

Social Resilience and Public Trust in International Crises; Case Study of the Nordic Development Model in COVID-19 Pandemic (2018 to 2020)

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Abstract: This research investigated the importance of social capital and public trust in Nordic governments' decision-making during the COVID-19 pandemic. Social capital or trust is a valuable yet difficult asset for governments to acquire. By examining the level of public trust in the government, one can understand the level of social resilience and tolerance of the people of a country towards the government's decisions in critical situations. If this capital is substantial, the government can rely on it to make difficult decisions with fewer challenges, as demonstrated during the COVID-19 pandemic. The research method in this article is quantitative and qualitative with an interpretive approach to the available statistical data and their investigation in the conceptual framework of the research, which was the conceptual model of Nordic development. The findings showed that social capital plays an essential role in the decision-making process of governments. The governments of the Nordic countries made complex decisions during the COVID-19 pandemic. They faced fewer challenges due to the citizens' social trust, which made the governments better be able to allocate financial resources to different sectors, especially the welfare. Considering that these government decisions were in line with the public interest, they were welcomed by the people. A fact that was facilitated by the people's trust in the government. More empirical research is needed to measure the different dimensions of social capital in Nordic countries and its multifaceted benefits in those societies.

Keywords: COVID-19, Social Resilience, Nordic Development Model, Public Trust

1. Introduction

This article addresses how the Nordic development model could work in international crises. Development models are systematically implemented worldwide containing, different dimensions and components. These comprehensive models have different functions in various situations and have strengths and weak points, usually assessable in the aftermath of a societal crisis. Then it can be inferred which development model is more flexible and better able to adapt to critical situations and how it has reached this point of resilience. In the middle of crises, there is a unique opportunity for developing models to demonstrate their ability and resilience. One of the essential components of

social resilience is social capital and trust, which can be used to make meaningful and sometimes difficult decisions yet minimise damages. Social resilience and public trust are thus the backbones of an essential decision in crises.

In this article, we are looking at how social resilience plays a vital role in political decision-making and whether social capital can help governments to reduce the pressure and tension between the ruling system and the people?

Some studies are already done on social development and resilience models. Rudra and Sanyal 's (2011) study, "Good Governance and Human Development in the Indian States," Over the course of two decades, the impact of good governance on human development indices in India was analyzed. They concluded that good governance can be

considered a political variable to improve countries' human development and economic growth. They also concluded that institutional mechanisms can facilitate economic growth and development, and the presence of 'trust' and 'social capital' components is effective in this regard [1]. Keck and Sakdapolrak (2013) examined the social resilience and its concept and concluded that social resilience is a dynamic, relational matter, has been accepted as a political concept that governments can benefit from it [2]. Chan et al. (2021) studied the intelligent society and the role of social resilience in managing the COVID crisis. They contended that advancements in various fields such as technology, could increase social resilience and social trust that ultimately both contribute to a better management of the society [3]. Fernandez Prados et al. (2020) examined the determinants of social resilience in Spain and believed that public trust in towards the political leaders play a vital role in people's sense of decision-making. Trust can increase social resilience [4]. Reiersen and Trop (2020) investigated the Nordic model and its role in reducing social inequality and improving health. They suggested that this model greatly benefited the community and paved the way for economic prosperity [5]. They also stated that it could significantly reduce public health disparities and build public trust.

In this article, we review the performance of the Nordic development model during the COVID-19 pandemic in terms of social resilience. We are eager to assess the extent that the Nordic model has been capable of establishing or improving social resilience during the pandemic. To this end, we have considered the components of social trust and social capital as an essential indicator and analyzed the conceptual model of the Nordic development model accordingly. This mixed method study, was built upon the existing statistics and qualitative data for sake of a more robust conclusion.

2. Conceptual Model of Nordic Development

Formation of the political institutions in any region follows a combination of the political history, social developments, and the political culture of that region. Regarding this, the formation of the Nordic model must be investigated systematically and in relation to multiple components. The American historian, Mary Nolan (2012), in her paper on "the transatlantic century", described the Nordic leap as a result of specific social structures: "Different agricultural cultures, better education system, better transportation opportunities, and Protestantism all contributed to the Scandinavian success" [6].

The transition of the Nordic economies from semi-feudal agricultural societies to the welfare state was largely peaceful and without extensive wars. The disintegration of feudalism began immediately with the emergence of independent peasants. The gap between the nobility and the peasantry narrowed, thus preventing any opposition that might arise in society through oppression or economic inequality. The

formation of oligarchies limited groups of power and the accumulation of wealth was prevented. Thus, the foundation of an equal society was laid without any class struggle [7]. The Nordic or Scandinavian countries were able to achieve a model of good governance that is now well-known as the Nordic model or the Nordic welfare model, which was proposed in the 1980s.

The main features of the Nordic model include a welfare state [7], an advanced and progressive tax system [8], stateness [9], democratic governance, public social security [10], equality [9] individual independence and social trust [11].

The Nordic development model offers a thriving and almost unparalleled model of development. Nordic elites believe that this model is not a combination of socialism and capitalism but a combination of solid individualism and strong government, which creates a favorable environment for an efficient market economy and can reduce inequality in various fields [12].

According to the Nordic think tanks, this model can bring good competitiveness, production, and growth and improve living standards [13]. The Nordic model prospered in the 2008 financial crisis and suffered minor damage [14]. This success resulted from more than seven decades of interaction and communication between the parliament and the Nordic governments, which reached a constructive understanding of governance [15]. We know that the formation of the Nordic model was right. After the mutual understanding of the regional countries on the conditions of the world economy, the future crisis, the social recognition of the people, and the formulation of welfare policies over time. A unique feature of the Nordic development model is its self-critical approach that has always been able to show sufficient flexibility in the past decades when it has been involved in crisis or significant fundamental challenges. This feature can be considered as a strength of this model. Especially when there is a dialogue between the elites and the politicians while everyone is looking for a way out of the problem. That is why protests and strikes in the Nordics are far fewer than in the rest of the world because the dialogue is the first solution. It is usually consequential, derived from the Nordic tradition and historical memory. It can be traced back to the monarchy of King Gustav Vasa (1521–1560), the founder of the Kingdom of Sweden. The governors of this region, while acting independently, had a general procedure to bring the Nordic model out of the crisis [16]. As a result, this model could survive and present as a globally competitive model. The propositions and teachings of these decades prove that there is a noticeable increase in public trust in the Nordics. The increase in public trust has been used in the interests of the common good by understanding the direct relationship between public trust and social capital. It has been capable of striking the necessary balance and coordination between the two to make this model more adaptable to difficult conditions. Indeed, another distinguishing feature of the Nordic development model is the connection between the various factors that shape the model and public trust, which has increased its social capital over the decades.

3. Discussion: Social Trust Underpins Political Decisions

Social trust and social capital function more than other factors in crises, and both are essential principles for social resilience [17, 18]. Government makes decisions based on these findings, the success of which depends on the support of the people and the people's trust in the government. This issue is well raised in the Nordic model. Trust has often been described in rational terms an example in a 2017 report by the Nordic Council of Ministers called trust "Nordic gold" briefly explained its perceived value [19]. In the Nordic model, trust is valued for its economic and social implications. It is described as what binds them together: "Underpinning this virtuous interaction of security and flexibility is the widespread feeling of trust – among citizens and in public institutions – and a sense of fairness related to the egalitarian ambitions of the welfare state (education, social policy)" [12]. On the one hand, trust is described as a "lubricant for the economy," [20] increasing efficiency and economic growth; on the other word, it is valued as a component of social capital, enhancing personal happiness, facilitating cooperation, promoting political participation, promoting democratic development, combating corruption, and reducing crime [20]. While political consensus has frequently been criticized as an impediment to social and economic development and even as a symptom of undemocratic unionism, the Nordic model has been recognized as a monopolistic strategy. Survival, stabilizing change, and sustaining continuity are crucial to the national goals and narratives of the Nordic model in the Nordic countries. It is well-localized based on the Nordic model's values. [21]. To better understand this, we refer to Putnam's theory about trust and social capital. He characterized the trust, cooperation, and the existence of voluntary organizations as the most important components of social capital that pave the way for collective activism and improve the performance of society [22]. Moreover, he believed that social capital is good public and for the interests of the common good.

Robert Putnam recognized two categories of social capital: bridging (communicative) or inclusive (affiliated or monopoly) social capital. These two dimensions provide distinct correlation kinds. The structure of bridging social capital expands identities (a broad application). It unites wider segments of society, whereas monopoly social capital relates to specific instances. Additionally, group cohesiveness in communicative social capital strengthens relationships. Nonetheless, an intra-group connection may result in solid extra-group disagreement. The tasks of the welfare state go beyond mere distribution: who receives what and how much. Programs of the welfare state both unite and divide individuals and social groupings [22].

Throughout its history, social policy has had bridging and linking functions [15]. In the Nordic countries, the emphasis has been put on bridging - a fundamental principle in all-

inclusive social policy plans expressed through public insurance and education system [15]. The goal of full employment and solidarity policy through a system of collective bargaining has emphasized the performance of bridging social capital [23]. The established and effective collective bargaining mechanism is one of the vital aspects of the Nordic model. [24]. The engagement of social partners, employers' federations, and unions demonstrates a high level of institutional trust, which has been essential for the development of social policy initiatives [16]. An inter-class alliance was behind many major welfare reforms, and employee and employer organizations also participated in these reciprocal treaties [25].

This support helped the Nordic governments make important political decisions during the COVID-19 crisis. Although the decision-making and implementation process was not the same in all countries, there was a general procedure. Governments were able to address this issue with the authority that they had in the crises and rely on the element of social trust to implement sometimes difficult decisions.

In the period 2018 to 2020, we can examine the functional role of the governments before and during the crisis based on the same model of, social capital, and their performance. That well shows the social resilience and public trust in government decisions. Although, in some cases, the performance of governments has not been very satisfactory, people and society believe that the government aims to try to improve the situation of all sections of society and, therefore, society can withstand some difficult decisions. The most critical point in this pandemic is the slowdown in economic growth and the negative economic growth of all countries in the Nordic area, and the relative increase in their overall unemployment rate in 2020, which may initially be that governments in the region have failed to satisfactorily manage the crises. Nordic countries faced significant challenges in various fields, especially social unrest, but this unrest did not happen.

Table 1. Economic growth rate, %.

Name-year	2018	2019	2020
Denmark	2.0	2.1	-2.1
Finland	1.1	1.2	-2.3
Norway	1.1	0.7	-0.7
Sweden	2.0	2.0	-2.9

www.nordicstatistics.org

Table 2. Unemployment rate, %.

Name-year	2018	2019	2020
Denmark	5.3	5.1	5.8
Finland	7.5	6.8	7.9
Norway	3.9	3.8	4.5
Sweden	6.5	7.0	8.5

www.nordicstatistics.org

Inflation as a component that the Nordic governments tried to reduce during the pandemic to avoid increasing economic

pressures on society and increasing class distance, was one of the important categories that reasonably reflects the government's focus on supporting people. People understood it well, which is reflected in the people's approach to economic issues of then.

Table 3. Inflation rate, %.

Name-year	2018	2019	2020
Denmark	0.8	0.8	0.4
Finland	1.1	1.0	0.3
Norway	2.7	2.2	1.3
Sweden	2.0	1.8	0.5

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Looking at other existing criteria such as social issues, welfare policies, and taxes, prove that the Nordic government's well-prioritized welfare and social issues, in the framework of the Nordic model and its components and the preservation of the social capital. According to the data of the Nordic Council of Ministers, all four countries had increased social spending in various areas, which increased government expenditure relative to GDP.

Table 4. Total general government expenditure, Percent of GDP, %.

Name-year	2018	2019	2020
Denmark	50.5	49.5	53.4
Finland	53.3	53.3	57.5
Norway	48.8	51.6	58.2
Sweden	49.8	49.1	52.6

www.nordicstatistics.org

Governments have had to increase welfare and social spending to better manage the crisis. One can contend that improvement of the welfare by an increase in the government's social expenditure is in striking contrast with the rise in the unemployment rates. Although unemployment leads to mass dissatisfaction among people, governments can still reduce the burden of unemployment by dedicating welfare services such as unemployment benefits or housing allowances. The government has used the existing social and institutional capacities to persuade the people in various policy areas. As can be seen from the statistics, rising costs and job creation in social work and health have increased during the COVID-19 pandemic. With government support to decrease the vulnerability of society, governments tried to support the weaker strata by increasing staff and other support in the social and health sectors.

Table 5. Final consumption expenditure of general government, Percent of GDP, %.

Name-year	2018	2019	2020
Denmark	24.3	24.1	24.7
Finland	22.9	23.2	24.5
Norway	23.2	24.3	26.5
Sweden	26.1	25.8	26.7

www.nordicstatistics.org

Table 6. Social benefits other than social transfers in kind (payable), Percent of GDP%.

Name-year	2018	2019	2020
Denmark	15.8	15.8	16.6
Finland	18.4	18.2	19.6
Norway	14.2	14.7	17.0
Sweden	12.6	12.3	12.9

www.nordicstatistics.org

Another important issue that emphasizes prioritizing the common good in political decision-making is the increase in the cost of education and the provision of more facilities during the COVID pandemic. Efforts to establish public access to education are a distinctive and significant aspect of the educational systems of the Nordic nations. To do this, for instance, grassroots education systems have been built. Comprehensive schools were created to provide everyone with the same elementary education [13] and strive to educate the less well-off in different areas and provide them with social mobility [26]. The importance of government expenditure on education is that investing in this sector leads to enhancing the level of knowledge and strengthening innovation in society. The latter is one of the main areas of economic growth in today's fast-paced world, it is through education that social norms are well transmitted through generations, and the context for continued development remains stable. Countries of this region have a well-understood role of education in development. In times of crisis, attention to the issues of education has been accepted as a fundamental principle. This process can be the continuation of social capital and public trust, which ultimately supports the government in making different decisions. In the meantime, only Norway was facing a decline, one of the reasons being the decline in demand for fossil fuels during the crisis. Naturally, the government decided to save money to better manage the crisis.

Table 7. Education financial support/ EU.

Name-year		2018	2019	2020
Denmark	Total	1,235	1,248	1,266
	Grant	817	826	838
	Loan	418	423	428
Finland	Total	900	900	903
	Grant	250	250	253
	Loan	650	650	650
Norway	Total	1,116	1,119	1,047
	Grant	451	447	419
	Loan	665	671	628
Sweden	Total	1,103	1,092	1,122
	Grant	334	331	340
	Loan	769	761	782

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Another important point was the cooperation and coordination of various unions and guilds with the governments. The cooperation was in such a way that they held various meetings with the representatives of the unions and health decision-makers. To deal with the epidemic, consultations were made based on the knowledge and

experiences of the unions; a good approach to use the maximum potential available to bring together different groups of people. The Nordic governments were able to overcome the challenges by relying on the existing structure and the proper use of institutional and social capacities. This highlights the trust and importance of voluntary organizations because decisions such as public quarantine require the cooperation of the people. Without cooperation, the probability of increasing various political, social, and economic costs is high.

4. Conclusion

Despite the constant emphasis and threats to the Nordic development model, it seems that this model can present itself as a successful model in crisis management because it has proved flexibility to cope well with several essential challenges. The most valuable component of this model can be the people's trust and social capital, which is the harvest of decades of active efforts of various reformers and elites of this region. Also, one of the strengths of this model is its social and human investment; in this trend, there is a futuristic view that human capital can play a significant role as the main component in the Nordic model. With this understanding and the ongoing long-term effort, Nordic countries could cope well with the upcoming societal and global challenges.

Social capital and public trust are two crucial components of resilience in exemplary political systems in times of crisis. The bolder these two components become, the more capacitated the political system will be for difficult decision-making. Relying on society's trust can pass the transition period of crises without facing structural or institutional hassles. Also, there is no need for the system to suffer from political or social surprises. This is due to an institutionalized structure, a bargaining system, and an emphasis on the common good. The political and social elites know that the collective interest can also serve individual interests. This is well reflected in the encounter with crises. The government seeks to support all sections of society, especially children and the elderly, and spending in the social sphere paves the way to better deal with the crisis and prevent it from spreading. In the second place, after crisis management, relying on social trust, brings about improvement in various social and economic fields. The Public sphere reaches the desired conditions faster than in other countries dealing with the same crisis. Undoubtedly, this category needs more research on different aspects of the Nordic model to better understand its various consequences. Based on other components, other results may be obtained, and there are certainly more areas to address when answering other angles in questions in this field.

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