THE NORDIC MODEL of SOCIAL DEMOCRACY

Nik Brandal,
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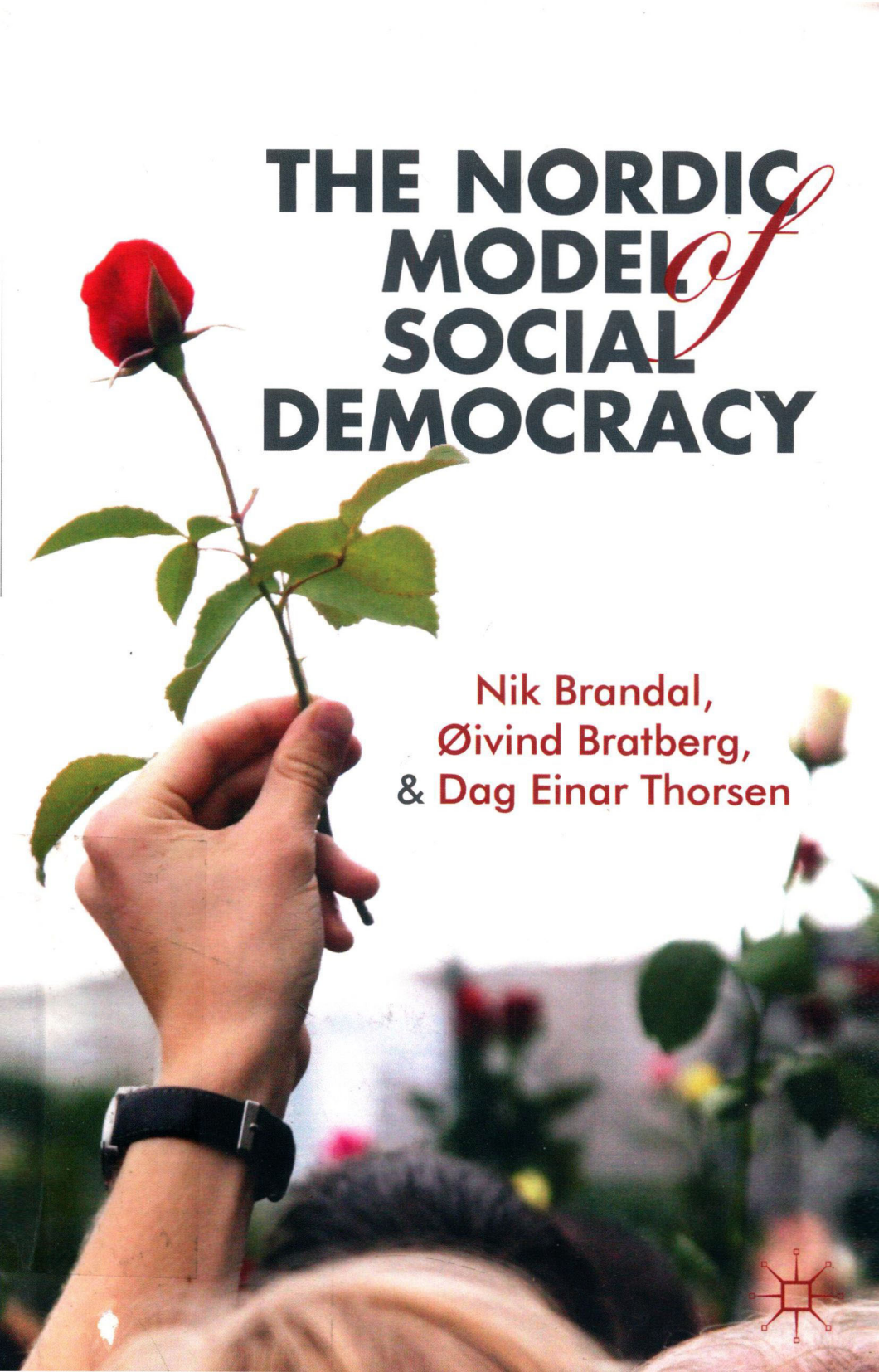
& Dag Einar Thorsen



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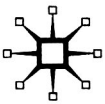

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The Nordic Model of Social Democracy

Preface and Acknowledgements

This book is the end result of a process which started when we in 2009 wrote an introductory chapter about the social democratic tradition of political thought. Much to our surprise, we discovered that no book-length introduction was available for a Norwegian audience. The initial chapter was then developed into a book published in Norwegian by Universitetsforlaget (Scandinavian University Press) entitled *Sosialdemokratiet: Fortid, nåtid, framtid* (2011). However, as the work progressed it became clear to us that the existing literature on the much acclaimed Nordic model lacked an analysis which compared the various experiences of the individual Nordic countries. Moreover, the point that social democrats have played a pivotal role in shaping the model tends to be a point made only implicitly, and the exact nature of their role is often left in the dark.

The product of our frustration with this neglect is presented in the chapters below – first and foremost as a concise analysis of social democracy, its historical lineage, and the dilemmas and challenges which it is faced with today. Our vantage point is that of Scandinavia, thereby accounting for the Norwegian, Swedish, and Danish experience of social democracy, versus the broader backdrop of the European experience. That said, in both its historical analyses and its discussions of contemporary policy challenges, the book is centred on ideological debates which are shared by the centre-left across Europe. Scandinavia, in this context, provides a useful place to focus our attention: While always inspired by wider European experiences, the three Scandinavian countries have also followed a special trajectory in sustaining social democratic parties with strong and consistent support since the 1930s. How has centre-left governance shaped Scandinavian societies? To what extent has the social democratic movement itself been transformed over time? And, finally, what broader lessons can be drawn for social democrats across Europe?

The book will address these questions in due order, organized in three sections dealing with history, contemporary debates, and future challenges for the social democratic movement. At the same time, this book is far from being a definitive account of social democracy in Scandinavia. There are, for instance, numerous topics we had to leave out in this book. One of our greatest regrets about this volume is that we did not

find the space to address the question of gender equality at a level of detail this topic deserves. Rather than being subject to a chapter of its own, gender equality enters the account in various discussions: For example, in the welfare state, equal participation in the labour market is conducive to opportunities for the individual as well as financial sustainability for the state. Throughout the chapters, we conceptualize social democracy as an independent body of thought that provides a *diagnosis* of society's ills, some key ideological *aims*, and an eclectic set of *means* whereby these aims could be attained. Evidently, social democrats have been less committed to a specified set of means, such as public or private ownership, than both the Marxist left and the liberal right. We will stress that concern for the here and now and pragmatism in the choice of means should not be taken as ideological hollowness. Across historical and geographical divides there is a considerable degree of continuity in the social democratic commitment to a set of ideological aims. Greater equality and social justice are typically regarded as the touchstones of the left: In the trinity of liberty, equality, and fraternity dating from the French Revolution, it is often *equality* that is first raised as the quintessential value. Moreover, equality is often found to be in conflict with those conceptions of liberty that are typically championed by ideologues on the right.

However, as we shall argue in this book, while equality is an innate value to the left as a whole, *liberty* is and has been a fundamental – if not *the* fundamental – ambition for social democrats. The particular conception of liberty and the means required to obtain it marks a helpful distinction between social democracy and the ideologues on the left and right alike. Against this ideological backdrop, the Scandinavian experience provides extensive material for holding the policies of social democratic parties to account. The last two parts of the book provide us with such an assessment of social democratic policies, against the ideological aims as well as the central challenges of our time.

The conclusions offered by our account may surprise those readers who are accustomed to the 'decline thesis' of social democracy, according to which the social democratic era was limited to three or four decades of ideal circumstances following the Second World War. Our perspective is a different one. Social democracy has never presupposed a particular political and economic context. Instead, what the Scandinavian experience shows is that a social democratic movement capable of renewal may maintain a guiding role across drastically changing times. Not all instances of renewal have been successful. But the *absence* of renewal has proved to be a bar to the very progress that social democrats

have sought to pursue. Conservatism in the choice of means has thus rarely been vindicated by history.

* * *

In the time we have spent writing this book, many people have been of great help and inspiration to us. Its forerunner, written in Norwegian and published by the Scandinavian University Press (Universitetsforlaget) in 2011, was helped to fruition by numerous friends and good colleagues. Since then, we have benefited from a highly effective collaboration with our commissioning editor at Palgrave Macmillan, Amber Stone-Galilee, assistant editor Liz Holwell, and editorial assistant Andrew Baird. The manuscript has also been greatly improved by fruitful comments from two anonymous reviewers and from the work of our copyeditor Richard Whitehead. The Department of Political Science and the Department of Archaeology, Conservation, and History at the University of Oslo provided us with valuable research time during the spring semester of 2012. Finally, we would like to send our warmest regards to the staff at the Abbey Bar in South Clerk Street, Edinburgh, and at Zwiebelfisch off Savignyplatz in Berlin for all their hospitality and encouragement during our final efforts to complete the manuscript.

Nik Brandal, Øivind Bratberg, and Dag Einar Thorsen
Edinburgh, June 2012

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Introduction

Einar Gerhardsen, Prime Minister of Norway for most of the period between 1945 and 1965, once claimed there were two principal lessons he had learned from his time in government. The first was that there will always be conflicts in a democratic society: between workers and employers, between the majority and groups who view themselves as marginalized, or between individuals and groups who simply disagree over how society ought to be organized. These conflicts must be regulated and kept within limits if the democratic nation state is to become a community and function as an arena for peaceful cooperation between groups and people with different economic interests and political ideas. The second lesson was that social democracy is a political project without an ultimate aim. Social democrats will never see their work completed. Instead, new challenges must be faced with the knowledge that there is no Utopia at the end of the road, only the prospect of incremental improvements and gradual reform. And as the world changes, policies and methods in pursuit of social democratic aims have to change as well.

The two lessons are intimately linked with each other, because the ineradicable nature of conflicts between different values and ultimate goals makes utopian solutions all but impossible to imagine in a democratic society.[1] In this, Gerhardsen's sentiment echoes the words of German political theorist and social democratic politician Eduard Bernstein, who at the close of the nineteenth century famously said that 'the final destination, whatever it is, is nothing to me, the movement is everything'.[2] Furthermore, it shows a considerable degree of ideological continuity within the social democratic movement, both in Europe and in the Nordic countries, from its origins in Germany around 1860 –

when Ferdinand Lassalle broke with Marxism and founded a democratic labour movement – up until the present day.

The basic idea of this book is that the social democratic movement in Scandinavia and elsewhere in Europe has demonstrated a remarkable degree of determination in the face of changing social and economic circumstances. This is perhaps most noticeable when we consider the way in which social democrats have stuck to their most basic aims of promoting democracy and increasing personal freedom, whereas other parts of the socialist movement have often become impervious and succumbed to the temptations of authoritarianism.

The Nordic model

While this book is called *The Nordic Model of Social Democracy,* it is in no way an attempt to provide a total history and analysis of every aspect of the social democratic movement as it unfolded within all five Nordic countries. First, the book will compare and analyse the development of the 'Nordic model' only in the Scandinavian countries – Norway, Denmark, and Sweden – and exclude Iceland and Finland from its discussions. The three Scandinavian countries are, however, the most typical representatives of a particularly Nordic way of organizing society. We will therefore follow conventional British usage, and apply the terms 'Scandinavia' and 'the Nordic countries' interchangeably, unless otherwise stated.[3]

Second, it is a book about the social democratic movement in Scandinavia, and about the ways in which this movement has made its mark on Scandinavian society. As social democratic parties we count the Social Democrats of Denmark (*Socialdemokratiet* or *Socialdemokraterne*), the Social Democratic Labour Party of Sweden (*Sveriges Socialdemokratiska Arbetareparti* or *Socialdemokraterna*), and the Norwegian Labour Party (*Det Norske Arbeiderparti* or *Arbeiderpartiet*). Because of their long history of close cooperation, we will also include the majority of the trade unions in all three countries as part of the wider social democratic movement. We will not, in this relatively short book, discuss the development of the trade union movement in the Scandinavian countries at any greater level of detail.

We will, however, also briefly discuss the formation of democratic parties to the left of the social democratic movement, most importantly the Socialist People's Party in Denmark (*Socialistisk Folkeparti*), the Socialist Left Party in Norway (*Sosialistisk Venstreparti*), and the Left Party in Sweden (*Vänsterpartiet*). While these parties are generally described as

'socialist' rather than 'social democratic', they, nevertheless, share some ideological affinities and quite a bit of common history with the social democrats.

Other political parties in Scandinavia will also be mentioned throughout our discussions. In such cases, we will use rough translations of party names rather than their full names written in one of the local languages, or a literal translation. Accordingly, we will designate *Høyre* in Norway, *Konservativt Folkeparti* in Denmark, and *Moderata Samlingspartiet* in Sweden as conservatives. Likewise, we will describe *Venstre* in Denmark and Norway and *Folkpartiet* in Sweden as liberals, and *Radikale Venstre* in Denmark as radicals. Finally, we will term *Senterpartiet* in Norway and *Centerpartiet* in Sweden as agrarian parties.

The term 'the Nordic model' is in itself a conceptual challenge, referring as it does to a shared set of societal characteristics, of which political economy and welfare state organization are only two. Scholars have approached the idea of a Nordic model from a wide range of different perspectives, and often with Sweden as their main frame of reference, making it difficult to establish a common ground of shared societal characteristics which the concept should encompass. Moreover, recent years have seen numerous attempts at expropriation of the concept by centre-right parties in all of the Scandinavian countries. By framing the argument in light of a Nordic model of social democracy, we seek to highlight some particular features of the Nordic societies, features that the social democratic movement has played a prominent role in shaping. The argument, in other words, is that there is a distinct Nordic type of social democracy, developed and moulded during long periods in government, with a unique opportunity to shape societies from a distinctly social democratic outlook.

The Nordic model of social democracy is also one that is faced with particular challenges today, such as welfare state sustainability and striving to come to grips with ethnic diversity in an increasingly open and complex world. Many of these problems are shared, in different shapes and forms, by the centre-left across Europe. Assessing the prospects for the Nordic model against these challenges may yield particular insights about what social democracy has to offer in order to resolve these challenges. In other words, how will the Nordic model fare, and what can Europe and the rest of the world learn from it? This introductory chapter will begin to address these questions by first discussing some of the dividing lines between social democracy and other ideologies, before providing a brief outline of the rest of the book.

Liberty

Democracy, said the aforementioned Gerhardsen in a speech in 1947, 'includes the opportunity to know full personal freedom, security and welfare. [...] Those who enjoy and have enjoyed privileges need to understand that liberty is not diminished if it is shared by everyone'.[4] Gerhardsen's statement specifies a fundamental task – or rather *the* fundamental task – for the social democratic movement, namely, to protect and increase the freedom of *each and every individual* member of society.[5] Turned on its head, this basic maxim entails that the most urgent ambition for social democrats should be to fight oppression – wherever it is found and whatever forms it takes – in order to create conditions where the individual is in control of his or her own destiny. Since social democracy emerged as a distinct ideology in the late nineteenth century, this dual ambition of increasing individual liberty and fighting oppression has been the most central aim of social democratic parties and trade unions across the world.

A basic starting point for social democracy as an ideology is that the liberty of the individual is undermined by several prominent features of the contemporary world. Particular emphasis has been placed on the belief that a conventional or 'free' market economy will easily lead to *a reduction of personal freedom* for a greater number of people. This 'paradox of freedom' was succinctly spelled out by the Austro-British philosopher Karl Popper: '[U]nlimited freedom leads to its opposite, since without its protection and restriction by law, freedom must lead to a tyranny of the strong over the weak.'[6] From this observation, the collective struggle for workers' rights was also a fight for individual liberty – through the public provision of income security and basic services.

The social democratic view is thus that liberty *for the individual* is intimately related to freedom and security *for all.* Most importantly, liberty for the individual requires that fundamental civil liberties, such as the right to vote in free and fair elections and the right to free speech, be bestowed on all. However, liberty also means that everyone should have the opportunity to influence decisions which decide the fate of their own existence. From this position, it is obvious that civil liberties and political rights are not sufficient unless accompanied by guarantees about basic education, health, and freedom from poverty and squalor. Accompanying individual liberty is a shared responsibility for the well-being of others and of the community as a whole. The social democratic perspective thus not only implies a very high level of ambition on behalf

of modern society, it also contains an appeal to the benevolence and generosity of us all.

Social democracy and its critics

The view that individual liberty is fundamental to the social democratic movement comes quite easily into conflict with a set of widespread presumptions about what social democracy involves. These beliefs, advanced by centre-right ideologues and politicians alike, build on the notion that social democracy is the *opposite* of individual liberty. The state, and not the blind forces of the market economy, is the greatest threat to liberty, at least according to this perspective. There is no paradox of freedom, and real liberty is only attained if one leaves people to fend for themselves in a free market. Big government and comprehensive welfare states are presented as sources of inefficiency and as a road to serfdom, and it is claimed that only a rolling back of the frontiers of the state, for instance, in the form of privatization and tax cuts, can lead to more individual liberty.[7]

This liberal-cum-conservative perspective is as seductive as it is simple: The further the frontiers of the state are rolled back, the more liberty each and every one of us will attain. The distribution of liberty is, according to this view, quite irrelevant. If people are 'freed' from the burdens of taxation and regulation, they are by definition free individuals, even if other people or corporations, or indeed any entities *except* the state, force the individual to do what he or she otherwise would not do. The end point of this reasoning is that the *night-watchman state* ought to be implemented, where the responsibilities of the state are reduced to law enforcement and the provision of a few other collective goods – for instance, street lighting and public sanitation – needed for the free market to operate at a reasonable level of effectiveness. The perspective is, at least when taken to its logical conclusion, quite the opposite of Popper's line of reasoning.

Social democracy – especially the idea that its most fundamental task is to increase the level of individual liberty – may also come under attack from some strands of Marxism, especially from those which tend to believe that social democracy is nothing but a diluted or heretical variant of Marxist ideas. The pursuit of individual liberty and empowerment is seen as a dangerous distraction from the fundamental struggle to demolish capitalism and then construct from the rubble a socialist society characterized by state ownership or control over practically all aspects of social life. But this is only a transition to an envisioned end

state, which is surprisingly similar to the night-watchman state. In fact, dogmatic Marxists go even further than liberals and conservatives, as they think that the state will ultimately become superfluous and gradually wither away, and that people will obtain full freedom only when democratic processes as we know them from capitalist society are put to an end. From this perspective, it is argued that individual liberty should be just as unimportant for social democrats as it is for orthodox Marxists.

Both the Marxist and the liberal-cum-conservative perspective on social democracy and individual liberty described above are ideal types. Even so, the different ideas of how the term 'liberty' ought to be understood show that social democracy is a distinct set of political beliefs based around a separate ideological tradition, with its own answers to questions about how society ought to be organized. To social democrats, both the liberal-cum-conservative and the Marxist approaches draw upon a misleading analysis of what is required for individuals to obtain real decision-making power over their own lives.

The social democratic approach to liberty is based on the idea that it does matter how liberty is distributed between individual members of society, and that a key quality of decent society is that access to basic social services is ensured for all. Poverty and deep-seated inequality are thus viewed as prominent threats to personal freedom, perhaps even more so than the excesses of state regulation of the market economy – ones strongly loathed by liberal theorists on the right.

In other words, both civil liberties and a minimum of material wealth and opportunities must be provided to everyone by a democratically elected government, if one is to avoid liberty becoming the exclusive property of a privileged minority. This idea points towards a *welfare state,* where the government assumes far greater responsibilities than it would under a night-watchman state. In addition to law and order, the responsibility of the welfare state includes ensuring that nobody is seriously afflicted by poverty, bad health, or accidental market fluctuations.

A genuine wish to maximize the liberty of all thus implies that everyone is protected from what the British economist William Beveridge in 1942 called 'the five giant evils', namely, 'want, disease, ignorance, squalor and idleness' (cf. Chapters 4 and 11). In working to promote and consolidate this idea of liberty, the social democratic movement in Scandinavia and across Europe has been characterized by a certain amount of pragmatism, or a willingness to use different means in order to achieve the goal of increasing the personal freedom of all.

The social democratic notion of individual liberty implies that everyone should have real opportunities, not only to fulfil their material

aspirations, but also to influence political decisions which affect them. First and foremost, social democracy entails that the economy ought to be subjected to a regulatory regime guided by the political will of the people. The alternative to social democracy is not a healthy democracy that simply lacks economic redistribution – for such a thing is hard to imagine – but rather a more anaemic version typified by social and economic inequality, where privilege is confirmed and consolidated through the political system, and where power is concentrated to an ever-increasing degree among the elite. Thus a genuine desire for liberty is intimately connected with democracy – that is, a social democracy which will ensure equal opportunities and the prospect of solving shared problems collectively, as well as a kind of economic democracy in which the people govern markets rather than vice versa.[8]

Socialism, democratic socialism – and social democracy

Social democracy is an ideology derived from a socialist tradition of political thought. Many social democrats refer to themselves as socialists or democratic socialists, and some use these terms interchangeably. Others have opined that there are clear differences between the three terms, and preferred to describe their own political beliefs by using the term 'social democracy' only. In this book, we have, for reasons given below, tried to avoid ambiguity and decided to use the term 'social democracy' whenever we have needed a name for the political tradition which constitutes the main topic of this book. Consequently, we have also avoided the use of potentially ambiguous terms such as 'socialism' and 'democratic socialism', except when we talk about categories that are wider than those usually covered by the term 'social democracy'.

Usage of the various terms has also changed over time. In the nineteenth century, 'communism', 'socialism', and 'social democracy' were often used interchangeably to describe either the idea that a revolutionary transformation of society was necessary or the quite different view that incremental political reforms could lead to greater levels of social equality and personal freedom. The confusion was stimulated by the fact that social democrats and revolutionary Marxists often existed within the same party and the same trade unions.

While the terms in the present day have been filled with more distinct meanings, it was not until after the Russian Revolution in 1917 that 'communism' and 'social democracy' gradually became terms which described mutually irreconcilable ideologies. In most countries, the ideological divisions were also mirrored in an organizational split

between communist and social democratic parties. However, adherents of both traditions continued to use 'socialism' to describe their own ideology. There is thus no simple and unambiguous conceptual distinction between socialism and social democracy, beyond the basic observation that 'socialism' is a more encompassing – and therefore less accurate – term.

According to the *Oxford English Dictionary,* socialism is a 'theory or system of social organization based on state or collective ownership and regulation of the means of production, distribution, and exchange for the common benefit of all members of society'.[9] If strictly interpreted, 'social organization' can be taken to mean the abolition of private property, with public ownership of the means of production as the general rule. It is a highly uncommon view among social democrats today that this should be among the goals of their parties. Arguably, the notion that private property ought to be abolished was already becoming a minority opinion in social democratic parties across Europe in the period between the two World Wars.

However, the dictionary entry also adds that the category 'socialism' today should include 'any of various systems of liberal social democracy which retain a commitment to social justice and social reform, or feature some degree of state intervention in the running of the economy'. This perspective is also found in one of the British philosopher Roger Scruton's more general definitions of 'social democracy', which he, among other things, defines as '[t]he theoretical and practical attempt to reconcile democracy with social justice, through the use of state power'.[10]

Another term, namely, 'democratic socialism', has likewise been used in part to distinguish between democrats and revolutionaries. In Scandinavia, as in the rest of the world, 'social democracy' and 'democratic socialism' have often been used interchangeably to define the part of the left pursuing gradual reform through democratic means. One could, however, limit the use of the term 'social democracy' to the politics of the dominant labour parties, and then use 'democratic socialism' as a more encompassing term, which in the Scandinavian context would include the social democrats as well as the smaller socialist parties.

In real-life usage, parties on the left, as well as political observers generally, often fail to maintain conceptual clarity. Not everyone agrees that social democracy is a (predominant) subset of democratic socialism. An easy solution would be to follow the simple maxim of the

British Labour politician Herbert Morrison, that 'socialism is whatever the Labour Party does' – a perspective which has also been echoed repeatedly by social democrats in Scandinavia. In the present book, however, the less ambiguous term 'social democracy' is preferred over 'democratic socialism', which is a potentially equivocal term.

Historically, a broad range of political movements have described themselves as socialists. During the Cold War, for instance, both the Soviet bloc and the Western democracies of Scandinavia were habitually referred to as socialist, especially by American conservatives. While the Soviet Union and its vassal states in Eastern Europe and elsewhere built a political system based around one-party dictatorship, a planned economy, and state ownership, the Scandinavian countries were referred to as socialist because of their advanced schemes for economic redistribution and comprehensive welfare states.

The view that the economy should be put under collective 'ownership and regulation' could, however, also be interpreted more broadly. Social democrats have generally wanted a regulated market economy, which might alternatively be described as a *mixed economy,* where public ownership may be widespread but where there is no ideological barrier against the effective use of private property and profit-driven enterprise. No inherent contradiction exists between the mixed economy and the belief that the state should collect and distribute the windfall of economic activity and the collective resources of society. Indeed, in the social democratic conception of the mixed economy, ownership is a secondary issue. The more essential point is that the market ought to be regulated to the benefit of the community as a whole. The oft-repeated phrase among social democrats in Scandinavia that 'the market is an excellent servant, but a poor master' provides us with a concise summary of this perspective.

In a mixed economy, the state can ensure that the consumption of resources is sustainable and that the distribution of welfare and opportunities is fair, while a large proportion of goods and services can be produced in the private sector, reflecting the economic laws of supply and demand. This pragmatic approach to the question of public or private ownership is coupled with a firm belief that democratically elected governments should intervene in the economy whenever necessary, in order to defend the interests of society as a whole. And the reduction of inequality, in order to create a society in which individual liberty is more evenly distributed, is perhaps the most basic and important of these interests.