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The Relevance of the Scandinavian Experiences

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Introduction

Chapter 1 identified the key dynamics of democratic transformative politics and argued that they can be exemplified by historical experiences in Scandinavia and contemporary Brazil. It was also observed that these dynamics of democratic transformative politics come close to the prescriptive conclusions in the book on 'Rethinking Popular Representation' (Törnquist *et al.* 2009). The question that follows from this discussion is whether such experiences of social democracy have broader relevance, especially in the Global South but also in North–South relations. This is the question that runs through this chapter as well as the three chapters that follow. The present chapter examines the Scandinavian characteristics and their possible relevance in wider contexts. In the subsequent chapters, Patrick Heller analyses common features of the new popular and social democratic-oriented politics in the Global South (Chapter 3) and Benedicte Bull compares previous Scandinavian and current Latin American links between the state and social movements (Chapter 4). Finally, Stokke and Törnquist supplement Heller and Bull's reviews of positive experiences with an analysis of paradigmatic failures of transformative politics in Indonesia and Sri Lanka.

Let it be clear from the outset: there is little to be learnt from the successful *outcomes* in cases like Scandinavia. Attempts to transfer full-scale socio-political models between different contexts are futile if it means that contextual preconditions and processes are ignored. Outcomes matter, but the focus should be on the dynamics of transformative politics that made the models real. As emphasized in Chapter 1, one needs to identify the stumbling blocks in challenging cases and then read these problems against similar historical processes in other contexts that had

more positive outcomes. Also, of course, one needs to address the problems of sustaining these previously positive processes under different global conditions.

In order to identify similar processes with more positive outcomes it is fruitful to examine the key transformative features of the 'Scandinavian model', especially with regard to the combined emphasis on economic growth and social welfare, and then proceed to study the contemporary challenges that stem from economic globalization, neoliberal governance and depoliticization of democracy. Only then will we turn to discuss the transformative politics that produced the model in the first place, while returning to the core issue of whether and how the historical and more recent political dynamics in the Scandinavian experiences might be relevant in the Global South and in North–South cooperation later.¹

The Scandinavian model: Social welfare and economic growth

The notion of a distinct 'Scandinavian model' has had a remarkably stable presence in academic and political discourse.² This model is assumed to contain a handful of key characteristics that are common across its contextual diversity. The basic political similarity is the social democratic politics of transformation that we pointed to earlier. Aside from the general egalitarian ethos, the political similarities include the emphasis on citizen-based democracy, the combination of liberal-democratic constitutionalism, democratic institutions for issue and interest-based representation and direct citizen participation, and the strong tradition of demands from below for universal policies from above, which together foster individual autonomy and strong nationwide popular organizations.

Based on these political pillars there are also key similarities with regard to policies and political outcomes. On the one hand, Scandinavian countries have been marked by a successful combination of state regulation and market capitalism that has yielded rapid economic growth and secured great affluence since World War II. Following from this economic model, the Scandinavian countries have come to be known for remarkably high material standards of living as measured in terms of GDP per capita and other economic indicators. On the other hand, and in spite of increasing liberalization and attempts to weaken it, the model is still characterized by comparatively comprehensive and universal welfare programmes that support both social

equality and economic efficiency while also fostering individual citizens at the expense of the family, and the charity of the Church and civil society organizations. This makes the social democratic welfare state distinctly different from the comprehensive but status-preserving Christian Democratic welfare state (e.g. France, Italy, Germany), and especially the minimalist liberal welfare state (e.g. the United Kingdom, the United States).

Beyond these idealized commonalities, Scandinavia contains a diversity of institutional arrangements and political dynamics. There are notable differences in the economic models, the character of the welfare state, the constellations of political forces, models of democratic representation and foreign policies. It can also be observed that although the Scandinavian states have arrived at a form of statehood with shared general characteristics, these are products of diverse political dynamics and trajectories. In addition, there have also been different interpretations of the model over time. This means it is crucial to examine both commonalities and contextual differences in the political constellations and dynamics behind the making and transformation of the model.

Contemporary changes and challenges for Scandinavian social democracies

The Scandinavian model is undergoing processes of change due to domestic and international political and economic challenges. The most obvious examples of international pressures – economic globalization and global neoliberalism – have reduced the political space for states to pursue autonomous economic policy, thereby challenging the politics of transformation and altering economic growth and social welfare policies. It can also be observed that general changes towards post-industrial society, growth of middle classes and associated individualism challenge the collectivist politics and policies of social democracy. During the neoliberal 1980s in particular, the original Scandinavian model was deemed obsolete and even semi-authoritarian since it was seen as fostering corporatism, reducing individual freedom and fostering the abuse of power and even repression (in a Foucaultian sense). The Swedish government-commissioned power and democracy research programme, for instance, was highly critical of the main facets of the model (SOU 1990). This critique lessened in the context of international economic crises from the 1990s, when the model of mixed economies combined with welfare states gained new credibility due to its capacity to ameliorate economic and social vulnerabilities. There is nevertheless no doubt that domestic and international pressures have transformed the

original model in a neoliberal direction and thus made it less exceptional in an international comparative context. In particular, we want to highlight four prominent tendencies of contemporary change in the Scandinavian model: adaptation to market-driven economic preconditions, alterations of the forms and scope of the welfare state, more polycentric forms of governance and weaker state authority.

First, it is evident that all the Scandinavian states have made adjustments in their economic policies towards increased emphasis on international competitiveness in the context of economic globalization. Such economic reforms may, however, take different forms in the Scandinavian countries than elsewhere due to institutional and political preconditions that are strikingly dissimilar from both continental Europe and North America (Jessop 2002). While innovation and competitiveness are promoted through market mechanisms with minimum regulation in the United States, state–market relations in the Scandinavian states may be more accurately described as embedded autonomy. Internationalization and competitiveness have long been a key concern for both Swedish manufacturing industries and Norwegian resource-based export industries. And much of the basic politics of the Scandinavian model was precisely to facilitate international economic competitiveness by way of a social pact between labour and capital, interest-based participation in governance and welfare policies to facilitate economic modernization and growth. Yet recent decades have seen a more comprehensive internationalization, reduced trust in democratically institutionalized forms of interest participation in governance, the emergence of new forms of governance based on partnership between the state and the private sector and a stronger focus on market-driven innovations. It is also the case that these structural transformations take different forms within the different Scandinavian states. The extent and character of privatization and public–private partnerships vary considerably, for instance between Norway, where state ownership of enterprises has had a strong legacy but is being replaced by partial privatization, and Sweden, where strong private corporations have coexisted with social democratic regulation for a long time.

Second, it is noticeable that the Scandinavian welfare states have undergone important changes, with heated political debates about both the extent of welfare coverage and the model for social welfare provision. While there are structural imperatives and neoliberal political forces that push towards reduced coverage and more privatized forms of delivery, it is also clear that the institutional legacies of the social democratic welfare state mean that what is emerging is a reformed

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version of this kind of regime rather than a fully fledged liberal welfare state. While all Scandinavian countries have gone through processes of reducing welfare spending, with variations in coverage and delivery models, the level of coverage and the legitimacy of the welfare state remain relatively strong throughout Scandinavia. One important factor here is that collective wage agreements, wage compression and welfare measures are also used to promote competitiveness and growth, thereby giving the welfare state a high degree of legitimacy across class divides.

Third, it can also be observed that state authority has shifted to the private sector and nongovernmental organizations across the Scandinavian region. This has created a common pattern of polycentric and network governance based on subsidiarity. It has also introduced private sector management principles (new public management) into the public sector. This emergence of neoliberal governance has meant a general depoliticization of public affairs and a weakening of popular democratic control of public affairs. These trends are well documented in recent power and democracy research programmes in Sweden and Norway. The most recent Norwegian study in particular identifies a general shift towards economic power and networks at the expense of political power (Østerud 2005). This study also points to a shift in the balance of power within the state, between the administrative executives and the elected political representatives, with increased decision-making authority in the hands of the former (e.g. semi-autonomous healthcare corporations in the public sector) while political responsibility and accountability remain with the latter. Related to these shifts away from democratically elected political bodies at all scales, there are also tendencies towards the weakening of popular movements while political parties are losing their popular base and becoming networks of political professionals. The Norwegian study thus concludes that there has been a general weakening of democratic popular control, extending all the way from the *demos* through political parties and mass-based organizations to the institutions for democratic governance of public affairs.

Fourth, it can also be observed that the state has been hollowed out vertically at the national scale as state authority is shifted to transnational institutions (e.g. the European Union) and to the local scale through decentralization. This has created a multi-scale form of governance. Again, this takes different institutional forms across Scandinavia due to diverse structural imperatives, institutional legacies and political dynamics. One example is that the Scandinavian states display very different foreign policies with regard to economic

integration in the European Union and security politics in the North Atlantic Treaty Organization (NATO). Whereas European integration creates a divide between the member states (Sweden and Denmark) and the non-member states (Norway) in the European Union, the geopolitics of NATO sets Sweden apart from Norway and Denmark. At the sub-national scale, it is noticeable that the extent and character of decentralization takes different forms. While Sweden has established a system of substantive devolution of power to the local political level, decentralization in Norway remains more administrative than political despite a strong emphasis on regional redistribution and development.

Despite these structural changes it is important to remember that the 'Scandinavian model' has largely survived the onslaught of neoliberalism, at least compared to radical liberalization programmes such as the one in the United Kingdom under Margaret Thatcher. The advent of neoliberalization in Norway in particular has been comparatively late, slow and piecemeal (Mydske *et al.* 2007). This can be explained by the institutional legacy of a strong state, the continued popular support for the welfare state, the absence of powerful governments with a radical reform agenda as well as economic prosperity based on state-managed oil revenues. Similarly, while national regulations have been altered in the face of globalization, a number of the democratic institutional arrangements have survived. For instance, old and new interest organizations and corporatist channels for involving them in public governance have indeed been weakened but remain crucial additions to liberal democracy. The same applies to a range of institutions for direct citizen participation in governance, such as physical planning in particular and most public services in general. Similarly, the influence of both trade unions and individual participation in workplace democracy and on working conditions has been challenged, for instance by outsourcing, but nevertheless remains crucial. And women's involvement in public life has increased substantially, due not least to the way the welfare state has supported labour market participation while feminist struggles have been taken up and supported by the state. Although this inclusion and participation could be seen as products of polycentric governance and individualization rather than democratic governance and corporatist interest representation, corporatist mechanisms have largely adjusted rather than being undermined and replaced by alternatives.

Within this changing continuity and broad-based support for the model, there are also critical scholarly and political debates about how to understand and develop it. One debate that is especially relevant to

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our discussion concerns the origin of the model, the political forces that have been driving its development and thus who can claim credit for its successes.

Most important, there is a historical–revisionist tendency to emphasize various deeper roots of the Scandinavian model (Andersson 2004, 2009). Several scholars have re-emphasized the importance of the structural and cultural background since the Middle Ages to the contemporary model, especially the relative absence of feudalism, the strong independent peasantry with egalitarian traditions, the weak private capitalist bourgeoisie (whose liberal ideas did not become hegemonic) and the related strength of the state (e.g. Berggren and Trägårdh 2006). Other historians and political actors of a liberal or conservative persuasion have added that the welfare state was in fact built on early and often local liberal and conservative-communitarian social welfare schemes, well ahead of the social democratic schemes that have come to characterize the Scandinavian model.

While it is of course true that the emergence of the Scandinavian model was structured by historical preconditions in ways that are important to study and learn from, these preconditions cannot provide a comprehensive explanation for the radically altered state forms that developed from the 1930s and onwards. In fact, there is little doubt that much of the late 19th and early 20th centuries were characterized by poverty, economic crises and social and economic conflict rather than anything resembling the class-based negotiations towards a combination of social welfare and economic growth that evolved in the following decades. It can also be observed that the aforementioned historical preconditions were highly varied between the different Scandinavian countries. Although there were fairly homogenous populations in all three countries, feudalism was present in Denmark, state-related landed and imperial nobilities were vital in Sweden, and the state and the private capitalists were weak in Norway, which were dominant in Denmark and Sweden. These observations support the argument that the main focus should be on how early conservative and liberal-oriented welfare measures were transformed into the Scandinavian social democratic welfare state model with its specific characteristics as compared to the liberal Anglo-Saxon and the conservative Central and South European welfare states. This transformation into a remarkably similar model in quite different countries was first and foremost shaped by parallel social democratic politics and policies, which were flexible enough to be adapted to different contextual preconditions.³

The relevance of Scandinavian experiences for the Global South

Is there anything to be learnt from Scandinavia? Many say that there is not. Two arguments stand out and deserve attention: one is historical; the other relates to current economic, geographical and sociological changes.

The first argument, which has already been mentioned, is that the Scandinavian model of transformative politics evolved and was dependent on the historical legacy of independent and quite egalitarian-oriented peasants rather than private capitalists and liberal bourgeoisie, territorially bounded economic systems, strong state regulations and conservative and liberal welfare systems. In this view, the Scandinavian preconditions are too unique for fruitful comparative purposes. However, while there is no doubt that there were a number of important historical conditions behind the emergence of the Scandinavian model, it was certainly social democratic politics that combined this historical heritage with a modern growth coalition based on universal welfare measures. This centrality of democratic transformative politics may also be relevant to contexts with very different social, economic and political preconditions.

The second argument is that the contemporary period is marked by economic, political and cultural globalization, creating different spaces and obstacles for the growth and welfare politics of the Scandinavian model. Thus capital (as well as labour) is much more mobile than it was during the formative period of the Scandinavian model, undermining the prospects for national fiscal and trade restrictions, growth-oriented pacts between labour and capital supported by the state and comprehensive social welfare programmes. Moreover, post-industrialism in the Scandinavian countries in particular makes large sections of the population more individualistic and hence less likely to engage in collective mobilization, especially class-based interest politics. These economic-geographical and political-sociological changes also affect, it is maintained, the Global South and reduce the relevance and transferability of historical experiences from Scandinavia. We will argue, in contrast, that globalization and the challenges of economic growth and democratization are making several of the original dynamics of transformative social democratic policies and politics more relevant. The following section focuses on the relevance of the Scandinavian model in the Global South while the concluding section discusses its potential contribution to North–South and international cooperation.⁴

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The first argument in support of the continued relevance of the Scandinavian model references what Berman describes as the 'primacy of politics'. It is evident that the fundamental historical argument about Scandinavian social democracy, inspired by Bernstein, has gained ground among both activist and scholars at the expense of Kautsky's earlier economic determinism and Lenin's revolution, namely that one must advance by way of democratic transformative politics (since capitalist development does not automatically pave the way for socialism) and that one can do it by way of democratization (because revolution is not necessary). Clearly the preconditions for this strategy are different in the contemporary Global South compared with the historical situation in Northern Europe, not the least due to the negative effects of colonialism and uneven development. Political obstacles to transformative democratic politics include persistent problems of authoritarianism and illiberal democracies. Authoritarian regimes survive or re-emerge in some states, for example China, Syria and Ethiopia. Elsewhere, the third wave of democracy has often been contained by powerful elites and abuses of power, while frustrated middle classes have looked to military support for 'law and order' (e.g. Thailand). Yet it can be generally argued that the space for political action and advances has been broadened in many parts of the world as pro-democracy demonstrations have succeeded in undermining authoritarian regimes and establishing at least formal democracies (e.g. Indonesia, Tunisia and Egypt). Elitist and even authoritarian structures no longer seem invincible.

The contemporary coexistence of liberal democracies and global market liberalism provides both political spaces and a social basis for popular movements. This may be seen as a parallel to the situation in the Global North in the late 19th and early 20th centuries, leading some scholars to label the current period as the second version of the 'Great Transformation' analysed by Polanyi (2001; Munck 2002). While the contemporary period is characterized by democratic openings, it is also true that most recent democratic transitions have focused on formal institutions and have been minimalist. Nevertheless, activists who want to foster more substantive and extensive democracy – where ordinary people can exert genuine control over public affairs and ensure that decisions taken to change relations of power and promote welfare are implemented – may move ahead by taking advantage of the political space that has emerged under poorly developed forms of democracy. Many popular movements that are striving to broaden and give substance to formal democracies have, however, been short of broad social bases, politically scattered,

organizationally fragmented and unable to win elections. But as 'people power' demonstrations are hijacked by well-organized mainstream politicians, who then also tend to win elections, an increasing number of activists may realize that a substantive and extensive democracy is closely linked to social and economic improvements for ordinary people (like jobs, social security and good education), both to make democracy meaningful and to build popular capacity to use and improve democracy to really control public affairs. It is citizen involvement in planning and budgeting for social and economic development that has reduced the abuse of power in Brazil and the Indian state of Kerala. More broadly, it is the struggle of social movements in coalition with political parties that has spearheaded substantive democratization in Latin America (Chapter 4, this volume). It is the demand for public welfare and democratic channels of influence for trade unions, business actors, activists and experts that has been at the forefront of democratization in countries as diverse as South Africa and Indonesia. It was more democracy that made peace and reconstruction possible in Aceh after the tsunami, in stark contrast to Sri Lanka (Stokke and Uyangoda 2011; Törnquist *et al.* 2011). And with these experiences and experiments in substantive and extensive democracy comes an increased interest in the history of successful social democracy projects such as those in Scandinavia.

Another reason for the increasing relevance of social democracy in the larger part of the world is the rapid economic growth of major powers such as China, India and Brazil. Here development is more uneven than in the classical developmental states such as South Korea and Taiwan. While several business actors and middle-class groups benefit alongside farmers and skilled workers, poor peasants are marginalized and agricultural and casual workers are left unemployed or underemployed. India's economic growth, for example, is based on services and advanced production rather than industries where ordinary people can find employment. A general problem in countries currently experiencing rapid growth is that the different sectors often do not support each other. This cements uneven development and deep inequalities. Moreover, the problem spreads to weaker countries, as cheap imported products undercut local industries and foreign investors exploit raw materials and use even cheaper labour. As a consequence, demand arises for investments that generate more jobs in combination with equal wages and social security. China is still short of a general welfare system, but social democratic governments such as Brazil have made some improvements. India too has implemented an at least comparatively universal scheme for rural employment.

A recent comprehensive report from the United Nations Research Institute for Social Development (UNRISD 2010) shows that efforts at combating poverty and inequality guided by the ideas of the IMF and the World Bank have often failed because power relations have been neglected. Successes rest instead with structural changes made through state-led economic growth on the basis of full employment in productive sectors and universal social security arrangements. This in turn has called for progressive coalitions of sufficiently powerful actors – and sufficient democracy with which to build them. For UNRISD too, then, Scandinavian social democracy serves as an important point of reference. But it is not the reinvented current versions of the Scandinavian social democracy, which prioritizes the adjustment of disciplined and skilled labour to market-driven globalization, that stands at the forefront. The main focus of interest lies instead in the successful combination of social welfare and economic growth that was initiated in the 1930s *against* aggressive capitalism and industrial conflict, economic depression and widespread outright poverty.

At this point it is important to recognize that the fundamental conditions for success in Norway and Sweden were not limited to the benefits of early Keynesian economic stimulation and favourable export markets, as tend to be emphasized by mainstream economic historians. It was just as crucial that these benefits could be sustained through central-level collective agreements between employers' associations and trade unions, with the support of the new social democratic government (Moene and Wallerstein 2006). These pacts are interesting in themselves, but since they cannot be exported to other contexts one has to focus on the underlying social and political dynamics, especially with regard to what was structurally determined and what rested with more or less well-thought-out politics. We shall soon return to some of the transformative politics involved, but first we need to add a few remarks on the logics of the pact itself and the preconditions.

The pact

On the one hand, Scandinavian trade unions won collective agreements with the employers on equal wages. This was to the benefit of the low-paid majority of the workers and casual labourers. It also created more jobs by increasing the competitiveness and expansion of the modern export industry as well as by enforcing investment and economic growth in weak sectors, thus making development much less uneven than is the case in many of the current industrializing countries such as India. As the tax basis increased, the wage earners also

gained basic welfare from the state, including pensions, social security, improved housing, education and training as well as unemployment schemes. They also came to influence the central and local governments' executive boards and commissions (and to some extent corporate boardrooms).

On the other hand, the dynamic entrepreneurs gained industrial peace, wage levels based on what companies exposed to international competition could pay and a public insurance system that took responsibility for social welfare and support to the unemployed – which in turn was a precondition for the flexible labour market and the chances of rationalizing production (without expensive conflicts) that promoted growth.

These agreements were made not to negate class struggle but to channel it through democratic institutions if possible, which also allowed for negotiations towards social and economic development. Thus economic growth and public revenues increased by way of comparatively equal wages, full employment, social security and more gender equality. It also meant that democratic regulation of society became more important to trade unions and related politicians than the issue of ownership.

Structural preconditions

Have these kinds of pacts become obsolete due to individualization and problems of collective action? We hold that the ongoing second 'great transformation' of neoliberal globalization produces socio-economic grievances and associated collective struggles with similarities to the formative period of Scandinavian social democracies. By the late 1920s, Sweden and Norway were dominated by aggressive capitalism and industrial conflicts, economic depression and widespread poverty. Neither the conservatives nor the left had any viable political and economic strategy for dealing with the challenges, which partly calls to mind the current situation of the left in the Global South. The main focus of our interest lies thus in the successful transformative politics that initiated and also benefited from the welfare-based growth that evolved in the 1930s. A number of the imbalances and conflicts were of course different from contemporary Global South, but not all. As in the rapidly industrializing countries in the South today, much of the dynamics of growth was related to the internationalized, modern parts of the economy, while a majority of the population remained in agriculture and other low productivity sectors. Also as in today's Global South, there were severe problems of unemployment and poverty among large sections of the population. Finally, it is also the case that the main competitors

in the provision of jobs and welfare – the Nazi and Fascist projects – had ethno-nationalist and communitarian components that call to mind some of the current challenges of communitarian politics in the Global South.

The transformative politics

While pointing to similarities between Scandinavia in the 1920s and 1930s and the contemporary Global South, it is clear that the preconditions in the South for similarly strong organizations, public institutions and positive government are less favourable. As shown for instance in Harriss *et al.* (2004) and Törnquist *et al.* (2009), substantial public resources have typically been depoliticized. Thus state capacity to implement policies has been weakened and democratic governance has become a matter of technocratic management. Polycentric citizen associations, social movements and fragmented trade unions have largely failed to renew deteriorating popular organizations and elitist parties. In short, freedoms have gained ground but democracy has been depoliticized and many conflicts have been dressed up as questions of identity and community. Yet poverty, conflicts and weak state capacity were the order of the day in Scandinavia too in the initial part of the 20th century. Most importantly, the development of the more favourable prerequisites was just as much about politics and policies as historically rooted structures. And once the latter conditions have been identified one may discuss ways of compensating for the lack of them.

In order to specify relevant experiences, the point of departure should be the careful identification of problems in other contexts so as to avoid repeating the mistakes of both the liberal and Marxian modernization schools that tried to export turnkey solutions from one context to the other. The first of two processes to which one may draw special attention is rooted in the relatively early development of universal welfare programmes in Sweden and Norway through the state and local authorities. This is in contrast to targeted and means-tested measures with supplementary self-help and education through civil organizations, which remain the predominant pattern in other contexts, including in the Global South. It seems important to understand the historical dynamics in Scandinavia in which the universal schemes evolved through authorities accountable to elected politicians and the representatives of issue and interest-based organizations, in spite of the fact that the short-term price for the labour movement was weaker popular organizations and parties than if these had been able to provide special

benefits to their members and supporters. The longer-term benefit, however, was that the popular movements themselves were able to contain the kind of 'special interests' that are so common in post-colonial pressure politics. The major gains were the focus on the 'common good' and the obvious chance of gaining support from popular majorities. This enabled the social democrats and more radical socialist allies to include not just permanently employed workers but also most of the casual workers, the unemployed, small farmers and business actors, and later on civil servants and private employees, with an ideology of turning Norway and Sweden into democratic inclusionary 'people's homes' based on solidarity and generalized welfare schemes in particular.

This may be of some interest to post-colonial countries with both substantial informal employment and an agricultural population that is threatened by exclusion and primitive accumulation. It may also add an important dimension to the discussion about when and how different welfare programmes may foster transformative politics. This was anyway how the social democrats succeeded in winning elections and in providing a viable alternative to the 'national-socialist' welfare programmes that gained popularity in many other countries during the 1930s and early 1940s. Some aspects of this way of confronting ethnic national chauvinism may be of interest today too, including in Scandinavia, with its own problems of accepting immigrants and Muslims in particular, but also in other contexts of sectarian politics.

Universal state support to the individual rather than the family (as in the less generous conservative welfare state model) or through the market and civil society (as in the liberal model adopting a system of means-tested basic subsidies) was also a matter of providing each and every citizen with as much substantive political equality and freedom as possible. In fact, a democratically controlled state was in this regard deemed to be a better ally of the working class (and later on middle classes too) than the family and church or the market and self-help civil society organizations. Freedom-seeking youth and women fighting for equal rights and independence were among the prime beneficiaries.

The second process relates more specifically to the challenges faced by most countries in the Global South – of poor popular organization and representation of interests and ideas from below. Remarkably, the initially quite fragmented and localized labour groups in Scandinavia – and almost as importantly the leading employers too – coordinated their respective organizations at an early stage. It is particularly interesting to read and explain this comparatively puzzling historical process towards

unification in view of the current fragmentation and polycentrism of various left-oriented groups in much of the Global South.

One case of transformative Scandinavian politics is especially interesting. The demands from below of various groups for the representation of interest and issue-based organizations in public governance (the so-called social or plural corporatism) did not just lead to favourable welfare and production-oriented policies. It also generated rules and regulations for collective representation, which fostered broad, national and democratic organizations. Neoliberal perspectives are now undermining this kind of interest-based representation in Scandinavia and its various related institutions. But for decades they did supplement both the liberal democratic general elections and the autonomous civil society organization that are often dominated by influential citizens and generate a myriad of lobby and pressure groups (Rothstein 1999; Trägårdh 2007).

A final and perhaps especially important factor in the Global South, where corruption is high on the agenda and many actors deem politics and democracy to be a major problem, is the Scandinavian development of and confidence in high state capacity. The combination of supplementary popular representation and a general right to information about all stages in the government of public matters fostered public spheres for cooperation, control and influence. This representation and freedom of information contributed to the containment of corruption and favouritism (Rothstein 2005).

Implications for global cooperation

Would the growing relevance of the historical dynamics of the Scandinavian transformative politics in the Global South be important in the North too? Would interest in the South affect the significance of the original model in Scandinavia itself? And would it be rational, within the framework of globalization, for Scandinavian social democrats to rethink their own international priorities in favour of partnerships with like-minded actors in the Global South? The answer to these issues depends on how Scandinavian social democrats analyse their own challenges and whether rethinking global engagements is deemed to be relevant at all. Interestingly, the Norwegian and Swedish social democrats illustrate two different responses.

In September 2010, the Swedish social democratic party suffered its worst electoral defeat in almost 100 years, while in Norway a red–green coalition government spearheaded by the Labour Party has managed to

maintain a stable majority government since 2005, following a devastating electoral defeat in 2001 due to conflicts between trade unions and 'New Labour' inspired neoliberal policies.

In Sweden, the devastating electoral defeat of the social democratic party forced the then party leader and party secretary to step down. There was a full-scale political crisis, there were no obvious successors and the new rhetorically leftist party leader was only elected in the face of deadlock among the main contenders. Short of substantive backing from leading party circles, and without the necessary qualities of his own, the new leader immediately failed and the party was left drifting in rough media waters. Inevitably, therefore, a new leader had to be brought in from the only remaining solid organization, the trade union movement; a new leader whose solid basis in working life, commitment to the welfare-based growth doctrine and clear-cut focus on the need for more jobs have at least prevented the ship from sinking, albeit still short of viable alternative policies, let alone a transformative strategy.

One could argue that this crisis is not unique within the European Union and that what has happened is that social democracy and the welfare state in Sweden have also finally lost out to neoliberalism and conservative populism. But the electoral defeat was primarily due to the lack of a convincing alternative to the conservative party's shift from neoliberalism to a reinvented version of the Scandinavian model in support of 'competitive hard working people', which, it was argued, would also foster core elements of the welfare state.⁵ The social democratic party was also unable to expose the fact that the exclusion of people 'who do not work' in the conservative reinvention of the welfare state undermines the growth-generating social pacts that have used universal welfare policies and comparatively equal wages to stimulate modernization, international competitiveness and thus also economic growth.

In Norway, the Labour Party made a remarkable comeback in the 2005 elections through a new alliance with the leftist and centre parties. This is commonly ascribed to the re-emphasizing of the Scandinavian model coupled with reforms to make the state and public services much more efficient and user-oriented.

The liberal explanation for the Norwegian success is that it is due to its huge oil revenue, but this is misleading. Just as early Keynesianism and good export revenues from trade with Germany were *not* the major reason for the rise of social democratic hegemony in Sweden in the 1930s but rather the way in which growth was sustained for decades by welfare policies and social pacts, the main reason for the strength

of the social democratic model in Norway is not the oil revenue itself but how it is used and governed. Norway is unique among the oil- and mineral-rich countries around the world in having avoided the 'Dutch disease' (spending too much oil revenue and thus undermining the competitiveness of non-oil industrial and service sectors), extensive rent-seeking and corruption. This can only be explained by the long tradition of social democratic politics and institutions (Mehlum *et al.* 2008).

The more serious issue is if the application of new public management regimes and subcontracting to reduce state expenditures and streamline social security and labour market regulations (to foster internationally competitive, post-industrial and knowledge-based business) undermines democratic and rights-based transformative politics. Internationally, there is also the risk that active Norwegian engagement in climate change mitigation, peace building and the promotion of human rights and 'good governance' is directed in such ways as to reduce the need for expensive environmental measures at home and to cater primarily to instrumental Norwegian economic and diplomatic interests abroad.

This contradiction may be avoided, but only if support for environmental protection elsewhere is combined with support for the necessary transformative *politics* to foster sustainable development, only if trade and investments are in line with local social democratic-oriented policies and only if like-minded local partners are supported by making genuine democratization fundamental to engagement in peace, human rights and 'good governance'. The crucial question is, thus, 'what would allow for such priorities'.

Current challenges and the need for global alliances

Given the widespread general critique of globalization, it is important, firstly, to recall that much of the historical transformative politics in Scandinavia did foster free international trade rather than resist it, except in the defence of small farmers during the much longer period that was needed for structural adjustment in agriculture. And in spite of neoliberalism, many middle-class voters and companies remain supportive of at least those parts of the welfare state that are to their own benefit.

Yet it must be admitted that current globalization does undermine the combination of welfare and growth policies within national borders. Post-industrial development in countries like Norway and Sweden reduces, moreover, the social basis of social democracy among workers and employees in industry and the public sector, while there are more

and more entrepreneurs, experts and service sector employees. The latter groups, it is often argued, can regulate social relations on their own without strong parties, trade unions and representative democracy. All they need, the argument goes, are laws, rights, their own civil societies and direct participation.

However, even if the working class is reduced in Scandinavia it is expanding together with dynamic business actors and large populations of poor people in many countries with rapid economic growth. If vested interests in profit and consumption continue to dominate this process without relevant regulations in the new growth countries, it means that uneven social and economic development combined with environmental destruction will continue in the Global South. But a further consequence may also be that there will be less investment in countries like Norway and Sweden, reduced tax incomes to finance the welfare state, surging inequalities and problems of unemployment, a number of environmental challenges and economic refugees. In this way it may also be increasingly difficult to maintain strong trade unions and other organizations as well as related parties, all of which have been crucial for the welfare-based growth and the development of inclusive forms of democracy. Such forms of democracy have included not only elections but also the separate representation of various ideas and interests, and this has in turn been important in the development of state capacity and trust in public institutions.

In Scandinavia this should be a concern not only for the core social democrats and socialists but also for middle-class citizens and those business actors who seem to be interested in sustaining those parts of the democratic system, welfare state, economic growth and nature that they already enjoy. For some common platform to emerge, however, there is a need for innovative politics towards alternative structural reforms, environmental policies and renewed welfare systems. And most importantly, this must be developed as part of common international interests in developing democratic transformative politics with like-minded partners in the Global South.

Notes

1. The standard references in English about the development and character of the Scandinavian model, which we shall draw on throughout the chapter and only add supplements to when necessary, include Esping-Andersen (1985) and Przeworski (1985). For comparisons with Germany, see Berman (2006), with the United States, Swenson (2002) and with other welfare states, Esping-Andersen (1990).

2. While Hilson (2008), for instance, speaks more generally about a 'Nordic model' that also includes Finland and Iceland, we are limiting this discussion to the Scandinavian countries of Denmark, Norway and Sweden where the transformative social democratic politics have been quite similar, especially in Norway and Sweden.
3. This discussion about the historical making of the Scandinavian model has gained additional relevance in a situation where political parties across the spectre from left to right proclaim their support for the welfare state while advocating different positions on the past, present and future of it. Some of the learned discussions mentioned above have been utilized by Scandinavian conservative parties as well as ethno nationalists, in addition to their European partners, in virtual campaigns to claim that they embody the very roots and core aspects of the Scandinavian model – in terms of supposedly unique Nordic cultures, rationality and work ethics. This is not just fostering right-wing populism. It also legitimizes the redefinition of welfare state measures, labour-market regulations and economic policies in favour of adjusting labour (including those without jobs and the pensioners) to increasingly globalized business and market priorities as well as to provide extra benefits and tax reductions to those in demand and those who adopt and abide. The Swedish neo-conservative government has been particularly successful in this respect, at the time of writing also boosting and trading its revisionist 'Nordic model' to Norway, Britain and Europe at large. This is of course in sharp contrast to the original model of strengthening the position and collective rights and organization of labour on the basis of inclusive citizenship and extended democracy against the negative aspects of capitalism in ways that promoted modern social and economic development generating resources for further advances. As these transformative elements of the model have been increasingly neglected for decades by the leading social democrats too, no real alternative has so far been provided in Sweden while certain attempt have been made since 2001 in natural resource rich Norway.
4. This and the following section draw extensively on Harriss *et al.* (2004), Törnquist *et al.* (2009) and Törnquist's contribution to Chandhoke *et al.* (2012).
5. The reinvented welfare policies are quite different from the equality-oriented social democratic politics and policies that shaped the original Scandinavian model. They combine, on the one hand, the conservative, paternalistic and often Christian Democratic model from the dominant continental countries of the European Union that provides social security in proportion to people's status and income, and, on the other hand, the much more liberal model in the Anglo-American world that features minimal and targeted social security, primarily through market provisions and supplemented by self-help and charity in civil society.

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