

Beyond the Welfare State: Institutionalized Conflict Treatment within the Nordic Welfare State Regime

Yonhyok Choe
Södertörn University
School of Social Sciences
Department of Political Science
Allred Novels Allé 7
141 89 Huddinge
Sweden
yonhyok.choe @sh.se

Abstract

This study identifies critical evidences of condition for good society containing common characteristics of low level of conflict, high level of quality of life and social inclusion. The Swedish experience in prevention and resolution of social conflicts provides a good example for modeling good society. Three variables – the types of welfare regime and trust and governance style as explanatory variables and patterns of consensus building as a precedent variable is argued to be relevant for explaining patterns of good society. The model is broadly approved by correlation and OLS regression study. The premise on social conflict and cohesion as proxy variable of good society seems to be clarified by empirical data.

Introduction

A wide range of research has shown that types of welfare state have close relationship with level of quality of life. Empirical evidences show that the higher quality of welfare state service affects closely the level of quality of life (Bok 2010; Esping-Andersen 1990, 1999; Lindvall and Rothstein 2010). The so-called social democratic welfare regime of the Nordic countries is characterized by a high level of life satisfaction, feeling of subjective wellbeing, health, and trust in institutions (Arter 1990, 2008; Bergqvist, et al 1999; Young, 2000). The reduced quality of life has been used as endogenous variables harming societal harmony and cohesion (Colletta, et al 2001).

The welfare state, however, has seldom attracted attention as an explanatory variable addressing the level of social cohesion or level of social conflict. A number of studies argued that reduced income disparity and less class salience, as expected consequences of welfare state politics, were key causal factors triggering higher social cohesion and low reduced social conflict (Bok 2010; Hall 2009; Wilkinson 1996). Since diverse conflicts arising within the national boundaries, e.g. political, social, ethnic, policy-related, and/or economic, are combined within a welfare regime, the diversity of existing conflicts may not be explained fully by this causal line. It can be postulated that due to different origins of societal conflicts,

the welfare regime variables would be incomplete in explaining the diverse patterns of societal antagonism and disputes.

This study argues that degree of social conflict and level of social cohesion are proxy variables for measuring status of good society or successful society. Peter Hall claims that successful societies can be defined as a social form including nonviolent intergroup relations, open access to education, civic participation, cultural tolerance, and social inclusion (Hall 2009, p.2). Being influenced by Sen (1999), he continues to argue that a successful society is one that enhances the capabilities of people to pursue the goals important to their own lives, whether through individual or collective action, population health can be seen as an indicator of such capabilities. As Wilkinson argues, affliction of inequality can be inflated in unhealthy societies (Wilkinson 1996, pp.13-15). Likewise, Drapper and Ramsay touch on the concept of good society as raising the following question: "Why are some countries more successful than others at creating conditions that promote their citizens' well-being?" (Drapper and Ramsay 2012, xiii). The good society builds on three basic premises. First, the index consists of birth and deaths of human beings as well as the quality of life of people. The second premise is that the good society index should adhere to *lex parsimoniae*, that is to the principle of Ockham's razor, meaning that a model should use a minimum number of explanatory variables. Third, an index measuring the good society should be catching subjective as well as objective characteristics. Subjective and objective indicators need to be combined, neither is sufficient as of its own (The Quality of Government Institute 2011, p.169). Thus, this study approaches to measuring good society or successful society through proxy variables of social conflict and cohesion.

For this study, three premises will be selected for building a model probing origins of good society. The first premise adopted in this paper is that the pattern of welfare state regime has direct relation with the level of social conflict. The patterns of welfare services, tax burden, and state benefits is closely related to the patterns of and degree to which social conflict is triggered (Draper and Ramsay 2012, pp.232-233; Lindvall and Rothstein 2010, p.9). Second, the quality of politics, in other words, governance (quality of rulers and institutions, effective rule of government, and the role of transparent public sector) is another important causal variable for mitigating antagonistic mood of societal groups. When the quality of governance is poor or ineffective, acute social issues may not be dealt with properly for making the partners involved content because of the lack or none of preventive or resolving remedies with balanced resource distribution (Lindvall and Rothstein 2010, pp.34-35). Third, neither the pattern of welfare state regime nor quality of governance seems to be sufficient. In order to this model more credible, there should be a precedent (necessary) condition to be fulfilled. If there is no or extremely low consensus building mechanism functioning within the political system, combination of the welfare state regime and governance variables may not fully explain the level of social conflicts (Lindvall and Rothstein 2010, pp.127-131).

This paper will start with attempting to identify some origins and patterns of societal conflict. A case study of Swedish way of conflict prevention and resolution will be implemented to

adapt the model of good society. In conclusion, some methodological and theoretical implications of this will be dealt with for further development of this model.

Types of societal conflict

This paper attempts to identify diverse patterns of societal conflicts based on social cleavage theory. It usually turns its attention to the criteria that divide the members of a community or subcommunity into groups (Rae 1970), or potential lines of division within any given society (Flanagan 1973, p.64). According to Eckstein, there are three kinds of political divisions: (1) specific disagreements over concrete policy issues, such as actual value allocation by the political system, and special procedural issues, such as specific techniques of allocating values through legitimate decision-making; (2) cultural divergences in general belief and value systems, i.e. divergences in cognition, values, modes of evaluating alternatives and emotional dispositions in politics; and (3) segmental cleavage, which emerges where salient lines of objective social differentiation, such as tribal and racial, regional, rural-urban, sex, generation, religion, language and occupational differences, exist (Eckstein, 1966:33-34). For Daalder, the cleavage structure is understood in terms of causal factors to the emergence of saliently politicized factions and to the formation of modern party systems in Western Europe.

Lipset and Rokkan, pioneers in cleavage as a crucial factor to formation of party systems, argue that four major cleavages dominated in the established democracies: (1) subject versus dominant culture (center-periphery), (2) church versus state (church-state), (3) primary versus secondary economy (land-industry), and (4) workers versus employers (workers-capitalists) (Lipset and Rokkan 1967; Mair 1990). Four cleavages, they argue, stemmed from two revolutions, i.e. the National Revolution and the Industrial Revolution, crucial in the freezing modern European party system.

Even though the crucial drawbacks of social cleavage as a potential source of social conflict include insufficient explanation of triggering of group clashes, the social cleavage theory draws central attention to some clear dividing lines in society: cultural, religious, labor-capital, social, ideological, policy-oriented, regional and service-related.

Table 1. Types of conflict, origins, features and alternative scenarios

Types of conflict	Origins	Features and /or examples	Actors involved	Pessimistic scenarios	Optimistic scenarios
Cultural conflict	Cultural tensions between gender, ethnic, racial, and language groups; Black emancipation; cultural discrepancies	Ethnocentrism; maintenance or expansion of dominant cultural hegemony; globalization, internationalization, immigration, political refugees as challenges; language-related struggle as in Belgium; genocide caused by power shift; Francophone Quebec in Canada	Cultural NGOs; minority groups in language, culture, race or ethnicity	Discrimination policy against minority groups; dictatorship of majority; cultural collision; armed actions such as Spanish ETA	Legal recognition of minority right; integration policy through voluntary participation; minority policy through political parties
Religious conflict	Tension between religious denominations	Monopoly of religious hegemony; antagonism between Islamism and Christianity as in Lebanon; Buddhist separatist movement in the Philippines; Power struggle between	Religious denomination groups; religious parties	Armed conflict resolution through violence; religious revolt; armed extremist group actions such as IRA	Active government role as mediator; peace talk between partners; recognition and

		Islamic denominations in Iraq; tension between Buddhists and Christians in Korea			legalization of group action in peaceful ways
Labor –capital rivalry	Tension between labor and capital on social responsibility, working conditions, wage policy, workers' right in corporate management	Capital-labor hegemony in settlement of labor disputes; Demand for Corporate Social Responsibility (CSR); demand for social responsibility of labor unions	Employers' organizations vs labor unions	Hostile confrontation; general strike or lockout as effective means; bankruptcy and massive unemployment	Corporative consensus; central or negotiations; active mediator role of government; active role of progressive party; launch of solidarity wage policy and expanded CSR
Social identity/class conflict	Tension between the rich and poor, between employed and unemployed, between tax payers and tax beneficiaries and between inborn citizens and immigrants	Lack of welfare policy; lack of social security and caring system; existence of systematic obstacles for status shift; failure of market economy and high unemployment; financial crisis; excessive bonus system; social segregation of the socially and economically marginal groups	Upper class, middle class and lower class; minority groups	Revolt of the lower class; revolt of the unemployed; revolt of the immigrants;	Ad-hoc measures for the socially isolated through short-term subsidies, benefits and allowances; program for unemployed; long-term project for building welfare policies; active role of progressive party
Ideological conflict	Left-right ideological rivalry; pro-market economy vs limited (planned) market economy; neo-liberal vs progressive approach	Power struggle between various value-oriented groups divided by view on equality, freedom, individual right and duties, etc.	Political parties, civil societies, academics, individuals	Huge ideological gap with 'we-they' divide; no-compromise across the border line	Active role of ideological parties; value competition within the legislature and power shift through elections
Policy-related conflict (including environmental issues)	Rivalry in major policy issues in domestic, military, foreign and environmental policies	Policy discrepancy in major issue e.g. military/foreign policy against Afghanistan in US, UK, France, and Germany; regional development policy and four-river policy in Korea.; Amazon Exploitation Project in Brazil; construction of massive dams; nuclear plant/waste policy; global warming and climate change policy; construction of nuclear power plant competing with preservation of natural resources and ecological diversity	Central government, local authorities, political parties, civil societies	Violent protest, demonstration, and petition; suppression by force; vandalism of public/private facilities; political deadlock	Compromise between parties; referendum; parliamentary hearing; national investigation
Regional conflict	Antagonistic confrontation between regional interests; ailing regional differences in quality of life; lack of balanced regional policy; discrimination in allocation of resources; NIMBY	Cultural, political hegemony race between center and periphery; monopoly of resource distribution; longstanding regional rivalry; ascriptive affiliation with changeable status (born in a region but a new regional affiliation can be earned by move)	Central government; local governments; regional parties; individual inhabitants	Violent protest against government decision or public enterprises; urban-rural divide; increased enmity between regions	Compromise between parties; power shift through democratic election; decentralization of administrative agents; administrative mediation; referendum
Consumer-service provider conflict	Opposing interests between service providers – public or private – and service users; conflicting goals on efficiency-	Confrontation between (welfare) service providers and service users; protest against privatization and outsourcing of public services and NPM (New	Central government, local authorities, consumer organizations	Violent demonstration of the consumer groups; occupation of service places;	Compromise and big deal between agencies involved; enhancing control

	maximizing (cost-saving) versus striving for maintaining/enhancing quality of service	Public Management)		boycott of services	mechanism for enhancing services
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Source: Choe, 2009; Original table was entirely revised.

Again, the critical weakness of social cleavage model is that why some social cleavages remain latent and why some become salient and arouse clash between social groups. Günther's study on *How Enemies are Made* (2008) shows that Kosovo Albanians living in Germany do not have strong enmity against Serbians and Croatians who have been archenemy before they moved to Germany (Günther 2008). He witnesses that cultural differences of the immigrant groups toned down during long period of exile in Germany. In the state of exile, it would be more plausible that they get closer to share a feeling that they stem from same region. The meaning of cultural difference is rubbed out and their similarities as immigrant in their exile situation get more important in their daily life. IRA issue in Northern Ireland shows a clear evidence of competition of similar cultural symbols with marching bands and parades. The igniting gunpowder seems to be similarities not differences (Günther 2008, p.32). If someone challenges to their core cultural symbol, the dormant identity issue can be revived fiercely and rapidly. Günther concludes that cultural difference in religion and ethnicity itself is not a causal variable for social conflict. Instead, challenging their cultural superiority or core cultural symbol is the provoking factor (Günther 2008, pp.4-5).

There are multiple evidences to support this line. Refugees from Eritrea and Ethiopia who are living in Sweden do not fight as they did before; likewise Christian Lebanese and Islamic Lebanese who hated and killed one another during their civil war do not show any ferocious enmity in Sweden. The same pattern can be found in close relationship between Turkish and Kurdistan refugees who have fought for their survival and recognition of independence.

The immigrants attain a new status as minority in the new state who should struggle against the majority group. The immigrant groups will belong to the same minority status. They get mostly discriminated in labor market with lower wage and bad working conditions. The social origins do not matter anymore in the new life situation. Those who had once upper class status as professional, lawyer, medical doctor, or journalist may not automatically get equivalent status in the new state. It is highly probable that they have to accept the degraded class status without job and without required language skill in the new state. Although they were enemies once, they become ally with same status in the society. The cross-cutting social cleavage is therefore regarded as an appropriate remedy for curing social scars and conflicts (Lipset and Rokkan 1967).

Welfare state regimes as explanatory variables

Since the 1930s but most intensively under the 1960s and 1970s, the Social Democratic Parties in four countries and Labor Party in Norway have built up a unique welfare state with broad social security and protection network including unique child care and elderly care

system, unemployment benefits, free school education up to university with financial subsidies, and medical and health care. Esping-Andersen called this type of welfare state as the social democratic welfare state regime (Esping-Andersen 1990, 1991, 1999).

In his early study of 1990, Esping-Andersen launched three typologies of welfare state regimes – Social Democratic, Conservative and Liberal – based on three concepts: Decmmodification, stratification (Esping-Andersen 1990) and defamilization (Esping-Andersen 1999). Decmmodification refers to activities and efforts (generally by the government) that reduces individuals' reliance on the market (and their labor) for their well-being. In general, unemployment, sickness insurance and pensions are used to measure decmmodification for comparisons of the welfare state (Esping-Andersen 1990, pp.21-22). The level of decmmodification is maximal under the Social Democratic model, while the Liberal model shows its minimal level.

The second measure of the welfare state regime refers to means of welfare politics to meet diverse demands of individuals. The higher social stratification within a society, the larger approaches to meet diverse demands and groups (Esping-Andersen 1990, p.4). Social stratification is minimal within the Social Democratic model with small number of stratified groups in the society, while the Conservative model has the maximal role of the state to meet diverse needs and demand of the society.

The third indicator of the welfare state model is a degree to which welfare states may facilitate female autonomy and economic independence from the family. The higher defamilization rate, the higher welfare resources are used for female (Esping-Andersen 1999).

The typology is a theoretical concept concentrating on the extent to which public policy supports family in its caring function. Within the Social Democratic model the state has the most active role in compensating or liberating women's work at home in caring of their children and parents (or parents-in-law). The minimal role of the state in defamilization can be found within the Conservative model, since traditional women's role as housewife is still widely approved in the society of Germany, Italy and France.

The nature of the three regimes is well described in Table 2. The Social Democratic regime countries commonly show high tax burden, high social protection rate, active role of state and public sector, high unionization rate, open and free of charge up to the level of higher university education, lowest income disparity among the three regime types, and the highest level of social trust. The relationship between variables of welfare state regimes also

Table 2. System Variables of the Three Welfare State Regimes

		Social Democratic Regime	Conservative Regime	Liberal Regime	Features
Esping-Andersen variables	Decmmodification	Maximal	High	Minimal	Alternative sources of income, i.e. government contribution, allowance, benefit, subsidy
	Stratification	Minimal	Maximal	Low	A variety of state means to meet different needs and demands of individuals

	Defamilization	Maximal	Minimal	Low	Alternative caring system for children and elders
	Tax burden	Highest	Medium	Low	Taxation as a percentage of GDP
	Social protection	High	Medium	Low	Unemployment Sickness leave Working injuries Insurance for disabled Parental leave Parental leave for caring of sick children
	Roe of state and public sector	Active	Medium	Passive	Degree of active state role as a mediator and/or service-provider
	Unionization rate	High	Medium	Low	Membership rate of employees
	Higher education	Open, free of charge	Open, free of charge, otherwise cheap	Confined, expensive	Source for equal opportunity for success
	Income gap	Low	Medium	High	As a consequence of welfare policy, income gap gets reduced
	Social trust	High	Medium	Low	Degree of social trust and participation
	Countries	Denmark, Finland, Norway and Sweden	Austria, Belgium, France, Germany, Japan, Netherlands, Switzerland	United Kingdom, Ireland, USA, Canada, New Zealand, Australia	Degree of social trust and participation

Empirical data clarify the characteristics of the welfare state regimes. Table 3 measures correlation between gender equality, social inclusion, social care and protection and income disparity. The active role of government to reduce social gaps between social groups seems to be strongly related to the nature of the society. With higher government expenditure, equality between men and women as in the Nordic countries is positively affected because of the higher defamilization rate. Social inclusion measured with Socioeconomic Level shows the most intensive relationship with Welfare Regime variable. This means that increased welfare expenditure has a direct effect on fighting social exclusion. In the two decommodification variables of the welfare state regime, i.e. health expenditure and social protection and labor, the Social Democratic regime indicates a clear positive relationship. Indicator of income disparity between the rich and poor, i.e. Gini Index, show a negative relationship with types of welfare regimes, meaning that the Social Democratic regime has the less income disparity than Conservative and the Liberal regime.

Table 3. Relationship between Welfare Regime Variables

		Welfare Regime	Gender Equality	Socioeconomic Level	Total Health Expenditure (% of GDP)	Social Protection and Labor
Gender Equality	Pearson Correlation	,579**				
	Sig. (2-tailed)	,000				
	N	54				
Socioeconomic Level	Pearson Correlation	,893**	,470**			
	Sig. (2-tailed)	,000	,000			
	N	119	54			

Total Health Expenditure (% of GDP)	Pearson Correlation	,215*	,133	,164		
	Sig. (2-tailed)	,021	,255	,078		
	N	116	75	116		
Social Protection and Labor	Pearson Correlation	,524**	,667**	,291*	,036	
	Sig. (2-tailed)	,000	,000	,033	,756	
	N	54	76	54	75	
Gini Index	Pearson Correlation	-,285*	-,118	-,374**	-,095	-,181
	Sig. (2-tailed)	,012	,470	,001	,330	,264
	N	77	40	77	108	40

Source: The Quality of Government Institute Data Bank.

Welfare Regime: The variable measures to what extent social safety nets exist to compensate for poverty and other risks such as old age, illness, unemployment or disability, and to what extent equality of opportunity exists.

Gender Equality: This criterion assesses the extent to which the country has enacted and put in place institutions and programs to enforce laws and policies that (a) promote equal access for men and women to human capital development; (b) promote equal access for men and women to productive and economic resources; and (c) give men and women equal status and protection under the law.

Socioeconomic Level: The variable measures to what extent significant parts of the population are fundamentally excluded from society due to poverty and inequality combined (income gaps, gender, education, religion, and ethnicity).

Total Health Expenditure: % of GDP

Social Protection and Labor: This criterion assesses government policies in the area of social protection and labor market regulation, which reduce the risk of becoming poor, assist those who are poor to better manage further risks, and ensure a minimal level of welfare to all people. Interventions include: social safety net programs, pension and old age savings programs; protection of basic labor standards; regulations to reduce segmentation and inequity in labor markets; active labor market programs, such as public works or job training; and community driven initiatives. In interpreting the guidelines it is important to take into account the size of the economy and its level of development. This criterion is a composite indicator of five different areas of social protection and labor policy: (a) social safety net programs; (b) protection of basic labor standards; (c) labor market regulations; (d) community driven initiatives; and (e) pension and old age savings programs.

Gini Index: The Gini coefficient varies theoretically from 0 (perfectly equal distribution of income) to 100 (the society's total income accrues to only one person/household unit).

An uncertainty arises here. Why occur hostile feeling and disharmony between individuals and between social groups? This question seems to be closely linked to the quality of life, confidence in politicians and political institutions and individual trust. If people have a wide range of satisfaction in what the welfare regime institutions produce for the people to increase quality of life, they become very positive to their daily life. A Swedish research group led by Sören Holmberg at Gothenburg University constructed an index of Good Society measured by the degree of life satisfaction, life expectancy and birth mortality rate. The higher index indicates the majority of individuals become satisfied in their being with descent life and longevity. Thus, the level of Good Society Index seems to be crucial for a society with high level of social harmony. Table 4 shows that there is a high correlation between pattern of welfare regime and the degree of good society. The negative correlation coefficient means that the social democratic regime occupies the higher position of good society index. In such a society, people in general has a broad confidence in the law-making institution, since the

parliament is regarded as a key political institution engaged in resource allocation within the society.

Table 4. Relation between welfare regime, institutional confidence, individual trust and good society

		Welfare Regime	Confidence: Parliament	Good Society Index
Confidence: Parliament	Pearson Correlation	,440**		
	Sig. (2-tailed)	,000		
	N	62		
Good Society Index	Pearson Correlation	-,728**	-,114	
	Sig. (2-tailed)	,000	,349	
	N	49	70	
Most people can be trusted	Pearson Correlation	,012	,246*	,430**
	Sig. (2-tailed)	,923	,020	,000
	N	65	89	71

Source: The Quality of Government Institute Data Bank.

Welfare Regime: The variable measures to what extent social safety nets exist to compensate for poverty and other risks such as old age, illness, unemployment or disability, and to what extent equality of opportunity exists.

Confidence: Parliament: (Time-series: 1981-2008, n: 229, N: 91, N : 8, T : 3)

Good Society Index: The Good Society Index is operationally constructed using:

- Infant mortality data from the WHO
- Life expectancy data from the WHO
- Life satisfaction data from the World Values Survey

The three indicators all carry the same weight. Furthermore, the index is based on ranks, not on rates, which means that the countries' rank orders are utilized to build the composite index. The rank orders of each country have been summed and divided by three to yield an index value that in theory can vary between 1 (top nation on the Good Society Index) and 71 (bottom country).

Most people can be trusted: (Time-series: 1981-2008, n: 243, N: 96, N : 9, T : 3)

“Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?” (1) Most people can be trusted; (2) Can't be too careful

Beyond welfare states? The importance of quality of governance

As argued elsewhere, a society is divided into small sub-groups in terms of gender, class, income gap, religion, ethnicity, policy-orientation, ideology, labor-capital, and service-provider and consumer. As far as a society is not challenged by a few extremely demolishing issues such as monopoly of symbols, cultural superiority and attempt to extinction, cleavage lines may not be broken and status quo can continue to exist. In order to reduce or evade cultural clash, it seems necessary for citizens to belong to a diversity of cross-cutting cleavages. If they are engaged in cross-cutting social groups, the salient cleavages are not developed to a fuel of social confrontation. Thus, cross-cutting cleavages are regarded as break pad of social conflict.

Welfare state variables have preventing function between social groups from struggling each other – between different classes, minority and majority, and employers and employees. All sorts of social confrontation are caused by emergence of relative deprivation. Domination or challenge to domination of power or limited resources – economic, social, or cultural – triggers enmity of suppressed minorities against the dominating class. When they realize that

there is no appropriate way to overcome such disadvantages caused by affiliation in minority status, and, more importantly, if they have any other effective means than violence, social confrontation seems to be inevitable.

Reducing differences through social welfare policies is the main task of the Social Democratic regime, while competition through market institutions is the most effective means to make peoples' dream come true. Two conflicts – labor-capital conflict and class conflict, or, perhaps one more conflict partly – ideological conflict, may be explained by types of welfare state regime. Within the Social Democratic regime model, all three conflicts are minimal, while the opposite is the case within the Liberal regime model.

Ideological conflict, however, is not so simple. If ideological competition within a national border concentrates on Marxist or Communist view on dialectical social development, this conflict may not be so simply resolved. No doubt that active role of the state is an effective mean to reduce ideological discrepancies. However, ideological discrepancies between far-left Communist and practical Social Democrats may not meet somewhere in between in an academic debate. Since these two views are mainly based on normative stance on social development and class struggle, it is extremely hard for two views to be persuaded each other. Ideological divide between pro-North Korea and anti-North Korea policies is an example in South Korea. Any welfare variable may not resolve this ideological discrepancy.

Neither ideological conflicts nor the rest of national conflicts may be resolved by remedies of social welfare policies. Conflicts based on struggle between religious groups, ethnic groups, policy-orientated groups, ideological rivalry, labor-capital, and service-provider and consumer may not be resolved by (re)distribution of resources through welfare expenditures.

How can these conflicts be prevented or resolved? Are there any effective remedies to hinder salience of social cleavages provoking enmity and antagonistic feeling of a society? Some explanations can be found in the cases of Papandreou of Greece and Berlusconi of Italy in financial crisis in 2011. Equivalent examples can also be found in financial crisis and economic bailout of Korea, Indonesia, and Thailand in 1997 (Montes and Popov 1999; Flynn 1999). What are the common features of the economic crisis which fueled social divisions between the rich and poor, the privileged and marginalized groups, i.e. the so-called winner and loser?

The case of Greece, Italy, Korea, Indonesia and Thailand can be commonly explained by the lack of efficient rule of government. Neither political leaders nor institutions provided appropriate and reasonable mechanism of rule of law, open and transparent surveillance system against market players, and confident measures against corruption and ineffective rule of the democratic institutions such as courts, parliament, and bureaucracies. In our example, all these aspects were commonly detected. To the contrary, the Nordic countries including Sweden, Denmark and Norway show another example of remarkable social development. All three countries do seldom suffer from fierce social conflict, high corruption or political confrontation in the parliamentary debates. The Nordic system of democracy can be characterized by 3C – compromise, consensus and cooperation, check and balance of power,

rule of law, active social movements such including labor movement and efficient rule of the leaders (Arter 2008, Bergqvist et al 1999, p.4).

What characterizes the two contrasting examples? In the five former cases, they suffered from lack of efficient governance. In the three latter cases, on the other, political remedies are provided through efficient, transparent and open political process. Whether a political system has a mechanism of good governance, therefore, is believed to be a crucial element for making them different in management of crisis.

With these analytical tools reconsidered, the diverse patterns of social conflict may be resolved, inflated, or mitigated. With high quality of governance, social enmities and conflicts may be reduced or prevented. If social disorder encounters in an international or domestic crisis, people show stable support and high level of confidence in what the government and parliament reach to decide. In that way, conflicts based on difference in ideological stance, discrepancy in policy-orientation, religious creed, cultural diversities and regional interest can be resolved or prevented, if possible.

Table 5. Welfare regimes, quality of governance and types of conflicts

	Labor – capital conflict	Class conflict	Ideological conflict	Policy-related conflict	Regional conflict	Cultural conflict	Religious conflict
Social democratic model	Minimal	Minimal	Minimal				
Conservative model	Low	High	Medium				
Liberal model	Maximal	Maximal	Maximal				
Quality of Governance – High			Low	Low	Low	Low	Low
Quality of Governance – Low			High	High	High	High	High

Case study of the Swedish experience in conflict prevention

As mentioned previously, the unique Swedish way in treatment of social conflicts has been characterized by three Cs – compromise, consensus and cooperation. The Swedish politics has formed in the process of building welfare regimes in the 1930s on. The Swedish labor movement has been well organized with high unionization rate since its establishment in 1898. Since its birth of the Social Democratic Party of Sweden in 1889, cooperation between the party and the Swedish Trade Union Confederation (LO, Landsorganisationen) has been extraordinarily close. Until the beginning of 1930s, however, the Swedish politics suffered from low level of social harmony and high level of hostile labor disputes of strikes and lockouts. Military intervention against general strike in 1931 culminated the labor-capital hatred and resulted in killing of 5 workers including one woman. This tragic accident led to a

social democratic victory in the parliamentary election held in 1932 (Hadenius 2003; Möller 2007). However, under the first Social Democratic government, the labor violence and labor-capital enmity continued. The then Social Democratic leader, Prime Minister Hansson, sought a coalition with Agrarian Party, one of conservative parties in the Swedish party system, to resolve this crisis. During 1936-1939, the first left-right coalition was built with wide range of social programs for workers and protection policy for farmers from free trade (Möller 2007).

Under the coalition government, the historically known Saltsjöbaden Agreement in 1938 were signed up labor union LO and the employers' confederation SAF. Since the agreement was met by the two partners of labor market, issues of peaceful resolution of labor disputes, working condition, wage and dismissal of workers could be centrally dealt with in regular meetings. Hence, fierce general strikes and lockouts vanished in the Swedish labor market under the whole Post War era. The agreement marked also willingness to cooperate and cross-class collective sense of responsibility for developments in the national labor market and in the Swedish economy generally. The spirit of collaboration spread to all other sectors. Thus, the agreement is now called 'Saltsjöbaden Spirit' in the Swedish history (Draper and Ramsay 2012, pp.227-230; Möller 2007, p.146; Hadenius 2003, p.63). The Swedish economy expanded steadily and fast during and after the Second World War in combination of peaceful industrial relation and neutral policy.

During the 1950s, one more coalition government across left and right ideological boundaries was set up. The then ruling government Social Democratic Party signed up with the Agrarian Party in 1951 to build a coalition government which continued to exist until 1957. During this period under the rule of Tage Erlander as Prime Minister, big deals were made in Thursday Club meetings and in Harpsund summer residence of the Prime Minister with representatives of the major unions such as National Federation of Workers' Union (LO), the Swedish Central Organization of Civil Servants (TCO), the Swedish Academic Employees' Organization (SACO), and employers organization (SAF). The Harpsund Democracy became a symbol of harmonious politics during the 1950s and 1960s in Sweden (Hadenius 2003). These cooperative and corporative patterns of deals and informal meetings made the Swedish economy extremely competitive and effective (Lewin 1994; Milner and Wadensjö, ed. 2001). Another pattern of big deal politics was acute meeting at Haga Castle in crisis situation to meet political agreement of all parliamentary parties. This deal is named as Haga Deals which remained strong even during the 2000s (Hadenius 2003; Larsson and Bäck 2008; Möller 2007).

Another remarkable attempt to reduce income gap among industrial workers was a good example of solidarity within workers' group. The LO-led solidary wage policy penetrated in the 1950s' society to make a unique equal and just society. As a consequence of solidary wage policy, income disparity between high wage workers in export companies and workers in small and medium-sized business reduced to remarkable extent. This morality-winning action taken from the workers placed an effective pressure toward big business to take their corporate social responsibility in financing the cost of welfare services and social security protection (Milner and Wadensjö 2001). At the beginning of the 1970s, the employers agreed to pay new payroll tax for securing pension, medical care, and social insurance against

unemployment, injury and sickness. The level of payroll tax increased at the highest 39 per cent level and now stabilized at the level of 31.42 % during the 2000s.

Another consensus building mechanism in the Sweden politics is a policy formation process. All socially and politically keen issues are dealt with in a national investigation committee appointed by the government, if necessary, with consent of the Parliament. The committee works for two years to gather information, opinion and diverse views in the form of Remiss – public hearings, seminars and workshops. Finally, the committee lays their proposal as an official investigation report (SOU, Statens Offentliga Utredningar) to the minister in charge. After examination of National Council of Legislation, the government moves this proposal to the Parliament (Larsson and Bäck 2008).

The benefits of this type of law making process are many: First, since the investigation process requires at least two years, possibility for a hasty law making process can be blocked. If asked by the committee chair, the period can be extended. During this period, all available voices and views are gathered. If the issue investigated is extraordinarily keen and crisis-provoking, the time can be used for freezing and cooling down keen interests and angry voices. Second, the scientific way of investigation encourages a harmonious mood in the process of law making since every voice and opinion has chance to be equally treated. Third, all voices heard and views gathered are included in appendix of the final investigation report so that law making process is quite open, transparent and just for all actors (Möller 2007). The Swedish politics, approximately, 150-200 investigation committees are appointed annually.

Another characteristic feature of the Swedish policy and decision-making process seems to be the ways in which extreme solutions can be evaded. NIMBY (Not in my backyard) or YIMBY (Yes, in my back yard) issues do seldom leave exclusive losers or winners. A recent example of selection of one candidate for a repository for spent nuclear fuel in 2009 witnesses that two applicant cities – one from Oskarshamn and the other from Forsmark, both were satisfied with the 33-year old investigation and decision on separation of roles for building facilities in Forsmark and production of repository in Oskarshamn (<http://newsroom.vattenfall.se/2009/09/08/forsmarks-berg-slutforvar-for-svenskt-karnavfall/>). The two regions struggled fiercely for winning candidacy that would draw hundreds of jobs, financial subsidies and construction of infra structure. Even though the government will make a final decision in 2013-2014, municipalities seem to be satisfied with government's proposal on compromise remedies (http://www.nyteknik.se/nyheter/energi_miljo/karnkraft/article3119537.ece).

A set of characteristics described above is briefly summarized in the Table 6. The characteristic of the Swedish way of crisis treatment is mainly focused on conflict prevention rather than conflict resolution. All possible means are used to prevent social enmity and disharmony long before the issue gets attention. These preventive remedies were invented in the process of welfare state building since the 1930s. Crisis management can be separated during the peace time and during crisis situation. All peaceful means were mobilized by the political and economic partners to build harmonious moods in labor market and political deals.

The pattern is called corporative way of decision making which characterizes the Swedish way of prevention of social conflict.

Table 6. Institutionalized Conflict Treatment System of Sweden (1930-2010)

	Management in peace time	Crisis management
Preventive remedies	Wide-ranging social protection net (enhancing social cohesion) Transparent and efficient rule of law as well as zero tolerance against corruption (evoking social trust) Solidary Wage Policy (1950s on) CRS through payroll tax (1970s on) Consensus building through state investigation (SOU) and Remiss (hearing) before policy decision Corporative negotiation at the central level (1940s-2000s) Left-right coalition (1936-39, 1951-57) Thursday Club meeting (initiative-taking of the Prime Minister for labor-capital coordination, 1950s-1960s) Harpsund democracy (tripartite talk at Prime Ministers summer residence 1950s-1960s) Rational win-win policy decision (decision of nuclear waste facility construction site, 2010) Corporative central negotiation (since 1940s →)	Grand Coalition (1939-1945) Grand Deals at Haga Castle (1991)
Resolution remedies	Discrimination Ombudsman Parliamentary Auditor Administration Court High Court	Consultative policy referendum (1922) Alcohol issue, 1955 traffic lane change from left to right, 1957 pension issue, 1980 closing of nuclear plants, 1994 EU-membership, 2003 EURO referendum) Labor-capital peace deals (Saltsjöbaden Agreement, 1938) Austerity program (1939-1945) Grand party deals over ideological borders (1991, 1995, 2007)

From the Swedish experiences of peaceful resolution of labor disputes and conflict prevention, following hypotheses should be tested with empirical data.

H1. High level of welfare service and reduced social differences through social protection contribute to promoting social cohesion.

H2. High level of governance based on transparency and accountability is closely related to low level of social conflict.

From the Swedish case study, the third hypothesis seems to be plausibly drawn with a precedent variable.

H3: Political as well as societal consensus building seems to be precedent condition for producing high quality of welfare service as well as high quality of governance, in turn, which contributes to bringing about a stable and strong cohesion of the citizens.

The relationship between four variables, i.e. consensus building, welfare policy, quality of governance and good society as a proxy variable for high social cohesion and low social conflict with high quality of life.

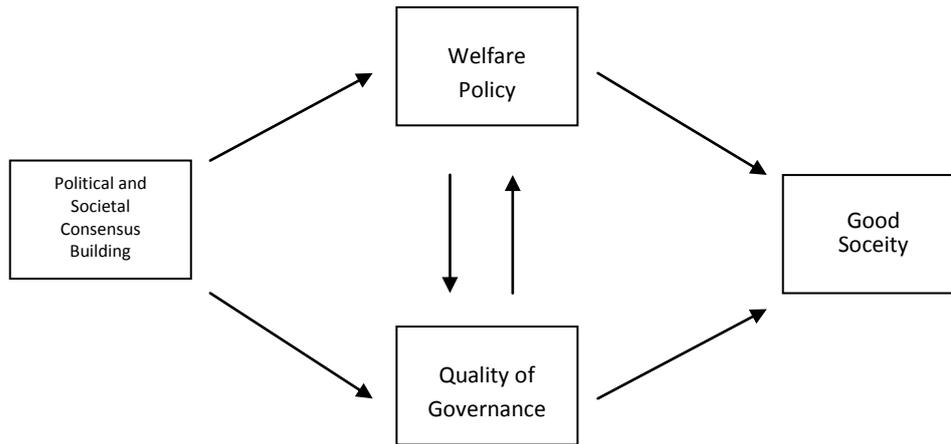


Figure 1. Explanatory and precedent variables of good society: From a Nordic experiences

Empirical data shown in Table 7 below are quite evident. For a good society with high quality of life and satisfaction in peoples' everyday life, increasing welfare cost seems to be necessary. Stable confidence in law-making body has a great impact in building of a good society. Consensus building skills and capability seem to be very crucial for formation of a good society. Transparent rule and low corruption in bureaucracy and public sector are also closely related to a good society. Finally, for a good society, quality of government is considered to be the most important element. The quality of government has the robust impact on the state of good society. Since the quality of data with small number of cases and low significance level is varying (See Appendix for Correlation Matrix), however, this model of good society should be tested with more extraordinary care and scrutiny.

Table 7. OLS regression model for good society

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	76,804	9,807		7,831	,000
	Welfare Regime	-9,165	1,905	-1,002	-4,810	,003
	Confidence: parliament	3,571	2,991	,212	1,194	,278
	Consensus-Building	,326	1,930	,047	,169	,872
	Transparency, Accountability, and Corruption in the Public Sector	,749	6,047	,045	,124	,906
	ICRG Indicator of Quality of Government	15,462	16,973	,200	,911	,397

a. Dependent Variable: Good Society Index

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,924 ^a	,853	,730	4,76553

a. Predictors: (Constant), ICRG Indicator of Quality of Government, Welfare Regime, Consensus-Building, Confidence: parliament, Transparency, Accountability, and Corruption in the Public Sector

Source: The Quality of Government Institute Data Bank.

Consensus-Building: The variable measures to what extent the major political actors agree on a market economy and democracy as strategic long-term aims; to what extent the reformers can exclude or co-opt anti-democratic veto actors; to what extent the political leadership can manage political cleavages so that they do not escalate into irreconcilable conflicts; to what extent the political leadership enables the participation of civil society in the political process; and to what extent the political leadership can bring about reconciliation between the victims and perpetrators of past injustices.

Transparency, Accountability, and Corruption in the Public Sector: This criterion assesses the extent to which the executive can be held accountable for its use of funds and the results of its actions by the electorate and by the legislature and judiciary, and the extent to which public employees within the executive are required to account for the use of resources, administrative decisions, and results obtained. Both levels of accountability are enhanced by transparency in decisionmaking, public audit institutions, access to relevant and timely information, and public and media scrutiny. A high degree of accountability and transparency discourages corruption, or the abuse of public office for private gain. National and sub-national governments should be appropriately weighted. Each of three dimensions should be rated separately: (a) the accountability of the executive to oversight institutions and of public employees for their performance; (b) access of civil society to information on public affairs; and (c) state capture by narrow vested interests.

ICRG indicator of Quality of Government: The mean value of the ICRG variables “Corruption”, “Law and Order” and “Bureaucracy Quality”, scaled 0-1. Higher values indicate higher quality of government.

Conclusion

This study identifies critical evidences of condition for good society containing common characteristics of low level of conflict, high level of quality of life and high level of social inclusion. The Swedish experience in prevention and resolution of crisis and diverse conflicts provides a good example for modeling good society. The welfare regime as an explanatory variable for societal conflict is not an adequate method. Therefore, the governance type as the second variable was used to enhance explanatory power. From the Swedish experience, a precedent variable, i.e. consensus building, was also selected. Despite some weaknesses of the data set used for this empirical study, three hypotheses adopted to test the model of good society are broadly approved by correlation and OLS regression study. Three premises adopted for this study were confirmed with the empirical data. The basic premise on social

conflict and cohesion (or inclusion) as proxy variable of good society, or maybe vice versa, seems to be broadly clarified by empirical data. However, this study should be tested with more careful methodological endeavor and systematically organized data to improve significance level and to increase generalization of the model.

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Appendix. Correlation between good society and other variables

		Correlations					
		Welfare Regime	Confidence: Parliament	Consensus-Building	Transparency, Accountability, and Corruption in the Public Sector	ICRG Indicator of Quality of Government	Good Society Index
Welfare Regime	Pearson Correlation	1	,440**	,640**	,492**	,714**	-,728**
	Sig. (2-tailed)		,000	,000	,000	,000	,000
	N	119	62	119	54	101	49
Confidence: Parliament	Pearson Correlation	,440**	1	,393**	,092	-,040	-,114
	Sig. (2-tailed)	,000		,002	,675	,716	,349
	N	62	89	62	23	84	70
Consensus-Building	Pearson Correlation	,640**	,393**	1	,730**	,523**	-,533**
	Sig. (2-tailed)	,000	,002		,000	,000	,000
	N	119	62	119	54	101	49
Transparency, Accountability, and Corruption in the Public Sector	Pearson Correlation	,492**	,092	,730**	1	,419**	-,258
	Sig. (2-tailed)	,000	,675	,000		,004	,354
	N	54	23	54	76	45	15
ICRG Indicator of Quality of Government	Pearson Correlation	,714**	-,040	,523**	,419**	1	-,806**
	Sig. (2-tailed)	,000	,716	,000	,004		,000
	N	101	84	101	45	140	68
Good Society Index	Pearson Correlation	-,728**	-,114	-,533**	-,258	-,806**	1
	Sig. (2-tailed)	,000	,349	,000	,354	,000	
	N	49	70	49	15	68	71

** Correlation is significant at the 0.01 level (2-tailed).

Source: The Quality of Government Institute Data Bank.

Consensus-Building: The variable measures to what extent the major political actors agree on a market economy and democracy as strategic long-term aims; to what extent the reformers can exclude or co-opt anti-democratic veto actors; to what extent the political leadership can manage political cleavages so that they do not escalate into irreconcilable conflicts; to what extent the political leadership enables the participation of civil society in the political process; and to what extent the political leadership can bring about reconciliation between the victims and perpetrators of past injustices.

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