



The Consequences and Limits of the Libertarian Ideology

An Empirical Analysis

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Abstract. The globalisation convergence thesis proclaims that increasing international trade will force welfare states to participate in a “race to the bottom” to maintain their international competitiveness. This is true, particularly in Liberal Market Economies (LMEs) ran by the means-ended libertarian ideology. These ideas set the foundation for capital accumulation, and they are, therefore, the cause of social unrest that libertarianism seeks to avoid in the first place. However, Coordinated Market Economies (CMEs) like Sweden have been able to maintain their competitiveness and social entitlements even if globalisation exerts a bigger pressure on them, following a similar trend of capital accumulation by the top decile of its population being nevertheless still far from the LME levels.

Keywords: Analysis · libertarianism · globalisation · Sweden

1 Introduction

The globalisation convergence thesis proclaims that increasing international trade, the internationalisation of production and increasing international capital flows will force welfare states, and particularly the Scandinavian social democracies, to participate in a “race to the bottom” to maintain their international competitiveness [1]. Two options emerge. First, choosing to comply with this emergent order of global market liberalism will mean having to engage in a “bidding war”, in which tax rates and welfare entitlements are in danger of being progressively reduced [2]. Alternatively, Scandinavian welfare states could try to defend their social democratic model, which will, however, inevitably lead to the same outcome, according to the convergence thesis: a destruction of the welfare state due to capital outflows, production losses and increasing unemployment.

Which path did the Nordic countries choose? The economist described the Nordic countries as the “next supermodel”, praising Sweden, Denmark, Norway and Finland for their commitment to reinventing their model of capitalism [3]. In other words, the liberal magazine congratulated the Nordic countries for recognising the incompatibility of globalisation and the social democratic model, by taking the appropriate (neoliberal) economic policy measures. This paper does accept the fundamental insights of the convergence thesis. Globalisation does indeed put pressure on the social democratic welfare

state and all over the world, where the market ideology based on libertarian ideas have become the dominant way of thinking. Ideas such as “individuals own their own lives” or “the only appropriate function of government is to protect human rights, understood as negative rights (life, liberty and property protection)” [4].

However, is this means-ended ideology not one of the main sources of capital accumulation and, therefore, one of the principal causes for problems such as social unrest that libertarianism seeks to avoid in the first place? We will contend that there are alternatives to these libertarian-based models, such as the ones found in CMEs like the Swedish model. Yet, it is highly unlikely to implement and replicate this model in other countries for several reasons. For example, in Sweden, there is high social cohesion and a strong common identity, two factors that are not present in many other countries. Hence, following a mimetic isomorphic path would be a mistake. Having said that, Sweden social democratic model put the country under a lot of pressure to maintain their social entitlements in a globalized economy, even if they have been successful to do so, so far.

2 Contextual Background

Cultural aspects like shared ideologies of a country are important factors for the creation and support of redistributive or non-redistributive policies. Europe and the United States are similar, since they are developed economies with similar religious and cultural roots [5]. Nevertheless, each country has different attitudes and mindsets. In the case of the United States, there is a particular ideology that defends the self-made man might be a reason why the country has a weaker welfare system. The idea of increased mobility in the United States follows that people who work hard will be able to earn more and have a better quality of life, they will be able to change their socio-economic position through effort: “71% of Americans believe that the poor can escape poverty if they work hard enough” [5]. However, when looking at the data, social mobility is not much different in Europe than it is in the United States [5]. This ideology, nevertheless, implies that the people that remain poor throughout their lives are lazy and not deserving; then, the lack of support for redistribution doesn’t come as a surprise. Considering this, ideologies, especially in the case of the United States, are important for the relevance of inequality as a problem and, therefore, for the support for redistribution.

Focusing on the political economy of a country is a good way to approach inequality. There is a negative correlation between inequality and redistribution. However, we cannot be conclusive to whether more inequality leads to less redistribution or redistribution leads to less inequality [6]. According to Engerman and Sokoloff, historically unequal societies gave rise to institutions that didn’t pose a threat to socio-economic differences [7]. The understanding of a country’s institutions in its political economy is crucial for the understanding of inequality.

Esping-Andersen’s The three worlds of welfare capitalism groups English-speaking countries, such as the United States, Canada, and Australia, into the category of “liberal welfare states” or LMEs. They rely heavily on the market as being efficient enough to address social issues and, therefore, social reform has not been able to go past the traditional and liberal norms. These states share characteristics, such as limited welfare with strict rules and a negative view of the reception of welfare; also, benefits are modest

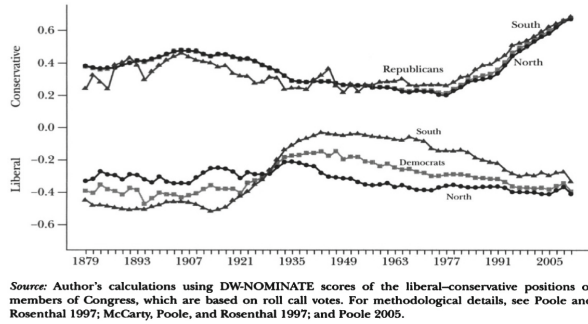


Fig. 1. Party Means on Liberal-Conservative Dimension for the Us House of Representatives, 1879–2012 [22].

and the degree of de-commodification of labour is quite low. Finally, liberal welfare is the least redistributive in Esping-Andersen’s classification, which is why inequality poses a greater threat [8].

In practice, we observe how there has been a major ideological shift to the right in conservative positions in the United States since the 1970s. Left-leaning policymakers generally prioritize larger state intervention in the economy, redistribution of wealth, and social protection, including healthcare (Fig. 1).

“Navarro, observing the co-occurrence of powerful left leadership in the development of Universal Health Coverage (UHC), postulates that strong and well-organized labour unions, with close links to political elites, are crucial to establishing UHC. In empirical work, Navarro and colleagues find that social democratic parties support redistributive policies, which have favourable effects on reducing child mortality rates. A related argument is that UHC expands to quell social discontent arising from high levels of social inequality, thereby enabling elites to maintain high degrees of economic exploitation” [9, 10]. This might explain why the United States possesses the worst health care system of the developed countries: health insurance design has a major influence and affects access to care and cost [11]. Drawing on observational data, UHC is more predominant in high-income countries, with the exception of the United States, which ranks worst in terms of “efficiency, equity and outcomes” despite having the world’s most expensive health care system of the developed world [12].

The shift from Keynesian to monetarist modes of policymaking is ultimately a story about the movement of ideas, as the concept of competing policy paradigms underscores. If the early 1970s brought increases in the power of trade unions, the second half of the decade saw an important shift of power over policy towards the financial markets. If the 1976–1978 years mark a period of transition, the full move to monetarist modes of policymaking came only with the election of a new conservative government under Margaret Thatcher in May of 1979. Once in office, that government began to shift the orientation of economic policy quite dramatically [13]. In an interview on October 31st of 1987 with Douglas Keay, she claimed that there is no such thing as society. Ronald Reagan was not any different. Moreover, the ferocity with which economic journalists took up monetarist issues during the 1970s was central to their popularization in Britain and, ultimately, in the United States.

3 Consequences of Libertarian Ideas in LMES

It is important to question the ramifications coming from this ideological expansion. Is not this means-ended ideology the source of capital accumulation and, therefore, the cause of problems such as the social unrest that libertarianism seeks to avoid? This is especially the case when the sense of community is left aside and where only the privileged increase their likelihood of expanding their fortunes.

Indeed, parties that pass extensive social entitlement legislation frequently desire to create a relatively long-lasting policy that will endure past the current government so their successors cannot easily undo the reform [14]. However, if social protection is not even discussed in the public sphere and the actions that follow from these ideas are not valued by a society, how can people in charge put in place policies that will insure a more egalitarian outcome for the society? This is especially the case in more divided societies, as we will see later.

Moreover, there are many concrete analyses of the social effects of income inequality. Indeed, inequality is associated to higher crime rates, poorer health, disproportionate political power wielded by the wealthy, lower levels of educational attainment, slower economic growth and other societal ills, such as the withdrawal from civic engagement, the loss of social cohesion, the lower life expectancy, suicide, undermined development and well-being among children [15]. The extent to which it does so is, of course, an empirical question.

For libertarians, “the only appropriate function of government is to protect human rights, understood as negative rights” [4]. This dogmatic way of thinking is actually the source of the problem it seeks to avoid, this is because it assumes the market is omnipotent and ignores the existence of market failures. A New York Times article from March of 2014 summarized various academic findings regarding the link between high levels of income inequality and social problems [16]. Alan Krueger, a Princeton economist, and former economic adviser to President Obama, demonstrated, by way of what came to be known as the “Great Gatsby curve”, that in countries with wider income gaps, the children of poor parents were more likely to grow up to be poor adults. Also, Kate Pickett and Richard Wilkinson argued in the famous work *The spirit level: why more equal societies almost always do better* that severe inequality undermines social cohesion. It can lead to a variety of health problems, including mental illness, obesity and teenage pregnancy, while also having the potential to foster crime and lower life expectancy.

In a separate work, Wilkinson and Pickett carried out a systematic analysis of 155 academic papers that reported research findings on whether there was a link between income inequality and population health. They found that 83% of the papers reviewed were “highly supportive” of the contention that there is an inverse relationship between income distribution and the overall health of a population. In other words, the vast majority of studies found that populations with more equal income distribution are more likely to have poorer health overall [17]. Yet, libertarian ideas still dominate in LMES. In a later segment we will explain the tools that the “top 1%” use to maintain this status quo.

On the contrary, John Rawls (1971) argued that the most reasonable way to decide upon a fair distributive principle is to imagine that you must make this decision knowing

you will be born into the world, but not knowing anything about what your assets and characteristics –intelligence, personality traits, parents, neighborhood, gender, skin color, etc.– will be. Rawls referred to this hypothetical scenario as the “original position”, and he suggested that, in such situation, a rational person would choose a to have a set of basic liberties coupled with a distributive principle, requiring that any increase in inequality also increases the income of those at the bottom [18]. These ideas have influenced the outcome of several policies in social democratic states like Sweden, as we will see later. Indeed, only strong ideas can stop the advancement of the strong libertarian ones. Ideas and ideology are often collapsed into a single category, but they may have distinct influences on policy outcomes. Ideas include specific policy solutions, information, and prevailing concepts and paradigms that influence thinking on a subject [19]. The power of these rests on the notion that symbols, or a persuasive story can be more important than material or objective facts [20]. Ideas do not directly produce legislation or micromanage individuals, but they shift the legitimate scope of debate that inevitably forces actors and institutions to follow suit [21].

Nowadays, however, it is unlikely to come across ideas such as Rawls’ in political debates in LMEs such as the United States and England, where merit has become the tool used to legitimize capital accumulation. Nevertheless, how can we talk about merit when much of what determines people’s earnings and income –intelligence, creativity, physical and social skills, motivation, persistence, confidence, inherited wealth– is a product of genetics, parents’ assets and traits, and the quality of one’s childhood neighborhood and schools? [15].

Furthermore, higher inequality of labor income in the United States could reflect also a higher inequality in education investment, but it also reflects a huge rise of top executive compensation that is very hard to explain with education and productivity reasoning alone. It is unclear whether the rise of top incomes has a lot to do with merit or productivity. It has been observed that a sharp decline in top tax rates and a rise of CEO bargaining power could be more convincing explanations to the chaotic United States history of social norms regarding inequality [22].

With the aforementioned, we can observe how these sets of policies have had a consequence in income inequality and, subsequently, in wealth inequality in the United States and Europe. At the same time, we observe a similar trend in Europe regarding the increasing levels of capital accumulation, like the trend found in the United States. Despite this, the European levels are still far away from the United States ones.

3.1 The Top 1%’s Tools and Strategies for Ideological Transmission

It is a fact that there are more and more billionaires in the world (Figs. 2 and 3).

We can also observe how they have a major role in the United States campaign financing (Fig. 4).

Considering this, we must remember that many policy issues in capitalist societies are not subject to popular vote. The median voter model fails to incorporate variations on issue salience. The median voter theorem states: “A majority rule voting system (e.g., United States) will select the outcome most preferred by the median voter” [23]. However, this has several limitations: first, it assumes voters have perfect information;

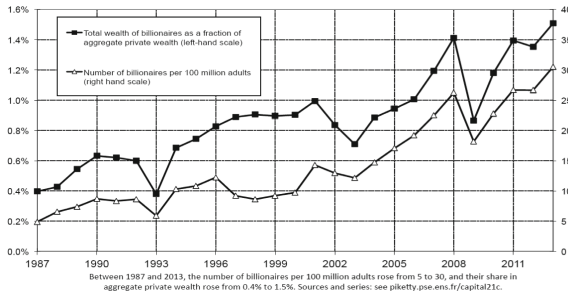


Fig. 2. Billionaires as a fraction of global population and wealth 1987–2013 [22].

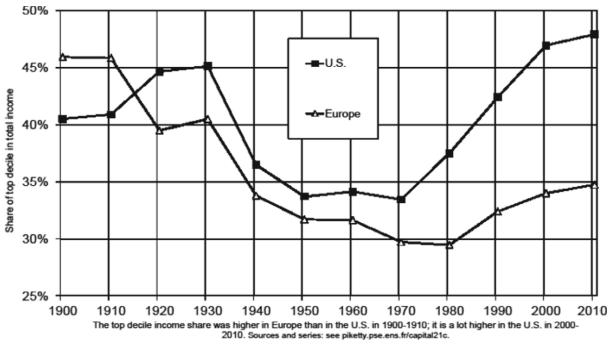


Fig. 3. Income Inequality: Europe vs. the United States 1900–2010 [22].

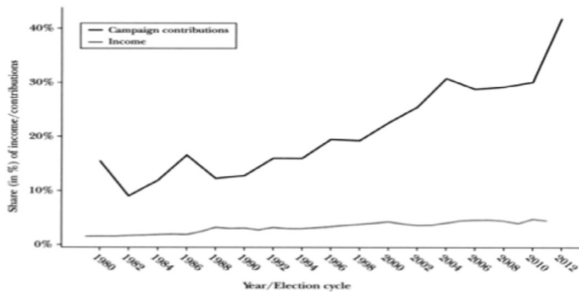
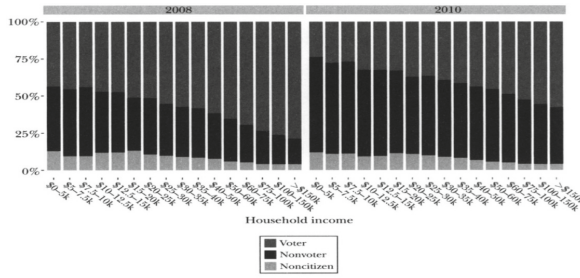


Fig. 4. Concentration of Income and Campaign Contributions in the top of 0.01 Percent of Households and voting age population [22].

second, it assumes voters are rational; third, it assumes voters can't be manipulated, that the media and special interests exert no influence.

Therefore, policies result not from variations on government partisanship or different interest groups, but from differences in managerial organizations. Today these managers possess tools to pass legislation that favor them. First, lobbying: money helps change minds (e.g. campaigns, lobbying legislators), even if empirical research [24] shows that this not always leads to policy success, but, at least, it sets the issue on the agenda;



Source: Current Population Survey (2008: N=80,443; 2010: N=101,338).
 Note: Figure 4 shows the relationship between voter turnout and voter household income and citizenship for the 2008 presidential and 2010 midterm elections.

Fig. 5. Voter Turnout by Household Income and Citizenship, 2008 and 2010 [22].

and manager’s expertise and their lawyers have a strength that politicians find hard to challenge, especially if it is a low salience issue. Second, working groups: governments grant agenda setting to informal workers, where managers have a prominent voice setting the terms of the debate and the tone of media coverage. Third: journalists know business leaders want to project themselves in a positive way, but they are constrained by the fact to convey complex issues so that readers can understand it. Therefore, press framing has a significant role (Fig. 5).

This has a particular effect, considering that the poorest population in the United States vote less. On the other hand, the medium through which libertarian ideas expand is mass media, especially cinema. It is indeed incredible that, all over the world, Hollywood movies are preferred, even in countries with a strong cinema history, like Spain and Italy. The mass media are seen today as playing a key role in enhancing globalization, facilitating culture exchange and multiple flows of information and image between countries through international news broadcasts, television programming, new technologies, film and music. This is a source of expansion of the libertarian ideas.

Moreover, even if the poorest vote, special interests have been able to shift political discourse from social and economic equality to “explosive” cultural issues, like abortion and gay marriage, which are used to redirect the anger towards “liberal elites”. This explains why Americans vote against their own economic interests, particularly in southern states, like Kansas [25]. All these reasons are possible explanations to understand why democracy has not been able to stop the rising inequality in the United States.

According to the previous information, we could confirm that there is enough evidence to think that the globalization convergence thesis is gaining terrain proposed by the libertarian ideologies. However, there are certain countries that have set institutions in place that still provide social entitlements, assuring the process of decommodification even if they have been challenged by the financial crisis in recent years.

4 The Swedish Case: Is Decommodification Still Possible?

In the capitalist society, labour is regarded as a commodity which you can sell and buy. In 1990, Esping-Andersen used the same concept to explain the differences in the contemporary welfare system [26]. Decommodification is “the degree to which

individual, or families, can uphold a socially acceptable standard of living independently of market participation” [8].

We will use Sweden as a test-case, since its small open market economy and heavy reliance on exports and international competitiveness make it a critical case for the globalisation convergence thesis [27]. Sweden’s somewhat turbulent economic history during the last decades, which has included an economic meltdown in the beginning of the 1990s and a supposedly neoliberal economic policy response, gives important insights into the balancing of the two extremes of social democracy: state-dominated socialism and free market capitalism.

Considering the aforementioned, do the adjustments that have already been made, and the adjustments that are likely to be made in the future, though neoliberal in nature, constitute a fundamental departure away from the Scandinavian social democratic model? We will contend that some previous accounts rely on a simplistic understanding of Scandinavian social democracy, which is not –and has never been– an entirely socialist doctrine, but rather has always strived to make the two ends of radical socialism and successful capitalism meet [28].

The crude conception of social democracy automatically leads commentators and scholars to overestimate the threat from globalisation. Moreover, it also often relies on a simplistic conception of globalisation since other motives than cheap labour determine foreign investments. Within this framework, we argue that there is nothing anti-social democratic *per se* about the Nordic countries’ moves towards deregulating financial markets and reducing some welfare entitlements.

What mattered for the model’s survival is that the Scandinavian welfare states concomitantly cleverly reformed other parts of the model; for instance, by relying increasingly on more knowledge-intensive services and manufacturing – which goes hand-in-hand with high government spending on public education, infrastructure, and research and development – to maintain their international competitiveness. This way, Sweden has managed to maintain its most important welfare provisions and its core characteristics, namely the commitment to egalitarianism and universalism. Therefore, the policy responses do not reflect retrenchment from the model, but merely adaptations and adjustments to an ever-changing economic environment.

Despite important differences between the Nordic countries, most of the considerations on Sweden could readily be applied on the other Nordic countries. Indeed, when concluding that Sweden –the Nordic country that arguably embraced neoliberal economic policies the most during the last decades– has maintained the core characteristics of the social democratic welfare state, our underlying assumption is that this logic can be applied to the other Scandinavian countries as well, although we will not elaborate on this.

The Swedish social democratic model is structured according to the Rehn-Meidner Model (1953), which identifies the main role of the Swedish state to be related to welfare, redistribution and egalitarianism through high taxation [29], and it builds on the concepts of universality and solidarity: all residents have equal rights to education without tuition fees, health care with only nominal user fees, and generous social insurance. Crucially,

these are provided irrespective of individual income, wealth and social position. Therefore, there is no means-testing, like in LMEs, but a notion of welfare rights, rather than welfare benefits.

To guarantee the viability and success of this welfare model, the state has taken the main responsibility of financing these services, and Swedish government spending peaked in 1993 at a record-high 67% of GDP. Finally, another crucial dimension of the Swedish model is the policy of wage moderation exercised by the two sides of the industry, involving a centralised coordinated wage bargaining system and the “solidaristic wage policy”, based on fairness, equity and efficiency.

This part of the social democratic model –call it the “old” social democratic model, or the “radical socialism” part of the model– is inevitably threatened by economic globalisation; and it did, in fact, suffer a massive blow in recent decades following Sweden’s financial crisis in the beginning of the 1990s. The long period of low unemployment came at the cost of high inflation, reaching a staggering 11% in 1989; and resulting in a decrease in GDP by 5% between 1990 and 1993, and an unemployment increase in the same period from 2,1% to 12,5%, while the budget deficit reached a staggering 13% in 1993.

This provoked a neoliberal response from Swedish governments in the following years to re-establish the balance between costs and revenues. This included the “tax reform of the century” in 1990, which notably included a reduction in corporate tax from 52% to 30% (today 22%); the top marginal tax rate cut by 27 percentage points since 1983 to 57%; and government spending as a percentage of GDP, which has fallen more than 17 percentage points since 1993 to below 50%.

However, it was budgetary pressures rather than market-liberal ideas that motivated most of these cuts, and the most important of these were reversed when the economy returned to a sound footing [30]. The public monopolies in the essential welfare services, like education, healthcare, childcare, and eldercare remained in place; and public expenditure, in fact, only decreased by about 4% for these major welfare services between 1990 and 1997 [31]. Moreover, the major components of universalism and egalitarianism were not abandoned. How was this possible?

We contend that the Swedish social democratic state was able to adapt to the demands of a competitive world market, because the financial crisis encouraged political and economic actors to return the Swedish economy back to their original model of social democracy: one that has been described as a “middle way” between free market capitalism and state-dominated socialism [32]. Therefore, Sweden’s financial crisis in the beginning of the 1990s can be seen as partly caused by an excessive pivot towards the “radical socialist” side of social democracy [30, 33], which made Sweden more vulnerable to the effects and underlying dynamics explained in the convergence thesis.

What the economic actors in this period might have overlooked is that the Scandinavian model’s strength derives from manipulating some kind of “middle way” between free market capitalism and state socialism. Having this in mind, Scandinavian social democracy must not merely be understood in line with Esping-Andersen’s framework as “decommodification” or “politics against the markets” [8, 34]; instead, in Scandinavian social democracy, politics and markets co-exist side-by-side, and the focus is on empowering the workers in the labour market [30] rather than decommodifying

them. In the Scandinavian social democratic model, embracing free market capitalism complements state-dominated socialism.

For instance, despite their high wages and welfare entitlements, Nordic countries consistently rank in the top of competitiveness indices [35]. This is possible due to a clever mix of state-dominated socialism and free market capitalism. The rankings do not only take into account the nominal wages, but also aspects like the regulatory environment, the quality of human capital, infrastructure and government support for research and development.

This reflects the fact that foreign investors are not only driven by the low cost of labour, but also productivity and infrastructure, for example. In other words, it is true that, for instance, high individual tax level attracts less investment (convergence thesis), but this is only true if you hold all the other factors constant. In the case of Sweden, the relatively high labour cost and generous welfare entitlements are offset by other aspects, many of which ironically stem directly from the socialist welfare state. A typical example is the high level of public investment on public education, research and development, and innovation, which has created the foundation for the growth of more knowledge-intensive services and manufacturing, and these are highly competitive in world market.

The capability of the state-dominated socialist state to create a highly skilled labour force is perfectly combinable with Sweden's openness to financial and capital markets and their low corporate tax rate. This has placed Sweden particularly high in the "business culture" component of competitiveness rankings and given rise to many successful Swedish companies: manufacturing, like Sandvik and Atlas Copco; retail, like IKEA and H&M; and high-tech, as Eriksson and Skype.

For some, the openness to financial markets and the low corporate tax rate might seem like a drastic step away from the social democratic model, but our argument is that the radical socialist component and the free-market capitalism component are complementary to each other. Having retained competitiveness in other ways than simply holding the nominal wage low, the Nordic countries have made sure that they can sustain relatively high wages and generous welfare entitlements, even in a globalised world [1]. What you end up with is not an identical model to the one that existed decades ago, but it is one that, in the light of the new economic circumstances, retains the basic and essential concepts of egalitarianism and universalism.

The key concept here is egalitarianism, identifying your fellow citizens as equals is an underlying assumption present in the Sweden case that is in other countries, like the United States. Also, redistributive public policies are less likely to occur in societies highly divided or fractionalized on ethnic or linguistic lines, or those that have high degrees of social inequality. The degree of racial or ethnic fractionalization, the geographic factors of proximity, and the ability to unionize are strong predictors of the successful implementation of social redistributive policies [36].

5 Comparative Analysis

In both countries, we see more capital accumulation by the top decile starting in 1970. However, it can be also seen that, in 2010, the Swedish top 10% accumulated 60% of the wealth in comparison to the 70% by their American counterpart (Figs. 6 and 7).

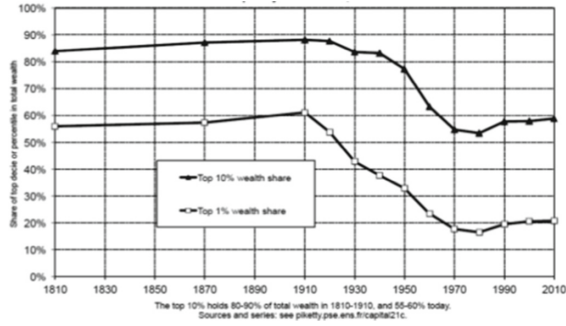


Fig. 6. Wealth inequality in Sweden, 1810–2010 [22].

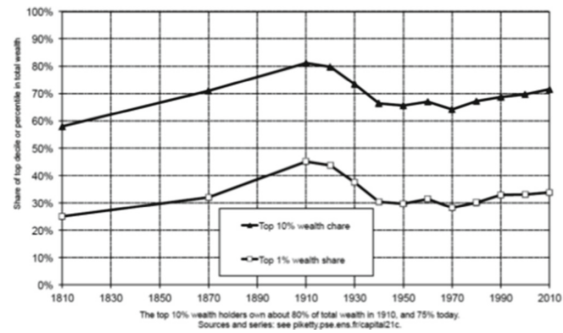


Fig. 7. Wealth inequality in the U.S., 1810–2010 [22].

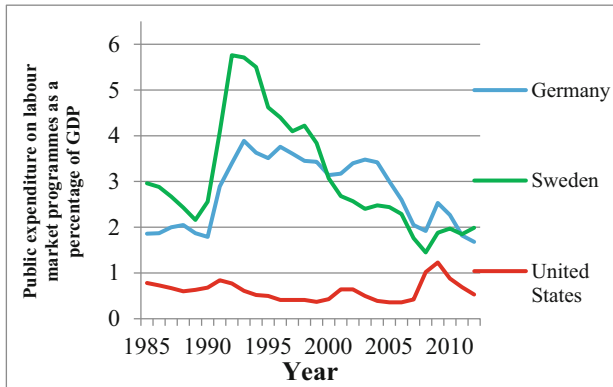


Fig. 8. Spending on labour market programmes as a percentage of GDP. Source: Own elaboration (2022)

Figure 8 shows public expenditure on labour market programmes as a percentage of GDP. Do the data show convergence or divergence? It seems both. Spending diverges until around 1995 and then it starts to converge. By 2013, countries’ spending is less

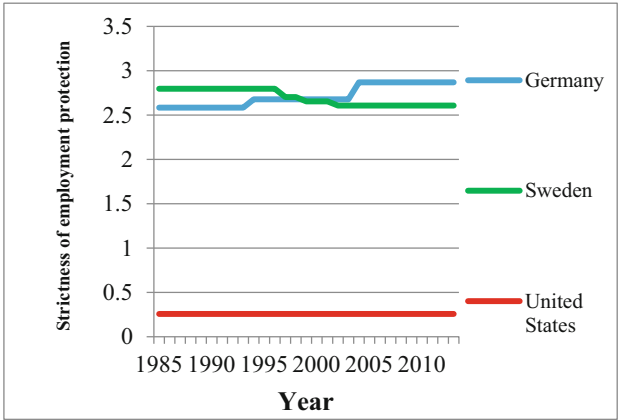


Fig. 9. Strictness of employment protection. Source: Own elaboration (2022)

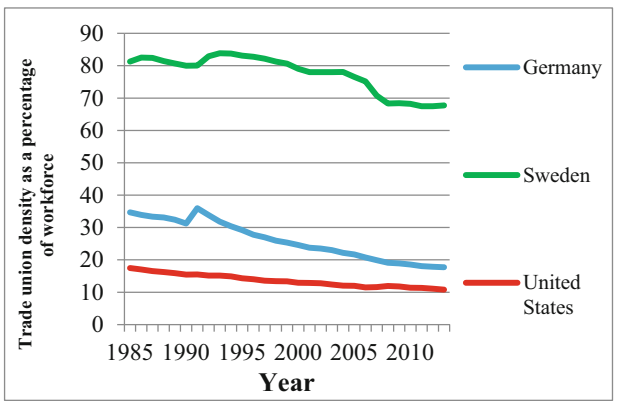


Fig. 10. Trade union density. Source: Own elaboration (2022)

dispersed than in 1985, with the LMEs like the United States at the bottom, and the CMEs at the top, like Sweden and Germany.

Figure 9 shows strictness of employment protection from 1985–2013. While there is some movement by countries, it is not all in the same direction. Most notably, the countries are again distributed in a way that we would predict based on varieties of capitalism; that is, employment protection is stricter in CMEs like Sweden and Germany than in LMEs like the United States.

Lastly, observing Fig. 10, where trade union density is depicted, there are similar trends: while it is true that trade union density is decreasing in each country, workers are still more unionized in CMEs than in LMEs.

These data indeed show relative convergence across advanced countries regarding labour institutions. However, rather than convergence towards a single value, we see countries converge towards a distribution of values that would be predicted by both the worlds of welfare and the varieties of capitalism approaches; that is, labour institutions

are still more robust in CMEs than in LMEs. This finding indicates that distinctions between types of political economies are changing, but they are still relevant.

6 Conclusion

A useful term to sum up our argument was coined by Pontusson, when he argued that the Nordic countries had experienced a “asymmetric liberalisation” as opposed to the “across-the-board liberalisations” of Thatcher’s Britain: “The asymmetric embrace of markets in some realms and rejection of market solutions in others realms have long been a hallmark of Nordic social democracy” [30]. The liberalisations in the capital markets, combined with the state-funded investments in research and development, public education and innovation, have so far been effective in fending off the threat of globalisation, enabling the Scandinavian welfare state to still provide universal and egalitarian redistributive policies. What has survived globalisation is not an exactly *identical* model as to the one from the 1980s, but the core characteristics of universalism and egalitarianism are still the same. Therefore, we contend that Scandinavian social democracy – or, at least, the Swedish model – has managed to survive its first crisis, arising from globalisation. With similar policy responses that acknowledge the strength that the concepts of egalitarianism and free market capitalism can derive from each other, we see no reason why this would change in the future, unless this balance in power is altered.

On the other hand, liberal welfare states are considered to be less supportive for labour institutions compared to corporatist or social democratic welfare states. One explanation might be that the distinctions that previously differentiated advanced political economies are collapsing under the weight of globalization and economic stagnation, pushing countries toward convergence. However, this thesis does not seem to be supported by the data. Indeed, we see a general downward pressure on labour market indicators across countries. Yet, the location of countries within the distribution of values for each indicator still corresponds to a pattern that would be predicted by the worlds of welfare, indicating that these theories are still relevant and that the social democratic countries like Sweden still have labour market institutions and ideas, which strongly counteract the libertarian ones. This sets the foundation to provide better living conditions to their fellow citizens – as they consider them as their equals – than in LMEs like the United States, where racism and inequality still pervade, and where the probability of having a decent life is decided by a lottery that determines the family in which you are born.

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