KEYWORD ESSAY

Postgrowth welfare systems: a view from the Nordic context

Riya Raphael, riya.raphael@soch.lu.se
Jennifer Hinton, jennifer.hinton@cec.lu.se
Alexander Paulsson, alexander.paulsson@fek.lu.se
Max Koch, max.koch@soch.lu.se
Mine Islar, mine.islar@lucsus.lu.se
Nils Grolimund, grolimundnils@gmail.com
Lund University, Sweden

As production and supply chains rely on exploitative extraction of nature and labour, consumption levels (resource use) remain one of the main indicators of inequality, across and within national contexts. In times of ongoing climate crisis and rising levels of inequalities, welfare systems face the dual challenge of transforming economies to reduce their reliance on unsustainable industries as well as maintain and expand equitable distribution of public provision. In this keyword essay, we address three overlapping concerns to consider while envisioning sustainable welfare within the Nordic context: growth and its paradoxical relation with welfare; inequalities and notions of wellbeing; and possible alternatives to arrange provision systems.

Keywords postgrowth • Nordic welfare model • wellbeing • inequalities • not-for-profit

Key messages

• This keyword essay focuses on resource use and its relation to welfare systems.
• Infinite growth cannot be pursued within planetary boundaries as it requires high resource use.
• Sustainable welfare models must centre planetary and human wellbeing.
• These models must consider intersectional inequalities and alternative welfare provision systems.

Introduction

The COVID-19 pandemic and the ongoing wars at the backdrop of a global climate crisis have not only highlighted the fragility of global economic structures but also the lack of sustainable and equitable infrastructures of care for people and the planet. The Nordic welfare system has been an important model in building public services which minimised the consequences of socioeconomic inequalities (Esping-Andersen, 1990; 1999). The Nordic welfare model has had successes in terms of increasing socioeconomic standards of living for (most of) its residents. This model has been ‘culturally celebrated, ideologically reinforced, and exported to many other parts of the world’, though its viability and feasibility of being applied across the globe has been taken for granted (Lee et al, 2023: 829). Lee et al (2023) note that if everyone on the planet were to lead a Western lifestyle, climate crisis would have occurred sooner, and in an accelerated manner. The consumption levels in the Nordic context remain fairly high and unsustainable, and must be considered while envisioning welfare systems within planetary boundaries.

The main characteristics of the Nordic welfare model is the universal nature of its public services which is shaped by the logic of ‘decommodification’. Decommodification meant that social reproductive aspects of labour, such as healthcare, care facilities and education, could remain mostly outside the market forces (Esping-Andersen, 1990; Dukelow and Murphy, 2022). The ‘exceptional’ phase of Nordic welfare, however, has been waning in the neoliberal context of privatising public provisions (Martinsson et al, 2016; Hansen et al, 2022). Simultaneously, welfare services are being recalibrated on the supply side through ‘social investment’ strategies (Hemerijck, 2018), which are framed as a response to new social risks and inequalities (Bonoli and Natali, 2012). Similar to other high-income countries, the environmental and planetary dimensions remain marginal within the Nordic social policy framework (Dukelow and Murphy, 2022). Therefore, it urgently needs to drastically reduce its resource use in order to avoid consistently overshooting planetary boundaries and, at the same time, manage its achieved social thresholds, such as life expectancy, access to energy, nutrition, education, democratic quality, and so on (Fanning et al, 2022).

In this keyword essay, we argue that in order to centre human and planetary wellbeing, the Nordic welfare model needs to re-evaluate its growth dependent economic system. We critically examine the relationship between growth, productivism, inequalities and the reasons for diminishing returns of social wellbeing despite high resource use, within the Nordic context. We conclude with some potential pathways to envision and build more sustainable and equitable welfare structures.

Regimes of productivism

Within the growth model, productivism is the main driving force, which implies that welfare is intricately tied with productive labour. This welfare–work nexus largely evolved during the post–Second World War period in Europe. The Fordist model of production and work recognised the role of trade unions. While this fostered collective bargaining, work was organised under the (Taylorised) management's control (Räthzel et al, 2014; Lee et al, 2023). The state mediated conflicts between capital and labour, and ‘facilitated the provision of economic growth and productivity through public infrastructure spending and permissive credit and monetary policies’
Postgrowth welfare systems

Lee et al. (2023) state that governments began to use the growing tax take from the primary incomes of the labour to create and/or expand welfare systems to cover risks such as old age, sickness and unemployment. However, the 127 risks that the Intergovernmental Panel on Climate Change (IPCC) attributes to climate change, including reduced water, food security, increased migration and heat-related mortality, did not fall under the original ‘social risks’ (Hirvilammi et al., 2023). These new ‘ecosocial risks’ lead to new inequalities, new types of distributional conflicts and new forms of injustices, across and within several geopolitical contexts, between developing and developed countries and between present and future generations (Hirvilammi et al., 2023). Thus, within the growth and productivity-oriented economy, social policy continued to be designed without accounting for the interlinkages between environment and welfare (Dukelow and Murphy, 2022).

The ‘welfare regimes’ differ according to the extent to which welfare systems provide for the institutional protection of workers from their total reliance for survival on employers. For Esping-Andersen (1999), the degree of ‘decommodification’ depended on the varying range of private and public actors in welfare delivery. Thus, the Nordic countries classified as the ‘social-democratic regime’ had the highest degrees of decommodification and, relatively, the lowest degrees of class and gender inequality. However, the common denominator for all the welfare regimes – the social-democratic, conservative and liberal – is a particularly articulated work ethic and a strong connection to economic growth (Koch et al., 2023). Welfare regimes have been funded and facilitated through the logic of economic growth and in turn welfare provisions are maintained to facilitate and contribute to the productive growth economy (Dukelow and Murphy, 2022). During economic crises, unemployment tends to increase, undermining the revenue base for welfare states due to falling incomes, a decrease in consumption and social insurance contributions, while demand for welfare spending increases (Büchs, 2021).

The transition towards financialisation and globalisation of production and investments since the 1980s has not changed the co-dependent links between social welfare policy and national gross domestic product (GDP) growth. Instead, in this new era of the ‘competition state’ (Cerny, 2010), social policy itself was understood as an ‘investment’, which could be restructured to encourage competition among actors at the local and national levels within the global economy (Hemerijck, 2018). Consequently, this shaped the new social contract between an unemployed individual and the state, wherein the individual has the responsibility to seek employment and adapt themselves to comply to the demands of the labour market. Here, the state only supports job ‘seekers’, who are willing to return to the labour market, but those who are unable to follow this and remain ‘economically inactive’ are either excluded from the welfare benefits or are penalised (Mulinari, 2018; 2021; Lee et al., 2023). This work–welfare nexus combined with the competitive new public management promised ‘more efficient’ management of public services. Though, in the past decades we witness an increase of inequalities at the backdrop of devastating impacts of climate change (Alvaredo et al., 2018).

Overshooting planetary boundaries with diminishing returns

Recent studies combine the planetary boundaries framework with the concept of social thresholds emphasising the links between resource use, social outcomes and
environmental goals (Fanning et al., 2022). O’Neill et al (2018) utilise Kate Raworth’s ‘doughnut of social and planetary boundaries’ model to show that all countries across the globe overshoot most of the planetary boundaries (including CO₂ emissions, phosphorus, nitrogen, and so on) before tackling the social thresholds (such as life expectancy, access to energy, nutrition, equality, employment, and so on) (see also Raworth, 2017). For example, when we observe the high levels of food consumption in Sweden, planetary boundaries have been exceeded multiple times in terms of cropland use, extinction of species and carbon emissions (Hallström et al, 2022). While increasing growth has led to consistently overshooting biophysical boundaries, it has however not resulted in an expansion of funding public services (Fanning et al, 2022; Tønnessen, 2023).

Maintaining and increasing growth is unfeasible due to its heavy reliance on extracting natural resources and on the exploitation of cheap labour. Thus, the economic growth model and productivism continues to be shaped by the global colonial legacies (Hickel et al, 2021). Economic and welfare systems based on high levels of production and high consumption are not only detrimental to the environment, but they also harbour gendered and racialised socioeconomic inequalities. While the Nordic states have been a beacon of aspiration for achieving relatively higher degrees of equality owing much to their welfare model, in the last 30 years there has been an increase in inequality. Sweden, for example, has seen the sharpest increase of income inequality and income poverty among the Nordic states (Barth et al, 2021). There has also been a reduction of social transfers in Sweden, followed by Denmark and Finland, which has further contributed to the decrease in income of the lowest-income groups (Barth et al, 2021).

Esping-Andersen’s notion of decommodified public services has been analytically useful to understand welfare regimes, however, it has been criticised for being blind to the gendered underpinnings of paid and unpaid care provisions (Dukelow and Murphy, 2022). Feminist scholars have consistently illustrated that ignoring the gendered and racialised intersections, within the infrastructures of welfare, lead to ineffective strategies and hence fail to tackle unequal distribution or access to resources (Mulinari et al, 2009; de los Reyes and Mulinari, 2020). For example, longitudinal studies indicate that intersectional inequalities are reproduced within several aspects of the Swedish welfare state. The socioeconomic impact of racial segregation in Sweden is materialised through disparities in housing, salaries and employment as well as healthcare (Groglopo et al, 2023; Mulinari and Neergaard, 2023). As Fanning et al argue, developing welfare provision systems within biophysical boundaries ‘requires a dual focus on curbing excessive affluence and consumption by the rich while avoiding critical human deprivation among the least well off’ (2022: 26). We would also add that welfare systems and sustainable provision mechanisms need to account for various forms of intersectional inequalities. Overlooking these interlocking disparities has led to exceeding planetary boundaries to create ‘exceedingly’ better standards of living for a few rich segregated sections of the society, in the midst of a climate crisis.

Potential for sustainable welfare

It is assumed that the Nordic welfare states would be better suited to integrate social and environmental policies than other liberal market economies (Dryzek et
Postgrowth welfare systems

This could be due to the emerging developments of the last few decades. The Nordic countries, and Sweden in particular, were among the first to establish an environmental ministry within its state apparatus, organise environmental legislation and associated bodies with dedicated budgets (Duit, 2016). Yet, the claim that social-democratic welfare regimes which are relatively less unequal in socioeconomic terms would somehow also perform best in ecological terms and transform into ‘ecosocial’ states has not been verified in comparative empirical research (Koch and Fritz, 2014; Jakobsson et al, 2018; García-García et al, 2022). Ecosocial welfare is a framework that explicitly integrates ecological perspectives with social dimensions, such as inequalities, to formulate social policies that can facilitate a just transition (Mandelli, 2022).

However, the fact that welfare regimes have not (yet) had any empirically identifiable effect on countries’ objective environmental performances does not rule out the possibility that the institutional make-up of social-democratic welfare regimes could have the potential to initiate ecosocial policies. Emerging studies on attitudes indicate that electorates in the Nordic states are the most prepared to support ‘sustainable welfare’ among the rich countries, thus their governments could in fact be bolder in this regard (Fritz and Koch, 2019; Otto and Gugushvili, 2020; Emilsson, 2022). Despite this, studies on environmentalism in Sweden emphasise the dominance of middle-class norms and lifestyles which make it difficult to imagine alternatives to consumer-based living (Isenhour, 2010; see also Anantharaman, 2018). These lifestyles are ‘dependent on goods as symbols of cultural capital, relationships, social status’ (Isenhour, 2010: 513), and a sense of morality ‘inspired by the values and lessons of the Lutheran Church and the humanitarian ideals of the welfare state’ (Isenhour, 2010: 519). The welfare–work nexus, thus, is based on the conditionality that workers are productive and consistently consume to foster growth, which further maintains and contributes to the welfare system. Therefore, even in welfare regimes with higher levels of decommodification, like in the Nordic context, it is challenging to counter the ‘production and consumption-based understandings of welfare’ (Dukelow and Murphy, 2022: 506).

From growth to wellbeing

The relation between economic growth and subjective wellbeing is far from causal. The so-called ‘income-happiness paradox’ indicates that the benefits of GDP on wellbeing tend to falter after some point, also known as the ‘Easterlin paradox’ after the work of Richard Easterlin (1974). Similar to public welfare, beyond a certain threshold, economic growth does not enhance wellbeing, which is evident in all the Nordic countries (Fanning et al, 2022; Country Trends, 2023).

This stagnation of general welfare has occurred in a situation of ecological unsustainability (Fanning et al, 2022). Two main theories have been proposed to explain why economic growth ceases to contribute to subjective wellbeing in high-income nations: habituation and social comparison. The plateauing of wellbeing levels could be explained psychologically by the fact that people habituate to new levels of comfort, and sociologically, by a phenomenon of positional competition where individuals compete against each other in a zero-sum game for prestige. Put together, these two mechanisms could explain why the pursuit of economic growth is futile for improving wellbeing in the Nordic context.
Büchs and Koch (2017; 2019) have pointed to some of methodological limitations underpinning the Easterlin paradox. While economic growth may literally grow indefinitely, subjective wellbeing and happiness is measured on a limited scale, usually ranging between 1 and 10. Because Easterlin compares something that can grow indefinitely (GDP) with something on a bounded scale, happiness can by definition not grow above a certain level. It is therefore not surprising that countries in the Nordics that have already ‘achieved’ happiness scores over 8 have difficulties in topping this. Due to the methodological difficulties with subjective wellbeing, objective indicators such as human needs are more suitable for discussions about wellbeing and postgrowth welfare (Büchs and Koch, 2019).

Many welfare states have been drifting into a phase of slow growth or even secular stagnation in the past decades. At the same time, postgrowth has emerged as a desirable goal for ecological reasons. While income and economic growth are not necessarily connected to wellbeing in Organisation for Economic Co-operation and Development countries, welfare provisioning is (Büchs, 2021). This raises the question: could welfare be decoupled from growth? Is it possible to design and organise welfare systems sustainably, that are independent of economic growth? So far, there have been two interrelated approaches to these questions. The first approach explores how welfare, including healthcare and education systems, can be provided in a postgrowth economy. The second approach is very similar, but it looks more closely at ecosocial policies, that is, how welfare could be delivered in an ecologically sustainable way, and conversely, how environmental policy could be delivered in a socially equitable way (Corlet Walker et al, 2021). Common to both these approaches is their concern for the supply and demand of welfare in a postgrowth economy. For example, in a postgrowth economy, the supply of welfare would depend on some forms of tax funding, as public spending on healthcare and education would prevail. However, a postgrowth economy characterised by less production and consumption would mean, all other things equal, less tax revenue. Finding novel ways to fund the supply of welfare is therefore a key task. For example, during a transitional period towards an ecosocial welfare system, tax on wealth and financial market transactions would be preferable, rather than on labour and consumption. This would be justified on the grounds that wealthier households emit disproportionally more CO₂. Tax on resource use would discourage extractivism. Corlet Walker et al (2021) also mention a green jobs guarantee and environmental taxes as two ways to secure revenue in a postgrowth economy.

Besides these conventional approaches that focus on redistributive tax reforms (income, wealth, property, resource use), there have been proposals for more radical reforms of both fiscal and monetary policy to sustain ecosocial policy in a postgrowth economy. For instance, Olk et al (2023) note that while degrowth points to the artificial scarcity of essential goods, modern monetary theory highlights the artificial scarcity of money. By combining these two approaches it is possible, Olk et al (2023) argue, to create money to fund a degrowth transition. More precisely, they call for a mix of fiscal and monetary instruments, including sovereign money creation, credit controls, maximum income caps, rationing and price controls, and the establishment of non-market-based complementary currencies. The demand for welfare in a postgrowth economy could also undergo dynamic changes. For example, shared working schemes and a better work–life balance could possibly translate into lower levels of unemployment and less...
demand for unemployment insurance. More labour-intensive forms of work, such as craft, could also be promoted to ensure employment opportunities and minimise mass consumption (Rennstam and Paulsson, 2024). Above all, wellbeing may increase with work-hour reductions, allowing for more balanced work–life relations (Sahakian and Rossier, 2022).

Towards postgrowth possibilities

Not-for-profit futures

How might a postgrowth economy meet needs in a sustainable way? In a sustainable society, material needs are met by keeping existing materials and goods in circulation as long as possible (Kallis, 2018). This reduces the need to extract new materials, use energy, produce emissions and produce waste. Keeping materials in circulation implies that needs are primarily met through networks that facilitate the sharing, swapping and gifting of existing goods (Kallis, 2018). The state in collaboration with not-for-profit businesses can play an important role in complementing these community networks and household self-provisioning by helping them meet needs in diverse, decentralised and sustainable markets.

For-profit businesses cannot help in meeting needs within the planetary boundaries. For-profit business structures have the legal purpose of financial gain for private owners and can distribute their surplus to their owners to achieve this aim (Hansmann, 1980). The competition for private profit tends to drive consumerism, environmental degradation, inequality and political capture. It also tends to push out smaller, local and more sustainable businesses (Hinton, 2020). As such, the for-profit way of organising business and markets is not compatible with a sustainable postgrowth economy.

Not-for-profit businesses already exist around the world in every sector of the economy, so they can be seen as an effective bridge from the capitalist economy to a sustainable postgrowth economy (Hinton and Maclurcan, 2017). The not-for-profit structure means they have no private financial owners to extract value and all their surplus goes back into socially beneficial activities (James and Rose-Ackerman, 1986). This includes consumer cooperative grocery stores, credit unions, saving-and-loan banks, charity-owned second-hand shops, community-owned renewable energy systems, mutual insurance companies, community-supported agriculture and association-owned recreation centres. Together, these businesses can form sustainable markets in which all businesses are focused on meeting needs and providing social benefit.

An economy composed primarily of not-for-profit businesses can help distribute resources, goods, services and money to where they are needed most (the full model is presented in Hinton and Maclurcan, 2019). In this post-capitalist model of a sustainable economy, the self-provisioning done by households and communities (for example, swapping and sharing networks, community tool sheds and community gardens), is complemented by not-for-profit businesses and markets that focus on providing services, including the repair, refurbishment and recycling of products to maximise the efficient use of existing goods. Market actors can also produce new goods when necessary. The role of the state of course is important in such an economy, as it would provide universal basic services such as healthcare and education and regulate the
market to ensure that everyone’s needs are met within ecological limits. It does so by implementing regulations that protect people and the environment (for example, enforcing a living wage and shorter working week, banning hazardous materials), as well as policies that enable and encourage a minimal use of resources and waste (for example, cap-and-share programmes, strict environmental standards, rationing of scarce resources).

These types of regulations and taxes can be effectively implemented in the not-for-profit economy because, in contrast to the financial gain goals of the for-profit market, the social benefit goals of the not-for-profit market align with the state’s aim of making sure that society’s needs are sustainably met. This model is flexible and can be adapted to diverse contexts, which might favour different mixes of state, commons and market. The not-for-profit market economy is compatible with other alternative models, such as the moneyless economy model (Nelson, 2022) and the participatory economy model (Albert, 2004), as well as existing peasant and indigenous economies that tend to align more with the principles of a not-for-profit economy than the for-profit economy (Kothari et al, 2019).

Building infrastructures of care

When inclusive and equitable wellbeing and sustainability are centred within the discussion of transforming welfare provisioning systems, feminist scholarship offers valuable critiques and possible pathways. Within the welfare–work nexus, the core logic of welfare has been to build infrastructure (for care and social reproduction) to support the labour force so they can perform high levels of productivity and maintain growth (Bhattacharya, 2017). Alternatively, centring care as a political and economic ethic could provide ways to pursue sustainable and just welfare. It requires us to ensure inclusive provision mechanisms and further transform the current economic status quo. As Rennstam and Paulsson remind us, ‘we cannot continue to produce and consume as much as we do if we are to reduce environmental impacts, that is, if we are to reduce greenhouse gas emissions and the throughput of materials and energy’ (Rennstam and Paulsson, 2024: 2, emphasis in original). Centring human and planetary care, thus, implies that we challenge the modern normalisation of wage labour/paid work within growth-oriented capitalist economies and question the emancipatory nature of paid work (cf Dengler et al, 2022). Paid work within the current economic paradigm has resulted in locking people into dominant patterns of production and consumption and reproduces the ongoing gendered and racialised inequalities. For example, Sweden is an illustration of how inequalities in work and welfare are paradoxically bound. On the one hand, Sweden has one of the highest levels of women in the labour force, and at the same time it has one of the most gender and racially segregated labour markets in Europe (Bursell and Bygren, 2023).

Thus, to build inclusive and accessible public services, which respect planetary boundaries, it is fundamental to account for such hierarchies that are embedded within seemingly equal socioeconomies such as the Nordics (de los Reyes and Mulinari, 2020). Apart from addressing the prevalent inequalities, building care-centred economies also entails increasing and enhancing resources for healthcare, childcare, elderly care and care for people with disabilities, equitable education, fair compensation of workers, among other provisions. This also includes a reorganisation of wage labour, and a ‘care income’ to recognise and valorise unpaid
social reproduction, which is mostly done by women, particularly racialised women (Dengler et al, 2022; Godin, 2022).

Lastly, as Hickel et al (2021) illustrate, levels of global resource use cannot be analysed by studying countries in isolation and must be situated within the larger context of extraction and circulation of natural resources and labour, which are shaped through colonial dynamics. The Nordics are often assumed to be ‘outside’ colonial histories even though they also continue to benefit from the unequal resource drain (Mulinari et al, 2009; Hickel et al, 2021). For example, the relation between the indigenous Sámi community and the Nordic welfare state has been contentious. From the establishment of the Nordic national borders that divided the community, to the appropriation of commons (for example, land and water), the Nordic industrial development and welfare model have been built on violence towards the Sámi population and indigenous relations to nature (Dankertsen, 2020; Knobblock, 2024). Therefore, on the path towards building sustainable welfare in the Nordics, it is pertinent to challenge the current logic of growth-oriented economies which have been violent towards the planetary and human wellbeing. In the Nordic context, for instance, this would imply respecting and drawing upon indigenous Sámi feminist perspectives, such as reclaiming and expanding the commons to envision pathways to decommodify natural resources and design ecosocial policy frameworks (Dankertsen, 2020).

Towards social and planetary wellbeing

In this keyword essay, we have built on emerging studies on planetary boundaries and social thresholds to elaborate how this discussion can be situated in the case of the Nordic context. Like other Western economies, the Nordic model also relies on high resource use, yet the social–democratic welfare regime and the legacy of universalising public services provides a unique case to examine the interlinkages between planetary boundaries and welfare provision. The Nordic welfare system is highly unsustainable and thus not generalisable. However, it offers some analytical openings to reconsider how welfare, wellbeing and natural resources could be decommodified and shifted to not-for-profit arrangements, to facilitate the move towards sustainable production and consumption. By combining growth-critical scholarship with critical feminist perspectives we highlight the need to challenge the embedded inequalities within the Nordic context. This further enables us to find conceptual and practical pathways to envision infrastructures that care for people and the planet.

Response to the discussants

We thank both the discussants who generously engaged with an earlier version of this article. The feedback has enabled us to sharpen the focus of the article and refine the arguments. The revised version has a more elaborate discussion of examples of welfare proposals, and we have also included a more nuanced perspective on inequalities and notions of wellbeing.

Funding

This research was supported by Lund University’s Research Programme for Excellence, focusing on Agenda 2030 and sustainable development.
Acknowledgement
We thank Timothée Parrique and Johanna Alkan Olsson who contributed to the discussion at the initial stage of this article.

Conflict of interest
The authors declare that there is no conflict of interest.

References


Tønnessen, M. (2023) Wasted GDP in the USA, Humanities and Social Sciences Communications, 10. doi: 10.1057/s41599-023-02210-y