

Comparison Shopping: The Price Tag

To scimp or to splurge on social welfare?

You've grown up hearing, from your parents and other well-meaning adults, that there's no such thing as a free lunch. Free samples at Costco (easily a meal, really) have proven to you that this isn't necessarily so. You've also heard from critics of social welfare spending — again, possibly your parents — that sure, it's all fine and dandy that Sweden and France have free child care and paid parental leave and long vacations, but it costs them (!) in taxes, productivity, and self-worth, among many — many! — other economic and moral factors.

We here at The Lattice Group are going to level with you: nobody — not a single political scientist, economist, sociologist, or any other kind of —ist — has proven the effect of social welfare spending on an economy, good or bad. A former political science professor of mine recently put the issue in perspective for me: "Views on these issues tend to go in cycles. When I was in grad school in the late 1980's, the dominant academic perspective was that the Swedish-style social welfare system simply couldn't be sustained. (I was close to a fellow grad student from Sweden who said Swedes were jumping ship to get to the US). The economic 'tigers' of that time - Korea, and later Ireland - all were adopting a version of the U.S. free market approach, and Thatcherism reigned supreme in Europe. Now, two decades later, the worm has turned, at least as it is reflected among best sellers. These reversals have drummed a healthy skepticism into me regarding whether many of the arguments made by 'experts' are grounded in solid research."

Despite the lack of concrete evidence, there are some things that we do know. For one thing, Sweden and France still stand; and despite more rightist governments in recent years, generous social welfare spending, on the whole, is not going anywhere soon. The Washington Post recently reported that "even in this time of financial crisis and economic slump, when deficits are growing and leaders are looking for cuts everywhere, no one in France, from the left or the right, has proposed reducing government expenditures for family-friendly measures like long maternity leaves, child-support payments, or public schooling for toddlers."

We also know that Sweden and France spend a significant chunk of their GDP on social welfare expenditures — the most in all of Europe, in fact. Social protection expenditures represented 29.7 percent of French GDP and 32.3 percent of Swedish GDP in 2000. In comparison, the U.S. spent only 15.8 percent of its GDP on social welfare programs during the same year (this figure includes spending by all levels of the government. The figure for the federal government is much smaller: approximately 2 to 4 percent of GDP).

Fine, we spend less money on social welfare programs, but, as our parents and their well-meaning friends insisted all our lives, this must mean that we're using "our" money more wisely! It's going straight into our pockets, instead of increasing the size of the government! Right?

Unclear. Census data shows that median household income fell 3.8 percent from 1999 to 2004. And this drop occurred during a period when average productivity rose three percent per year. Someone is making more money, to be sure, but it's probably not you. (To be fair, income stagnation is a problem for the European middle-class as well).

So, we're not making more money thanks to our ascetic social welfare spending habits. Nor, as the last post indicates, are we guaranteed the quality of life goodies that our friends across the Atlantic get, like health care, paid parental leave, paid sick leave, and vacations. On top of all this, we're working more than ever and a whole lot more than our European frenemies. Over the past 25 years, the combined weekly work hours of dual-earner couples with children under 18 at home has increased by an average of 10 hours per week, from 81 to 91 hours. And fellas, you're taking the brunt of it: a full 30 percent of fathers with children under 14 report working 50 or more hours a week. Meanwhile, in 2002, full-time workers in France worked an average of 37 hours per week, and only 5 percent worked more than 48 hours, according to Eurostat. Swedes worked an average of 40 hours per week and only 2 percent worked more than 48 hours.

It appears that income is stagnant regardless of whether you scrimp on social welfare spending or go to town at Welfare-R-Us. The difference seems to be that Europeans demand a certain standard of living for their tax-dollars that we Americans keep insisting we can do without. I, for one, am done being so accommodating. I want universal health care, paid parental leave, public child care and preschool of impeccable quality, sick leave and real vacation time (that's right, 10 days a year will not cut it). If the government can pony up trillions of dollars to fight a war they're not positive they have to fight (WMDs?) and even less sure they can win, they can certainly meet these demands. Or are we really going to admit that France and Sweden can do something America can't? Ask your parents how they would feel about conceding that.

- Liz

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