

# **The third sector and centralization in the Swedish welfare state**

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## Table of contents

1. Introduction	p. 3
2. Limits of scope and material	p. 6
3. The problem with a broad definition of the third sector	p. 9
4. The empirical case of childcare	p. 13
<b>4.1 The early Swedish welfare state and the childcare services</b>	<b>p. 13</b>
<b>4.2 Recent developments in the Swedish childcare sector</b>	<b>p. 14</b>
<b>4.3 The first example of centralist social policy: The maxtaxa</b>	<b>p. 15</b>
<b>4.4 The second example of centralist policies: Proposition 2004/05:11</b>	<b>p. 18</b>
5. Conclusion	p. 21
References	p. 22

## Introduction

The Swedish welfare state, like most other European welfare states, faces grave challenges in the near future. An ageing population is said to increase pressure on public welfare systems, as a smaller working population must pay for the health and social needs of an ageing population. It is also argued that globalization and the increasingly mobile tax base are eroding the base of the Swedish welfare state and that the decreasing number of working years among citizens might undermine the financial base of the traditional “Swedish model”.

There is a growing discrepancy between the demand for welfare services and the mainly public supply of welfare services. This gap is in size about one percent of the total consumption of public services, which means that another 5 billion SEK (540 million Euros) has to be added to the public funds for welfare services each year beyond 2004, just to keep today’s levels of services (Andersson et al 2004, p.25). Either five billion SEK is added each year or else the demand for services will be filled by privately financed actors or not filled at all. It is clear that an annual increase of 5 billion SEK in funding for the largely public, Swedish welfare state is not a feasible alternative. There is an obvious need for alternative funding, either in terms of fee-based, private welfare services or through an increased level of unpaid user participation in the service production. There is, in other words, a very real pull towards diversification; given the continuation of the present development. This diversification will potentially reshape the face of the welfare state and the way that the diversification is handled will determine if it will also alter the content of the Swedish welfare regime as we know it. This development is not exclusively Swedish, Esping-Andersen explains in his recent book, “Why we need a new welfare state”, that the traditional European welfare state must be adjusted to reach its goals for equality and justice among its citizens (Esping-Andersen 2002).

The position of the third sector producers of welfare is, however, unique for Sweden. This paper will show that the welfare state is no where close to considering third sector alternatives for relief of the financial strain. Nor is third sector welfare services considered as an option in efforts to increase user influence in the welfare services. The purpose of this paper is to show that the traditional, social democratic welfare model, based on high quality public service provision, is unaltered in the face of the above mentioned challenges to the welfare state. This paper will show, in fact, that the Swedish welfare state moves towards greater centralization,

rather than decentralization and inclusion of the non-public, third sector. The Swedish welfare state is structured in a clearly hierarchical manner, unlike the horizontal network structure that exist in federal countries like Germany but also non-federal states like the Netherlands. The recent challenges for the welfare state are addressed within this hierarchical structure rather than through a reorganisation of the structure itself.

As understood from the above mentioned, this paper implies a mutually excluding relationship between centralization of the welfare state and the third sector. This is only one of several possible descriptions of this relationship and one that ultimately depends on the definition of the third sector. Many scientists would not make the assumptions that a highly centralized welfare state is excluding a large and active third sector. This view is often illustrated with Sweden and Sweden's combination of a politicised, centralised welfare structure and a high rate of organisation of its citizens. This reasoning will be presented more in detail further on in this paper but it is immediately evident that the Swedish case makes a strong argument, Sweden has indeed both a large third sector and a centralized third sector. This paper will argue, however, that this reasoning uses a too wide definition of the third sector to make conclusions of how the welfare state treats the third sector. The third sector is large in Sweden, but only in areas that do not belong to the core businesses of the welfare state. The third sector is not large and definitely not influential in these specific core areas of the welfare state, especially not in the social service area. This is an important distinction to make when discussing third sector and the welfare state, that the third sector is only allowed a forward position in the areas that are not politically significant for the actual structure of the welfare state. This is why this paper will devote an entire chapter to the question of the overly broad definition of the third sector and its implication for the question of centralization of the welfare state.

The point of view of this paper is somewhat different from that in most of what is written in the small community of third sector researchers in Sweden. It is a popular belief among social scientist in Sweden that the third sector is growing and that the challenges to the welfare state will lead to a greater dependence on non-public welfare production. Some Swedish researchers claim they find a growing level of recognition for the third sector actors. Recognition or not, this paper will show that third sector "oddities" in the centralistic welfare model are still not allowed to any significant extent.

This paper will provide a brief history of the Swedish welfare state, to show how the social policy of recent years follows a very clear pattern established over more than 60 years of social democratic rule of Swedish national politics. The policy is directed towards centralization of social politics, a large public sector and a high level of institutionalized politics. The last ten years have not shown signs of any compromises with these fundamental components in the “Swedish model”, rather they have been reinforced, which is at odds with the often heard claims of a greater role for the third sector in Sweden. The position of the third sector in Sweden is still peripheral and there is no tangible evidence that it is changing.

It will be argued in this paper that the claims of an increasing importance of the third sector in Sweden are failing in two ways:

- 1. Estimates of the third sector does not take in to consideration to what extent the seemingly large third sector actually has a real influence in the Swedish welfare state*
- 2. Empirical studies of recent social policy indicate that the traditional, centralistic welfare model based on public sector provision of welfare is still relevant.*

Many social scientists look at the, in relative terms, considerable increase in third sector services between 1985 and 1995 and identified this development as a continuous trend. It seems, however, that the increase in number of third sector services have levelled out to a stable and still relatively small percentage of the total production of welfare services, possibly because of the resurgence of lavish public spending on public welfare in the late 1990’s and early 2000’s. Another explanation is that the claims, to some extent, are based on mere assumptions about the need for change in the welfare model and convergence towards other European welfare models.

## Limits of scope and material

This paper will identify some general characteristics of recent year's social politics in Sweden, in order to show the link to the traditional values of the Swedish welfare model. The grandness of this design and the limited format of this paper do of course mean that there will have to be a quite limited scope. Focus will, for this reason, be on one social service in particular, in order to analyze social politics to a depth that allows some relevant conclusions in spite of the limited format. The chosen social service is childcare. Childcare is chosen as an example because it is a social service in the health and care-giving sector, which is economically as well as ideologically very important for the welfare state. Childcare stands out among other social services in that the public funding is somewhat smaller seen as percentage of the total cost, compared to other services. This is shown in table 1.

**Table 1.** Welfare services and their costs

Type of service	Fees in billion SEK	Cost in billion SEK	Fee's coverage of cost in percentage
Childcare	4,3	44	9,7
Eldercare	3,5	75,7	4,7
Disable care	0,4	34,6	1,1
Sports and leisure	0,7	9,6	6,8
Streets, roads and parking	1,2	9,1	13,6
Other	2,9	176,4	1,6
Sum	13	349,3	3,7

Source: Långtidsutredningen 2003/04, p.137

The childcare sector is not as heavily dependent on public funding as other services and it should therefore be more flexible for growth among non-public providers. Non-public pre-schools already today constitute almost 17% of the total number of pre-schools in Sweden, which is a segment that is completely unparalleled in any other type of social service in Sweden (Skolverket rapport 236 2003, p.20). The childcare sector also stands out among social services in that the non-public segment is mainly third sector rather than for-profit. The proportions are roughly two thirds nonprofit sector and one third for-profit (Pestoff 1998). Childcare is, in other words, the area of the welfare state where the third sector is the most influential, even if it still constitutes less than one fifth of the total service production (Skolverket rapport 236, 2003). This relatively high economic independence translate easily into a form of decentralisation, which is to say that the childcare sector is relatively

decentralised compared to other service areas<sup>1</sup>. The choice of childcare is therefore made according to the “most favourable choice” principle, also known as the “most likely choice” principle. Childcare is the where it is the most likely to be a reversal of traditional, social democratic ambitions for centralization, public provision and institutionalized politics. It is therefore interesting to find that there are very few actual signs of this reversal in Swedish childcare, as seen in this paper.

This paper will make a brief history of the origin of the Swedish welfare state and the Swedish childcare system, based on quite general literature and official statistics. This history works as a backdrop to a policy analysis of recent year’s social politics in the area of childcare. The policy analysis is based on both bills from the government to the parliament, as well as evaluations of conducted policies, made by both state bodies such as the National Board for Education and third sector organisations like the Central Labour Organization. Much of the material is official print such as ministerial reports and working material from public enterprises. The case of childcare has, in addition, benefited from some of the results from the recently finished TSFEPS study on European childcare.

The reasoning in the second part of the paper could be summed up in three main points:

1. *Presentation of the traditional welfare model*
2. *Presentation of how recent developments in childcare break with the pattern in the traditional welfare model*
3. *An argument saying that recent social policy works to counter the childcare sectors deviation from the traditional welfare model*

The use of simple policy analysis is, strange as it might seem, very rare in this field of study. The third sector research in Sweden is largely performed by sociologist and business administration scholars, with a keen interest in organizational matters but with a lesser interest in the study of politics. This scientific focus on matters other than politics may or may not be the reason for the high estimates of the present and future importance of the third sector in the Swedish welfare state. One should of course not exaggerate differences between different

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<sup>1</sup> It is therefore noteworthy that recent social policy has been aimed at limiting the economic independence and thereby the relatively high level of decentralization.

academic disciplines but given the topic it might be relevant to apply a traditional political science perspective to this issue, which is the aim of this paper. A "traditional political science perspective" is here understood a focus on power relations and forms of influence, rather than organisational matters.

## The problem of a broad definition of the third sector.

The matter of definitions is complicated in all third sector research, not only in Sweden but in the research field in its entirety. Wijkström and Lundström, who performed the Swedish segment of the well known Johns Hopkins project on the non-profit sector, describe these difficulties better than most. Their task in the project was to produce an analysis of the Swedish third sector that was not only relevant for Swedish conditions but also comparable with the ones from the other countries in the study. The chapter on definitions in their book opens with a discussion of the “terminological marshland of the nonprofit or voluntary sector of a country” (Wijkström and Lundström 1997, p.14). The problems of finding relevant definitions includes such a fundamental issue as defining, or even naming, the object of study. What is here called the third sector is in many cases called civil society, non-profit sector, voluntary sector, the social economy or possibly the social movements. Wijkström and Lundström were obliged to follow the guidelines for their project as presented by Salamon and Anheier in their book “Defining the nonprofit sector” and the Swedish adaptation of the project format led to one of the few established definitions of the Swedish nonprofit sector. One of the main principles was, as is suggested by the name, that the nonprofit sector is made up of organisations that do not distribute profit to owners or managers. The Swedish case, consequently, came to exclude the “old” co-operative movement, since it is more or less just an association of loyal consumers where some 99% are passive members (Vogel et al. 1998, p.234). The “new” co-operative movement was included because of its country specific characteristics and voluntary ideals, as were the large labour union movement. The common housing cooperatives were excluded since their main objective is to serve the economic interests of their members (Wijkström and Lundström 1997, p.47). The distinction against the market is one of the main demarcation lines, where the other one is the distinction against the state. The former state church is an example of an organisation that was excluded for being too closely associated with the state. (Wijkström and Lundström 1997, p.47). The Wijkström-Lundström definition of the Swedish nonprofit sector is, in short, based on separation from market and state and attentiveness to Swedish country specifics in the border line cases.

This simple but effective definition in many ways symbolizes the problems of finding a relevant definition of the third sector. Such a definition is bound to be schematic simply for the reason that the field of study is so problematic. The Wijkström-Lundström definition is well established and copied in the small third sector research community in Sweden. It is

proposed in this paper that these schematic definitions might not be specific enough for conclusions about the role of the third sector in the Swedish welfare state. Among the problems with these schematic definitions is that they tend to exaggerate the significance and influence of the third sector in Sweden.

There are plenty of clearly stated, high quality statistics supporting the descriptions of Sweden as being a society characterized by a large third sector. Lundström and Svedberg describes the 180 000 third sector organizations with 32 million members in Sweden, meaning that the mere nine million Swedes have to be members in between three and four organizations each, on average. They further describe how the operating expenditures for the third sector reach 60 billion SEK a year, an equivalent of roughly 6, 6 billion Euros and how 480 million hours of voluntary work are produced in Sweden annually (Lundström and Svedberg, 2003). These are impressive figures that indicate a large third sector in Sweden. This indication is, however, not necessarily support for the notion of a strong position of the third sector in the Swedish welfare state. The statistics mentioned above are based on the national population surveys performed by Grassman and Svedberg in 1992 and 1998. These surveys studied all forms of voluntary work by Swedes ages 16 to 74, reaching from “help efforts, education, board meetings, coffee making and so on” (Grassman and Svedberg 1999, p.130). This definition of the third sector is intentionally freed of normative connotations, which is good as an overview but less useful in most forms of specific operationalisation. It is therefore difficult to evaluate the significance of the 480 million annual work hours in the Swedish third sector. The statistics could be used as a counterargument against researchers who, like Weisbrod, claim that the social democratic welfare model hampers voluntary efforts. Figures showing considerable production of voluntary work in Sweden, any voluntary work, at least show that a universal welfare state does not remove incentives and practical possibilities of volunteering. This is principally what Lundström and Svedberg’s tries to show with the mentioned statistics and they make a strong argument. Had the argument been that the third sector is an important factor in the Swedish welfare state however, then the argument would have been less convincing. The problem is, of course, that this exact argument is often made by others, based on Grassman’s and Svedberg’s statistics.

The large third sector as described by Lundström and Svedberg is based on the kind of schematic definition of the nonprofit that Wijkström-Lundström, for good reason, designed

for their study. This definition of the third sector is, however useful in Lundström and Svedberg's case, not very well suited for evaluation the third sectors role in the welfare state. In fact, the notion of the large third sector might lead one to overestimate the importance of that role. A large third sector, as the one described by Lundström and Svedberg is an interesting societal finding. It says little, however, about the actual influence that this third sector has over the political development in Sweden. The political role of the third sector organizations could, of course, be the subject for a lifetime of research and it is therefore not something that could be summarized by one paper of this format. It should be noted, however, that there is very little real governance involving state and third sector actors, on any level of government. A quick comparison with, for instance, Germany will show that the kind of multi-level governance that in many ways shape the German welfare model, has no equivalent in Sweden.

The German childcare system is regulated in the “Child and Youth Welfare Act”, or the *Kinder und Jugendhilfegesetz* (KJHG). The KJHG strongly favors corporatism in the governance of childcare, which in many ways has shaped the childcare system in contemporary Germany. The KJHG is generally treated as a “constitutional” law and social scientists in Germany sometimes find reason to complain that knowledge about that specific law is considered as knowledge about German childcare in general. (Rauschenbach 2004, p.34) According to the child and youth welfare act, municipalities are obliged to set up special child and youth welfare boards, or *Kinder und Jugendhilfeamt* (KJHA), which function as a forum for corporative governance. The KJHA consists of elected members of the local parliament as well as representatives of youth and childcare providers. The child and youth boards make guidelines for the local youth department and they can function as an advisory to local authorities. Most of all, however, they function as a forum for debate and opinion building (Evers and Riedel 2003, p.19). There is no Swedish equivalent to the Child and Youth Boards, as can be seen in, for instance, the case on Swedish childcare performed in the recently finished TSFEPS study (Pestoff and Strandbrink 2003). A somewhat similar board might be under way in Sweden but this Swedish council for parent influence in childcare is, as shall be seen below in this paper, an institution shaped by the traditional and centralist Swedish welfare model.

A large third sector might not be of proportionally large significance if it cannot capitalize its economic and social preponderance in political pull. The lack of multi-level governance in Sweden makes comparisons with other nations misleading, the third sector in Sweden might be large but it is nowhere near as influential as the one in for instance Germany, at least not in the ideologically important areas. To merely look at the number of memberships, produced work hours and so on in third sector organizations is to avoid the political problematization, which could serve as an indication of a lacking political science perspective. The exclusive group of scientists that studies the Swedish third sector is often oriented towards organizational theories, they might, for instance, study how voluntary work is channelled through the third sector organization. The political dimension of the issue is in many ways “the missing link”, without which one can hardly estimate the role of the third sector in the Swedish welfare state.

Few Swedish scientists study the political significance of this voluntary work. It is assumed in this paper that if more researchers did not just look at the amount of voluntary work produced but instead focused on what kind of political significance this production bought, then the estimates of the third sector's role would be more modest. The Swedish welfare state is still very much organized in terms of hierarchy rather than horizontal networks. This situation is sometimes thought of as ruled by the principle of “government” rather than “governance”, which is very much the case in Sweden (Kooiman 1999). The lack of governance in the Swedish welfare state indicates that the third sector, in spite of its numbers, has relatively little influence. It is, however, a very rudimentary indication and one here made for the sake of the argument. The argument that the real influence of the Swedish third sector is relatively small would need a scientific method of measurement of influence to be further developed. Such a method for measurement is not readily available, especially not in a paper of such limited format as this. The lack of multi-level governance and its supposed consequences for the influence of the third sector is luckily well established enough to make this argument.

## The empirical case of childcare

### **The early Swedish welfare state and the childcare services**

The Swedish welfare state has its origins in the 1930's and 40's when a growing urge for state sanctioned welfare was followed up mainly but not only, by the Social Democratic Party, which in 1936<sup>2</sup> entered a reign of 40 years of uninterrupted control of government in Sweden. The first welfare institutions in Sweden were, as in most other countries, primarily charitable organizations. The drastic expansion of the political reach under social democratic rule soon expanded the public sector at the expense of the charitable organizations, during the decades following the Second World War. One especially telling example of a welfare service that was taken over by the public sector is the provision of childcare.

Childcare was mainly provided by the third sector in the first half of the 20<sup>th</sup> century, in fact the only form of institutional childcare in Sweden until the end of the Second World War, was organized and run by charitable organizations. These charitable organizations were characteristic for their time in that they actively promoted certain set of principles and morals to the “users” of the childcare. In fact, the “caring” was secondary to maintaining of these values in what was basically aid to the very needy. The Swedish economy was still very much family based at this time and a need for childcare represented a social failure, childcare was needed for cases where the family norm had collapsed through such phenomenon as divorce, widowhood and poverty (Gustavsson 1988, p 145-146). Childcare was, gradually integrated as one of the features of the universal welfare state from the 1930's, 40's and onwards. In 1941, less than one in ten of the existing childcare facilities were run by the municipal authorities (Pestoff 1998, p.172). With the general expansion of the public sector, however, those proportions were in time reversed. The social democrat governments in the 30's actively tried to get away from charitable welfare because of its stigmatizing effect. The early social democratic governments sought to spread wealth among the population so that the need for charitable organizations would diminish; a policy that Rothstein calls the “Möller-line” after Gustav Möller, Minister of Social Affairs for the social democrats in the early 1930's (Rothstein 1994, 98-99). The central government was also a very active participant in the development of childcare services, which, over the period of several decades, created a universal system of childcare where public involvement, on the decision level as well as the

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<sup>2</sup> It is often stated that the social democratic reign began in 1932 but this claim fails to recognize the liberal “vacation government” which was in power for a few months in the summer of 1936.

provision level, was a dominant influence. The social democratic reform was, in other words two fold, the “Möller-line” reduced the need for charitable organizations and an expansion in public social services covered needs for childcare that continued to grow with industrialization, urbanization and a growing female workforce.

The state in the 60’s was not only growing, it was also considered a force for renewal and its influence seems to have been legitimate at this time, not only in Sweden but also in most of Europe. This was the time of central government, grand planning and universal state systems (Le Galés 2002, p.80). The public sector expanded for political reasons and gained great public legitimacy. It is noteworthy that this period of expansion coincides with a period of centralisation of the Swedish welfare state, there seem to be a link between expansion and centralisation in Sweden. As seen clearly in the childcare example, charitable organizations were considered discriminatory and for good reasons. Childcare was usually attached to values and requirements for the children and their parents, “parents of good virtue” could for example be considered for care in many places where children of parents who were judged as being of lesser virtue could not. The universal welfare state of social democratic design did away with such inequalities by offering childcare to a growing number of parents, and in time to all parents in Sweden (Gustavsson 1988). Few, if any, Swedes had reasons to miss the old, non-public providers of childcare and the simultaneous centralisation was surely not an issue that altered the view of this positive development.

### **Recent developments in the Swedish childcare sector**

The expansion of the public childcare sector slowed down during the 1980’s and the development during the 1990’s hints towards a change in the tide. The private childcare providers, now considered “alternatives”, grew in numbers in the Swedish welfare state. The number of private providers slowly began to increase during the 1980’s. Many of the new private providers in the 1980’s sought new pedagogical directions, which were not encompassed by the public providers. In 1985 a change of laws allowed public financial support for parent cooperatives, which spurred a rapid growth of these, the number of parent cooperatives doubled in only two years (Pestoff 1998, p.173). The for-profit childcare facilities experienced a similar development when they were granted the rights to public funding as well, in 1992, even though they have not by far reached the same numbers as the cooperatives. In 1995 almost one in eight children in Swedish childcare was enrolled in a non-

public facility and two thirds of the private facilities were run as a parent or producer cooperative (Pestoff 1998, p.175). By 2002 a total of 57,3% of all Swedish children ages one to twelve were enrolled in some kind of childcare and 6,9% of all children were enrolled in non-public childcare, leaving the municipal with the care of 50,4 of all children between one and twelve, in Sweden (Skolverket rapport 236, p.17). The private actors thereby hold almost precisely the same proportion of the children in childcare, in 2002 as in 1995, about 12% (Skolverket rapport 236).

The non-public pre-schools are, as mentioned above, entitled to public funding. The funding is, however, not completely equally distributed between municipal and cooperative pre-schools. The levels of funding vary between different municipalities and the differences between funding for municipal and cooperative childcare is typically a few percent. It can, however, be as significant as 25%, as in the regional capital Östersund, in central Sweden. The cooperatives in Östersund receive 4500 euros per child and year, while the municipal pre-school enjoys a subsidiary of 6000 euros per child (Pestoff and Strandbrink 2003, p.92). The difference in funding between the cooperatives and the municipal's "own" pre-schools is only one factor indicating that the local government does not encompass private providers. Another aspect of the private actor's isolation has to do with self-determination. Public pre-schools are part of the local government's organization, which is ultimately a political organization. There is, in other words, a natural link between popular elections, representative democracy, appointed civil servants and the provision of childcare. The private actors are outside this system, they do not participate in the political system in local government. In the case of the parent cooperatives, they have their support base "downwards", among the parents, not "upwards" in a political system. Still, the private actors are just as affected by political regulations and lawmaking as the public pre-schools are. The existing, local organization does not allow private initiatives to participate, yet it sets the terms for them in a very real way. This situation is becoming more acute as the number of non-public childcare facilities has grown.

### **The first example of centralist social policy: The maxtaxa**

The increasing level of diversity in the provision of childcare is a fairly recent development. It is, therefore, only possible to get an indefinite hint to what is the government policy towards the non-public providers is. The history of this phenomenon is, in other words, too short to provide a definite track record. There is, however, one particular policy that could be seen as a

reaction to the increasing diversity in childcare provision; the *maxtaxa*. The *maxtaxa* is, in short, a state imposed ceiling on childcare fees, where the state guarantees a maximum level of cost for the individual parents. This policy is a measure taken to lower the levels of diversity rather than encourage it in the Swedish welfare model. The *maxtaxa* is aimed at reversing the development towards diversification so that it will better suit the old system, rather than reforming the old system to suit the new development. The *maxtaxa* is a result of the above-described view of the welfare state where the objectives for the welfare system and the means to reach them are one and the same. The *maxtaxa* does not directly discriminate against the alternative providers in the welfare system but it will be suggested in this paper that the reform is designed with the need of the traditional welfare system in mind, not the alternative providers.

The *maxtaxa* is actually a central part in a wider reform of childcare in Sweden, or possibly one reform in a string of reforms during the latter half of the 1990's and the early 00's. The most significant developments are perhaps the following:

1. *Children of unemployed were on the first of July 2001 given the right to three hours a day or 15 hours a week at a pre-school. The same right was granted the children of parents on parental leave on the first of January 2002.*
2. *The actual maxtaxa, or the ceiling on childcare cost based on percentage of the parent's salary, was introduced on the first of January 2002.*
3. *General rights to pre-school were granted four and five year-olds the first of January 2003.*

(Skolverket 2003, p.6)

The National Agency for Education describes the reforms mentioned above as aimed at increasing accessibility of education and childcare. A special concern is taken to making childcare an integrated part in the general welfare system and a right for everybody living in Sweden, regardless of their economic or social conditions (Skolverket 2003, p.6). The direction in the Swedish welfare is, in other words, towards higher levels of universalism, a development that could be said to have started when the responsibility for childcare was handed over from the Ministry of Social Affairs to the Ministry of Education in 1996 (Bergqvist and Nyberg 2001, p.254). This transfer of responsibility signals a labelling of childcare as a service that is naturally integrated in the welfare state, much the same way as

regular school. The renewed efforts to increase universalism in Swedish childcare aren't in themselves measures to increase homogeneity at the provision level. In fact, the pursuit of universalism could be seen as a way to reinforce the traditional values of the welfare state.

The *maxtaxa* has indirectly favoured public provision of childcare. It is easy to see how the limits to the economic freedom for non-public providers might give their public counterparts an advantage compared to them. Some parent cooperatives complain that their economic advantage is eliminated by the *maxtaxa* (Pestoff and Strandbrink 2003). Before 2002, they could offer a lower monthly fee and instead have the parents do some or most of the work at the cooperative. This way they became a very competitive alternative to municipal childcare, which most likely explains some of the increase in numbers of parent cooperatives during the 1990's. The *maxtaxa* made the municipal childcare equally inexpensive, without there being any call for unpaid work by the parent at the pre-school. The *maxtaxa* also limited the non-public pre-schools possibility to finance their business independently from the public sector, since the ceiling on the monthly fee makes them dependent on the state subsidiary (Skolverket 2003, p.42). The non-public providers of childcare were eligible for compensation for their possible loss in income, but they are unclear whether such losses have been sufficiently covered by this compensation. The National Agency for Education called upon the municipalities to document how the non-public providers were affected economically by the *maxtaxa*, but the results from this documentation is inconclusive. There is at least one indication, however, that the non-public pre-schools did not receive more public money after the introduction of the *maxtaxa*. The special governmental grant for quality assurance, which is supposed to even out economic conditions for different pre-schools, did not fall in the hands of the non-public childcare providers to a larger degree than before, following the introduction of the *maxtaxa*. The non-public pre-schools portion of this grant remained at a steady at 12% in both 2001 and 2002 (Skolverket 2003, p.43).

The *maxtaxa* is a new development in the history of the Swedish childcare. It is an interesting example in that it shows that the Swedish welfare state is still taking expansive measures for the provision of welfare services, in spite of fiscal restraints and less than hopeful prospects for the future of the universal welfare model. Pierson shows that social policy is highly path dependent, that retrenchment of the public sector from traditional positions in the welfare state is very difficult (Hacker 2004, p.244). Hacker interprets Pierson's standpoint as follows:

Past social policy choices create strong vested interests and expectations, which are extremely difficult to undo even in the present era.

(Hacker 2004, p.244)

The development shown above goes beyond what can be explained by Pierson's and Hacker's arguments, the Swedish welfare state has not only refused retrenchment, it has continued to expand its services in the childcare area even though there are no old "interests and expectations" for such an expansion. Changes might come some time in the future but the Swedish welfare state of today is still working through publicly financed reforms and regulations, aimed at furthering the traditional principles of equality and solidarity. There is a clear path dependence in this policy, from the traditional social democratic view of the non-public services as being discriminatory to the recent development towards the *maxtaxa*:s motion towards centralization, polarization and institutalization.

### **The second example of centralist policies: Proposition 2004/05:11**

Another recent development is the reform launched by a bill to the parliament from the social democratic government in the fall of 2004. Proposition 2004/05:11 deals with quality assurance of the Swedish childcare (Prop 2004/05:11, p.67). It firstly speaks of the "democratic values" that must colour the care for the children, which is an often heard argument that is equally sympathetic as it is without real substance. What exactly does it mean to spread democratic values and doesn't it seem self evident in an established democracy that those values are the values that should be practiced? Beyond the political rhetoric, the bill moves on to more practical measures. The parents are identified as the users of the younger children's care but that the role of the children increases with age, as they learn to express themselves and form their own opinions. The parents are, thereby the actors that must be involved in the decision making process in a participatory democracy (Prop 2004/05:11, p.65). The bill concludes that the users (parents) only source of influence today is whatever they can tell the staff when dropping of or picking up their children. This is merely a matter of exchange of information, which is not sufficient, according to the minister and her bill drafters at the Ministry of Education. There must be real democratic functions aimed at channelling user influence into the decision making process (Prop 2004/05:11, p.66). This is a conclusion that is surprisingly controversial in Sweden, many of the organisations and public enterprises that were consulted in the formulation of the bill were opposed to such an increase

in parent influence (DS 2003:46). It is noticeable that the bill seems ignorant of the fact that a considerable percentage of the countries preschools are run as parent co-operatives with much more far reaching participatory functions than the ones sweepingly ascribed to the preschools of the nation. The co-operative pre-schools have decades of experience of direct participation and decision making by users. Still, without mentioning the parent co-operatives, the bill suggests a deliberate effort to reach real participation by users in the provision of childcare, as if it was a new idea, which of course it is in the public sector.

A problem identified in the bill is that the degree of democratic functions varies between different municipalities, a problem that is developed in the following sentence: “It mustn’t be up to the individual municipality to decide whether they want to work with matters of [user] influence or not” (Prop 2004/05:11, p.67). The assumed problem of unequal levels of user involvement between different municipalities stands out as one of the main motives behind the bill. The assumption that the variation between municipalities is a significant problem could be seen as a typical expression of a centralistic or hierarchical universal welfare state.

Proposition 2004/05:11 present a practical measure to meet the local inconsistencies in the democratic functions among the Swedish childcare facilities. The bill proposes a mandatory introduction of the so called “councils of influence”. The Councils of Influence are discussion boards due to be installed at all pre-school as a forum for parents to ventilate their views on the service. The central government lets the municipalities be the relevant political level for the implementation of the councils for influence in Sweden’s preschools. The councils for influence should, according to the bill, work as an arena for active user participation at the preschool, where parents and staff work together and where the opinions of the parents can be transformed to practical measures at the preschool. Once again, this sounds a lot like the system already in place in Sweden’s parent co-operatives, even though there is no mention of co-operatives as a role model in the proposition<sup>3</sup>. The bill mentions two separate aims with the council of influence: 1. Forum for discussion and 2. Forum for information (Prop 2004/05:11, p.67-68). There is still some question to whether or not the council for influence actually will provide significant empowerment of parents in a governing body at the preschools. The bill states that users will be able to discuss and present their opinion along with

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<sup>3</sup> The municipal of Kalmar in the south east of Sweden have done research on parent cooperatives together with Kalmar University, in order to learn more about parent participation in childcare provision, which is a rare example of local government reaching out to cooperative service providers for guidance (Johansson 1990, p.2)

the staff of the preschool. There is no mention, however, if this will be the basis of an actual, formal decision-making or not. The closest the bill comes to deciding the formality of the decision making process is mentioning that the council for influence constitute a “regulated structure for influence”. The councils of influence thereby lacks clear authority and is has no control over the budget, which strongly limits its importance since few significant changes can be made at a pre-school without affecting the budget. Proposition 2004/05:11 do not clearly differentiate between different forms of provision. It is therefore not clear from the wording of the bill if the for-profit preschools are to adopt the suggested measures. The third sector ones, of course, already practice the principles in the council of influence, except that they allow more influence and rely less on council.

The bill implements democratic principles in the individual childcare facilities through a central political process completed with a piece of lawmaking. To install user influence, however limited, by political decisions coming from above is a democratic measure not uncommon for the Swedish welfare state, the active state intervene directly in matters of equality and democracy. The paradox in this specific case is that there already is a system much like the one suggested in the bill and it was created by the parents themselves, from below. It is interesting that the political elite in Sweden have recognized the lower level of the welfare state, the actual provision, when discussing democracy. It is also interesting that they have moved beyond the “democratic values” and “democratic culture” rhetoric and actually come to regard practical democratic functions. It is evident, however, that the means to achieve the political objectives has not changed in a similar manner. The values of the “from below” welfare state is being implemented with methods of the “from above” welfare state.

## 5. Conclusion

It is a general assumption in this paper that the challenges for the welfare state will lift the issue of the third sector's position in Sweden. It is also assumed that it, for this reason, is important to make a fair assessment of the third sector's position in the Swedish welfare state. This paper has addressed the position of the Swedish third sector from two angles:

The first part of the paper analysed the often heard claims of a large third sector in the Swedish welfare state. These claims are made in opposition of other claims saying that the universal welfare model hampers the development of a large third sector and they thereby make an important point. It is, however, important not to let these assessments be grounds for overly optimistic statements about the third sector. It is argued in this paper that the wider definitions of the third sector are less relevant for an assessment of the third sector's role in the Swedish welfare state and even less relevant for assessing the third sectors role in a future welfare state characterized by state retrenchment.

The second part of the paper brought up a concrete example of how the position of the third sector is stagnant or even decreasing in importance. The case of childcare is used as an example of how the ideals of the traditional Swedish welfare state are still alive and well in contemporary social policy. Centralism, institutionalism and a preference for public sector solutions still dominates Swedish welfare policies. This paper suggests a return to a more traditional welfare model after a brief interlude of expansion in the third sector in the late eighties and most of the nineties, exemplified by measures to limit the diversification in Swedish childcare services, caused by an increasing number of especially parent co-operatives during this period. It is interesting to note that challenges to the "Swedish model" are countered with higher levels of centralism. There is clearly a parallel to earlier challenging periods, the challenge of providing equal levels of high quality service to the whole of the Swedish population in the 50's and 60's was also paired with a strong drive towards centralisation of the welfare state, both politically, bureaucratically and in terms of service provision. An interesting continuation of this paper would be to future explore this assumed correlation between challenges and centralisation.

The two parts of this paper are used as means to tone down the optimism surrounding the future of the Swedish third sector. A serious effort to include the third sector in the debate on

the challenges for the Swedish welfare state depends on a fair assessment of its present relevance. This is not to say, however, that the enormous potential for revitalization of the welfare state that lies in the third sector should be ignored. This paper merely points out that the first step towards greater involvement of the third sector lies in a correct assessment of its present position.

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