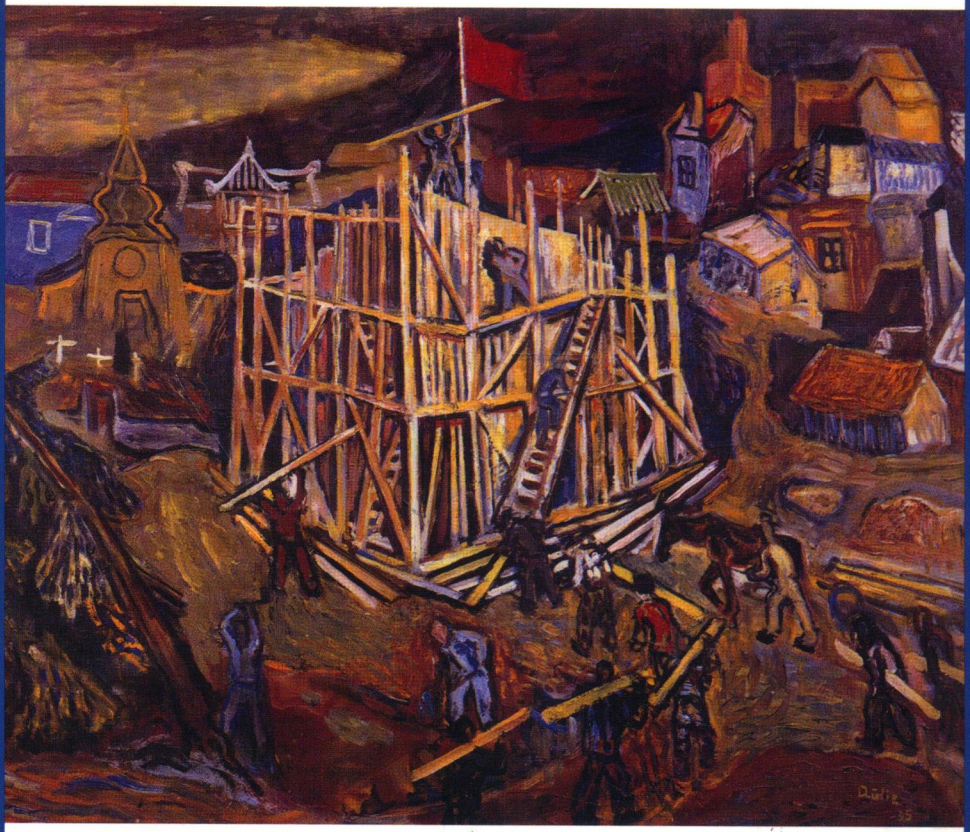
THE AGE OF SOCIAL DEMOCRACY

Norway and Sweden in the Twentieth Century



FRANCIS SEJERSTED

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Translated by Richard Daly with editing by Madeleine B. Adams

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ACKNOWLEDGMENTS

This book is a thoroughly revised version of a book with the same title published in Norwegian and Swedish in 2005 as the second volume in a two-volume work written to commemorate the dissolution of the Swedish-Norwegian union in 1905. The first volume, written by Bo Stråth, covered the history of the two countries during the time of the union from 1814 to 1905, and the second volume the period after the dissolution. It was a natural choice to concentrate the history of the twentieth century on the parallel development of Social Democracy in the two countries.

The present volume has profited enormously from numerous discussions with friends and colleagues and from presentations of aspects of the book in lectures and seminars in Norway and Sweden through many years. I can but mention some of the many to whom I am indebted. A close contact with my friend and colleague Rune Slagstad has been a continuous inspiration. My interest in and knowledge of Swedish history has been developed by the close friendship with my Swedish colleague Göran B. Nilsson. The manuscript of the early version was read and commented on by Torbjörn Nilsson, Thorsten Nybom, and Bo Stråth. Single chapters have been read and commented on by Erling Annaniassen, Ole Berg, Grete Brochmann, Jon Erik Dølvik, Anne Lise Ellingsæter, and Klas Åmark. I have benefited from reviews of the early version, in particular reviews by Jan Heiret and Knut Kjeldstadli. Three expert readers chosen by Princeton University Press have written invaluable comments, not least the only non-anonymous of the three, Bo Rothstein. I also want to thank all those who helped prepare the book for publication, in particular Ian Malcolm of Princeton University Press, who took interest in the book, and Madeleine Adams for her thorough editing of the English text.

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Francis Sejersted
Oslo, March 2010

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INTRODUCTION

The Many Faces of Modernization • The Scandinavian Solution • Three Phases • National Characteristics • Overview of the Book

In the 1930s the Social Democratic parties of Sweden and Norway came to power and formed governments in their respective countries. This marked the beginning of a stable period of Social Democratic hegemony. These parties had taken root at the beginning of the twentieth century as revolutionary Marxist parties. They gradually shook off their Marxism, and by the beginning of their period of hegemony they had managed to wrest the great modernization project from the non-Socialist parties and put their own stamp on it. The result is what we might call the Social Democratic order—also called the Scandinavian model, or simply the Swedish or Nordic model. The Social Democratic order reached its zenith in the 1960s; thereafter it declined. This book presents an account of the development of this order in Sweden and Norway.

THE MANY FACES OF MODERNIZATION

Sweden was one of the European great powers during the seventeenth century. By the beginning of the twentieth century this status was only a distant memory, but a more modern ambition was taking shape, "a new, forward-looking and benign great power dream: the vision of Sweden as a cutting-edge industrial and economic world power."[1] In contrast, to find a period when one could possibly call Norway a great power, one would have to go back to the Middle Ages. In the early twentieth century Norway had no great-power dream; its ambitions were more limited. Nevertheless, there is a parallel between the two countries' national projects, or "the new working day," as it was called in Norway. At the beginning of the twentieth century we find a new nationalism in both countries—an industrial and commercial nationalism linked to industrialization and economic development. This reflected a general tendency in Europe. The German historian Hans-Ulrich Wehler writes of "business nationalism as development ideology."[2] Something that is

[1] Mithander 2000, 205. See also Elzinga et al. 1998.

[2] Wehler 1974. His concept is "Wirthschaftsnationalismus als Entwicklungsideologie."

more unique to Scandinavia—and particularly to Norway—is the very central place that democratization occupies in the conception of modernization. Modernization is a vague concept that tends to dissolve when one focuses on the concrete historical process, but its comprehensiveness makes it a useful starting point.

Four key aspects of the modernization project should be noted. First, modernization revolves around a *liberation project*, a liberation from oppressive structures both of the people by democratic institutions and of the individual by the idea of human rights. Liberation is closely linked to scientific rationality, or the demythologizing of the world. This rationality has nourished instrumentalist modes of thought and new ambitions for society building. In other words, in the wake of the Enlightenment the Western world developed an ambitious project to build a free "modern" society. Consequently, freedom has "not come to be associated with *dismantling* or *liquidating* but with the *building* and *expanding* of society."[3]

There is a paradox, however, in the idea of modernization, a dilemma that springs out of these great ambitions. The struggle to build the ideal society can pose a threat to freedom. All modern societies are faced with the need to find a balance between policies that are democratic, tolerant, and inclusive and those that seek to mold individuals to fit the new society. The contrasts among modern societies are partly due to the different ways in which they have balanced these aims. Hitler's Germany and Stalin's Soviet Union are extreme examples of how the modernization project and its ambition of liberation can be perverted to totalitarianism.

Second, modernization stands for *economic development through technological progress*. This is part of the liberation project: technological development should release people from poverty and from the oppressiveness of work. Here we encounter another dilemma analogous to the first: how to build institutions to serve as the foundation for this technological and economic progress. The many approaches to balancing the objectives of freedom and targeted development have varied from capitalist market solutions to East European command economies.

Third, modernization implies a *differentiation process*, that is, a move from a homogeneous society with a common worldview to a society divided into many functionally distinct entities with their own systems of values and customary forms of communication. This process has to do with areas such as politics, science, economics, aesthetics, and the judicial system but also with subcultures independent of society's formal institutions. This means that individuals are bound to different institutions or cultural contexts, and

[3] Christoffersen 1999, 234.

within these they seek meaning in their lives. At the same time, economic development implies increasing interdependence among specialized entities. Once again we find a paradox within the modern: fragmentation has its antithesis in the programmatic construction and expansion of an interdependent society.

Finally, modernization implies a *consolidation of the nation-state.* Modernization projects seek to build up the nation-state as a functional framework within which to construct the new society, often with a focus on improving national infrastructure and broadening citizens' rights. Nationalism goes hand in hand with modernization. Thus the differentiation of sections of society is counterbalanced by national affiliation. Social integration within the framework of the nation-state, carried out through democratization and the development of a general public, is a central aspect of the modernization project. A good example of the interaction between the differentiation process and national consolidation is the growth of the working class as a nation within the nation—an entity with its own class identity—and its subsequent integration into the greater national community.

The driving force behind the great modernization project grew out of a shared understanding that, though not always clearly articulated, found its way into policy. In order to understand the historical process and post–World War II social stability, we must recognize the importance of this modernization project so characteristic of the Western world. Furthermore, there is every reason to subscribe to what Sheri Berman calls "the primacy of politics."[4] The realization of the Social Democratic order was the result of conscious policy based on a shared idea of what a modern society should look like. A false picture would be painted by any historical account that described the modern period as a random result of the struggle among various interests in a process driven by either technological or economic necessity.

Today many believe that development has taken another turn and is now moving toward a postmodern society. The critique of the modernization project, or of the form it took, has been clearly articulated. Industrialization has led to pollution and is breaking down the boundaries of nation-states. The individual is tugged by competing loyalties. Social integration on the national level is threatened from within, and we see signs of disintegration. Social integration has also been challenged by new demands for a more equitable distribution of wealth on the international level. National boundaries are also challenged by globalization. These and other related tendencies can be interpreted as the completion of modernization or as a turn away from it. These interpretations are not necessarily in conflict. It is common to change course

[4] Berman 2006. The title of the book.

at the moment of a project's completion. The final part of this book uses these general tendencies as background in an account of development and change in Sweden and Norway.

Our account begins at the threshold of the twentieth century—in other words, at a point when the modernization process in Western countries had reached the halfway point and had encountered a social crisis. The way forward was problematic. It would not be long before World War I cast its shadow over Europe. The period that followed saw huge new crises and wars. Totalitarian ideologies took root in popular thought. In retrospect the twentieth century, in most ways the century of modernity, reveals a Janus face. On the one hand, it was the century of extremes and great crises and confrontations. This is the thrust of the historian Eric Hobsbawm's bleak description.[5] On the other hand, the twentieth century was also the century of economic growth, the development of democracy, and increasing welfare in more and more countries.[6]

THE SCANDINAVIAN SOLUTION

A central question is what happened to the modernization project when it was adopted and implemented by the Scandinavian countries. Here it was possible relatively peacefully to develop a mixed economy, democracy, and human welfare in what has been called the Scandinavian model. In the interwar years the Scandinavian countries succeeded in averting both the Communist and the Fascist threats by modifying capitalism to eliminate its less attractive aspects. In brief, the Scandinavian model posed a "better" solution to the problems of modernity than either of the two totalitarian movements or purer capitalism did. This success was partly, but far from exclusively, attributable to the influence of the Social Democratic parties.

Sheri Berman has made a comparative analysis of the Social Democratic movements in five European countries (Germany, Austria, France, Italy, and Sweden) up to World War II. According to her, "social democracy emerged out of a revision of orthodox Marxism." The fact that this is the case in these five countries is one of her reasons for choosing them.[7] Among these countries Sweden is the exception, as it was only in Sweden that Socialists "were

[5] Hobsbawm 1995.

[6] Torbjørn L. Knutsen 2001. Knutsen's view is that historians tell the somber story while social scientists tell the light one.

[7] Berman 2006, 18. Using this criterion she could have added Norway and Denmark to the list. Reformist Social Democracy had of course other roots than Marxism, such as nonrevolutionary socialism and radical liberals, not least the Fabians and the English labor movement in general.

able to outmaneuver the radical right and cement a stable majority coalition, escaping the collapse of the left and democracy that occurred elsewhere in Europe." Berman continues, "The key to understanding the Swedish SAP's [the Swedish Social Democratic Labor Party's] remarkable success in the interwar years lies in the triumph of democratic revisionism several decades earlier." Berman identifies Sweden with Scandinavia.[8] If she had considered Norway, she would have had to modify her conclusions, as we shall see. Norwegian Social Democrats clung to their Marxism for a long time but were nevertheless almost as successful as the Swedes.

Berman is certainly right in maintaining that Sweden became a model for Western Europe after World War II, as the Western European countries were developing the democratic mixed-economy welfare state as we know it. Criticizing the common view that the mixed economies that emerged after World War II were a modified version of liberalism, Berman writes that "what spread like wildfire after the war was really something quite different: social democracy."[9] She argues convincingly that Social Democracy must be regarded as a separate order in its own right. But whether this view applies to all of Western Europe is another question. Tony Judt has a different take: the post–World War II history of Europe includes more than one "thematic shape," and it was not until "the crab-like institutional extension of the European Community" that we can discern something like a "European model"—a model born "of an eclectic mix of Social Democratic and Christian Democratic legislation."[10]

There were differences among countries, of course. One reason for choosing to concentrate on Sweden and Norway is that although the Social Democratic *model* became important for many countries in Western Europe, it was only in Sweden and Norway that the Social Democratic *parties* won an undisputed hegemonic position and thus configured the model in a way characteristic of those two countries. During the 1930s to 1960s Sweden and Norway became what has been called Social Democratic "one-party states." This book explores what became of the political visions of the Social Democrats in a situation of hegemonic power. It also uses comparative analysis to deepen understanding of the dynamics involved in the development of the Social Democratic order in Scandinavia. The best way to compare is to search for differences between the two most similar entities; thus we will compare developments in Sweden and Norway in detail, and only occasionally glance at developments outside the Scandinavian Peninsula.

[8] Berman 2006, 152.
[9] Berman 2006, 6.
[10] Judt 2007, 7.

Because the Social Democratic parties of Sweden and Norway regarded themselves as revolutionary Marxist parties to begin with, it was not obvious that they should avoid the pitfalls of totalitarianism and choose democratic reformism. The beginning of the twentieth century was a time of crisis in the Scandinavian countries as well as in the rest of Europe, and in such times deep conflicts can easily lead countries along undesirable paths.

Two conflicts were predominant: those between traditionalists and modernists and between capital and labor. Among the traditionalists we find both representatives of the old agrarian society and critics of civilization who viewed all "progress" with skepticism. The latter were present but of marginal importance at the beginning of the twentieth century. The former were more prominent, as both countries had large peasant populations. The other conflict, between labor and capital, divided society just as deeply and threatened social stability in the early twentieth century. But "solutions" were eventually found.

In the 1930s two social pacts were established that were to form the basis of hegemonic Social Democracy—the pacts between labor and farming and between labor and capital, the first in the form of an agreement between the labor and farmer parties on how to handle the crisis, and the latter in the form of an agreement between the two working-life parties on how to settle conflicts peacefully. As Tony Judt points out, "The social services and other public provisions that came to characterize the Scandinavian 'model' reflected these origins."[11]

But what actually is the Scandinavian model, and how does it differ from the social orders developed in the other Western European countries that attempted to copy this model? The Scandinavian model is marked—to cite just a few of its characteristic traits—by comprehensiveness of social security systems, institutionalized universal social rights, a high level of public support, and a high level of equality, which grew out of a combination of public commitment to the principle of universalism and equality of income distribution, which, in turn, is partly attributable to the strength of trade unions.[12] But what kind of social formation are we talking about?

In Norway three leading historians of the generation that wrote during Social Democracy's zenith in the 1960s characterized the same Social Democratic regime in three startlingly different ways. For Sverre Steen it was *the great reconciliation*, that is, the successful realization of the great social integration project. This characteristic corresponds to the Swedish concept of *folkhemmet* (lit. the "people's home"). For Jens Arup Seip, in contrast, the Social Democratic order represented *the Leninist one-party state*. He empha-

[11] Judt 2007, 365–366.

[12] Kautto et al. 1999, 10–14.

sized the dark underside of the integration project, the dominance of one party, state management, and paternalistic tendencies toward molding individuals into the type of human beings that "we need in this modern society."[13] And finally Edvard Bull Jr. characterized the Social Democratic regime as *ultimate capitalism*.[14] This view implies that social integration had not been successful and that class society persisted. Earlier I asserted that the Social Democratic order is an order in it own right, but here we are faced with a lack of concepts suitable to capturing and describing this social order.

We can list some historical starting points that are useful for delineating Social Democracy. Recent research has concentrated on historical lines of descent, especially in relation to the particularities of countries with a Lutheran background where Social Democracy has taken root and represents modernity. "Social democracy works best on ground fertilized by simultaneous emphases on the principles of human equality, individual responsibility, industriousness, and solid respect for state power."[15] Church and state were conjoined after the Reformation, which implies not only that spiritual and temporal authority reached a higher degree of unity but also that the state took over the social welfare function. From this conjunction springs a historical line of descent leading to the modern Scandinavian universalist welfare state.

With the Reformation, religion became a private, personal matter. This individualization would be retained as a constituent feature while society gradually became secularized. Seen in this light, it is noteworthy that cultural radicalism appeared in Scandinavia at the end of the nineteenth century.[16] Cultural radicalism took a critical stand toward the established social authorities, but on an individualistic and antitotalitarian basis. Relations between cultural radicalism and Socialism are complex, but it is reasonable to assume that cultural radicalism helped vaccinate the special Scandinavian variant of Socialism—Social Democracy—against totalitarian tendencies despite its Marxist roots.

This liberation of the individual was linked to the strong demand for social integration by the powerful ideal of equality. The emphases on equality and social integration, combined with the state's dominant presence, help to explain why Socialism in these societies "is not an oppositional but an orthodox way of looking at things."[17] Thus we have gathered some elements of an explanation of how Socialism could be peacefully incorporated into Scan-

[13] Alva and Gunnar Myrdal 1934, 261.

[14] Francis Sejersted 2003a, cf. chapter titled "Historiefagets fortellinger."

[15] Christoffersen 1999, 237. He further cites Tim Knudsen 2000, 47. See also Slagstad 1998, 112.

[16] Nolin 1993. In particular, see Skoglund 1993. The concept has somewhat different meanings in different Scandinavian countries.

[17] Witoszek 1998, 58–60.