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Contribution to the Critique of 'Social Democracy in One Country'

The Case of Sweden

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Abstract

The crisis of the previously successful nationally confined social democratic development in the North is obviously related to the rise of the market driven globalization of trade and production. But why was it so difficult in the 1970s for Olof Palme and Willy Brandt to counter this by fostering global Keynesianism through a "new international economic order" and a "North-South Program for Survival"? Why did the largely Blairite efforts during the third wave of democracy peter out? And why is there still no social democratic alternative to vacillation between structural adjustment (along with handouts to the victims) and concessions to neo-nationalism? Focusing on the combined historical dynamics in the Global North, exemplified by Sweden, and in the South, this chapter argues that there are two vital but neglected factors. Firstly, the weaknesses of the counter movements in the South since the anti-colonial struggle and during the third wave of democracy. Secondly, the giving up, therefore, by northern social democrats on global change along with likeminded movements elsewhere – as well as inability, then, to identify and support promising new dynamics and agents of change.

The Puzzle

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There is something strange with the crisis of Social Democracy in the North. Beyond party labels, Social Democracy is clearly about sustainable development based on socio-economic justice by democratic means. Similarly, adherents seem to agree that the main challenges are neo-liberalism and right wing populism, even if they differ on how to counter them. The left wing factions emphasise class, domestic spending, welfare and taxation of capital. Those inclined towards green politics add measures against climate change. And those oriented towards the centre favor financially less expansive policies along with restrictions of migration, arguing that this will save national communion and welfare. (E.g. Färm et al. 2020) This can be observed when looking at the various think tanks that have emerged, like the British *Momentum* against *Blue Labour*, and in Sweden *Reformisterna* (along with union think-tank *Katalys*) against the party think-tank *Tiden*. Mysteriously, however, the previously common ground is ignored even by the left wing – that neo-liberalism, increasing use of fossil energy and xenophobic counter movements are all nourished by capitalist globalisation.

This chapter argues that this amnesia is a result of social democrats having failed to regulate market driven globalisation and conceded to it. From a southern historical perspective, this is not just due to the strength of the foes but also the weakness of the social democrats.¹ A critical case in point is the former stronghold of Sweden. Almost like Stalin's turn to 'socialism in one country' (by giving priority to Soviet Union's own narrow interests when socialism in other countries faltered), Swedish social democrats have adjusted their national growth pact between capital and labor to the priorities of the internationalized companies, without involving labor and social democracy in other contexts. By implication, the scope for development based on social justice and democracy is reduced in Sweden too, and quests for nationalist protection have gained strength. When refugees from the South reached northern Europe in 2015, Swedish social democrats were even short of an internationalist

¹ Primarily, this chapter draws on results in Törnquist et al. (2016a, b, c) and Törnquist (2021). Interviews cited in the text are detailed in the list of references.

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alternative to national chauvinism. Just as Corbyn suffered a humiliating electoral defeat in 2019 for want of an international alternative to Brexit. At the time of writing (spring 2021), it is an open question whether and how the Swedish labor party will consider the dilemma in a more apt international program during its November 2021 congress.

To unpack the historical dynamics, it is useful to focus on four junctures. One, why it was so difficult in the 1970s for Olof Palme, Willy Brandt and others to build a social democratic alternative to market driven globalisation. Two, how liberal economic perspectives got the upper hand among social democrats in the 1980s, along with Blairist adjustment to neo-liberal globalisation and governance. Three, how moderate social democrats adopted a similar view of the third wave of democracy, while leftists tried change from the bottom up – and both lost out. Four, how new party leader Stefan Löfven designed a more union based internationalism in 2012 but retreated in face of the refugee crisis.

From national internationalism to 'new international economic order'

The Swedish post-World War II model had two international pillars. One was national independence and the ability to decide on one's own priorities. This called for alliances of like-minded countries and movements to contain imperial powers. Most famously, during the Cold War, this stance included engagement in favor of all countries' – and colonies' – right to national independence based on equal citizenship and chances to develop their own reforms. Sweden, with leaders like Olof Palme, was in the forefront, not being part of the North Atlantic Treaty Organization (NATO).

The other pillar was successful export industries and free trade on equal terms. With access to iron ore and forest products, in high international demand, the industrial competitiveness was firmly based on innovation and high productivity. This

stemmed from the growth pact between capital and labor, complemented by strategic public procurements, representation of unions, employer's organizations and other concerned parties in public governance, and productivity oriented education and welfare.

Export and support for free trade on equal terms was in opposition to colonial and imperial monopolization. Hence, it did not undermine the first principle of supporting genuine national independence in other countries too – as long as these countries could develop their own policies and withstand negative business pressures. Besides, Swedish export industries were rarely involved in the developing countries where progressive development was at stake. And when they were, as in South Africa, social democrats were often in the vanguard of support to progressive forces, such as supplying a major part of the funds for the African National Congress (ANC) and United Democratic Front. Conversely, where private business stayed out but investments were needed to build political and economic independence, as in North Vietnam, Sweden took the lead, becoming the first western country to recognise North Vietnam's independence. When the US engaged in terror bombardments, strategic support was given for industrial and social development.

Meanwhile, from the 1960s, first textile and garments, then basic sector industries and shipbuilding were shifted to countries with 'firmer governance' and lower wages. Deindustrialization and internal Swedish migration to 'more competitive' cities was extensive and swift. Initially, the troubles could be handled in accordance with the growth and welfare model agreed on between unions, employers and the government – that factories with weak productivity and inability to pay the same wages as in other sectors were closed down, while workers were taken care of, re-educated and shifted to more competitive production and services. Soon enough, however, the preconditions in terms of expanding markets and Keynesian stimulation of demand were at risk.

The disbanding in 1971 of the Bretton Woods agreement on fixed currency exchange rates was a major warning that the space for national economic governance was shrinking. Social democrats had to go beyond their nationally confined models. While friends in previous empires like the United Kingdom and France contemplated economic cooperation with their former colonies, [internationalists in search of renewal of Social Democracy](#) **progressives** like Olof Palme and Willy Brandt tried instead to construct a “new international economic order” (NIEO) and promote a “North-South Program for Survival” (NSPS). This meant, primarily, additional co-operation with countries that were not aligned either to West, or East in the Cold War. According to basic Keynesian thinking, less unfair terms of trade for the developing countries, and better conditions for their poor people, would increase demand for products from the North too.

However, the efforts for promoting NIEO and NSPS failed. The plans received positive attention at the United Nations, but the outcome of negotiations were inconclusive. Primarily, of course, Washington and its allies resisted NIEO and NSPS, along with the increasingly powerful transnational companies and financial institutions. Yet, an equally important factor was the weakness of the potential southern partners, even though they had blossomed in the struggle against colonialism. Now the leaders in the oil producing countries increased their prices but catered to their own short-term interests rather than inclusive development, which, [according to the advocates of NIEO and NSPS](#), would have boosted demand for other products than weapons and luxury from the **North**. Authoritarian developmental states opted for low-cost export-oriented industrialization. China, on its part, was engulfed in a devastating cultural revolution. Liberation movements were economically fragile. Social democracy in countries such as Sukarno’s Indonesia, Nehru’s India, and Nyerere’s Tanzania had failed, or ceased to progress. Popular democratic movements suffered from interventions from the West or the

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East. In 1973, for example, another US-nurtured coup ousted democratic socialist Salvador Allende in Chile.

Drawbacks of second-generation social democrats

To understand the failure of NIEO and NSPS – which paved the way for neo-liberal globalisation and undermined Social Democracy – we must thus ask why the likeminded partners in the South had become so weak. While the first generation social democrats grew out of the northern industrial revolution, the second generation were rooted in the emancipatory movements against colonialism. Still, Social Democracy has four universal cornerstones: 1. democratic popular-interest collectivities, 2. democratic links between the state and equal citizens, 3. social rights and welfare and 4. economic growth pacts between the state, primary producers, labor and employers. ([Törnquist 2021: Ch 2](#))

In the South, the first two cornerstones were up against colonialism, feudal-like subordination and uneven development, but it was anyway possible to construct the first two pillars. Critical cases such as the Indian state of Kerala and Indonesia until the end of the 1950s show that social democratic policies were not doomed in spite of divisive identities, limited industrialization and the absence of unifying class interests. In both context, the demands for equal citizenship and democracy against colonialism, and representation through ethnic and religious groups, served as unifying frame among scattered classes and movements for interest-based struggles such as for land and welfare reforms.

Elsewhere, however, equal citizenship and democracy were often subordinated to the struggle against landlords, oligarchs and foreign domination. This sequencing spread to Indonesia too. After independence, renewal-oriented communists who essentially advocated broadly defined social democratic policies progressives had built the world's largest peaceful popular movement and advanced in elections. ([Törnquist 2021: Ch. 4](#)) But, in the late 1950s they responded to threats from

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adversaries by rallying behind President Sukarno's left-populism. Campaigns against imperialism and landlordism in the context of authoritarian so-called guided democracy, were deemed more important than democracy based on equal citizens and their own mediating organizations.

Meanwhile opponents, including Singaporean oriented social-democrats, revised the modernization theory that social and economic progress would spawn middle class-driven liberal democracy. The new argument was that, paradoxically, the attainment of democracy also called for firmer political and legal institutions by way of a 'politics of order' – in the worst cases through 'middle class coups' supported by the army, backed by the US. Over the years, this approach, theorized by Samuel Huntington (1961, 1965), spread around the South. In Indonesia, 'politics of order' was even by reviving the colonial form of despotic indirect rule through communal leaders in the form of army-led massacres of leftists in co-operation with religious and other militia groups. The leftists were helpless, having abandoned the focus on equal citizenship and democracy. (Törnquist 2021: Ch. 4)

Similarly, Eastern bloc modernization-theorists were for their part worried that workers and 'national capitalists' remained weak. The suggestion was therefore that progressive leaders and army officers might promote non-capitalist development from top-down. This approach spread around the South too. An early case was Abdel Nasser in Egypt, but existing democracies were also undermined, such as in India through the cooperation between the pro-Moscow communists and Indira Gandhi and the emergency rule 1975-1977.

The third social democratic cornerstone of social rights and welfare was crucial in terms of movements' self-help, but extensive welfare state programs have been unfeasible since they have rested with the fourth cornerstone of socio-economic growth pacts -- which in turn have presupposed effective democratic governance as well as strong unified unions and employers' organizations. The substitute in the South was democratic elections of elitist leaders and their top-down planning

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through what was referred to as 'developmental states', focusing on basic industries, import-substitution and at times nationalization of foreign companies and reforms. Social rights and deeper democracy would have to wait. Typically, however, these efforts were not economically successful either – while the East Asian 'developmental states' proved more able thanks to authoritarian means and focus on the world market.

More radical struggle against oligarchs and 'bureaucratic capitalists' (the Maoist terminology for generals, top bureaucrats and political bosses) focused on their presumed reliance on 'landlords' and 'imperialists', especially with links to Dutch, British and American companies and governments. But control of land in Indonesia was a complicated matter making it difficult to unite the rural poor against a common enemy. And fighting imperialism was insufficient. For example, most generals even supported the nationalization of foreign companies and gained control of them when it was pushed through. To weaken the 'bureaucratic capitalists', progressives obviously needed to give priority to democratic control of public resources they had captured. But the struggle for democracy was deprioritized. The same dilemma applied to the struggle against oligarchs in countries like the Philippines. For many years, political bosses such as Ferdinand Marcos had used the US-exported electoral system to gain office in local and state governments and bureaucracies in order to accumulate power and wealth for private investments. But not even non-Maoist leftists focused on containing this political accumulation of capital by fighting for democratic control of public office and resources – until, instead, the traditional elite ripped the benefit of the popular power revolution in 1986.

Adapting the Swedish model

Increasing competition from newly industrializing countries and higher oil prices were no problem for Swedish social democrats – as long as there was rising demand for export, investments in new job-creating sectors, and socially responsible

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structural adjustment to adapt to the new lay of the land. By the late 1970s, however, much of that was unfeasible – given the failure of NIEO and NSPS. Consequently, Swedish aid to the South – which aimed at strengthening political and social rights plus welfare to promote inclusive development, like once at home – turned into a cost rather than an investment in rising markets. Business, and often unions too, deemed the supporters of welfare in the South idealists in need of a ‘sheltered workshop’, arguing it was necessary to focus on expansion and profits within market-driven globalisation.

In addition, unions asked for better wages, but Keynesian stimulation of demand meant more imports than investments. And deregulation of international finance facilitated tax evasion and capital flight. Blue-collar workers’ unions suggested wage earner funds to gain better control and encourage long-term investments, but this caused divisions in the social democratic movement while the bourgeois parties united and joined hands with business.

In 1983, President Mitterrand of France made a U-turn away from his socialist and Keynesian oriented program, yielding to new liberal-priorities and austerity policies. In Sweden Palme was not as optimistic as one decade earlier. In 1985 he even lost control of the Bank of Sweden and his finance minister, Kjell Olof Feldt, who conceded to international liberalism by deregulating the credit market, paving the way for financial and real estate speculation.

Subsequent governments had to repay huge public debts. Welfare spending was reduced, including the support for those badly affected by structural adjustment. Business-like new public management gained ground, as did privatization of public welfare and services.² Some two-thirds of the population with fitting education and skills, mainly in the big cities, benefitted from good jobs and cheap loans, which facilitated speculation in housing. The 2008 financial crisis hardly affected them. The

² For general reviews of these policies, see, for example, Therborn (2018) and Enocksson (2021).

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losses were socialized; i.e. paid by the most vulnerable citizens, including those in run-down suburbs and the 'rural rust belts'.

After the fall of the Berlin Wall in 1989, the European Union (EU) was often perceived as a viable substitute for the capsized NIEO and NSPS. Business, export sector unions and the bourgeois parties were positive. Sweden joined in 1995, and social democrats supported Tony Blair's 'third way' of combining centre-right economic policies with center-left social policies. National rights and growth pacts were deemphasized in favor of a 'social Europe' with fair competition, social cohesion and increasing standards of living. This vision generated some optimism and electoral advances for social democrats in several countries. But just like in the Global South in the 1970s, sympathetic partners in Europe were not strong enough to foster anything like continental Keynesianism or much of a social Europe. Social democratic ideas lost out to ordo-liberal regimes – adding judicial guarantees and strong governance to underpin free and dynamic markets and austerity policies – and then, over the years, to right-wing nationalists too. Back in Sweden, the social democrats were humiliated in the 2006 elections by losing badly to a center-right alliance, faced internal divisions, were short of alternative policy proposals and did not manage to get back in office until 2014.

Lost in the third wave of democracy

Meanwhile, liberal internationalism gained ground alongside an increasingly market-driven globalisation. Beyond the EU, leading social democrats found no other way but trying to adjust to this trend by deregulating finance and supporting exports and investments in the South. The old idea of preventing trade and investments that contradicted local attempts at progressive change was swept under the carpet. In 1996, the Swedish prime minister, Göran Persson, even expressed his admiration for China's stability – only seven years after the massacre in the Tiananmen Square.

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The other side of the coin was much more positive. In response to popular protests, the more market than imperial-state-driven globalisation allowed for a third wave of democracy. The new wave arose in the mid-1970s, with the transitions from authoritarian rule in Portugal, Greece and Spain. It then spread to Latin America, other parts of the South and after the fall of the wall to the former Eastern bloc. The major exceptions were dictatorial regimes with support from hegemonic parties as in China or competing global powers as in the Middle East and North Africa. Elsewhere, however, the third wave was also an opening for a third generation social democrats to discipline globalisation. While the new generation moderates had much in common with the northern Blairists, the radicals were rooted in the struggle against repression and wanted to build democratic alternatives with popular movements and citizen action.

Like-minded friends provided support. From Sweden, Olof Palme tried to hold on to international cooperation among kindred partners as the alternative, coordinated via the Socialist International and the United Nations. Efforts included support for the anti-dictatorial struggle in Europe, Latin America, the anti-apartheid struggle in South Africa and mediation in conflicts such as between Iran and Iraq.

The assassination of Palme in 1986 meant that these priorities lost steam in Sweden. With regard to democratisation in the South, liberals and moderate social democrats promoted elitist pacts rather than popular driven negotiations. Radicals and popular movements were marginalized, with partial exceptions such as Lula's Brazil and Mandela's South Africa. The Swedish liberal and conservative parties – in office 2006 until 2014 – showed even less interest in unions, social movements and their parties. The official development cooperation emphasized mainstream think tanks, elitist reformists and civil society watchdogs – and resisted, with great fanfare, bilateral agreements – including support for human rights – with non-liberal countries like Vietnam.

Over the years, third wave democratisation petered out. Even the efforts in South Africa, the Philippines and Brazil were not as successful as expected. The admirable center-leftist regimes and movements did not stand out as a solid footing for any new attempt at the social democratic internationalism of the kind that had been visualized by Palme and others. This brought to mind how weak partners in the South made NIEO and NSPS unfeasible. Once again, we must thus ask why broadly defined Social Democracy did not make more headway in the South.

Stumbling blocks in the South

The studies of Indonesia, India and the Philippines with references to South Africa, Brazil and Scandinavia that I have been involved in since the 1970s point to six main causes for the problems. *Firstly*, democratic popular-interest collectives cannot be based on the working class – as it was in the North – to the same degree as in the South. Labor and democracy activists rarely combine their priorities. Workers themselves are too few, too scattered and often divided by specific interests and demands. Some 90 % of India's workforce, for example, is in the informal sector. Unity is difficult on the workplace level and between them; and higher up the system, union leaders tend to develop their own preferences, such as striking deals with dubious politicians. Informal sector laborers are often neglected; as are small farmers and fisher folks.

Secondly, the radical third generation's focus on democratisation and reformist policies from the bottom-up is necessary but insufficient. Previous emphasis on citizenship and democracy as a framework for common interest based demands for social rights and land reform has been overlooked. There are few exceptions to the liberal view, fostered by donors, that civil society is little more than a corrective supplement to the mainstream formula for elite-negotiated democracy. Pro-democracy spearheads such as journalists and students are important but at times run ahead of themselves – neglecting organisation and protection of the people they speak for. Local organizers trying to do just that are rarely able to scale up. Cause-

oriented groups are typically issue driven, dependent on donors' priorities and mutually competitive. Building broader alliances and wide membership is rarely a priority. Quick, visible results are easier to achieve by actions, media coverage, lobbying and 'good connections' in the metropolis. Worst, [Civil Society Organizations](#) (CSOs) and unions have problem to engage politically, mainly because of fragmentation and narrow priorities but also their donor's hesitance to be associated with politics. With few exceptions such as the Workers Party in Brazil, and, partially, the Philippine citizen action party *Akbayan*, the attempts to build new parties based on CSOs, social movements and unions have been disappointing.

In the less common cases where leftist parties dominate, the problem is rather top-down party-politicization of popular-interest and citizen organizations. South Africa is a case in point. Fortunately, the exceptional Kerala civil society activists proved that this can be altered by impressive campaigns for decentralized development. But in the end they were also [stabbed in the back by dominant leaders in the major leftist party who ignored the principles of the campaign as well as the potential candidates having fought for them, accusing them instead of giving in to neo-liberal forms of decentralization and scholars allegedly linked to the US Central Intelligence \(CIA\).](#) (Törnquist 2021: Ch.11) [Fortunately, Later on party leaders came to their senses, cleared the purged activists and sustained most](#) of the benefits of decentralization. [But remaining problems include how to combine representative and direct democracy, participatory and professional governance, development and welfare, and civil society activism with party and interest organisation.](#)

Thirdly, decentralization is important to counter authoritarian and top-down rule, and foster local democracy. But the celebrated participatory budgeting in Brazil, for one, presupposed that the Workers' Party won mayoral elections and then introduced the popular deliberations from the top down, along with trusted rules and regulations. And local participants were unable to keep an eye on the central-level political corruption that generated so much distrust and lit the flame of right-

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wing populism. Generally, decentralization is not a panacea for local democracy as long as progressives in CSOs and popular organizations are not strong enough to make a difference. The shining example is Kerala where local oligarchic rule had been uprooted through land reform and struggle for citizen civil and social rights. In this context, progressives in civil society and government managed to cooperate and introduce both democratic decentralization and participatory planning. Still, localization of politics is often unviable. Villages are open economies with outside links. For example, local governments cannot be expected to be responsible for the full welfare of those who work outside the villages. There must also be *state* programs – as when local responsibility for fighting poverty in Scandinavia was supplemented in conjunction with industrialization by national welfare schemes. (Sandvik 2016) Similarly, local communities are difficult places in which to combine the preoccupations of CSOs and unions that are not confined to the local territories but related to production and national governance.

Fourthly, democratic representation remains neglected. For all its promise, the third wave of democratisation turned out to involve the accommodation of elites who adjusted to – and then dominated – elementary democratic rules of the game. While many moderate social democrats contributed to this, radical pro-democrats in CSOs and popular movements rarely gained access to the playground, except as individual subordinates in the elite-teams. This nourished populist reactions, often turning rightist. Dedicated liberals and social democrats worry but lack alternatives. Some of them even return to the old idea from the late 1950s that weak states with poorly enacted rule of law and rampant corruption must be fixed before democratic deficiencies are attended to – an updated version, of the old ‘politics of order’, now spearheaded by Francis Fukuyama (2014).

So far, frustrated progressives have mainly confined themselves to building alternatives within their own ranks, from the bottom-up. But CSOs typically deem politics ‘dirty’, fail to scale up the movements they speak for, and mainly participate

in election through leaders' association with mainstream parties. The Common Man's Party (AAP) in Delhi was first exceptionally successful by fighting corruption in public services that matter for poor people too. But populism has overshadowed solid democratic practices and broader agendas on inclusive development.

In Indonesia, reform-oriented populist leader Joko 'Jokowi' Widodo became successful mayor, governor and even president by agreeing to deals with citizen groups and popular movements. This was an opening for progressives, as long as the agreements were clear-cut and based on comprehensive reforms. Another reason for failure was informal individual negotiations and transactions, in tandem with populist ideas of direct relations between leaders and 'the people' – instead of democratic representation in institutionalized collective negotiations. The most promising achievement was the successful alliance in the early 2010s (with some support from social democratic Friedrich Ebert Stiftung) between CSOs, urban poor associations, unions and progressive politicians in favor of a universal public health reform. But there was no forum with democratic representation of the vital partners which could assume the role of negotiating follow up-reforms with the government. Even none of the progressives suggested such a format, rather returning to their own special issues, and transactions with individual politicians. In addition, most international democracy-donors failed to provide CSO and popular movement activists with support to encourage representative democracy. In Aceh, for example, the international community facilitated both the massive post-tsunami reconstruction and 'democratic peace' accord. However, even Sweden and Norway neglected a strategy to combine the processes and support pro-democrats rather than the autocratic leaders in the independence movement (GAM).

Fifth, the Blairist combination of market driven growth and welfare has bifurcated. Social democratic oriented 'developmental state' governments in Brazil, for example, benefitted from the commodity boom and combined global market friendly economic growth with welfare programs, but stumbled over inequalities and

corruption. In India too, during the center-left Congress governments of 2004-2014, economic liberalization was combined with technological advances and impressive rights- and welfare reforms, but growth generated more inequality and corruption than new jobs. The reforms were typically supplementary rather than designed to transform the growth model, and the middle classes found little for them in the targeted schemes for the poor. This played into the hands of Hindu nationalist Narendra Modi. The center-left Philippine government of 2010-2016 could also not renew its mandate. 'Good governance', increased productivity and some welfare measures but failed to make much of a dent in the negative effects of market-driven growth, making increasingly many people interested in a 'strong man' like Duterte. In President 'Jokowi's' Indonesia, reformist populism (with social contracts on decent urban planning and a broad alliance for universal public health) was short of a strategy to continue work for more reforms and negotiate sustainable development. When challenged by conservatives, Jokowi toned down reforms and consultations with labor in favor of compromises with political elites and business, including to create new jobs by less burdensome employment regulations and no significant compensation in terms of rights and welfare.

Generally, moreover, union based social democrats remain based on the first generation growth models. According to them, decent jobs and good, collectively negotiated or regulated minimum pay (to 'compress the wage level') would stimulate productivity and generate more jobs in expanding economies. (Moene 2016) In the South, with less strong unions, this was expected to be facilitated by a more democratic edition of the second generation's 'developmental states'. This may be valid where there are good markets, but it remains insufficient when there is much underemployment and poorly developed production for nearby markets, such as within agriculture, food and clothing where many people must eke out a living. In such sectors, producers and retailers cannot survive immediate global competition. One example is South Africa, politically aligned with social democratic policy. The

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Added, to Kalle Moene (in one of the books that the chapter is based on)

example of Sweden, and others, of pacts between capital and labor was not successfully transformed as a policy model to farmers and others in rural areas. The idea about welfare for all, protection to prevent these groups from losing their land and livelihood, and support to create new jobs did not materialize.

Worse, the leftist leaders in West Bengal – in office since 1977 – even gave up on efforts at rural development and welfare driven development in the 1990s, in favor of East Asian inspired industrialization by outside investors and production for markets elsewhere. In 2011, India was democratic enough to allow citizens to resist and vote the communists out of power when their policy was at the expense of small farmers and informal laborers.

Meanwhile the immensely important human rights and democracy activists have had little to say of inclusive development. The decentralized people's planning in Kerala in the 1990s was exceptional. It aimed at *local* growth pacts based on rights and welfare. But the farmers were reluctant to cooperate, the village plans did not extend beyond public investment, there were limited links and coordination beyond the villages, and the middle classes disengaged, as welfare and other measures were for the poor. Yet the local development plans remains crucial for all those who do not but should benefit from the thriving market-driven growth within construction, technology, service, education and health that rest with decades of public action for human development. To kick off from a comparatively successful local public action campaign against Covid-19, the Kerala Left is now combining welfare reforms with efforts at knowledge-based development.

Sixth, transformative politics have been overlooked. Social Democracy is not just a counter-movement to make capitalism livable by regulations and taxation to finance better welfare, as often stated by supportive academicians such as Joseph Stiglitz (2019). Social Democracy is also about transformative strategies of striving for public reforms and civil society agreements that strengthen the capacity of broad collectivities to fight for more advanced reforms, and then even better reforms after

that – towards a system where equity, equality and welfare are both investments and outcomes. This, Palme said (1982), is what made him a ‘democratic socialist’. In short, there is a difference between taming a wolf and breeding it into a working dog.

Impasse, restart and collapse

Did northern social democrats study and consider the problems and options in the South? Not really. In Sweden, much of the previous interest in the fate of cognate movements elsewhere was lost. A typical argument was that much of the Global South was now doing well enough to handle its own problems of repression and exploitation of people and nature. Aside from international trade unionism and demands for human rights, plus the signing of ILO conventions in return for free trade agreements to prevent social dumping, there was, in this view, little Sweden, or any Northern nation, could do. International aid should focus on poverty, disasters, supporting elections and civil society watchdogs. Hence, the demand for contextual knowledge of the problems and options for potential partners in the Global South faded away. Higher education and research, for example, fixated, beyond human rights, on free-floating international relations, ‘global governance’ and quantitative indices of growth and democracy – far above the realities and contexts where transformative politics must be rooted and gain strength.

Many social democrats even turned down the troublesome effects of market driven globalisation. One reason was the primacy of export and free trade. Another was to resist the claims by employers, bourgeois parties and rightists within their own ranks that the international challenges called for further reduction of taxes and wages for less qualified jobs, the downgrading of public spending and services, and the deregulation of business and employment conditions, in order to defend Sweden’s competitiveness. The counter proposal was to revive the Scandinavian model and thus adjust to globalisation in socially responsible ways. One could foster competitiveness based on efficiency, innovation and education as well as relocation and protection of labor.

This proved unviable. Uneven development and inequalities increased in the North too, making it more difficult to build broad popular interest based collectivities. Privatization and neo-liberal governance shrunk the number of vital issues that could be handled democratically. The international economic concentration of power increased dramatically. The links between state and civil society were weakened, especially the participation of issue- and interest groups in public governance. As compared to taxation of wages, it was much more difficult to levy the incomes from capital and speculation, which cause most of the spiraling inequalities, and, thus to also finance the universal public welfare system. The same applied to the difficulties of restructuring the economy and addressing the mounting inequalities and unemployment among migrants and refugees. Several of the conditions for the social pact between capital and labor were also undermined. Its basis within industry had been hollowed out. It is much more difficult to increase productivity in the new low wage sectors of private and public services and welfare than previously in trade and production; and the services and welfare cannot be closed down – but who shall pay? Most importantly, the major task was no longer to handle a shortage of skilled labor but also unemployment. And much of the growth strategy could no longer be controlled due to the international mobility of capital and labor.

Unsurprisingly, Swedish Social Democracy was thus in a crisis, partly reflected in toothless policy development, internal conflicts, and reduced membership. Support plummeted especially among those negatively affected by structural adjustment. Most of these lost voters linked up instead with the chauvinist right-wing party. Meanwhile numerous intellectuals and young people lost interest and trust in politics. (E.g. Therborn (2018) and Enocksson (2021).)

Revival

In trying to regain direction and strength, the Social Democrats opted in 2012 for their first trade union leader, Stefan Löfven, the former chair and international secretary of the Industrial and Metal Workers Union (IF-Metall). After the 2014

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elections, the party limped back into office in coalition with the Greens. Löfven called for the reinvention of the old Scandinavian model, at home and globally. The ethos of the 'Scandinavian model' would be added to the ILO principles of dialogues between labor, employers, and governments in terms of a 'global deal – 'so that the benefits of the global market can be shared by everyone'. This was also projected as the major mean to fulfil the UN's 2030 agenda and particularly its eighth goal to promote inclusive and sustainable economic growth, and productive full employment and decent work for all.

The party and related unions were supportive. And even though responsibility for international development cooperation was ceded to the Green coalition partner, social democrats with long experience from the UN, the EU, development cooperation and civil society gained new ground for their ideas. A special minister would direct strategic studies to help coordinate ministerial work and efforts by unions and other progressive organizations.

Promising but stumbling

Löfven gained international reputation for his idea of a global deal. Employers, unions and state representatives were invited to promotional workshops. Unions could complement work in the International Labour Organisation (ILO) with engagement in the Organisation for Economic Co-operation and Development (OECD), which is now in charge of fleshing out the concept. Local implementation, however, was up against the same challenges that Palme and Brandt faced in the 1970s and the new generation social democrats suffered from during the third wave of democracy. Firstly, the shortage of strong enough progressive partners in governments, unions and civil society on the ground. Secondly, the absence of several of the preconditions for the iconic social pacts in Scandinavia, including sufficiently expanding economies to absorb unemployment.

Separately, the new Minister for Foreign Affairs (2014-2019), Margot Wallström, added a bold 'feminist-oriented' policy for democracy and human rights in favor of Agenda 2030, bilaterally and within international organizations. But the policies met with immediate resistance, including from rulers in the Arab world. Consequently, Swedish businesses and unions with interests in exports to these and similar countries became worried too. [\(Törnquist 2016c\)](#)

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Another exceptional reference added.

Export vs inclusive development?

Social democrats are eager to promote export and 'free trade on equal terms', as former Minister of Trade and now Minister for Foreign Affairs Ann Linde puts it. But what if the terms are not equal?

While paying due respect to democracy and human rights, business and some unions prefer codes of conducts for the concerned companies, in return for freedom to trade and invest in all countries that are not affected by international boycotts. As the social democratic chairman of the Swedish parliament's Committee on Foreign Affairs, Kenneth G. Forslund, put it: 'I do not think that the politicians shall decide on each and every Swedish business deal to export arms.' Subsequently, Sweden even maintained its commitments to sell arms to Saudi Arabia and the United Arab Emirates in spite of their contribution to the conflicts in the Middle East that people had to flee from – including to Sweden itself.

Potentially, however, there is also a progressive dimension to the interest in exports. In 2014, the blue-collar workers confederation (LO) published a major report arguing that it was necessary to increase wages and investments to foster full employment. This was in stark contrast to the dominant austerity measures and efforts to compete by neglecting work conditions. The analysis focused on Sweden, but the authors, C-M Jonsson and I. Lindberg, said the original argument was expanded to the rest of Europe and the Global South too, given that austerity measures and weak economic demand outside Sweden was not just bad for the other countries but also for Swedish

exports. The case of southern Europe was obvious. In the South, moreover, it is insufficient to rely on uneven and environmentally disastrous development and the buying power of the nouveau riche. However, Jonsson explained somewhat sheepishly: the top LO leaders who thereafter negotiated the general report felt that the focus had to be on Sweden, because improvements in other contexts were ‘too far away’.

Beyond provincial minds, however, the fact remains that Sweden’s economy is internationally oriented and the demand for its products must be considered beyond Europe and North America. Hence, according to the LO study, Sweden should take steps to raise demand in the South by way of more equitable and sustainable development – while also increasing its own imports of products produced in an environmentally-friendly way and by decently paid labor. It should also abstain from those aspects of the international trade and investment agreements that generate uneven development and reduce the space for progressive politics.

Such expansion of markets by means of more equitable and sustainable development in the South calls for altered power relations and the representation of a broad popular base and progressive forces. How could the positive vision of Agenda 2030, ILO, and the global deal be implemented in practice? It is true that when local regimes sign international conventions without applying them, this may anyway legitimate external support for unions and CSOs that try to enforce implementation. But, the fundamental factor is whether these progressives are strong enough in their own right.

An early attempt to strengthen partners was made by the Ministry for Enterprise and Innovation (and later the Ministry of Trade). The ministries agreed with business and unions to combine a campaign for exports to unevenly developing and often authoritarian countries with corporate social responsibilities that the unions, and not just the companies themselves, would oversee. One dilemma, however, is that unions and managers tend to prioritize what is good for their own companies and

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It refers back to the previous sentence and is based on the LO argument. I have now made that more clear

employees. Another is that well-implemented codes only apply to individual Swedish companies and, at best, a local union, not collective action among other laborers.

Similar problems may beset unions' international cooperation. Only a minority of workers in the South have formal employment and are unionized, and many of them do not value the importance of broad alliances with other laborers. Sofia Östmark, leading the Swedish non-political union-to-union organisation adds, "this is why we support demands for formal employment of many more laborers, efforts at wider and stronger organisation, plus that unions link up with others to, for example, improve employment conditions and minimum wages." However, as already mentioned, the South African experience, for example, shows there must also be policies to compensate for the lack of similar conditions to those that prevailed when social democrats were strong Scandinavia – low levels of underemployment and the steady growth of new jobs in competitive sectors when less productive units cannot pay decent wages and close down.

A supplementary approach is contained in the international framework agreements such as between IF-Metall, the IndustriALL Global Union, and the retail-clothing company H&M, ideally affecting some 1.6 million workers. The idea is to strengthen the right to organise and the bargaining power of workers in subcontracted H&M units. Yet, senior union researcher Mats Wingborg says the reality does not live up to the hype: 'While H&M benefits from good media attention and the leading unions enjoy the benefits of a profitable "mother company", the local unions are weak and informal laborers not contracted by H&M's partners remain unaffected.' Similar challenges apply to the Swedish backing for the ILO to promote the 'global deal' concept by negotiations between unions, employers and governments in countries such as Bangladesh or China. Obviously, the opportunities to include and strengthen weak unions, promote democratic principles, enroll temporary workers and laborers in sweatshops vary with the strength of the unions and the decency of the regime.

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Coordination in despair

Löfven also assigned a special minister, Kristina Persson, to identify the strategic challenges and synchronize policies in favor of Agenda 2030. She appointed experts from unions, business, think tanks, and the like to three advisory groups. These were tasked to suggest ideas, respectively, about working life, the environment, and global cooperation. But the groups consisted of volunteers in the special minister's network and lacked representatives from some crucial ministries and vital organizations such as the Palme Center, as well as some of the best qualified scholars to review previous insights and experiences. In short, the groups differed from the practice of the old public commissions that – in addition to tripartite negotiations – are crucial elements of participatory governance in the Scandinavian model worshiped by Löfven. This saved time and money, but the outcome was a list of ideas to be followed up – in contrast to a well-anchored and knowledge-based platform for the coordination and implementation of social democratic vision. Instead of correcting this and supporting the special minister, Löfven sacked her in May 2016 – and coordination withered.

The new policy for international development cooperation, for example, was as incoherent as ever. In the policy guideline, the Green party minister in charge produced an extended list of poorly connected priorities, including her own special concern for environmental issues, the Foreign Minister's feminism, and the Prime Minister's global deal. These priorities, moreover, did not stress how to fight poverty based on celebrated human and social rights, plus democratisation, but rather emphasized market-driven uneven development, which was credited with having reduced poverty in spite of generating spiraling inequality. Support for poor countries remained a priority but at the expense of the many impoverished people in rapidly growing, though thoroughly unequal, [economies](#). Analyses of progressive actors of change [in these countries](#) and what reforms they may promote and unite behind were next to absent; and support for progressive unions, civil society groups and parties remained marginal. Agenda 2030 and the treaties to reduce global

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You are right, but it would call for another paragraph and disturb the focus/argument in this brief chapter. As for 'progressives', you know from earlier comments of mine that my general meaning is renewal oriented actors related to broadly defined Social Democracy. I do not want to disturb the flow with a lengthy specification in this sentence. If it is not to your liking to keep progressives, we could remove it. However, there should be some indication of what 'actors of change' I have in mind – obviously not reactionaries. Thus my conclusion is to keep progressive here, but if you insist – just remove it.

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warming was celebrated, but implementation remained technocratic, skating over power relations and the politics of change.

Collapse

When I stepped off the train in Stockholm in November 2015 to make some of the interviews drawn upon in this chapter, the central station was full of tired refugee families comforting their children – but also numerous social service workers and volunteers helping them out. At the time, Sweden received the most refugees in Europe in proportion to population. Only two weeks later, however, the government imposed restrictions, to give the authorities some ‘breathing space’, but not the refugees. Most other European countries did not share the responsibility for human rights, and there were few safe havens elsewhere. Most remarkably: when nationalist right-wing populists gained votes by xenophobic propaganda against the immigrants, many social democratic and union leaders adjusted.

Migration is not a new dilemma for Swedish social democrats. (Brochmann 2020) The welfare state model was inclusive of all citizens but did not consider immigration. After World War II, however, import of labour force was deemed as necessary – Swedish industry was intact and its products in great demand for reconstruction elsewhere. This import was organized jointly by the state, employers and unions. As long as the ‘new laborers’ contributed to the welfare state, they were granted the same social and cultural rights as everyone else. The problems appeared as market-driven globalisation and liberalization within the EU generated growing numbers of temporary migrant laborers subject to social dumping, as well as to refugees who had difficulty finding work. The principle of equal social rights for all with decent jobs and the payment of taxes became increasingly difficult to combine with equal human rights for all. Refugees from failed attempts at progressive transformation, such as after the coup in Chile, were still welcome, but when numbers increased from first Eastern Europe and then the former Yugoslavia, there were restrictive measures and strict application of the UN refugee convention with regard to asylum

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It was the well known common expression at the time, quoted from press conferences by numerous media. The broader substantiation is in Törnquist 2016c. But OK, as an example I have added a link to the government's own statement in the list of refs.

seekers plus assistance for them to return, when possible. Meanwhile the root causes of forced migration would be addressed through support for peace and democratisation. But when the 'new moderates' (the triangulating followers of the renewed conservative party) and liberals won elections in the early 1990s, they instead combined labor migration supported by business with liberal human rights supported by leftists.

Not just center-right governments, but also social democrats deprioritized over the years the struggle that the latter had initially committed themselves to against the root causes of forced migration and the efforts at a comprehensive refugee policy (first advocated by, among others, the Norwegian UN High Commissioner for refugees, leading social democrat Thorvald Stoltenberg). Subsequently, this retreat made it possible for right-wing nationalists to monopolize, for their own xenophobic purposes, the argument that the refugees should be supported in their own countries. In late 2015, the Social Democrat/Green party coalition government even debited much of the cost for attending to the refugees in Sweden to the budget for international development cooperation, rather than using it to, again, confront the fundamental reasons for why the refugees had to flee in the first place. In short, the mainstream social democrats' turnaround since the 1990s has demonstrated a total inability to develop an alternative international strategy to that of right-wing nationalism.

To numerous social democrats, this was a moral and political tragedy. The top leadership avoided a full-scale electoral disaster only by promising, at the eleventh hour, a new welfare scheme – after which they stayed in office by negotiating liberal support in return for marginalizing the basically social democratic-oriented Left party, reducing tax for the better off and committing to deregulate labor policies. The admirable aim was to hold back the right-wing national-populists, but there was still no firm international alternative to their xenophobic priorities. Leftist dissidents suggested Keynesian and more radical welfare policies at home – inspired by Bernie

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Sanders in the US, Jeremy Corbyn in Britain, Podemos in Spain and António Costa in Portugal – but avoided what here is identified as the global root causes, the need to internationalize Keynesian policies and the importance and potential of social democracy in the South. In short, the attempt at an internationalist restart collapsed.

Meanwhile, moreover, the new editor of the social democratic party's ideological magazine *Tiden* says international issues will be given less attention, and the party's think tank suggests the protection of refugees should be subordinated to the capacity to integrate immigrants and defend the welfare for ordinary citizens.

Another attempt?

Simultaneously a new ideological turn seems to be in the making among mainly younger political activists. Committed social democratic cadres try to reinvent the links between, on the one hand, the domestic problems of welfare, climate, employment and integration of migrants, and, on the other, their root causes in global dynamics. The party's new international secretary Johan Hassel points out that, the challenge is to communicate these links and suggest feasible policies. International development cooperation, for one, is disconnected from other policy areas. There is not even a social democratic policy for this. The party seems to be in need of a new international program if it was to regain momentum in the sense it can be seen to have had during most of the Cold War period.

Anna Sundström directing the Palme Center and Mikael Leyi [leading the social democratic Solidar Foundation on the EU level](#) concurs. Both emphasise the need to strengthen local partners in the South and surmount the insufficient capacity of unions and like-minded popular organizations by building cooperation between them. Support for alliances in the South need to be negotiated in light of the natural attraction among unions of mainly working with their own counterparts.

What can be done?

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Specified

Yet, how would it be possible to strengthen social democratic partners in the South? Senior scholar Göran Therborn (2012), for one, argues that the old conditions that shaped forceful Social Democracy in the North are not likely to develop in the South. But, while this is plausible, the obstacles identified in my research on efforts at new social democracy also point to new opportunities. They suggest four priorities.

The first is to focus on *broad alliances*. Historically it has been possible to overcome the dearth of broad class-based collective actors with campaigns for equal civic, political and social citizen rights. They served as a unifying frame for diverse interests among classes and social movements. Such an approach remains vital, including as an alternative to ethnic, religious and other forms of communal identity politics. More recently, it has also been possible to build broad alliances for mutually acceptable urban development, non-corrupt public service delivery and universal public health. This has unified and strengthened formal as well as informal labor, professionals, progressive politicians and others. In fact, alliances beyond the core labor organizations for universal welfare and inclusive economic growth were also how social democrats came to prominence in comprehensively industrializing Scandinavia.

The second focus should be promotion of *democratic partnership governance*. Reforms such as for better welfare, services and urban development call for state and government involvement, and coordination with business. Aside from weak union and employer organizing, a major reason why alliances for such reforms have been unviable is popular distrust in the state. How does one get there? Trust is mostly due to impartial institutions. An alternative social democratic approach to top-down 'good governance' reforms would be to add equal citizenship and representative partners in local governments as well as in business, labor and civil society organizations. (Svensson 2016) One may also learn from the fact that Scandinavian labor movements only toned down their own self-help in favor of universal welfare-state programs when allowed to participate in public governance, along with

business and other social partners. In contrast, the impressive Indonesian alliances for welfare and inclusive development withered when agreements and negotiations were not democratically institutionalized and inclusive of all concerned partners. Left-populist ideas of direct links between leaders and people did not help, quite the contrary. Actors returned to special priorities, transactions and confrontations.

Partnership governance may also be the best way to address the crisis of democratisation. Direct citizen participation is fine when issues can be handled in town hall meetings, but in other cases trans-regional partnership governance is needed. Parliaments and executive offices are basic, but the domination of elites must be balanced by democratic participation of stronger interest and cause oriented organizations. This may also boost their capacity to build more representative parties.

The third priority must be *rights and welfare based growth pacts*. The northern social growth pacts based on comprehensive industrialization are unrealistic in the South. The second-generation social democrats tried state-led industrialization and land reforms ahead of welfare, but were not very successful. The East Asian Tigers added production for global markets, but were authoritarian. Moderate third generation social democrats aimed at more democratic 'developmental states' that adjusted to global market-driven growth while adding anti-corruption and some welfare measures – but lost their way. Growth generated more inequality than jobs, corruption persisted, democracy stagnated and the welfare measures did not transform these dynamics. Coalition governments such as in Brazil, India and the Philippines fell, and those in Indonesia and South Africa beat a retreat. The studies I have been involved in suggest this may be overcome by resequencing social democratic development. Broad alliances for transformative rights and welfare reforms, along with partnership governance, might serve as precursors to social growth pacts. Firstly, by generating the necessary collective actors among labor and capital plus better governance. Secondly, by calling for reforms that contribute to

inclusive growth. Thirdly, by demanding more public redistribution than in the original model, to support survival along with balanced development and decent jobs in sectors that otherwise lose out in globalised markets.

The fourth priority would be *social democratic development cooperation*. This has lost steam since the 1970s. Even the Socialist International has split, and the alternative Progressive Alliance is short of a clear-cut agenda. 'National internationalism' after World War II was based on support for every nation's capacity to develop its own transformative policy. This was undermined by the rise of market driven globalisation and the failure to introduce NIEO. Social democrats found no other option but to adjust. The efforts to tame the negative dynamics under the third wave of democracy have petered out. The center-left combinations of market-driven growth and rights and welfare did not work well even in initially celebrated cases like Brazil. International agreements, including Agenda 2030, ignore how local progressives will be able to enforce them. Union driven efforts to export the first generation social democratic growth and labor market model ignore seminal differences between the North and the South, neglecting contradictions between formal and informal labor, and the need for broad alliances in favor of not just decent but also more jobs and associated rights and welfare.

This record of failure may be altered by international agreement on prioritizing support for (i) those CSOs, unions and coalitions that relate their priorities to broad alliances for democratic rights and welfare reforms and partnership governance towards sustainable growth; and (ii) studies of transformative reforms that may facilitate such alliances.

This is not about altruism but actual development cooperation. The revival of Social Democracy calls for the internationalization of its cornerstones – popular-interest collectivities, democracy, and rights and welfare based sustainable development. Quests in the North for more radical welfare policies and taxation of capital are necessary but insufficient to facilitate global Keynesianism and offer alternatives to

populist and xenophobic 'defense' against globalisation. This calls for progressives in the South who can overcome the enticing conditions for the super exploitation of nature and people in their countries.

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