. Haas, L. and Hwang, C. P. (2014), International Social Security Association (2014).

consecutive six-month period in the last 12 months prior to unemployment. If applying under a voluntary insurance program, the claimant must have been a member of the fund for at least one year. Benefits can be suspended (for a period of one, five, or 10 benefit days) for not job seeking seriously; five, 10 or 45 benefit days for extending a period of unemployment; and 20 or 45 benefit days if the unemployment is due to leaving a position voluntarily or for misconduct. Further, benefits may be terminated for repeated misconduct.

The basic unemployment benefit provides a sum of 320 kronor a day (46.25 CAD, or 231.25 CAD per week) if the insured was working 40 hours a week before becoming unemployed, with benefits reducing proportionately for those who worked less than 40 hours a week. The benefit is paid after a seven-day waiting period, and can be maintained for up to 300 days. For those with at least one child under 18, the benefit may be extended for an additional 150 days. The voluntary income-related fund replaces 80 percent of the claimant's previous income after a seven-day waiting period, for the first 200 days. The replacement rate drops to 70 percent after 200 days, and can be maintained for an additional 100 days at that rate. This two-tiered benefit structure was introduced in 2001 (Benmarker, Carling and Holmlund 2007:86). As with the basic benefit, those with a child under 18 may maintain their benefit for an additional 150 days. The maximum benefit is 680 kronor a day (98.29 CAD per day, or 491.45 CAD per week).

#### *Sickness Insurance*

Sweden's universal sickness insurance scheme was established in 1955, replacing a state-subsidized voluntary fund scheme (Olsen 2007: 153). The scheme made sickness insurance mandatory for all, with waiting days, and an initial replacement rate of 60 to 70 percent. In 1962, sickness insurance (alongside other social insurance schemes) were integrated into a single system, under which benefits were gradually improved (Bislev and Lindqvist 1992: 179). Waiting days were abolished (1967) and the compensation level reached 90 percent (1973) (Bizlev and Lindqvist 1992: 179). Much like unemployment insurance, the sickness insurance scheme was repeatedly adjusted through the 1990s, largely at the request of employers who believed the benefits were too easily accessed (Olsen 2007: 153). As of 1998, a waiting period of two weeks was instated during which claimants do not receive public benefits. However, employers are legally required to provide compensation from day 2 through 14 of this period (Olsen 2007: 153).

Sickness insurance is currently available to those who have at least a 25 percent reduced work capacity and annual income exceeding 10,600 kronor (1,532.18 CAD). Replacement rates are currently 80 percent of employed claimants' lost earnings from day 15 through day 364, up to a maximum daily benefit of 708 kronor (102.34 CAD). Benefits may be extended up to 550 days at a replacement rate of 75 percent. For those who are unemployed, sickness benefits are

paid from day 2 at a replacement rate of 80 percent of earnings from their previous employment. Self-employed claimants and other qualifying unemployed claimants receive the 80 percent replacement rate from day 2 through day 90. Benefits under this scheme are adjusted annually according to changes in prices.

#### *Maternity and Parental Insurance*

Sweden has provided state subsidies to voluntary sickness societies to support mothers since 1891. In 1900 a new Workers Protection Act ensured that women did have to return to factory work for four weeks after giving birth, which was subsequently extended to six weeks in 1912 (Olsen 2007: 148). Sweden's first paid maternity insurance scheme was introduced in 1931, initially providing quite modest benefits, but becoming increasingly generous over the ensuing years. The program was converted in 1974 from a maternity leave program to a parental leave program (Olsen 2007: 148). This earnings-related parental insurance benefit was paid for six months after childbirth, entitling parents to determine the sharing arrangement themselves. In the 1980s, leave rights were incrementally extended to a full year, and an additional three months paid at a low flat rate. As of 2002, two month of earnings-related leave is reserved for each parent (Duvander and Ferrarini 2013: 4). The remaining months of the benefit can be shared between both parents as they see fit (Olsen 2007: 148).

In order to qualify for parental benefits, claimants must have been working for at least 240 days prior to the expected date of birth, with a minimum daily income of over 225 kronor (32.31 CAD). Parental benefits replace 77.6 percent of the claimant's lost earnings for up to 390 days, at which point benefits are reduced to a low flat rate of 180 kronor a day (26.02 CAD). The maximum daily benefit for the 390-day period is 944 kronor (136.45 CAD, or 682.25 CAD a week). The total benefit period for both parents combined is 480 days per child, and when both parents are caring for the child, each parent receives 60 days of benefits that cannot be transferred to the other parent. A 'Gender Equality Bonus' (*jämställdhetsbonus*) offers an economic incentive for families to divide parental leave more equally between parents. Both receive a 50 kronor (7.18 CAD) each tax free, per day, for every day they use the leave equally during the 270 days not reserved for one parent, up to a ceiling of 13,500 kronor (1938.37 CAD). Parental benefits can be taken at any point (including as a continuous benefit, or as several blocks) from 60 days prior to the expected date of birth, until age 12 (for children born on or after January 1<sup>st</sup>, 2014), however, 80 percent of the leave must be taken before the child turns four years old. There are also pregnancy benefits accessible to women employed in a physically demanding or dangerous job, whose employer is unable to transfer her to less demanding or dangerous work. Benefits replace 80 percent of the claimant's lost earnings, and is paid for up to 50 days, beginning 60 days and no later than 11 days before the expected date of childbirth for women in a physically demanding job. For women in a dangerous job, the benefit is maintained

for the entire pregnancy, up until 11 days before the expected date of birth. It is also worth noting that under the parental insurance scheme, parents may access a temporary parental cash benefit in order to take time from work to care for a sick child. Each of these three forms of parental insurance is adjusted annually to reflect changes in prices.

### **Discussion and Conclusion**

While Canada has presented somewhat of a challenge to welfare state typologies, it is clear that the gulf between its welfare regime and the Swedish regime remains. In terms of universality and generosity, the Swedish model is outperforming its Canadian counterpart. Across all three policy domains, waiting periods are shorter, benefits are more generous and can be sustained for longer periods of time, and eligibility criteria is less stringent than that of current Canadian policy. As an overall assessment, social citizenship rights are better protected and advanced by Swedish policy. The results of this study propose several avenues of inquiry, but this chapter will focus on three questions as key points of discussion. First, are social citizenship rights a salient feature of current Canadian policy? Tracing the histories of these three policy domains indicates substantial retrenchment and restructuring. This section will discuss the implications for social citizenship rights. Second, is the Swedish model as resilient as it appears? Sweden is consistently heralded as the apex of social policy development, uniquely effective in protecting and enshrining social citizenship rights. However, there have been efforts at policy retrenchment that calls this claim into question. Finally, in light of reform and retrenchment, is the welfare state still a viable institution in terms of the advancement and protection of social citizenship rights?

### **Social Citizenship in Canadian Policy**

At a policy level, Canada has never advanced social citizenship rights to the extent that Sweden has, but there have been eras in its social policy history where it has made significant gains in doing so. The provisions of innovative policies like the Canada Assistance Plan provided social assistance benefits on the basis of citizenship regardless of labour market attachment. As previous studies have shown, social assistance in Canada currently reflects market citizenship assumptions at the expense of social rights. Employment Insurance, Parental Insurance and Sickness Insurance in Canada differ from social assistance, as they by definition hinge on labour market participation. Specifically, they are based on participation in paid, insured labour. However, the social rights of citizenship are not entirely decommodifying. Social citizenship entails a reduction of risk and insecurity, and a degree of equalization between individuals in a society (Marshall 1950: 56). Policy that advances social rights must be couched in an acknowledgment that markets create insecurity, and that exits from participation in labour markets (as a result of market failures like layoffs, and as a result of life-span events like

sickness and parenthood) impact the lives of citizens differentially depending on their material resources. In order to maintain a “general enrichment of the concrete substance of civilized life” (Marshall 1950: 56), policies that apply to exits from labour market participation require universality and generosity to mitigate inequality.

Current Employment Insurance policy does not advance social citizenship. At a basic level, its eligibility criteria excludes some forms of labour (ex: self-employment), and its increasingly stringent requirements (i.e. number of hours worked during the qualifying period) preclude some workers from accessing benefits at all, particularly among those living in low unemployment areas whose requirements are substantially higher. The length of time benefits can be sustained is especially important, as longer benefit durations can significantly increase the ability of a claimant to find suitable employment (Olsen 2008: 328). Under the current scheme, the length of benefits can be as little as 14 weeks, which severely restricts the ability of an individual to find work that is not precarious, low paying and/or lacking in benefits. Further, stipulations regarding readiness and willingness to work, and the requirement that claimants present reports to that effect, strongly assert the primacy of participation in the labour market at the expense of appropriate, quality work. As Sickness Insurance and Parental Insurance fall under the broader EI heading, they are subject to the same stringent eligibility criteria. Further, this policy structure implicitly advances the idea that only those who have participated satisfactorily in paid work are eligible for federal support in times of sickness, and when becoming a parent.

All of the aforementioned issues, and the policy scheme more broadly, indicate that the assumptions guiding the formulation of Canadian policy are those of market citizenship. Rather than allocating support on the basis of social rights, current policy conditions support on the basis of past work performance, and an individual’s readiness and willingness to return to work. Even when these stringent criteria are met, benefits are meager and can only be maintained for limited amounts of time. Market citizenship has been characteristic of the neoliberal state, promoting participation in the labour market as the means to gain full membership in a community. A form of citizenship dependent on labour market attachments is a form of citizenship that is practically and by definition stratified. Yet it is premised on the assumption that labour market participation is egalitarian. It fails to acknowledge that under capitalism, labour market participation is mediated by race, by gender, by marital status and by ability (Breitkreuz 2005: 153). Further, policies that allocate benefits on the basis of conditions functionally exclude individuals that are unable to meet these conditions. In contrast, as Handler (2004) contends, social citizenship (and by extension, the policies that advance it) is inherently inclusive. The policy restructuring and retrenchment in Canada over the course of the past

several decades indicates that social citizenship is eroding. If Canada's policy history is any indication, this process is likely to continue.

### **Swedish Resilience?**

The outcome of the Sweden-Canada comparison comes as little surprise, as Sweden has long been an egalitarian leader when examined cross-nationally. For more than half a century, the country's expansive, accommodating welfare state has gone the distance in reducing poverty levels, compressing income inequality and fostering institutionalized social citizenship. How has Sweden managed to maintain a relatively comprehensive regime in the face of a global economic and political climate that has pushed other welfare states towards crisis and retrenchment? From a neo-institutionalist theoretical perspective, the path dependency hypothesis suggests that political choices (for example, the choice of whether to dismantle or maintain the welfare state) are strongly influenced by earlier political choices (Saint-Arnaud and Bernard 506). Put simply, it is easier to stay the course than to reverse it. In the Swedish context, the country's welfare regime has historically been anchored to a uniquely sturdy foundation: a strong and unified labour movement, decades long political incumbency by the Social Democratic Labour Party (SAP), and widespread public support for the Social Democratic welfare state (Olsen 2013: 8; Svallfors 2011: 820). By contrast, Canada's social democratic party the New Democrats has never been elected to lead federally, only forming the Official Opposition for the first time in 2011 (Caplan 2014). Unlike the consistently high union density in Sweden, rates in Canada are low, and have been gradually declining for decades (*Employment and Social Development Canada* 2015).

When examined cross-temporally, however, it is clear that the Swedish welfare state has not been immune to the retrenchment seen elsewhere. In the wake of severe recessions in the early 1990s and late 2000s, the foundations of the Swedish model began to crack. For example in the 1990s, the replacement rates across all three policy domains fell from 90 percent, to a low of 75 percent before rebounding to the current benefit level of 80 percent (Olsen 2013: 13). Further, the income support provided by Unemployment Insurance is less generous than it has been in previous years due to imposed 'ceilings' on benefits that have not kept up with inflation (Olsen 2013: 13).

Some have also suggested that the Swedish welfare state has experienced a 'creeping shift' in its ideological foundation. While the Swedish state traditionally upheld the idea of citizenship entitlements (i.e. rights to employment, health care, a decent standard of living), these rights have been jeopardized by restructuring (Olsen 1999: 258).

Alongside this ideological drift, there have been important political changes. After 12 years in power, the SAP fell in the 2006 election to a coalition of centre-right parties that quickly

took aim at the UI system. After two years of reform, including steep increases to union membership fees, union density in the country was down from 77 percent in 2006, to 71 percent in 2008 (Olsen 2013: 21). The SAP regained power in a coalition with the Green Party in 2014, but the government has yet to find stable footing, only narrowly avoiding a snap election after being unable to pass a federal budget (Sennero and Pollard 2014). There are many who would qualify these issues, as there have been gains in the areas of childcare, family benefits and gender parity in parliament over the past two decades of restructuring (Olsen 2013: 24). While these gains are important, real concerns over the fate of the Swedish model remain. Is the Swedish welfare state still social citizenship's brightest beacon, as suggested by its parental insurance, which remains among the most supportive and progressive schemes in the world? Or is descent, even from its historically lofty position, an inevitability in the face of unremitting global and domestic pressures?

### **Is the Welfare State Enough?**

Welfare states were introduced and developed by nations as a means to promote the wellbeing of their citizens, and to provide a degree of protection from market forces. While the welfare state has always varied from country to country in terms of its design, character and impact, the redistributive ideology at its core makes it an institution of social citizenship. To participate fully as citizens, individuals require a basic level of material resources, but in highly stratified economic structures such as capitalism, resources are not allocated equally. Inequality, a basic feature of all advanced capitalist societies, can be mitigated by measures embedded in the welfare state, but the wealthy ruling class will always have the impetus and the power to dismantle and undermine social citizenship. While labour has been historically strong in places like Sweden, on a global scale, it has been severely weakened by the forces of globalization. The compression of states into integrated socioeconomic networks governed by trade treaties superseding domestic capital regulation, and the creation of economic and political blocs such as the European Union and the North American Free Trade Agreement have been designed to enhance capital's power at labour's expense (Olsen 2013: 22). Globalization and market integration have restricted the control individual nations have over their economic and social policy (Handler 2004: 10). The imperatives of global economic competition and efficiency are often cited by governments seeking to reduce social expenditures to balance budgets and encourage foreign investment. In this context, the welfare state is constantly under threat, and social citizenship along with it.

It is important to note that social rights are not absent in capitalist societies, or more specifically the neoliberal capitalist societies observable in much of the global West today, but they are reserved for those possessing the material resources to command market power.

Institutions that function as a means to counteract the tendency within capitalism to allocate social rights in this manner are vulnerable to capitalist political mobilization. The basic reality of capitalism requires the creation of usurpable value that can be owned by the capitalist class. It also requires a constantly-renewed underclass of commodified workers to produce value. Welfare states, to varying degrees and with varying means, redistribute value to lower classes. In doing so, a robust welfare state allows even those individuals who do not control the means of production not simply the basic requirements of living, but of participating meaningfully in civil and political life. Capital disproportionately wields the economic, ideological and political power necessary to dictate the character and redistributive impact of the welfare state. Historically, the welfare state has thrived in countries where organized labour is strong, and has worked with the state to establish social protections. In the current context of weakening labour, the strong influence of neoliberalism on social policy, and states whose power to implement social agendas is severely restricted by globalization, the welfare state, in its current iteration, no longer possesses the organizational capacity to advance social citizenship rights.

Welfare states that are expansive, universal and committed to the protection and proliferation of social citizenship rights are integral to assuring inclusion, human dignity and human development for all people. This is especially true of societies governed by economic structures that foster inequality. While the welfare state has been hit hard by decades of reform, in both Canada and Sweden, this is not to say that it cannot be restored. The global financial crisis of the 1930s was addressed through a proliferation of social programs, protective legislation, progressive taxation schemes and greater economic regulation (Olsen 2013: 25). Capitalism as a system possesses an inherent tendency towards crisis. If the history of social policy teaches us anything, it is that crisis opens the door for genuine social change.

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