

WE HAVE EVERYTHING, BUT THAT'S ALL WE HAVE: OUTSOURCING THE WELFARE STATE

THOMAS HYLLAND ERIKSEN

University of Oslo/Free University of Amsterdam

Lecture presented at [OCA](#) conference, London January 2006. Published in *Verksted* #6; 'Something Rotten in the State of Norway', eds. Martha Kuzma and Peter Osborne.

There are several good reasons to discuss the welfare state, but its demise is not one of them. At least in Scandinavia, the welfare state is alive and thriving. In Norway, for example, probably more than half the population has welfare benefits as their main source of income. (This is naturally a huge problem, but it testifies to the strength of the welfare system rather than to its incipient downfall.) The State remains responsible for nearly all schools and hospitals, and there is an almost frightening degree of consensus among political parties and voters regarding the desirability of upholding an active and powerful welfare state. Notwithstanding a continuous stream of complaints about deteriorating services, bureaucratisation and tendencies towards privatisation, the welfare state remains strong and legitimate among a vast majority of the public.

This is not to say that the welfare state does not have its problems. In order to appreciate them fully, it is necessary to begin with a look – necessarily cursory and selective – at the early 21st century world.

We live in an era of accelerated globalisation. Fueled by cheap air tickets, satellite communication, migration and the Internet, capitalism – globally dominant since the late 19th century – is fast becoming an almost universal system of production and consumption. The journalist Thomas Friedman,

speaking of a 'levelling of the field' in his recent book *The World is Flat* (2005), imagines the emergence of a global free market with intensified and universal competition, few if any trade privileges and a consequent reduction of global differences. Like Marx before him, Friedman underestimates the force of religion and metaphysical forms of identity politics such as nationalism; he also seems to neglect the fact that although capitalism produces wealth, it also produces poverty and lives comfortably side by side with millions who will never either be employed or become useful consumers, say, in India.

In spite of the shortcomings of such sanguine views of contemporary global capitalism, they have their merits. Above all, there are many more players in the transnational markets now, and Chinese and Indian companies in particular are fast establishing themselves as equal partners in the world economy. In addition, outsourcing of production and services, from microchips to call centres, contributes to the creation of a more globally integrated economy. Globalisation creates both opportunities and vulnerabilities. I am writing this piece up just as the controversy over the Danish newspaper cartoons of the Prophet Mohammad rages. In an earlier, slower, less connected time, hardly any Muslim would have known about the cartoons, and there would have been few if any feasible arenas for reacting. Nowadays, Muslims can react against Denmark and Danes in many arenas inside and outside of Denmark and the Arab countries. In a word, the world has shrunk, with consequences for all of us. Long-distance nationalism is on the rise, meaning that migrants and their descendants carry on politics in countries where they do not have to live – in Khalistan (Indian Punjab), Sri Lanka, India, Ireland, Israel and many other hotbeds of conflict. When you live in safe Toronto, it may be easier to support a violent independence movement in Khalistan than it would have been had you lived in Amritsar.

However, one must keep in mind the trivial but easily overlooked fact that globalisation does not mean that all are included. Side by side with the broadband-connected South African businessman, there are people who have never made a phone call and who are hard up providing their children with a

daily bowl of porridge. At the same time, in a few years we shall realise that the present global attention to the so-called conflict between the West and Islam is a mere interlude, justifying continued high military expenditure and strengthening internal cohesion in the North Atlantic, especially in the USA, in the period between the Cold War and the rise of China as a global power.

If we zoom in on the North Atlantic part of the world, there can be little doubt that if Marx was right in claiming that there are rising and declining classes in every period in history, we, the privileged inhabitants of the North Atlantic, are scarcely a rising 'class'. Economic competition with highly efficient low-cost countries is making itself acutely felt: A newspaper recently wrote about a German car manufacturer with two identical production plants, one in Leeds and the other in Győr, Hungary. Photos showed an engineer in front of each factory. The Englishman had an annual salary of £30,000, while the Hungarian made £5,000. Question: If the company has to close down one of the factories, which one will it be?

As a result of growing competition and other worries about the near future, politics in our part of the world is increasingly becoming a *politics of fear*, to use sociologist Frank Furedi's term (from his eponymous 2005 book), where one celebrates the victim, where one has lost belief in progress, and where worries about climate change, terrorism, immigration and the plight of the elderly are allowed to dominate public debate, rather than positive visions and prospects.

Another important aspect of the contemporary North Atlantic world is what could be labelled *super-diversity*. Unlike the situation in a city like London only a decade and a half ago, when most immigrants came from ex-colonies, the city's immigrants now truly come from everywhere. This includes new flows of people that cannot easily be classified as either this or that: students who have stayed on, getting a sweetheart and a McJob; tourists who forgot to return; Polish seasonal workers; visitors who are neither jobseekers nor not jobseekers. There is an increased degree of imagination in the current movement of people, from Nigerian football players and prostitutes to fake

chemical engineers, young brides and grooms from the home country, huge trade delegations and North Europeans who settle seasonally in the Mediterranean. It is said that cities like Vilnius and Kaunas are virtually emptied of people between 20 and 35 in the summer months as they are all in the West, working or looking for work.

Scandinavia, a peaceful, well-organised and prosperous corner of the world, even by North Atlantic standards, has its own twist on the ubiquitous discussions about current and future anxieties. Many of these debates concern the future of the welfare state in an increasingly globally integrated world. Although the Scandinavian economies remain surprisingly competitive in spite of high taxes and a high degree of employment security, there is a widespread feeling that this may not last. The world is catching up with us at last. And if Marx and Engels were right in saying that the proletariat is a powerful force because it has nothing to lose but its chains, it is safe to conclude that the Scandinavian proletariats have a lot more to lose than their chains: their vacations, their condos, their cars, their cottages, their generous pensions, their short working hours...

Intellectuals in the Scandinavian countries have begun to ponder what could possibly form the normative basis for solidarity and trust in a near future, given the more fragmented and transnational nature of their societies. In Sweden, they still believe in the law and in social democracy, while in Denmark there has been an increased, and often aggressive, attention to the cultural norms and values that immigrants, especially Muslim ones, are believed not to share, thereby undermining the normative foundations of the welfare state.

This finally brings us to Norway, which again is a privileged and peaceful corner of the world, even by Scandinavian standards. The richest country in the world by the latest count, number one on the UNDP's latest Human Development Index, Norway is conspicuous for its lack of visions. Its politicians behave like managing directors; its intellectuals argue about hijabs, politically correct language and the subvention system in the publishing

industry; and there is general consensus that we (Norwegians) live in the best of all possible worlds and that the task of the politicians (or whoever is in charge around here) consists in ensuring that things remain exactly the way they are, only a little better, with cheaper booze, longer holidays (and not least)more exotic holiday destinations), and better childcare. So far, they haven't been doing too badly, although the income disparities have been growing steadily since the mid-1980s and a growing number of people are excluded from the labour market.

Oil has been the curse of contemporary Norwegian society. Norway today is like the Big Bad Wolf after he has devoured the three little piggies, wondering what he is going to do next. In fact, I remember a story in *Donald Duck & Co.*, one of the most widely sold weeklies in the country for many years, where the wolf finally succeeds in trapping the pigs. Tied together with a thick rope, they are lowered into a huge kettle, the firewood burning briskly below. The sensible pig (the one in the blue overalls) then proceeds to ask the wolf what he is going to do tomorrow. In a rare moment of philosophical reflexivity, the wolf panics and releases them, only to regret it the next moment.

Well, Norway did not release the pigs. Instead, it succeeded, in the 1970s, in expropriating a large part of the North Sea, thereby securing most of the oil and gas. Money, thus, is no problem in Norway these days. Most of the oil money is salted in the global financial system, but everyone knows it's there. Not having a country to build any more, and leaving its maintenance to others, Norway's adolescents these days want to become media personalities, not doctors or engineers. One of the most difficult lines of higher education to get a place in, is journalism.

The country reeks of deindustrialisation. Old factories are turned into 'cultural centres', shopping malls, expensive flats, colleges and enterprises in the infotainment business (Microsoft, book club corporations and similar). The typical member of the Norwegian working class is no longer a chap in oily gear, a rollup in the corner of his mouth, but an individual who spends much of his/her working time in front of a computer or in meetings.

In a labour market dominated by ‘new work’ (IT based work, much of it ‘flexible’) – it has been calculated that there are more people in Oslo employed to think up catchy slogans than the number working in construction – many become superfluous. Many who might have found a place in the old, slower and more versatile labour market, as unskilled or semiskilled workers, are redundant today. They can easily be fed and housed and equipped with Playstations by society, but they do not fit into the current labour market. The number of Norwegians who are on long-term sick leave or are ‘temporarily’ unemployed went up from 400,000 in 1995 to 600,000 in 2005.

The welfare state rests on certain historical conditions and certain normative assumptions. In the 20th century, it was based on a belief in economic growth and stability, planning and social engineering; in short, progress. There was also a notion, now obsolete, that your income was somehow supposed to be related to your labour input. That link has been severed. Everybody knows by now that how much you earn does not depend on how much you work. Moreover, the welfare state rested on a social contract reminiscent of the communist notion ‘from each according to ability, to each according to need’. However, the belief in progress has been lost – Norwegians now live in an everlasting present whiling the days away with consumption and, well, perhaps a bit of work which is not always really going anywhere.

The outsourcing of the welfare state announced in my title takes two main forms.

First, we are exporting bits of Norway to places where it is more pleasant or interesting to be. Students, pensioners and various service providers migrate seasonally, some permanently, to more temperate places. The numbers of retired Norwegians who spend part of the year in southern Europe (especially the Costa del Sol) is uncertain but rising. They have no interest in Spain as such, and make sure to get their *Aftenposten* every morning, participate in Norwegian clubs and organisations, get Norwegian nurses and dentists to look after their medical needs, and have even succeeded in opening Norwegian

schools in their preferred areas. Norwegian students increasingly do part of their study in other countries, Australia being the country of preference currently – not because of the quality of their universities; Australian universities are, on the whole, neither better nor worse than their Norwegian counterparts – but for other, obvious reasons. Some even bring their teachers and reading lists with them; in March this year, I’m teaching a score of young Norwegians a course on Latin American history and globalisation in Cuba. They left Norway in January and are returning in late May for their exams.

The Norwegian concept of *Syden* (lit. ‘the South’), used in tourist jargon, does not refer to other countries, but to bits of Norway that have been transplanted to other geographical areas.

A different, but similar phenomenon is the transmigration engaged in by many immigrants to Norway and their descendants. Spending part of the year in their country of origin if they have the opportunity (Iranians, for instance, usually don’t) and can afford to, many immigrants have developed attachments and obligations towards two places in disparate countries, and it can be argued that certain parts of Pakistani Punjab have been just as Norwegianised as the Norwegian-dominated villages in southern Spain.

The second, more important kind of outsourcing consists in making others do the work. It is striking and puzzling to observe how the oil wealth, in principle public wealth, is being converted into public poverty and unequally distributed private prosperity. Schools lack basic equipment while very many individuals visibly can afford to upgrade their houses, their boats and their second homes in ostentatious ways. Part of the explanation is likely to be the fact that private firms increasingly perform public services, and that the state and local administrations rely on consultancy firms and specialised private companies to carry out many of their duties. Telecommunications, railways and postal services are partly, and in different ways, privatised now.

Even more fundamentally, Norway, Inc. relies increasingly on foreigners doing the work. A few years ago, the shops suddenly began to fill up with all kinds of goods; everything was really cheap and it was all made in China.

Simultaneously, thrifty and reliable Poles are visible in construction now – in Western Europe to such an extent that there is a shortage of construction workers in Poland, where one now has to subcontract Ukrainian entrepreneurs to get buildings finished. (One wonders what they will eventually do in Ukraine; the answer is probably Chinese companies).

There are three fundamental dilemmas facing the Kuwait-like, aestheticised and anaestheticised Norwegian society in which we live today. An inability to deliver public services is not one of them.

1. Where are the limits of solidarity? The nation-state, and certainly its welfare state version, presupposes the existence of a *demos* which simultaneously comprises the providers and the receivers. In a more integrated world, the self-enclosed welfare state is neither possible nor defensible in the long run. In the far North, it is difficult to recruit young Norwegians to work in the fish processing industry. They'd rather go south and do something in the media. Yet, there is resistance, even among social scientists, against the idea that one should invite poor Russians from across the border in order to get the job done. The notion remains that the welfare state is for a Norwegian *demos* only, and it is becoming indefensible. And I haven't even mentioned the intricacies involving asylum-seekers, refugees, immigrants and their families.

2. The welfare state is being deterritorialised. When, in 2004–05, the tsunami struck in South-East Asia, the Norwegians (and other Scandinavians) stranded on the beach, deprived of their Visa cards and suntan oils, were screaming bitterly for the state to come and sort them out immediately. Forgetting that they were in Thailand, which is in a certain sense a different country from Norway, they took it for granted that the Norwegian state should appear and help them out. In a similar vein, Pakistani-Norwegians who retire to Pakistan, or ethnic Norwegians who retire to Spain, are still Norwegian citizens endowed with a string of rights that their neighbours, with a different citizenship, could only dream of ever achieving. In such transnational situations, when they intensify and become ever more widespread, tensions

are bound to arise. In brief, it has become more difficult than ever to build a state which functions as a physically gated community.

We have everything, but that's all we have. Research on people who win enormous sums in lotteries tends to indicate that the money ruins their lives. If gambling should be legal, it should be so out of consideration for those who never win. They remain hopeful. The winners are destroyed because they lose hope.

Research on well-being (e.g. Richard Wilkinson's *The Impact of Inequality*, 2005) indicates that above a fairly low threshold, around £ 6,000 a year at a national average, income rises do not affect the quality of life either way. Other things are needed, and what is needed more desperately than anything in Norway is a collective project, an optimistic, future-oriented, visionary project. Something to get us away from the travel catalogues and the Playstations.

A possible scenario for the near future, given a continuation of the current development, might look like this: Norwegians return to the country only for their three-month summer holidays and their three-week Christmas holidays. The rest of the year is devoted to studies or being retired or providing services to those who study or are retired in other parts of the world, or providing high-profile services for the state, such as development aid or peace negotiations. Meanwhile, the country is run on a daily basis by Russians, Tamils, Poles and Pakistanis. Eventually, they may even be asked politely to send emails and sit in meetings on our behalf.