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Frugality causes vulnerability

The death figures in Sweden are alarmingly high. That's not just because of the Covid-19 strategy — but decades of austerity

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The corona crisis has dramatically shifted the agenda of the public debate in Sweden, as it has in most countries around the world. Here the public debate has moved away from issues concerning cultural dimensions of immigration, criminality and in general right-wing identity politics to issues of healthcare, elderly care, unemployment and the economy. The crisis has opened a window of opportunity to shift the political debate from issues of cultural cohesion to issues of social cohesion. It will be crucial for progressive political movements to take this opportunity and recharge the issues of solidarity, togetherness and cohesion with socio-economic dimensions and challenge the recent more reactionary and cultural definitions of these important societal fundaments.

When it became clear that Sweden could not escape the growing pandemic, the main topic on everyone's lips was the preparedness of the healthcare system and the lack of emergency stocks. Sweden entered the crisis as one of the countries with the least critical care bed numbers per capita in Europe. Following the end of the Cold War, dramatic cuts were made to civil defence contingencies. For example, in 1993 Sweden had access to a total of 4,300 critical care beds with respirators, by 2018 the total number was down to 574. Today all parties from left to right are united in rejecting these policies, arguing that it was naïve to leave Swedish society in such a vulnerable position in times of crisis.

A more ideologically contested issue has been the debate on the lack of emergency stocks of medical equipment and critical medicine. Missing emergency stockpiles are closely connected to the market-led deregulation of the pharmacy sector in 2009. After privatisation, no actor was left with the responsibility to keep national emergency stocks. Instead, the new deregulated system relied on the expectation that the private market would always manage to meet the demands, even during a crisis. Increased use of global sourcing and just-in-time systems for

delivering stocks increased the vulnerability of pharmaceutical supplies. In this new system both the new private pharmacies and the public and private healthcare providers have had too small margins to cater for local reserve stocks.

The state of the Swedish elderly care system

A more recent discussion is concerned with the dire state of Swedish elderly care. Initially, all focus lay on healthcare, however when the coronavirus penetrated the elderly care system with highly fatal consequences, the public focus shifted to understand the system's shortcomings. By the end of April 2020, the virus had been detected in 75 per cent of the elderly care institutions in Stockholm. Most probably, the elders have been contaminated not only by resident care workers, but also by homecare workers taking care of elders in their homes. As in other countries, the lack of protective equipment for the workers (PPE) is seen as a major part of the problem.

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However, the reasons for the catastrophic exposure of elderly care in Sweden to Covid-19 are more profound than the mere lack of PPE. In Sweden, welfare services are still publicly funded via taxes, but there has been a far-reaching privatisation of the provision of welfare services. The far-reaching privatisation of elderly care in the metropolitan area of Stockholm, the Swedish region most affected by Covid-19, has created a very fragmented system. Elders can choose between a wide array of public and around 80 private care providers. Competition and private profit maximisation have led to an increase of precarious employment forms. Bad employment conditions, a high proportion of part time jobs and low wages has made many elderly-care workers economically vulnerable and less able to take sick leave. Furthermore, in comparison to other Nordic countries, the elderly care system in Sweden has higher levels of unskilled care workers.

For a long time, researchers have pointed to the growing workload for elderly-care workers. In the 1980s, a care worker in average visited four

elders at their homes on a one-day shift, by 2015 that number had increased to twelve elders, whereas half of the visits where less than 15 minutes long. The underfunding of public sector institutions has also been a problem for the quality of the services. Before the corona crisis hit, 96 per cent of the municipalities reported that they planned to cut funding of elderly care services in 2020. Austerity and cuts in the public sector have been a reality in Sweden for over two decades now.

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This leads us to the economic debate in the wake of the pandemic. Up until the crisis, the Social Democratic Finance Minister Magdalena Andersson has been strictly following Sweden's orthodox budget rules and her focus has primarily been on paying off public debt. At the end of 2019, the Swedish Maastricht debt level was lower than 35 per cent of GDP. Furthermore, the social democratic-green government planned to reduce the debt to under 30 per cent by 2022. Left-leaning parts of the Social Democratic Party and the blue-collar union federation LO have for many years been critical of this tight fiscal policy. It has thwarted necessary societal investments and, because of rising private debt, has increased the vulnerability of Swedish society to a possible financial and economic crisis.

For far too long, the Ministry of Finance has led the public to believe that fiscal prudence was of more importance than public investments in welfare, housing, infrastructure, climate conversion or the strengthening of the public sector. The Covid-19 pandemic shows just how short sighted this frugalist argument for Sweden is. With higher taxes for the wealthy and a less strict fiscal policy, Swedish society could have presided over a larger capacity of critical care beds, ample emergency stocks of medicines and PPE. It would have been able to protect its elderly with a stronger care system with more skilled care workers and better working conditions.

Despite all of that, supporters of austerity now point to the state's fiscal power to support the economy and mitigate the social fallout of the pandemic. However, like the financial crisis more than a decade ago, the logic behind the policy of reducing public investment for the sake of economic buffers is not widely questioned. If unchallenged and unreformed, Sweden will have to once again return to an austerity policy that will further weaken society. This logic should be unacceptable for any progressive political actor, not the least for Swedish social democracy. A progressive economic policy should instead follow the aim of strengthening social cohesion. This entails building a society based on solidarity that is more resilient to the next crisis.



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