

Summary in English

An unchanged policy and unchanged tax levy will not allow any improvements in the standard of public welfare services. Such a policy – or rather lack of policy – will not satisfy the desire of the general public for better quality. Increased tension between public demand and limited public service provision will lead to increasing private funding. Such a development could undermine fundamental welfare state values. Urgent needs in health and medical care, education and social services will not be met on an equal basis for all citizens.

This report outlines a longterm policy to meet this development. A starting point is that consumption of welfare services must increase to the same extent as the economy grows. In order to achieve that objective, without unacceptable differences arising between citizens, policy must primarily be aimed at allocating more tax revenues to the provision of welfare services. In the second place production of welfare services must be made more effective. In the third place private funding must be allowed and in some cases encouraged, but be limited to areas where it does not risk coming into conflict with fundamental values. One way of solving the problem is rejected: It is not possible or appropriate to restrict public demand in the long term. It neither can nor should be rationed away.

An increased tax levy is not a solution in the long term. However, more tax revenues can be contributed to the area through increased employment. That would mean increasing the number of hours worked in the economy. Delayed retirement from the labour market can provide a substantial contribution to increased public consumption. However, promoting this requires measures that run counter to many established notions.

The possibility of funding the services through taxes can increase if resources are transferred from other areas of public

expenditure. In that case public commitment should be reduced in areas where citizens have a reasonable chance of compensating for the withdrawal of public services. Parts of publicly funded insurance schemes could be such an area. If these insurance schemes were to continue to be mandatory, despite being provided privately, there would be little or no scope for strengthening public funding of welfare services. The difference between mandatory contributions and tax is very small.

If welfare service production is made more efficient, public demand for improved services can be achieved at a limited cost. In order to achieve that effect, a broadbased efficiencyenhancing programme must be drawn up and correctly managed and implemented. Despite a longfelt need to improve efficiency and knowledge of how this should be achieved, hardly any increased efficiency has been noted in recent decades.

The report gives arithmetical examples based on the assumption that consumption of welfare services will increase at the same rate as economic growth. In that case an additional SEK 150 billion needs to be contributed to that sector of consumption in 2030. Half of that amount can be contributed through improved efficiency and increased employment according to a couple of the examples given. It appears obvious therefore that increased private funding will be necessary. This must be allocated to areas where it will not create unacceptable differences between citizens. Moreover, there must be assurance that publicly funded services are provided to all citizens with sufficient reliability to ensure that private funding does not reduce the standard of service to those members of the public who rely solely on public service provision. Private funding must be a limited complement.

The logic behind these types of change is that they are problemdriven. The risk of crisis or collapse is a strong incentive for change. Consequently, a crucial condition for realising the policy outlined is that decisionmakers concerned understand that a future problem exists that threatens the welfare state. A political process must therefore be introduced, analysing the future problem within the framework of a government inquiry. This should have a broad political composition. Historical experience shows that decisions of the kind referred to here require support from different political circles.