

Alan Wolfe

## **Welfare State and Moral Obligation: The Case of Scandinavia<sup>1</sup>**

De skandinaviske velfærdsstater har i forbindelse med deres varetagelse af omsorg for børn, syge og gamle også overtaget moralske forpligtelser, der tidligere blev varetaget i familien, mellem generationerne og i frivillige organisationer. Men velfærdsstaten er blevet offer for sin egen succes. I stedet for at yde privat velgørenhed og frivillig indsats betaler man skat. Et højt skattetryk understøtter statens menneskelige ansvarlighed, men ikke nødvendigvis den enkeltes følelse af solidaritet og moralsk forpligtelse i forhold til andre mennesker, og med stigende skattetryk vokser skatteunddragelsen og omfanget af sort arbejde. De skandinaviske velfærdsstater varetager omsorg i langt højere grad end de markedsstyrede samfund, men mangler en balance mellem personlig og kollektiv ansvarlighed.

The contemporary Scandinavian welfare states do more than regulate economic activities. They are also increasingly involved in the regulation of moral life as well, as government assumes responsibility for raising children, taking care of the elderly, insuring that the disadvantaged are cared for, and establishing the rules by which people's fates are interlinked.

Early theorists of the welfare state assumed that the moral fabric of society would enable government to improve the lives of all. But if government instead carries out moral obligations in the intimate realm of society, can we be sure that the welfare state's greatest accomplishment – its sense of caring can be preserved? In this article I propose to make a tentative answer to this question of whether the Scandinavian societies continue to respect the needs of perfect strangers. Three ways of measuring obligations to strangers will be discussed: obligations to future generations, since they will realize their lifechances after the present generation no longer has an »interest« in their fate; obligations to a generalized sense of community expressed through a willingness to give time and money to strangers through charity; and obligations to others expressed through a willingness to pay taxes.

### **After the Social Democratic Generation**

One of the most important questions we can ask about the Scandinavian welfare states, both in their earlier version and in their more recent forms, is how they sustain a sense of obligation between generations. This question is particularly appropriate in Scandinavia, because the social democratic movement that created the modern welfare state is itself a generational phenomenon (Zetterberg, 1986) shaped by the experience of the Great Depression, social democratic voters possess distinctive attitudes emphasizing equality and economic security.<sup>2</sup>

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### **After the Social Democratic Generation**

One of the most important questions we can ask about the Scandinavian welfare states, both in their earlier version and in their more recent forms, is how they sustain a sense of obligation between generations. This question is particularly appropriate in Scandinavia, because the social democratic movement that created the modern welfare state is itself a generational phenomenon (Zetterberg, 1986) shaped by the experience of the Great Depression, social democratic voters possess distinctive attitudes emphasizing equality and economic security.<sup>2</sup>

The question of concern in this paper is not whether the social democratic generation has provided for its own future, for that it surely has. From the standpoint of obligations to strangers, the more important issue concerns the fate of the generation to come. The situation facing the young in Scandinavia is not completely reassuring. Declining fertility rates (what Alva Myrdal has graphically called a »birth strike« (Rehn, 1986: 159), pessimism about the future,<sup>3</sup> youth unemployment,<sup>4</sup> increased rates of crime and drug addiction among the young,<sup>5</sup> and a sense that the »youth revolt« which began in the 1960s has turned sour<sup>6</sup> all are common themes when Scandinavian youth are discussed. Despite the success of the welfare state, consequently, specialists in youth problems are not optimistic about the future. Ivar Frønes views attitudes toward children as representing direct consumption rather than investments in the future (1985: 29), while Inger Koch-Nielsen, in a study of future prospects for children in Scandinavia, talks about »a ticking bomb in the development of society« (1985: 42). The feeling has been best expressed by Frønes; after World War II, as he puts it, »youth would build the country. Now youth has become synonymous with problems« (1986: 180).

The very young in Scandinavia today are being raised in ways that no previous generation of children has ever done. »Growing up post-modern«, as the Swedish psychologist Lars Dencik has called it (1987), involves living with adults, one of whom is likely not to be one's biological parent; having step-siblings as often as one has siblings, and having fewer of the latter in any case; spending most of the day, from a relatively early age until the start of school, in a public day-care institution; experiencing generally low levels of contact with friends and neighbors; maturing extremely quickly; and developing a series of capacities stressing self-control and self-mastery. Although Dencik argues that growing up post-modern is generally advantageous to children, one can still ask whether or not the accomplishments of the new welfare state – its achievement of greater equality between the sexes or its emphasis upon rights rather than obligations – comes at the cost of exposing children to new ways of growing up whose future consequences are uncertain.

The point at which such a question is generally asked is the same point at which the post-modern family overlaps with the new welfare state: the public day care center. There have been a series of efforts made in Scandinavia to determine the consequences for children of public day care. The most positive results were found by Bengt-Erik Andersson (1986), who carried out a study of 119 Swedish children from their first to their eighth year. While many of his findings revealed that participation in public day care had neither a positive nor a negative longer-term effect, not only in the development of academic skills, but also in psychological measures such as self-confidence, Andersson did discover that age of entry into the public day care system seemed to be a consistent predictor of success later on: the earlier a child began, the better the later academic success.

Andersson's findings were contrary to the conclusions of many child psychologists, especially those influenced by the »object relations« school of psychoanalysis who stress the need for early and permanent contact between parents and

children. (His findings were also contrary to the proposals of the Swedish Social Democratic Party, which argue for eighteen months paid maternity leave). They are, however, consistent with other studies that show positive results from the experience of public child care, such as those which place an emphasis on the autonomy that children can learn (Sigsgaard, 1985) or those which stress that day-care centers bring children into contact with other children from a wider variety of backgrounds, including differing ages, than they would have received if they had been brought up at home (Edenhammer, 1982; Jensen and Langsted, 1985). One can, from studies such as these, conclude, as both Andersson and Dencik do, that a good deal of the guilt experienced by parents when they utilize public day-care is unnecessary. But there are reasons, many of them not quantifiable through statistical research, that indicate that such a conclusion is not justified.

One such reason is that Andersson's research stresses the importance of »good« day-care, but not all public day-care is good. A series of problems plague the day care sector in Scandinavia, the most important of which are the notoriously frequent turnover of personnel in day care institutions (Pedersen and Pettersen, 1985) and the fact that children in day care suffer from a lack of time spent together within the immediate family (Evanshaug and Hallen, 1985; Christoffersen, Bertelsen and Vestergaard, 1987: 110-15; Langsted and Sommer, 1988: 93-5). This latter problem, moreover, is compounded by the fact that small children in the Scandinavian countries, because of the general weakness of civil society, have relatively little contact with friends and relatives outside their immediate family networks (Frønes, 1987; Christoffersen, Bertelsen and Vestergaard, 1987).<sup>7</sup> It may be for reasons of this sort that other studies have found serious emotional problems associated with public day-care: some, for example, found that young infants were particularly disturbed by their entry into a new environment, even if such feelings tended to pass with time (Andersson, 1986: 2-3), while others, not only in Scandinavia but elsewhere, tend to find that children in public day care tend to be more aggressive (Kyng, 1985: 73-4). Once optimistic views about public day care – which assumed that, in Birthe Kyng's words, children would be »more self-sufficient, that is, more independent of support from adults, less shy than children raised at home and more open in peer-group relations« (1985: 73) – are increasingly being replaced with the notion that public day care does no harm.

Denmark relies on public day-care to a greater degree than any other country in the world. It is, therefore, worth pointing out that a Danish national commission on the status of children issued a report in 1981 that warned of a »closed children's world« cut off from adult life (*Børnekommissionens betænkning*, 1981). Responding to that report, the National Association of School Psychologists also investigated what many have called »the new children's character« in Scandinavia and concluded, among other findings, that:

»It is becoming more common that children who are beginning school are anti-social, loud, and confused. They are uncertain, unhappy, and badly in need of contact. They do not have the awareness that early beginners in school once had and they are missing moral concep-

tions. They have no respect for elders and are untrained in using their body and their hands. Many are passive or aggressive and they do not understand ordinary reprimands» (Bjørnø, Dalgård and Madsen, 1982:16).<sup>8</sup>

This notion that a »new children's character« is being created needs to be interpreted with some caution, for, as Kyng has pointed out, it applies to all children, not just those who attended day care while young (1985:173). (It has also been suggested, by a therapist who works extensively with small children in Denmark, that the proper term ought to be a »new parent's character,« since it is the parents whose behavior has changed, more than the children) (Surland, 1988). Still, findings such as these suggest that the public family does involve an element of moral gambling with the future.

There can be little doubt that many children are served well by public day-care. Nor is there any doubt that even if public day-care is organized more with the needs of parents in mind rather than children, more productive and content parents make for more happier children. Yet for all this there is reason to listen when Scandinavian parents express guilt about their children. As nearly all studies of public day-care suggest, every child has different needs; specific parents tend to be in the best position to know what the specific needs of their children are. Public provision of day care has undoubtedly made the Scandinavian state, in Helga Hernes' term, »woman friendly« (1987: 15-6). Whether the new welfare state is »child friendly« is still an undertermined matter.

The welfare state, it would seem, has reached the point where it becomes difficult to achieve equality for the present generation without taking steps whose implications for future generations may be problematic. No one in Scandinavia seems to have solved the problem of how it is possible to combine an extension of citizenship rights in the present, especially reflected in support for women to enter careers and achieve equality with men *and* ways of giving personal time and attention to the very young. It is no doubt demanding and burdensome to take care of the young (and the old), but it is also one of the only ways we can come to understand personally the vertical nature of the social fabric.

### **The Welfare State and Social Obligations**

Understanding more about the invisible ties of moral obligation that make society possible has always been part of the sociological mission, exemplified in Richard Titmuss' (1971) study of British and American patterns of donating blood. Yet the spirit of voluntaristic altruism praised by Titmuss mixes uneasily with a trend in the Scandinavian welfare states to view charitable giving and voluntarism through unfriendly eyes – as threats, and niggardly ones at that, to the idea that social benefits ought to be a right guaranteed by government and delivered to all rather than a feeling dependent on individual whim. The replacement of private charity with universal access to benefits and rights guaranteed by government surely represents a strengthening of a sense of obligation to those we do not know. But it also carries the risk that if, in some ultimate sense, the responsibility for the care of strangers belongs to government, it no longer belongs to us.

It is not the case, as some critics of the welfare state have charged, that because the role of government is so extensive, people in Scandinavia no longer care to donate their time and energy to others. As a result of the welfare state, people have more free time, and they often use their time in cooperative activities with others (Axelsson, 1984). One of those activities involves voluntarism: participation in community organizations, sports activities, scouting and other similar groups, political movements, and even private social welfare activities. Research conducted in both Denmark and Sweden indicates that voluntarism is still alive and well in Scandinavia. In Denmark, for example, only a small portion of the population was found to have engaged in traditional social work – the welfare state does that – but, depending upon how defined, anywhere from 25 to 44 pct. of the adult population was found to be engaged in voluntary activities of one sort or another (Boolsen, 1988). Swedes use their free time in many ways, including private consumption items such as watching television or repairing their homes, but somewhere in the area of 40 pct. of them participate in public activities such as organized sports or cultural events (Brivkalne, 1987). Moreover, such participation in voluntary activities has grown over the past decade (Tåhlin, 1985: 55-78).

Nor is it the case that private charity has disappeared from the welfare state. In Sweden to be sure, where private charity is discouraged, there exist relatively few examples of organizations between the state and the market. (Indeed the Swedes have had to invent a new term to characterize such organizations. Recent publications of the Finance Ministry call them »border organizations«, to indicate that they exist somewhere between the market and the state) (Winai, 1987; *Organisationer på gränsen*, 1985). Even though new self-help type organizations have appeared in the 1980s, in the realm of day-care for example, they tend to be small and localized. Such is not the case in the other two Scandinavian countries. In Norway, a study conducted in the city of Bergen found private organizations active in such areas as pensions, mother's help, aid to the handicapped, help for the sick, international solidarity, and many other areas (Lorentzen, 1987a; 1987b; 1987c). In Denmark, an examination of 115 voluntary organizations indicated that they still played a major, if invisible, role in social welfare (Habermann and Parsby, 1987; Jeppesen and Høeg, 1987), leading social workers and social theorists to begin a debate over the nature of what has been called »the third network« (Habermann, 1987) of private charitable organizations and what role they ought to play »between the market and the state« (Klausen, 1989).

There surely is a role for private charitable organizations to play, even in societies where the welfare state is highly developed. To illustrate, consider the experience of one such organization, a Danish charity called »Mother's Help.« As a result of the horrendous conditions that faced poor, young, and single women who found themselves pregnant (Nexø [1917-21], 1963), private charitable efforts to help them had been a feature of Danish life since the turn of the century. These efforts were coordinated in 1939 when an earlier generation of Danish feminists, acting often out of a spirit of *noblesse oblige* – hat ladies, as they are called in Danish – founded Mothers Help.<sup>9</sup> The aim of the organization was to provide legal and social advice, economic support, educational funding, services



for infants, and institutions for both pregnant single mothers and for the period after childbirth. Between 1939 and 1973, the number of women who used the charity increased more than ten-fold, from 3,342 to 44,158 (Skalts and Nørgaard, 1982: 22-30, 49, 57-79).

As is often the case in matters of social help, conservatives preferred that initiatives such as this be in private hands – »I don't believe in the good samaritan when he becomes a civil servant,« said one conservative member of parliament when the organization was founded<sup>10</sup> – while Social Democrats thought it ought to come under direction of the state. The latter development occurred in 1976 under a new social assistance law – developed, ironically given some of the positions he would later express about the weakness of social networks in the welfare state, by Social Minister Bent Rold Andersen. In return for greater governmental resources for unwed mothers, the new law abolished Mothers Help, incorporating it into the state. The idea behind the reform was that instead of having many different needs met by many different agencies, people who relied on government for social support should be able to see only one social worker or agency that could help them with all their problems. The reform was typical welfare state policy: sensible, rational, and efficient.

In 1983, a new generation of feminists – upset by the cutbacks in social services supported by a conservative government – refounded Mothers Help to carry out many of the tasks it did before it was abolished. Taking advantage of the spirit of the feminist movement, the new voluntary organization flourished. Proud of its independence, it existed almost entirely on grants from foundations and contributions from individuals, with the exception of some funds from the Common Market and from the Danish lottery system (*Mødrehjælpen* af 1983, 1986). Yet because the organization flourished, it immediately raised the question of why not have public support again; a 1987 evaluation, for example, suggested that since it had been able to accomplish so much with »free labor power,« it ought to have more direct public support (Køppe, 1987). Combined with the usual problems that face voluntary organizations – such as administrative difficulties, personality conflicts, and disagreements between volunteers and paid staff – it seemed inevitable that Mothers Help would once again have a high public subsidy.

As this example indicates, an organization that begins voluntarily will either meet a need or it will not. If it does not, it goes out of business. If it does, the state will play a far more active role, sometimes by taking the organization over, more commonly by financing it.<sup>11</sup> Governmental subsidies to private organizations vary from year to year and from organization to organization. Figure 1 contrasts the share of the budget that come from voluntary contributions with the share that comes from state subsidies for nine Scandinavian charitable organizations: Red Cross, Save the Children, and the Emergency Relief Organizations associated with the established Lutheran Church in all three countries. In general, between one quarter and one half of the money comes in the forms of public subsidies. Moreover, the public share has increased over the decade of the 1980s. Only in one case was the percentage of the budget coming from voluntary donations

higher in 1986 than in 1980, while, in a similar manner, in only one case was the share of the budget coming from government smaller in the latter year than it was in the earlier.

Table 1. Per Cent of Budget, Voluntary Contributions Versus State Subsidy: Selected Scandinavian Charities, 1980-86

	Denmark		Norway		Sweden	
	Voluntary	Governmental	Voluntary	Governmental	Voluntary	Governmental
<b>Save the Children</b>						
1980	40.1	4.2	43.0	25.4	NA	NA
1981	35.0	5.2	44.0	33.0	NA	NA
1982	16.3	2.3	45.6	22.1	55.4	23.1
1983	20.9	12.6	50.6	34.3	45.1	31.7
1984	NA	NA	43.8	45.7	48.8	29.2
1985	NA	NA	33.1	52.1	52.0	22.5
1986	NA	NA	41.0	48.0	50.2	26.9
<b>Red Cross</b>						
1980	51.2	17.3	0.0*	0.0	32.6	38.0
1981	35.5	26.9	0.0	0.0	31.7	37.1
1982	31.3	31.1	0.0	0.0	41.3	36.9
1983	NA	NA	0.0	0.0	NA	NA
1984	32.2	26.1	30.1	23.7	40.4	39.0
1985	22.4	21.7	30.6	0.0	33.5	46.7
1986	10.8	16.1	29.2	0.0	22.9	48.8
<b>Lutheran Church Aid</b>						
1980	33.4	34.2	59.2	40.5	48.6	13.5
1981	25.2	46.7	45.7	53.0	48.6	14.4
1982	23.0	43.6	43.0	44.4	40.6	23.7
1983	20.0	44.4	28.0	58.7	40.6	22.8
1984	30.8	41.6	33.4	58.5	NA	NA
1985	21.5	39.2	26.0	68.7	68.9	20.6
1986	21.1	42.7	42.1	43.4	68.3	24.0

\* The Norwegian Red Cross is mostly supported through a national lottery system.

Sources: Denmark: Røde Kors, *Årsberetninger*, 1980-86; Red Barnet, *Årsberetninger*, 1980-86; Folkekirkens Nødhjælp, *Årsberetning*, 1980-86. Norway: Redd Barna, *Årsmelding og Regnskap*, 1980-86; figures supplied by Norwegian Red Cross; Kirkens Nødhjelp, *Årsrapport*, 1980-86; Sweden: *Barnen och vi. Årsrapport*, 1980-86; *Lutherhjälps årsbok*, 1980-86; Röda Korset, *Årsbok*, 1980-86.

As the state comes to play a greater role in subsidizing private charitable organizations, will individuals feel less of an obligation to give time and money to charitable and voluntary causes? Of the three Scandinavian countries, the one that offers the best answer to this question is Denmark, for it is the one that relies most on private organizations in the social welfare sector. Two general indicators of a sense of voluntary obligation to strangers are blood donations, Titmuss' own example (since only Denmark among the Scandinavian countries relies completely on voluntarism for blood donations), and »home visits« sponsored by the Danish Red Cross.



There has been a dramatic increase in the voluntary giving of blood over a fifty year period from 1932 to 1982 in Denmark, from 1,639 individual donors to almost 410,700 (Danmarks Frivillige Bloddonor, 1982: 6-7). This evidence indicates that the expansion of the welfare state can be accompanied by an expansion of a personal sense of stake in society. Yet since 1982 the number of blood donors has not increased by anything near the same rate and has even begun to fall, as the figures assembled in Figure 2 illustrate. Very similar patterns exist with respect to home visits: a dramatic increase in recent years, followed, in the most recent years, by a general levelling off. If the number of participants in voluntary charity is taken as an indication of moral obligation, there has clearly not been a diminution of the idea of voluntarily giving help in the welfare state, at least in Denmark. If the rate of increase is taken as a measure, obligations to others are not growing by nearly the rate they did in the past.

Table 2. Voluntary Activities, Denmark, 1962-86

Year	Blood Donations	Per cent of pop.	Home Visits	Per cent of pop. (per 1000)
1976	258,019	5.09*	1600	.3154
1977	363,657	7.13	2000	.3931
1978	366,090	7.17	2238	.4385
1979	376,596	7.35	1300	.2541
1980	386,653	7.53	NA	NA
1981	389,594	7.60	NA	NA
1982	402,809	7.85	NA	NA
1983	410,700	8.02	NA	NA
1984	407,856	7.96	4811	.9407
1985	396,585	7.74	4449	.8703
1986	410,284	8.00	4681	.9135

\* 1976 data based on only three quarters due to an alternation in book keeping procedures.

Source: Blood donations from Danmarks Frivillige Bloddonor, *Årsberetning 1986*. Home visits from data supplied by the Danish Red Cross. Total population from *Danmarks Statistisk Årbog*, relevant years.

The data, in short, leave no firm conclusion. At one level, the degree of voluntary participation in Denmark is astonishingly strong. At another level, it appears to be weakening, which may cause problems of moral obligation in the future.

### Tax Obligations and the Welfare State

It is somewhat unfair to measure the degree to which people in Scandinavia feel a sense of obligation to distant strangers by using examples of voluntary activities. The promise of the political approach to moral regulation is that government can do a better job of insuring obligations to others than private charity. Since reliance on government represents a transfer of funds from some people to others through a system of taxation on the one hand and public spending on the other, a more meaningful test of the degree to which people still feel an obligation to perfect strangers ought to lie in their willingness to pay taxes. That may be why

Swedes are more likely not to be negative toward their tax obligations, and even to be positive, when questions are linked to the benefits they receive (Hadenius, 1986: 23).<sup>12</sup> The legitimacy of taxation is accepted because the welfare state promises to do a better job of using the money to account for the needs of others.

Scandinavian societies, because they rely so extensively on government to express moral obligations between citizens, have the world's highest tax rates, over 50 pct. in both Sweden and Denmark (OECD, 1986: 83).<sup>13</sup> Whether such high rates will lead to tax avoidance, and hence a weakening of a sense of obligation to others, has been much debated in Scandinavia; the late Gunnar Heckscher, citing a claim by Gunnar Myrdal that Swedes are becoming a nation of tax-dodgers, concluded that »the gap between legal and moral concepts is growing: tax dodging is undoubtedly illegal, but many Scandinavians refuse to regard it as immoral« (Heckscher, 1984:106).<sup>14</sup> It is difficult to obtain precise empirical information as to whether high rates of taxation spills over into tax avoidance, given that the phenomenon is illegal. There is, however, evidence from Norway that as income increases, and thereby the rate of taxation, people attempt, in legal ways, to stretch their deductions further. There is further evidence that, as a result of higher taxes, the deductions that people claimed increased between 1973 and 1979 (Øverbye, 1984: 123, 137). Public opinion surveys for Norway also pointed in the same direction. Although the questions on tax avoidance on polls differed from 1971 to 1980, making direct comparability impossible, 21 pct. of the Norwegians surveyed in the earlier year admitted they avoided tax compared to 39 pct. in 1980, while 60 pct. said that they would have liked to in the earlier year compared to 64 pct. in the latter (Øverbye, 1985: 84).

Further conclusions about obligations to others can be drawn, not from the overall rate of tax avoidance, but from efforts to examine who tries to escape paying taxes and who does not. Women, according to Øverbye's Norwegian study, seek to avoid tax obligations less than men. Yet both men and women who were between 15 and 24 years old were in most cases twice as willing as those who were over 65 either to admit to tax avoidance or to say that they plan to avoid taxes, a development that foreshadows problems of moral obligation in the future (1985: 90).<sup>15</sup> The clearest finding is that tax compliance is related to class position. In Sweden, an early study by Joachim Vogel (1970) found that wage earners were less likely to agree with a statement that taxes were high enough to justify finding means to avoid them than those who owned their own businesses, a finding confirmed again, if to a weaker degree, in 1980-81 (Hadenius, 1986:35), while in Norway, a more recent study showed that greater income was positively correlated with the wish to avoid paying taxes (Øverbye, 1985:85).

What matters when it comes to tax avoidance is opportunity; those who can, will. This finding, in turn, suggests that in Scandinavia, questions of tax obligation have less to do with a sense of obligation to others and more to do with a utilitarian calculation of costs and benefits.<sup>16</sup> Vogel, for example, discovered that fear of being caught is the single most important reason for tax compliance in Sweden (1970:73). Moreover he found that people who felt that their friends were cheating on their taxes were more likely themselves to cheat on their taxes

(1970:90). Beyond a certain point – and the problem always is that no one knows exactly where that point is – high tax rates do seem to encourage less of a sense of obligation to strangers and more of a sense that the perceived and actual costs of the new welfare state have made the free rider option more attractive for those who can take advantage of it. The result is, as Pekka Kosonen puts it, a deemphasis on solidarity and a greater stress on individualism within the Scandinavian welfare states (1987).

Similar results are found when the question of work done off the books – which is another form of escaping from taxation – is investigated. Here again, because the activities are illegal, hard data is hard to come by; it is the police in Sweden who collect much of the information used to speculate about illegal work. While it is clear that Scandinavians are less likely to engage in illegal work than, say Italians, it also seems clear, according to the majority of studies, that black work is growing in all three countries. Gunnar Viby Mogensen, relying on survey data, concludes that between 1980 and 1984, the number of Danes engaged in black work increased from 8 pct. to 13 pct., amounting to around 4.5 pct. of total income, figures that ought to be taken as a minimal indication of unreported work (Mogensen, 1985: 32). The underground economy, however, is most likely stronger in Sweden than in Denmark; an economic estimate suggests that it has risen to 12-25 pct. of total income (Feige, 1986: 16). (Survey efforts in Norway, by contrast, found the size of the shadow sector have diminished slightly between 1979 and 1983) (Isachsen, Klovland and Strøm, 1982; Isachsen and Strøm, 1985).

When survey data are not used, two other approaches often are. One, called the currency-demand approach, tries to measure the illegal sector by measuring changes in the amount of money in circulation, on the assumption that illegal work is likely to be in cash rather than in the form of checks or credit cards.<sup>17</sup> The other approach, called the causal approach, seeks to identify the causes of illegal economic activity and to identify its amount from changes in the cause (Frey and Weck, 1983). From an examination of the figures produced by both of these approaches, reproduced in Figure 3, some tentative conclusions can be drawn. First, although these two approaches yield varying results in many countries, they do not for the Scandinavian countries; some confidence, as a result, can be placed in them. Second, they indicate that, in fact, the illegal sector has grown in Scandinavia. (It has elsewhere as well, though rarely by the same magnitude). Sweden and Denmark rank among the world's leaders in illegal work, along with Italy, Spain, and Belgium, while Japan and Switzerland find themselves at the other end.

Figure 3 also point to a third conclusion with respect to black work. The fact that the currency-demand approach shows such a high figure for Italy, while the causal approach does not, suggests that in Italy the need for cash is the strongest motivation for entering the illegal market for labor. There is, to be sure, a monetary incentive to black work in Scandinavia as well; the average black market transaction in Denmark costs about one hundred dollars (Mogensen, 1985: 71). But the fact that the Scandinavian countries do not show up much higher in the

Table 3. Size of the Black Economy as Per Cent of GNP. Selected Countries, 1960-1980

Country	Monetary-Demand Approach		Casual Approach	
	1960	1978-80	1960	1978
Austria	2	10	5	9
Belgium	-	21	5	12
Britain	-	7	5	8
Canada	-	11	5	9
<b>Denmark</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>12</b>
West Germany	2	11	4	9
Finland	-	-	3	8
France	-	7	5	9
Holland	-	-	8	10
Ireland	-	8	2	7
Italy	-	30	4	11
Japan	-	-	2	4
Norway	2	11	4	9
Spain	-	23	3	7
<b>Sweden</b>	<b>2</b>	<b>13</b>	<b>5</b>	<b>13</b>
Switzerland	1	7	1	4
United States	3	5	6	8

Source: *The Economist*, September 19, 1987: 22.

currency approach than they do in the causal approach points to the conclusion that illegal work in Scandinavia is also the result of stringent government regulation. If it is illegal for a painter to paint his own house or for a farm family to consume more than one pig per year, then it is not surprising that people engage in illegal work as a way of exchanging services, not only as a way of gaining extra income. The largest sector of the black economy in Denmark involves building and construction, which often involves a painter doing work on an electrician's house and vice versa (Bonke, 1986). Even the second largest category, service delivery (made up substantially of the black market in day care), while done for extra cash, also contains an element of informality, in that it allows women with children of their own to remain at home while earning extra income (Mogensen, 1985: 65-76).

As with tax avoidance, participation in the illegal economy varies with one's position in society. Two groups more likely to pay their taxes - women and older people - are also less likely to engage in black work (Mogensen, 1985: 76-87). Young men, the presumed major wage earners of the future, are the most likely to avoid obligations to society. In contrast to tax avoidance, however, working class people take far more advantage of the market in illegal work than salaried and self-employed people. If the wealthy purchase services off the books, it is the working class that sells them, and, in that sense, black work is the poor man's form of tax avoidance. Between them, tax avoidance and black work suggest that the number of people who carry out their obligations scrupulously may be approaching a minority in Scandinavia.

In many ways the desire to escape from heavy taxation reflects a preference for the obligations of civil society rather than the state; the exchange of services car-

ried out in the Scandinavian underground economies is often done among neighbors and kin. On the other hand, taxation has assumed the importance it has in Scandinavia precisely because the distrust of private charity makes government something close to the sole support of obligations to others. The moral gamble of the welfare state follows directly from its moral monopoly. Having discouraged private charity and voluntarism with the argument that governmental provision is more reliable and more fair, the welfare state also monopolizes resistance to moral obligation: what in other societies might be viewed as a trend away from giving to charity in Scandinavia inevitably becomes resistance to taxation. At the same time that the welfare state extends care to more people and fulfills important obligations to strangers, it also encourages a cynicism toward social obligation, making what ought to be a sense of solidarity toward others into a cat-and-mouse game with the authorities. High tax rates in Scandinavia encourage government responsibility for others, but not necessarily a personal sense of altruism and a feeling of moral solidarity toward others with whom one's fate is always linked. In that sense, obligations to others in Scandinavia have been transformed into a duty, weakening a personal stake in the obligations of others in the process.

### **Conclusion**

There can be little doubt that the Scandinavian welfare states, especially in contrast to societies that rely on the market to express moral obligations between people, remain caring societies - probably the most caring societies in the world. It is widely understood that, economically speaking, the welfare state has been the victim of its own success (Logue, 1979). The same conclusion may also be drawn in the moral sphere.

The Scandinavian welfare states, in particular, have extended to nearly all a moral concern with the fate of others. But although the fates of everyone in general are linked, the fates of each in particular are not. The assumption of responsibility for others on the part of government can absolve individuals themselves from taking personal responsibility for other people. Hence among the elderly, patterns of living alone and not being able to count on children and grandchildren can be seen. Among the very young, a tendency to rely on institutions means that parents increasingly share their responsibility for children with government. The fact that the welfare state provides welfare for all means that people themselves no longer tend to give time and money in voluntary fashion to charity. They pay taxes instead, but as the tax rates become higher, a tendency to avoid taxes or to engage in work »off the books« becomes more prominent.

This is by no means to judge the Scandinavian welfare states as failures. Their accomplishments deserve, and have gotten, much praise. But it is to suggest that the best way to handle moral obligations may be to balance personal responsibility with collective responsibility. Societies based on the market tend to stress the former so much that they tend to ignore the latter. It is (in this writer's opinion, at least) far preferable to stress the latter than the former, if one is going to stress either extreme. But we should, in so doing, not lose sight of the fact that people themselves need practice if they are going to act as moral agents, and when go-

vernment becomes the primary provider of moral care, people may not get all the practice they need.

## Notes

1. This paper is adapted from Alan Wolfe, *Whose Keeper?: Social Science and Moral Obligation* Berkeley: University of California Press, forthcoming. The help of Dan Poor and Kasper Lippert-Rasmussen is gratefully acknowledged.
2. This statement is more true of Denmark than of Sweden, where age is not that an important factor in determining support for social democracy. Holmberg and Gilljam (1987: 176). In Denmark, only 15 pct. of the voters between 18 and 24 voted for the Social Democrats in the elections of 1987, while 35 pct. voted for parties to the left of them and 50 pct. voted for the conservative parties. (Figures supplied by Lise Tøgeby in private conversation).
3. 75 pct. of a sample of Norwegian children between 12 and 18 years old were pessimistic about the world in which they would live. See Raundalen and Finnøy (1984).
4. Youth unemployment is far more a problem in Denmark than in the other Scandinavian countries. See, for background, Tøgeby (1982). In Sweden, youth unemployment rose rapidly in the early 1980s, but then has come down substantially (Wadensjö, 1987: 99).
5. On drugs, see Arner et al. (1980). On crime, Ericson, Lundby and Rudberg (1985) review the situation in Norway. For Denmark, see *Berlingske Tidende* (1987).
6. For background, see Bjørstrøm (1982); Fasuke (1985); and Jensen (1982) among the many books published on this topic.
7. Langsted and Sommer (1988: 107) cite research which shows that more than half of Danish parents feel their children do not have enough playmates.
8. For a somewhat similar point of view, see Jørgensen and Schreiner (1985).
9. As in the United States, women in Scandinavia have played a leading role in the voluntary sector (Hernes, 1987: 56-61).
10. Victor Pürschel, as cited in Skalts and Nørgaard (1982, 29).
11. Ralph Kramer (1981) emphasizes how private organizations receive state support, especially in Holland, in contrast to the American pattern. Scandinavian societies represents yet another alternative, where private organizations, as in Holland, receive government funds, but, unlike in Holland, are not extensively relied upon.
12. For a comparison between Denmark and Sweden, and three other countries as well, see Hibbs and Madsen (1981).
13. In the late 1980s, Denmark may pass Sweden and become first in the world in taxation, in part because of tax reform in Sweden and in part because a conservative government in Denmark has chosen not to cut back welfare state activities aggressively.
14. For a different point of view, see Ringen (1987: 68).
15. Øverbye (1985: 89) does point out that his data is not good enough to establish a life cycle or generation effect in tax obligations. Young Swedes were also found to be more likely to indicate dissatisfaction with tax rates, see Hadenius (1986: 38).
16. Although Americans are thought of as individualistic and Scandinavians as collectivistic, it was my experience that pure rational choice models of action tend to apply, particularly to the behavior of organizations, better in Scandinavia than in the United States. On cultural rather than economic issues – such as smoking in public or driving without respect for others – Danes engage in «cowboy» behavior to a far greater degree than Americans.
17. For an application of this approach to Scandinavia, see Friedrich Schneider and Jens Lundager (1986), which shows increases over time for all three countries and the largest shadow economy in Sweden.



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