Nordic Europe's policy leadership


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CHAPTER 6
Nordic Europe’s Policy Leadership

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Introduction

The release of a pamphlet in 2005 extolling the merits of social democratic Sweden by the energetic Compass grouping in the British Labour Party came at an important time, given that Prime Minister Tony Blair would soon step down and the precise policy stance of his successor, Gordon Brown, was yet to be determined. The Compass grouping has since issued quality publications calling for a new approach to political economy, and critically assessing the shortcomings of the Blair government in reducing inequality. Various studies demonstrate the continuing extent of social policy provision and achievement in particular parts of continental Europe. These suggest that there is much that Anglo-Saxon “liberal market” economies can learn and borrow from the success of the northern European “social market” economies, particularly in tackling inequality. The EU and many of its continental member countries, especially in Scandinavia or Nordic Europe, continue to pursue substantially different economic and social policies from the market liberalism which predominates in the English-speaking world. This chapter explores aspects of this policy distinctiveness, its context and its significance.

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1 Parts of this chapter have been previously published in my contribution to Langmore, J., To Firmer Ground: Restoring Hope in Australia, Sydney, UNSW Press, 2007, pp. 117-120.
5 For example, see Pontusson, J., Inequality and Prosperity: Social Europe vs. Liberal America, Ithaca, Cornell University Press, 2005, passim.
Scandinavian Policy Achievements

The nations of Scandinavia, or Nordic Europe, provide particular and living proof that economically successful, socially fair and environmentally responsible policies can succeed. The four principal Nordic nations (Sweden, Norway, Denmark and Finland) are consistently assessed as among the most economically efficient or "competitive" nations in the world by the World Economic Forum. They also consistently rate as the most equitable nations in terms of income distribution. Sweden, which has the largest population of the Nordic nations, is much more equal than Australia and Britain and twice as equal as the United States, according to the Luxembourg Income Study.\(^7\)

This mix of strong economic performance and relatively equal income distribution makes a big and positive difference in many facets of life. While there is a strong work ethos and commitment to "productivism", working hours remain within reasonable limits for work/life balance. In 2005, workers in Australia worked on average 1,811 hours a year, compared with 1,360 hours in Norway, 1,551 in Denmark, and 1,587 in Sweden, according to Organization for Economic Cooperation and Development (OECD) data. These countries also pay attention to the working environment. Positive environments, in which workers have reasonable variety and the chance to work in teams, maximise employees' morale, commitment and output. Particularly successful Nordic corporations such as Volvo and Scania are associated with innovative workplace design and a high quality of management, which involves proper consultation with workers.

The Nordic nations are notable for driving child poverty down to unparalleled lows and enshrining the rights of children; comprehensively tackling housing and health inequalities; improving gender equality and providing family-friendly workplace arrangements, including twelve months’ paid parental leave, a minimum of two months of which must be taken by fathers; fostering knowledge through high levels of private and public investment in research and development; being generous aid donors to the world’s poorer nations and taking in asylum seekers at relatively high rates; adopting a thorough and serious approach to democratically tackling long-term policy issues in a way which involves the different sections of society; leading the push within the EU for action to cut greenhouse gas emissions by 20% by 2020; and developing renewable sources of energy (Denmark, in particular, is a world leader in the use of wind power). There is much that Australia and other countries can learn from the Nordic nations’ successes in these fields.

\(^7\) Assessed via the ratio of the disposable money income of people in the top 10% to the disposable money income of people in the bottom 10%.
While there were setbacks to the Nordic nations in the international economic recession of the early 1990s, they have continued to hold on to values such as universalism, full employment and equality. These values have helped rather than hindered these countries resume their strong overall economic, social and environmental performance since that time.

As Swedish scholar Dr Jenny Andersson writes (specifically in relation to Sweden), most people there continue to emphasise the interdependence of growth and security. The Swedish word for security, trygghet, has a broad meaning that goes beyond issues of material concern and refers to notions of comfort, wellbeing and belonging. In Sweden, security is still regarded as a precondition of change, whereas in the United States, Britain and Australia, the greater dominance of economic liberalism requires individuals to be induced and coerced to accept change as a precondition of security. This is a very important difference. The international evidence is that the Nordic approach is more beneficial socially than elsewhere.

The four main Nordic nations have the world’s highest labour force participation rates for women. In all four nations, the labour force as a proportion of the population is higher than it is in Australia. Unemployment, including hidden unemployment, is still a problem in the Nordic nations, as in Australia. However, mainstream political and policy debate in these countries goes beyond the narrow official measurements of unemployment to confront the broader problem of joblessness. This confirms the quality of the democratic discourse and the breadth of policy ambition there. Those who are not employed in Nordic countries benefit from far more comprehensive and higher quality skills training than do Australian unemployed people at present. These countries, moreover, do not suffer the serious vocational skills shortages which have emerged in Australia as a result of a decade of inadequate public and employer investment in training.

The universal approach to welfare provision in Nordic Europe also guarantees a decent minimum income for all and prevents the spiralling hostility towards some categories of welfare recipients which occurs in countries with more selective and minimal welfare arrangements. There continues to be widespread public support in the Nordic nations for equality, for a strong welfare state and for taking the “high road” to prosperity. The resilience of these distinctive nations rebuts claims that “globalisation” is eliminating all policy options for nation states.

In three of the four main Nordic nations – Sweden, Finland and Denmark – manufacturing for export continues to be economically important and supported. The Norwegian economy, by contrast, is like Australia’s in that it relies much more on resources. However, unlike
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Australia, Norway uses its present resource riches wisely, building up reserves to ensure that it will be able to benefit from those resources in the much longer term. Norway aims to sustain its national inheritance, in line with the legacy of its former long-serving Prime Minister, Gro Harlem Brundtland, who led the preparation of the landmark 1987 international environmental report entitled Our Common Future.

Many other EU continental member countries are more advanced than English-speaking countries in important policy areas, too. One clear example is the extent to which workers' rights to participate are embedded in formal arrangements across almost all of the continent. Germany, meanwhile, is the world leader in developing solar energy despite having much less sunlight than, for example, Australia. Even the Business Council of Australia, in a recent policy statement on innovation, has acknowledged the success of the “Nordics”, in marked contrast to its critical response to a major Australian trade union report on Scandinavian policy achievements in 1987. These findings are relevant for both the British Labour Party, and the Australian Labor Party, to consider.

Demographic Challenges to European Social Democracy

However, soon after the Compass pamphlet on Sweden was published, the Swedish Social Democratic Party (SAP) suffered a rare national election defeat. Despite this defeat in 2006, and challenging demographic and political developments which lie ahead, there are good grounds for thinking that Sweden and the other Nordic nations have a future of continuing to be a social democratic alternative to market liberalism.

The defeat of the Social Democratic Party in the 2006 Swedish national election was newsworthy precisely because it is so unusual for one of the most successful political parties in the world to lose an election. Having governed for 65 of the preceding 74 years, the SAP built up an egalitarian, welfare-orientated society in Sweden which also performed very strongly in economic terms. The extent to which its opposing parties had to concede policy ground to have a chance of beating the Social Democrats and its allies shows how left-of-centre parties can, with clear ideas and purpose, set the terms of policy in developed nations.

No other party has governed for more than two consecutive terms in Sweden since 1932. The last such government held office for just one

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term, despite coming to power in an atmosphere of serious economic crisis. This was not the situation in 2006. Four parties had to come together in 2006 in a new so-called “Alliance for Sweden” to very narrowly defeat Göran Persson’s government after 12 continuous years in office.

Many people changed their vote because they were tired of the party leader. In addition, the Alliance parties tactically outperformed the Social Democrats in policy areas in which social democracy has traditionally been strong, such as employment policy. Voters did not, however, reject the fundamentals of the welfare state and of equality.\textsuperscript{10}

The new (Reinfeldt) government has quickly slipped up and lost support. On past precedents and present performance the new centre-right Government seems unlikely to achieve major changes to Sweden’s distinctive combination of economic prosperity and social equality.

The Swedish Social Democratic Party has very strong reserves of participation on which to draw to reverse this unusual setback in its electoral fortunes. These include the 80% of the Swedish workforce in trade unions, which is exceptionally high by world standards. This, of itself, is likely to help the SAP to return to government sooner rather than later and to resume its leading and progressive policy role. Mona Sahlin, the new leader, is now energetically reconnecting the Party with its grass roots and leading renewal of its policy agenda; and at the time of writing the SAP holds a substantial poll lead over the Reinfeldt Government.

Whatever the term “Swedish model” really means, and however much the model may have declined since its golden days, the fact remains that Sweden is still playing an important role of international policy leadership. It is true, as Jenny Andersson points out in her recent book, that “much of the international literature surrounding the ideological change of contemporary social democracy has tended to see Sweden as a kind of resilient, inherently welfare statist society, built on corporatism, social consensus and a persistent \textit{folkhem} ideology”.\textsuperscript{11} In part, this is because “Swedish social democracy has not developed a third way discourse to the same extreme as Britain has [but has] instead […] held on to values such as universalism, full employment and equal-


ity". However, as she also correctly writes, "whereas this is true in the relative sense, that is, in comparison with the more radical changes in social democratic ideology that have taken place elsewhere, it is not true that Swedish social democracy has not changed nor that Swedish welfare policies have not changed in the last decades".

There were indeed serious changes to traditional Swedish social democratic ideology going on in the early 1980s. There was a turn to neo-liberalism then, which did involve "an Anglo-Saxon discourse historically alien to Swedish political thought". It "contained unmistakable traces of the incentives discourse put forward by the Swedish right" and it "seemed to mark almost a complete turn around in Swedish social democracy's outlook on social policy". These changes paralleled - although they did not go as far as - changes which were occurring under a Labor Party government in Australia at the same time.

Yet, nevertheless, as Jenny Andersson has also pointed out, "in the late 1990s and early 2000s, the SAP tried to reconnect to its historical articulations and break with the legacy of its third way experiment. Once again, party rhetoric contains echoes of post-war discourses". This attempted reconnection has not removed all ambiguities in Swedish social democratic ideology. Clearly the party did not convince many of its former supporters in the 2006 election of where it wanted to take the country in the future. However,

Sweden has emerged on the other side of the 1990s as a fairly solid welfare state. The Swedish third way was a hesitant experimentation with a new social democratic language around economic and social affairs based on choice, cost efficiency, and individual responsibility. It never went as far as, for instance, its British equivalent.

Nor did it go as far as Australian Labor's acceptance of neo-liberalism, for that matter. The Australian Labor Party (ALP) did not find it possible until 2007, with its assertion of the needs of "working families", to reconnect with important elements of its traditional philosophy and to step back from the neo-liberal turn which it took in the 1980s.

12 Ibid.
13 Ibid. Emphasis added.
14 Ibid., p. 119.
15 Ibid., p. 121.
16 Ibid., p. 123.
17 Ibid., p. 9.
This contributed to the length of time it spent out of government and the four consecutive election losses it suffered from 1996.

The Swedish people have not voted in favour of more inequality of the kind which exists in the United States and in other parts of the English-speaking world. Swedish social democracy has achieved things which are worth preserving. A majority of the Swedish people want to preserve them. The SAP now needs to articulate more clearly its vision of how to preserve those achievements for the future.

In the other Nordic countries, a conservative government was re-elected in Denmark in 2005 and 2008 (very narrowly). Under Prime Minister Anders Fogh Rasmussen it has enforced strict anti-immigration measures with the support of the far-right People's Party. In Finland, meanwhile, the Social Democratic party became, after the 2003 election, the junior partner in a coalition led by the rural Centre Party, having previously led the preceding Coalition government. It subsequently performed poorly and left government altogether following the 2007 election.

These trends have led to suggestions that traditional characteristics of the Nordic nations may be undergoing significant change. Norway, however, returned to left-of-centre rule in the 2005 election. While the Social Democrats are currently out of power in Denmark and Finland their policy legacy and approach persists there, as it does in Sweden.

**French Political Developments**

Among other political developments which may affect the future of European nations continuing to provide some social democratic alternatives to market liberalism was the Socialist Party’s improved showing but eventual defeat in the 2007 French Presidential election.

In that election, the Socialist Party’s candidate made it through to the second ballot but was then defeated. The campaign by Nicolas Sarkozy against “illegal migrants” and their children, designed to court former Le Pen voters, is reminiscent of former Australian prime minister John Howard’s moves against asylum seekers in 2001. These actions were undertaken to win back people who had voted for Pauline Hanson’s One Nation Party in Australia in 1998.

The French Socialist Party’s opposition to the measures was muted in the same way the ALP’s in Australia was, due to its discomfort about possibly alienating its traditional supporters. Under Ségolène Royal, the French Socialists even for a time seemed to be trying to match and thereby neutralise Sarkozy’s push for Le Pen supporters.

French Prime Minister Lionel Jospin’s Socialist Party, in office from 1997-2002, had not moved to the right to the same extent as his British
counterpart Blair had. It must be recalled that François Mitterrand as president from 1981-95 had already overthrown the left’s traditional economic policy approach in France, much as Bob Hawke and Paul Keating had done to Australian Labor in much the same period (1983-96).

One of the parallels between Australian and European politics since the 1990s has been the rise of support for far-right parties and policies hostile to immigrants and refugees. Economic policy changes made by the mainstream left-of-centre parties (the Socialist Party in France, the Labor Party in Australia) when in office in the 1980s and 1990s may have contributed to the subsequent rise of support for far-right “populist” parties including among blue-collar voters, and to the adoption of hostile policies towards immigrants and refugees by established right-wing parties to the continuing electoral detriment of the mainstream left.

The negative EU constitutional referendum outcomes in France and The Netherlands are comparable with the rejection in 1999 of the referendum for a proposed constitutional change towards an Australian republic. In all three cases, normal voting allegiances fragmented and odd political bedfellows found themselves arrayed on the Yes and No sides, each with subterranean political concerns. What they all shared was a grievance that stemmed from the imposition of an “elite”-determined proposal, with these feelings proving decisive in the outcome, more than the formal question being put.

Charles Sowerwine, an Australian-based historian of France, has suggested that the class-based politics of France in the 1980s has given way to race-based politics with the incorporation of France’s previous “other”: the Communist Party.

Natalie Doyle argues that the vote to reject the new European Union constitution in 2005 in France occurred partly because of a fear that “a new Europe has been created and the French electorate feels it was not consulted”: in particular, it feels railroaded by the attempted imposition of neo-liberal EU arrangements based on an “Anglo-Saxon” model which does not satisfy the desire to preserve France’s social model.

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21 Notes made from Dr. Doyle’s speech made to The University of Melbourne’s CERC conference when presenting her paper “The Significance of the French Electorate: Rejection of the Constitutional Treaty”, December 2005.
Doyle has further argued that the vote to reject the new European Union constitution in 2005 in France,

whilst still reflecting the views of traditional opponents of European integration [...] also manifested a new kind of opposition from the young and the educated: pro-European hostility. Faced with what it perceived as the arrogant assumption by its political elites that to be pro-European could only mean voting ‘Yes’, the French electorate, as in the presidential elections of 2002, sent a strong message to its political leaders. This message expresses profound dissatisfaction with the failure of French political elites to address national problems and their tendency to use the European Union to escape responsibility.22

A wave of riots in disadvantaged urban areas of France in November 2005 had highlighted that nation’s continuing failures to give immigrants from different racial backgrounds sufficient opportunities. Another wave of riots in France, by students on campuses in Paris and throughout the nation during March and April 2006, were specifically against moves to remove employment protection for young workers. These moves were seen as part of the imposition of an “Anglo-Saxon” economic model and hence were vigorously and successfully resisted.

French President Jacques Chirac, in response to criticism of higher unemployment in his country than in Britain, explicitly rejected the notion that the British model is one that France should envy: “Certainly, their unemployment is lower than ours. But if you take the big elements in society – health policy, the fight against poverty [...] spending involving the future – you notice that we are much, much better placed than the English”.23

Whatever his motives may have been, Chirac was factually correct in pointing out that France spends significantly more of its annual income than Britain does on education; and that British children are more than twice as likely to live in poverty than French children.24

Charles Sowerwine wrote two consecutive newspaper articles in Australia previewing the 2007 French Presidential election. These pieces drew pithy parallels between French and Australian politicians and cast the French political scene of the time as a re-enactment of the 1998 Howard vs. Beazley Australian election. He memorably described Nicolas Sarkozy as “John Howard with a charisma implant” and his opponent in the presidential elections, Ségolène Royal as “Kim Beazley

22 Ibid.
with a policy implant, plus an extreme makeover”. On the question of image, Sowerwine draws attention to the importance of Sarkozy’s promise to a public meeting in a poor Paris suburb in October 2005 to clean out the “scum”, “gangerine” and “thugs”. When two young men who were hiding from police, were electrocuted in an electricity substation two days later, riots broke out. As his piece explains:

Sarkozy thrived on accusations that his comments had provoked the riot. He repeated the words on television. Like Alan Jones [a highly controversial Australian radio journalist] during the racial riots in Cronulla, Sydney, he was, as Howard put it [...] just articulating “what a lot of people think”. His approval rating shot up 11 points.25

Although the Socialist Party protested that Sarkozy’s dismantling of community policing initiatives contributed to the riots, his “tough image won voters from the National Front. Sarkozy may not have put forward much specific policy, but he made his intentions clear, indicating a direction that:

the French call neo-liberal and we would call Thatcherite [...] That means French contemplate such a rupture suggests a crisis of confidence. France has undergone a series of shocks, leading to questioning of the “French model” [... yet] the French remain attached to the social achievements of the 20th century and the model of a strong state with a solid welfare base. Anglo commentators often point to high unemployment [...] and high taxes, but most French have jobs and love their security; all French love their efficient public transport, high-speed trains running like clockwork at 320km/h, efficient urban planning, fine health services and excellent state primary and secondary schools.26

Sowerwine goes on to list many of the achievements of the French social model, such as accessible and affordable child care, five weeks of annual leave and of course, the 35-hour week. He notes that working age French people are placed eighth in the OECD for workforce participation. This compares favourably with New Zealand, Britain, the US and Australia, which is ranked in twenty-second place. Drawing conclusions from these observations, Sowerwine cites a Deutsche Bank Research report that makes an explicit link between “supportive state policies” and higher-than-average female workforce participation. Bringing these disparate elements to bear on his analysis of the failure of the EU Constitutional Treaty referendum in France, he explains: “The strong state that provides all this is under threat in a globalised world and a European Union that [to some extent] pushes Thatcherism, a ma

26 Ibid.
reason why the French voted 55/45 against the EU constitution in 2005".27

Sowerwine further analysed Nicolas Sarkozy’s election victory, concentrating on his ability to “garner” the right wing and, more particularly, the extreme right wing vote in France. This was done by being seen to “[talk] tough against those of North African origin” while promising “never to sink into the demagogy of apologising for colonialism”. These two elements were sufficient to secure for Sarkozy the votes of the eliminated far-right candidate, Jean-Marie Le Pen. This is, in essence, a “dog-whistle” racially based political discourse and parallels John Howard’s description of refugees as “that kind of people”.

Turning his analysis to the use of the media, Sowerwine notes that

Sarkozy has been pilloried in the equivalents of the [Australian] Fairfax Press [and] likened [...] to the wolf in Little Red Riding Hood.[...][He] speaks to dissatisfied people on commercial media, as John Howard speaks through the Murdoch press and talk-back radio; [Ségolène] Royal speaks through other media. Comments on pedophilia or colonialism cause Sarkozy trouble, but only in the media he does not use.[...] But [even if] people under 24 do need jobs and aren’t getting [and] would [arguably] benefit from the Anglo policies Sarkozy represents, [...] how many French believe the young would benefit enough to make up for insecurity after age 24? Expect trouble if he wins. [...] Gaullism is dead and no one knows what will replace it.28

After Sarkozy won, Dr Philippe Marlière, senior lecturer in French and European politics at University College London, in reviewing the election result, wrote about how

An eclectic coalition cheered the election of Nicolas Sarkozy [...] seeing him as] the man who will introduce a good dose of Thatcherism in France [...] proponents of the Anglo-Saxon “free market” model hope that Sarkozy will put the Left in its place. And who knows, maybe he will convert the French to the neo-liberal agenda that, so far, a majority of them have stubbornly rejected.

Marlière notes that French workers have succeeded in maintaining the French social state in the face of concerted attacks over the last 15 years. Sarkozy’s victory points to the inherent contradictions associated with an election victory based on a populist appeal to the right wing. Which part of the right-wing agenda will the French President seek to make his own, and how will he square it with French egalitarianism? A right-wing nationalist and anti-immigration voter is not necessarily an enthusiastic supporter of free-market liberalism, after all.

27 The Sunday Age, Melbourne, 6 May 2007.
28 Ibid.
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Will Sarkozy emulate Margaret Thatcher and tame the French trade union movement? Will he manage to undo French labour laws or undermine the right to strike? Will he, in short, break the strong egalitarian ethos of French society? And, if he is successful, will the Socialist Party finally cease to be “socialist” altogether and come into line with Britain’s post-Thatcherite New Labour?

It is too early to answer these important questions. However, [...] Sarkozy’s politics are totally at odds with the more egalitarian, secular approach of mainstream French politicians [...] Sarkozy has appealed to large sections of the working class (some of them being former National Front voters [... yet] it seems unwise to jump to the conclusion that popular support for the right represents an adherence to Sarkozy’s free-market policies.

It is clear that Sarkozy’s strong stance on immigration, law and order and national identity has appealed to working-class voters. It is far less obvious that the same voters would approve of the policies of economic deregulation, or back the dismantling of the social state. Sarkozy shrewdly talked about the “right to work more and to earn more”, an indirect attack against the 35-hour week implemented by the Socialists.²⁹

Australian Prime Minister John Howard promised when first elected in 1996 that “no Australian worker will be worse off” under his Government. His rhetoric about wanting Australia to feel more “comfortable and relaxed” and his conservative cultural policies all gained some workers’ support. However he fell badly behind in opinion polls as soon as Kevin Rudd became ALP Leader and he then lost the 2007 national election, in large measure because of his Government’s introduction of an industrial relations policy which heightened insecurity and reduced fairness. Marlière goes on in his analysis of the French Socialists’ 2007 defeat to argue that “Royal did not consistently attempt to underline the correlation between free market policies [...] social insecurity [...] while] the sectarianism of far-left parties that failed to unite in the first round played an important part in demoralising left-wing voters”.³⁰

The French Socialists nevertheless rebuilt their standing compared with the 2002 Presidential election when the Party failed to even make it into the second ballot. Sarkozy’s victory was only by a few percentage points. The Socialist candidate polled 47% in the second round of the 2007 Presidential election.

Sarkozy started off as President in a very inclusive fashion. He appointed Bernard Kouchner, a person with a left-wing humanitarian background as his Foreign Minister, and put forward Dominique Straus

³⁰ Ibid.
Kahn, a socialist, as France’s nominee to head the International Monetary Fund (IMF). However, he suffered early setbacks in local elections in March 2008 in which the Socialist Party performed strongly. It is likely that Sarkozy will take steps which seriously undermine France’s “social model”, and which threaten French workers’ rights and conditions, as Howard did in Australia. If and when he does so, France’s Socialist Party can expect support to return to it as economic questions again become more central for voters. This will particularly be the case if differences between the main parties on these questions become more clearly articulated.

**Economic Inequality and Politics**

This brings us back to the Nordic nations. Sweden stands out as one European country in which a far-right party opposed to migrants and refugees has not developed to the same degree as other countries, including France. Although the Swedish Democrats Party does show some characteristics of far-right parties elsewhere and its potential to grow further should not be underestimated (a matter, in itself, of some concern), nevertheless it has not become strong in Sweden at the national level as similar parties in other countries have.

There is interesting evidence that strong welfare states reduce the likelihood of far-right parties arising.\(^31\) Jens Rydgren meanwhile has highlighted how in Sweden the continuing salience of class-based economic issues and a clear divide between the parties on those issues has in the past prevented a far-right party gaining ground on cultural questions.\(^32\) Therefore, re-establishing the Social Democrats’ traditional credibility on employment issues becomes a crucial priority not only for the party to win back office but also to prevent the further escalation of ugly racism in politics.

A European Commission Vice-President, the Social Democrat former Swedish Social Affairs Minister Margot Wallström, in the wake of the French and Dutch votes to reject the proposed new European Union constitution during 2005, called for the EU to become more democratic.\(^33\) Wallström also stated that an obstacle to creating a better connection between the EU and Europe’s citizens is a lack of any “common narrative” about the actual nature of European integration:

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33 Reported in *The Age*, Melbourne, 15 October, 2005.
"the real problem in Europe is that there is no agreement or understanding about what Europe is for and where it is going".  

It is appropriate that initiatives for the EU to become more democratic should be made by a Swedish social democrat. Sweden was a late and reluctant entrant to the EU because of the assumption in Social Democratic circles that Sweden had little to gain from integration: "No only was it richer than the [then] EC, [but] the latter was also characterised as ‘conservative, capitalist and Catholic’ – that is, incompatible with Swedish Social Democracy’s fiercely rationalist egalitarianism".  

In 2003, in their referendum, Swedes rejected adoption of the euro because of their desire to maintain the higher-than-EU standards which had been achieved in their country.

Their record on aid donation and rate of acceptance of asylum seekers tends to counter suggestions that the Nordic nations’ egalitarianism is linked to their ethnic homogeneity. Approximately one million of Sweden’s population of nine million were born overseas, concentrated in particular centres like Malmö. The proportion of immigrants and their children is growing and will continue to grow. It is an important question as to whether social democracy can be as strong in a Sweden which is becoming more multicultural than Sweden has been in the past. In my interviews during 2007 with Social Democratic political and trade union officials in Sweden and Norway I found them to be very committed to ensuring that the growing numbers of migrant workers in those countries receive proper wages, conditions and union coverage.

In Sweden, to the extent that there has been public defiance of an "elite" imposed agenda it has been to resist moves to erode the strong welfare state and Scandinavia’s distinctive high road to prosperity and equality.  

The bi-partisan approach taken in Sweden in response to the financial crisis of the early 1990s to intervene and restore strict regulation is also now being discussed as instructive for the United States to emulate in response to the September 2008 crisis on Wall Street which resulted from excessive financial deregulation.

Conclusion

Barack Obama has now become the 44th American president, historically overcoming racial barriers in that nation and strongly criticising the extent of America’s economic inequalities and the effects of financial deregulation. Many have expressed hope that Obama will play a rebuilding role similar to that which Franklin D. Roosevelt played in response to the Depression of the 1930s. The success of Sweden as a genuine, substantial social democratic “middle way” between unrestrained market liberalism and undemocratic Communism inspired great interest among Roosevelt’s supporters. It can now provide similar inspiration to supporters of Barack Obama.

The US, Britain, Australia and other countries can benefit greatly from closer study of the achievements of Nordic Europe, which continues to provide crucially important policy leadership to the world.