

INTRODUCTION

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

THE MANY FACES OF MODERNIZATION

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

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

² Wehler 1974. His concept is “Wirtschaftsnationalismus als Entwicklungsideologie.”

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

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

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

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

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

³ Christoffersen 1999, 234.

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

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

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

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

⁴ Berman 2006. The title of the book.

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

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

THE SCANDINAVIAN SOLUTION

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

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

⁵ Hobsbawm 1995.

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

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

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

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

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

⁸ Berman 2006, 152.

⁹ Berman 2006, 6.

¹⁰ Judt 2007, 7.

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

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

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

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

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

¹¹ Judt 2007, 365–366.

¹² Kautto et al. 1999, 10–14.

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

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

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

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

¹³ Alva and Gunnar Myrdal 1934, 261.

¹⁴ Francis Sejersted 2003a, cf. chapter titled “Historiefagets fortællinger.”

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

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

¹⁷ Witoszek 1998, 58–60.

dinavian society and become hegemonic by assuming a Social Democratic form. Moreover, in this form the state's sovereign power was constrained by its liberal, rights-based protection of the individual.

THREE PHASES

The twentieth-century history of the Scandinavian model, or the rise and decline of Social Democracy, can be divided into three phases. The first phase ran to the end of the 1930s. This period started with the crisis at the beginning of the century and moved toward a gradual integration and mutual understanding that could serve as the foundation for the Social Democratic order. After extremist tendencies had been overcome, the working class was integrated into the nation with the labor parties of the two countries becoming the governing parties. As Walter Korpi writes, "At the end of the 1930s, they [the major opposing forces in society] came to what might be called a historic compromise between capital and labor."¹⁸ As we have seen, this occurred at the same time as the compromise (or pact) between farming and labor.

We may ask, however, whether these pacts were merely compromises. Didn't they also have elements of consensus, that is, Sverre Steen's "great reconciliation"? One foreign observer, Marquis W. Childs, wrote, "It seems to me that capitalism in the Nordic countries has been modified and in a way, controlled. In many areas the profit motive has been drastically limited or eliminated—repressed is perhaps a better word. Thus the economy is organized to a considerable degree so as to bring the greatest good to greatest number."¹⁹ Remarkably, this was written in 1936, at the moment when Social Democracy was about to assume governmental power. The foundation of a society we associate with Social Democracy had already been laid. Obviously, many forces were working together to establish this special form of Nordic capitalism.

The second phase stretched from the end of the 1930s to the 1970s. Korpi writes, "That the formula for the historic compromise stood for well over thirty years shows that 'the Swedish model' dealt in many ways successfully with the opposing interests of capital and labor."²⁰ During this phase the Social Democratic order was built on the foundation of this historic compromise. Again it is a question of how much one emphasizes underlying opposing interests versus consensus. The various characterizations of the Social Democratic order by the historians Steen, Seip, and Bull indicate that different interpretations are possible. One feature that stands out is how similar the

¹⁸ Korpi 1981, 25.

¹⁹ Childs 1936, xii.

²⁰ Korpi 1981, 27.

Nordic welfare societies were during this phase. This is due not only to their development from a common historical starting point but also, to a large degree, to their influence on one another, particularly the mutual influence of Sweden and Norway. This is one reason why we in some respects can consider Scandinavia, or at least Sweden and Norway, as a single entity.

The final phase, the postmodern or the “second modernity,” stretched from the 1970s to the end of the twentieth century. This period was marked by disintegration. Common understanding and unity were fractured, and development seemed to go in many different directions. What is perhaps most remarkable is that the omnipresent state—in which people had such faith, which had been entrusted with the task of nation building, and which had continually expanded from far back in the 1800s on—began to draw back. What could fill the resulting vacuum? The market, naturally, but not only that. State and society had become identical concepts, but now that the state was weakening we could begin to see the hazy contours of civil society.

It is one of the ironies of history that precisely under the conditions when the Social Democratic order became a reality, apparently fully developed—precisely at Social Democracy’s zenith or “happy moment”—the edifice began to crack. It seems that a new individualism began to blossom and this threatened the old solidarity. The liberation of the individual had been an underlying theme throughout the modernization process. We can view this last phase as the completion of modernization, and Social Democracy as only a step along the way, not toward Socialism but toward the “modern” society, whatever that might be.

Moreover, these features of development during Social Democracy’s last phase were not limited to Scandinavia. They reflect a general development. With these later developments, Scandinavian Social Democracy lost some of what made it distinctive, what had characterized the Scandinavian model. This seems to be part of a process in which we can, as Judt says, “discern something like a ‘European model.’”

The distinctive Scandinavian Social Democratic features were not completely obliterated, however. Today there are tendencies in Norway and Sweden toward a rehabilitation of certain Social Democratic traits. There also seems to be a renewed interest in the Scandinavian model internationally. It is praised, for example, by the influential American economist Jeffrey Sachs: “It is possible to combine a high level of income, growth, and innovation with a high degree of social protection. The Nordic societies of Northern Europe have done it. And their experience sheds considerable light on the choices for others.” He adds, “The social-welfare states tend to outperform the other countries on most economic and governance indicators.”²¹

²¹ Sachs 2008, 258, 265. See also Dølvik et al. 2007, 32.

NATIONAL CHARACTERISTICS

I mentioned earlier the importance of Sweden and Norway's common historical heritage from the Reformation. But when we look more closely at history, we find clear differences between the two countries. For four hundred years, up to 1814, Norway had been a province of the Danish-Norwegian composite state, and from 1660 on it had been under the absolute rule of the king in Copenhagen. In 1814, in the wake of the Napoleonic Wars, Norway became an independent state in a union with Sweden. The absolute monarchy was replaced with a constitutional monarchy, with a constitution that was one of the most democratic in Europe at that time. In the Middle Ages, Norway had been a strong independent state. The Danish period was viewed as a break in continuity in the development of the Norwegian nation—a wound to be healed. This view of national history was important for the nation building of the nineteenth century, a period that came to an end in 1905 with the peaceful dissolution of the union with Sweden.

The dissolution of the union meant national consolidation for both countries, that is, consolidation of the boundaries within which modernization would take place. The union had left different impressions on the two countries' conceptions of modernization. During its nineteenth-century struggle for full national independence, Norway's nationalism had been linked to progressive democratic forces. Its project of nation building and modernization at the beginning of the twentieth century was therefore strongly colored by democratic norms.

Sweden did not suffer such a break in its historical continuity; that is, the country had achieved a constitution in 1809 that did away with the absolute monarchy. But the absolute monarchy was replaced with a form of "aristocratic constitutionalism." Thus Sweden's problem was the opposite of Norway's. Sweden dragged a large part of its old social order along with it, right up to the beginning of the twentieth century. Therefore it was important for the modern progressive forces to break with the old and begin on a fresh page. Sweden's break in continuity began at the beginning of the twentieth century and was different from Norway's. Sweden had no wound to heal but rather an inheritance to shake off. The Swedish nationalism that sought nourishment in national history was not linked as in Norway with the progressive forces. It was primarily conservative forces that mobilized history for their own goals. In Sweden's progressive nation-building project, national identity was not linked to historical continuity as much as to modernity itself, and to being modern and belonging to the *avant-garde*.²²

²² Alf W. Johansson 2001, 8.

By starting the account of Sweden and Norway at the beginning of the twentieth century, we break into the modernization process halfway through the race. The considerable differences in historical background provide the context for specifying what is involved in this half-run race. In other words, we can ask about which typical modern institutions were in place at the time of the dissolution of the union in 1905. We find characteristic differences that reflect the two countries' different historical experiences. What modern institutions did Sweden have that Norway lacked? Sweden already had a national heavy-industry sector that asserted itself internationally. The country had a banking system capable of serving such industry. Moreover, it had had technical universities for a long time. It also had a Companies Act that regulated the modern forms of capital association with limited liability. None of this was to be found in Norway.

What did Norway have that Sweden lacked? Norway had universal male suffrage beginning in 1898 and a more parliamentary form of governance. Neither of these features were found in Sweden. In essence, Sweden already had fairly typical industrial capitalist institutions in place but not democratic ones; Norway was the opposite. At the risk of oversimplifying, one could say that Norway was democratized before it was industrialized, while the opposite was the case in Sweden.²³ This difference has distinguished the two countries' development trajectories up to the present day, not least in the conspicuous strength of democratic norms in Norway. In other words, in Norway it has been difficult to legitimate social power other than through democratic procedures. For example, Norwegian business has had to subordinate itself to political leadership to a much greater degree than Swedish business has. The strong industrial bourgeoisie in Sweden has a legitimacy—based partly on tradition and partly on performance—that has allowed it to exercise social power. In other words, Swedish business has gained legitimacy as the effective modernizing force in the high-tech economy. In contrast, the Norwegian *Sonderweg* (special way) is characterized by the weakness of big business and the corresponding strength of the democratic *petite bourgeoisie*.²⁴

As we can see in relation to historical inheritance and continuity, the differences between the two countries have clear implications for their modernization projects. Sweden began with a more routine conception of modernization, centered on economic modernization—that is, industrialization. It has been argued that Norway had a better-rounded conception of moderniza-

²³ Naturally enough, a complete picture is not so simple. Sweden had taken steps in the direction of parliamentarianism in 1905, and Norway had developed a vigorous light industry sector. It might be argued that it was precisely this vigorous light industry that shut Norway away from the development of heavy industry. See Francis Sejersted 2002a, chapters 2 and 11.

²⁴ Francis Sejersted 2002a; see chapter titled "Den norske 'Sonderweg.'"

tion. In any case, democratization was more prominent in Norway than in Sweden. The characteristic differences in the two countries' conceptions of modernization have been reflected in many areas right up to the present day.

OVERVIEW OF THE BOOK

Social Democracy's growth and development through most of the twentieth century is the story of how a grand-theory political project gradually was formulated and finally realized in Social Democracy's happy moment. The last phase, since the 1970s, is the story of how this Social Democratic order was overtaken by history and its development shifted direction. The account is divided into the three phases described earlier. This prepares for an ongoing comparison of development in the two countries, Sweden and Norway. The comparison is intended to cast light on the dynamics of development toward a social order that, despite the differences en route, has been quite similar in the two countries.²⁵

I emphasize two themes. The first is how the two countries accomplished industrialization, based on their shared desire for economic modernization. The second central theme is how democratization gained strength from a project of social integration of all groups into one nation. The development of the welfare state reflects the same social integration project through its generous disbursements and universalist character. So does school policy: in the standardized school system one finds a particularly clear expression of the ideal of equality.

Behind these and other policies we see the image of humanity characteristic of Social Democracy. In other words, we dimly perceive an answer to the question that the influential Social Democratic politician Alva Myrdal posed at the beginning of Social Democracy's happy moment: "Precisely what kind of human being do we need in modern society?"²⁶ The ambition was to change both society and the people. The "freedom revolution" that followed the happy moment was a reaction to the paternalistic tendencies lurking behind such questions—and behind the passionately pursued ideal of equality. Equality and freedom are not always easy to combine.

²⁵ Comparison as a method requires attention to the question of dependence/independence between the two entities being compared. Thus the comparison itself must be linked to an investigation of relations between the two entities compared. See Kaelble 1999, 21 and Francis Sejersted 2003c, chapter titled "Sammenligning er ikke bare sammenligning."

²⁶ A. and G. Myrdal 1934, 261.