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## TWILIGHT OF SWEDISH SOCIAL DEMOCRACY

**S**WEDEN'S PARLIAMENTARY election on 9 September 2018 resulted in the weakest performance for the Social Democrats since near-universal male suffrage was introduced in 1911. Then, the party got 28.5 per cent of the vote; this time, it managed 28.3 per cent. An entire century of electoral advance was wiped out. Even so, party headquarters greeted the outcome as a semi-victory, and the leader Stefan Löfven—a staid, middle-aged family man—went partying (with his wife) late into the election night. The ambitions of Swedish Social Democrats today have become quite modest. Historically, the SAP—Socialdemokratiska Arbetareparti—was the most successful by far of all the world's labour and social-democratic parties. For over half a century, between 1932 and 1988, it got over 40 per cent of the vote in every election, in a system characterized by proportional representation, multi-seat constituencies and a range of parties. No other Swedish party has surpassed the 30 per cent barrier since World War One. As late as 1994, the SAP won over 45 per cent of the vote. It governed the country without a break, except for a 'summer holiday' administration in 1936, from 1932 to 1976, and then again from 1982–91, 1994–2006, and 2014–18. At time of writing, one cannot exclude the possibility that the SAP will continue to dominate a post-2018 coalition.

Social democracy arrived in Sweden via Germany and Denmark, and the Danish comrades served as the original role models for the first generation of Swedish reformers. But from the mid-1930s on, the Swedes became the universally recognized master of their class. The SAP administrations of 1932–76 were eminently successful as governments of social reform: cautious, gradual, well-prepared. They could

Swedish Election Results by Municipality, September 2018



point to full employment, a prosperous open economy that was competitive on world markets, a generous welfare state and an egalitarian society which, by 1980, had the lowest rates of income and gender inequality in the world. The proposal of the SAP-led trade unions for 'wage-earner funds' in 1976 was perhaps the most far-reaching concrete measure for a socialist economy ever put forward by mainstream social democrats. The country's social-democratization was thoroughgoing enough to keep the 1976–82 centre-right coalition of 'bourgeois' parties—as they are officially known in Sweden—on the track of full employment and social rights.<sup>1</sup>

### *Counter Reformation*

It was the SAP leadership itself that started the socio-economic Counter Reformation in the early 1980s. The neoliberal turn began as a kind of crisis management. Export industry was becoming less cost-competitive. The remaining textile and garments producers were wiped out, Korean and Japanese firms finally outcompeted Swedish shipbuilding, and the steel and forestry sectors were compelled to downsize. Profitability was low, and so was investment. The balance of payments was in the red for 1978–81, and the share of profits in value added fell from 30 per cent in the 1960s and early 70s to 24 per cent in 1978. This was portrayed as a threat to jobs, although employment levels kept up amid the international crisis. The economists of Sweden's trade-union federation, IO, as well as the SAP agreed that wages would have to be held down and profits pumped up. The main tool to achieve this was a 16 per cent devaluation of the currency as soon as the SAP returned to government in 1982. The party leadership castrated the proposal for Meidner's wage-earner funds of any real transformative potential, although a watered-down version was officially passed as a symbolic gesture to party and trade-union congresses.<sup>2</sup>

The 1980s witnessed the international breakthrough of neoliberal economics. A group of SAP economists formed a seminar to learn about the new ideas from Chicago, managing to get the ears of the Finance

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<sup>1</sup>The right owed its victory on that occasion to the Centre Party's rejection of nuclear energy, and was preoccupied with managing the energy issue in a divided coalition.

<sup>2</sup>For a detailed account, see Jonas Pontusson, 'Radicalization and Retreat in Swedish Social Democracy', *NLR* 1/165, Sept–Oct 1987.

Minister, Kjell-Olof Feldt, and the governor of the Central Bank. Marketization and the control of inflation became the new priorities of Social Democratic policy. In 1985, this cabal pushed through the deregulation of Sweden's credit and capital markets. Feldt reported that when he presented the proposal to Olof Palme, the Prime Minister replied, 'Do what you want, I don't understand anything anyway.' These decisions, together with the reorganization of the long-somnolent Stockholm Stock Exchange, opened the floodgates to speculative financial capital, both foreign and domestic. The stock exchange rose from 12 per cent of GNP in 1980, to 68 per cent in 1989 and 128 per cent in 2012—by which time it was larger than the figures for the leading 'shareholder value' countries: 115 per cent for the US and 123 per cent for Britain.<sup>3</sup> This in turn generated a home-grown financial crisis in 1991, which brought an end to full employment in Sweden, reduced GDP by 4 per cent, and cost the taxpayers another 4 per cent of GDP to bail out the banks.

The SAP was lucky that a 'bourgeois' coalition—led by the Moderate Party's hawkish Cold Warrior, Carl Bildt—was in power from 1991 to 1994, to deal with the fallout from this pricked financial bubble. This was a task it performed very badly, paving the way for the SAP's return to office in 1994, with 45 per cent of the vote.<sup>4</sup> The Social Democrats managed to restabilize the economy and free the country from its dependence on New York bankers. However, the achievement was a short-term one, brought about with harsh austerity measures, and did not include any rethinking about privatization, marketization or 'new public management'—inserting corporate-business practices into public services—let alone any egalitarian concerns. Instead, the bourgeois and SAP-led coalitions that have alternated in power since 1991 have operated as relay runners in the promotion of inequality and profiteering. Together they have lowered taxes on inheritance, wealth and residential

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<sup>3</sup> Peter Hedberg and Lars Karlsson, 'Den internationella och nationella börshandelns omvandling och tillväxt 1963–2013', in Mats Larsson, ed., *Stockholmsbörsen på en förändrad finansmarknad*, Stockholm 2016, p. 214.

<sup>4</sup> Bildt was an aggressive proponent of 1990s NATO and EU expansionism, battling in particular to incorporate the Baltic States—although it was a Social Democratic government, under Palme's successor Ingvar Carlsson, which took Sweden into the EU. After a spell circulating through international institutions and think-tanks, bolstered by highly remunerative directorships of financial and IT companies, Bildt returned to serve as hard-line Foreign Minister in the Moderate-led coalition governments of 2006–14.

property to zero, made capital income less taxable than labour income, and tightened the scale of social benefits, while making them harder to access. Two years ago, *Forbes* magazine declared that ‘Sweden Heads the Best Countries for Business for 2017’, referring to a country run by Social Democrats.<sup>5</sup>

Economic inequality has soared. The rate for disposable income has increased by 60 per cent since 1980—from a Gini value of 0.20 to one of 0.32 in 2013—taking the country’s income distribution back to the 1940s, or perhaps even the late 1930s. Two-thirds of that increase can be attributed to political decisions with respect to taxes and social transfers, and just one-third to a more inegalitarian distribution of market income. The current Swedish income distribution bears some resemblance to the English one of 1688. The average member of the richest 0.1 per cent has a disposable income, after tax and transfers, 38 times greater than that of the median-income earner. At the time of the ‘Glorious Revolution’, England’s temporal lords had an income 30 times that of urban middle-class merchants and traders.<sup>6</sup> Wealth distribution has worsened even more, resulting in the most uneven pattern to be found in Western Europe, on a par with those of Brazil, South Africa or the USA.<sup>7</sup> In 2002, Sweden’s top 1 per cent owned 18 per cent of all household wealth; by 2017, it had risen to 42 per cent.<sup>8</sup>

Other inequalities are also deepening. The National Education Authority (*Skolverket*) has found that a quarter of school credits can now be

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<sup>5</sup> *Forbes*, 21 December 2016.

<sup>6</sup> Angus Maddison, *Contours of the World Economy, 1–2030 AD*, Oxford 2007, pp. 278–9.

<sup>7</sup> Credit Suisse, *Global Wealth Databook 2017*, table 6–5.

<sup>8</sup> Comparative wealth distributions are harder to calculate than those of income. But the data on Sweden’s extraordinary concentration appear to be quite robust. See, for example the work of the foremost Swedish expert in this field, Daniel Waldenström: Jacob Lundberg and Waldenström, ‘Wealth inequality in Sweden: What can we learn from capitalized income tax data?’, Working Paper, Department of Economics, Uppsala University, 22 April 2016. According to figures from Statistics Sweden, the country’s poorest 30 per cent have no net wealth at all, merely net debts (indeed, taken as a whole the poorest 60 per cent have no net wealth). More documentation on the results of the Swedish Counter Reformation can be found in Therborn, ‘The People’s Home is falling down, time to update your view of Sweden’, *Sociologisk forskning*, vol. 54, no. 4, 2017, and *Kapitalet, överheten och alla vi andra: Klassamhället i Sverige—det rådande och det kommande*, Stockholm 2018.

attributed to the social class of a student's parents, up from 16 per cent in 1998. The educational class gap for life expectancy at the age of 30 has widened since 2000, by two years for women and one for men: up to six years shorter life for both sexes, when compared with the highly educated. Gender inequality is an exception and has not increased. The gains of '1968' and the feminist movement have not been reversed, and continue to have an impact on a thoroughly secularized country without a significant religious right. This does not mean that Sweden has been liberated from male domination and chauvinism. But it did mean that the international MeToo movement, when it reached Sweden, became a series of nationwide collective protests against sexual harassment led by female professionals, including policewomen, academics, physicians, lawyers and bankers.

### *Factors*

How could this turn towards ever-deepening inequalities, undoing more than half a century of gradual equalization, have come about? Post-industrial, globalized and financialized capitalism has an intrinsic tendency to increase economic inequality by weakening the position of labour, fragmenting the working class, and deskilling parts of it through shifts in labour demand—not to mention opening up new vistas for capital, through relocation to low-wage sites abroad, and boosting the opportunities for extraction of financial rent. However, one might have expected social-democratic Sweden to be among the countries best placed to resist and contain such tendencies. On the contrary, Swedish inequality has increased more than in most West European states. There appear to be three major reasons for the surprising developments of the last three decades.

Perhaps the most important factor has been the SAP leadership's switch in orientation, ditching any meaningful concern with inequality and social justice. An illuminating example was the pensions deal, negotiated in secret between the SAP government and the bourgeois parties in the 1990s, to be passed by parliament in 1998. The main idea was to make benefits dependent on changes in GDP and demographic trends. The intention was to make the system more sustainable under economic and demographic pressure—a rational aim in the wake of Sweden's 1991 financial crash. But the calculating and horse-trading experts did not concern themselves with the distributive consequences of the new

pension structure. It turned out fifteen years later that the system had produced a higher degree of relative poverty than the EU average: 17 per cent, versus 14 per cent across the Union. In Denmark, pension poverty is 8–9 per cent.<sup>9</sup> In another deal over taxation in 1991, the SAP government introduced lower tax rates on capital income than on (substantial) labour income. In 2004, the party abolished all taxation of inheritance and gifts.<sup>10</sup> Crisis management and the promotion of growth elbowed out other economic concerns. Swedish social democracy had always given serious attention to the former, but previously balanced this with an equivalent concern for social security and equality.

Secondly, there was an intensive and well-financed business offensive, first developed in resistance to (and as revenge for) the labour advances of the 1970s. In 1976, for the first time in its history, the employers' federation chose a business executive as its leader: his predecessors had all been civil servants, or quasi-civil servants from chambers of commerce. Two years later, the federation established its own propaganda bureau, Timbro, Sweden's first important think-tank. In October 1983, business organizations staged perhaps the biggest public demonstration in Swedish history to oppose the wage-earner funds proposal, hiring 60 railway cars, 200 buses and even chartered planes to bring demonstrators to Stockholm. (One of the main organizers consulted with a student leader from 1968 on how to stage a protest.) The offensive was smart enough not to adopt an explicitly anti-union stance in a strongly unionized country with a robust tradition of class collaboration. Instead it set out to weaken the unions by subtle means: for example, by making it more expensive to be a union member, or to qualify for a union's unemployment insurance, as the bourgeois governments did. The business elite propagated individualist, neoliberal ideology and engaged in vigorous lobbying, above all over taxation, threatening that wealthy businessmen would leave the country unless they got what they wanted. In this campaign they met no resistance. By 2010, the law professor Göran Grosskopf, a tax-avoidance expert for the

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<sup>9</sup> Relative poverty is defined as below 60 per cent of national median income. See Statistics Sweden, 'Högre andel äldre med låg inkomst i Sverige jämfört med Norden', 25 October 2017.

<sup>10</sup> According to Leif Pagrotsky, then a SAP minister, the abolition of inheritance tax was a gift to Sweden's business class from Göran Persson as atonement for his failure to bring Sweden into the euro in a 2003 referendum: Erik Sandberg, *Jakten på den försvunna skatten*, Stockholm 2017, pp. 125–6.

richest Swedes, could describe the country as ‘a tax haven (*skatteparadis*) for the wealthy’.<sup>11</sup>

The bourgeois coalitions of 1991–94 and 2006–14 had no qualms about the growth of inequality, cutting business taxes further still and abolishing the property tax altogether, while restricting access to unemployment, sickness and other benefits, and opening up social services to private-equity raiders. (They were however smart enough not to cut income tax for the rich alone.) The third factor driving inequality—in particular of wealth distribution—has been the new dynamism of the high-tech export sector. Long concentrated in the telecommunications firm Ericsson, this has recently spawned a number of successful IT inventors who soon became very rich: Skype, Spotify, and computer games such as Candy Crush and Minecraft all come from Sweden. Private-equity firms, the most aggressive form of finance capital, are exceptionally well developed in Sweden: in proportion to GDP they rank second in Europe, after the UK.<sup>12</sup>

### *National narratives*

The deepening class polarization of Swedish society did not pass unnoticed. The municipal governments of Stockholm, Gothenburg and Malmö set up commissions to investigate housing segregation and the state of healthcare and education, as well as economic inequalities. IO, the trade-union movement, has established an Equality Investigation working group to report to its 2019 congress. Over the past year, I have had the honour of directing an analytical-political project, ‘Class in Sweden’, together with the trade-union think-tank Katalys, which has so far produced some twenty reports and a book, the title of which in English would be ‘Capital, the Establishment and All the Rest of Us’.<sup>13</sup> The city reports and, perhaps even more so on a national level, the Katalys project have received some media attention. However, the understanding of Sweden as a class society in reverse remains confined

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<sup>11</sup> *Dagens industri*, 1 March 2010. The principal tax lobbyist, also a university professor, has told the inside story in his memoirs: Sven-Olof Lodin, *Professorn som blev näringslivstorped* [*The Professor Who Became A Business Torpedo*], Stockholm 2009. ‘Torpedo’ is Swedish gangster-slang for an enforcer of claims.

<sup>12</sup> H. Westerberg, ‘Goda tider för Stockholms Private Equity-bolag’, *Affärsvärlden*, 13 September 2017.

<sup>13</sup> Therborn, *Kapitalet, överheten och alla vi andra*.



to a modestly growing broad left—that is, from left-wing SAP members and trade unionists to the Left Party—and a rather small independent-left media sphere. It has not made it to the front of the political stage.

There are two main reasons for this majoritarian deafness to mounting inequality. Politically, without a radical inner transformation of their structures, it would be difficult for SAP or even LO leaders to adopt a critical class discourse, because of patent Social Democratic complicity in the Counter Reformation. Class issues only become topics of trade-union education as an exception to the rule. Socially, the new class cleavages and the injustices they bring are not immediately palpable for the average wage-earner, who is enjoying a rise in real wages in the aftermath of the last financial crisis. The growing labour-market precariat, in temporary, insecure jobs, remains too weak and fragmented to raise its voice—although the LO leadership called attention to their situation on May Day. The widening life-expectancy gap will only become apparent when it is too late to do anything about it. The worsening inequality in education and the narrowing of popular life-chances by the accumulation of inherited wealth will be visible only to the next generation.

Instead, the predominant narrative holds that Sweden has become a society threatened by immigration. In this version of events, immigrants are the country's main problem, reminding one of the widespread German self-perception of the inter-war period, *Die Juden sind unser Unglück*, which provided the ambience in which Nazism could grow. In the Sweden of 2018, bourgeois language is somewhat more polished than that of Germany of the 1920s and 30s (or even today's Bavaria—'immigration is the mother of all problems' for Merkel's Interior Minister, Horst Seehofer). According to the leader of the Moderate Party, who heads the four-party bourgeois Alliance, 'integration' is the factor connecting 'so many of the problems we have in Sweden'. This persistent campaign theme—'the issue of destiny'—is a tacit recognition that the neoliberal programme of tax cuts and further privatizations, still on the Alliance agenda, no longer has mass appeal.

In the winter and spring of 2018, the SAP and the four bourgeois parties converged in viewing immigrants and their 'integration' as the main political issue facing the country, competing with each other to be the one best placed to tackle it. This approach meant playing on the home turf of the xenophobic, anti-immigrant Sweden Democrats, who soared

in the opinion polls. Clearly they were the most ‘trustworthy’ force when it came to immigrant-bashing. Later the SAP realized its mistake, and began to argue that the 2018 election was fundamentally about social policy, or *välfärd* (welfare), which in Sweden is still a word with positive connotations. As the campaign went on, the SAP tilted somewhat to the left, calling for a cap on profiteering in public services, attacking the Alliance proposal for tax cuts, announcing plans for higher taxes on capital and promising more generous social benefits of various kinds. At the very end of the campaign this turn did pay off, in the sense of containing the universally predicted disaster. From an opinion poll average of 23–25 per cent, the electorate ended up giving the SAP 28 per cent, which clearly reaffirmed its status as the country’s largest party, and probably saved the head of its leader, Stefan Löfven.

### *Immigration and xenophobia*

Like most of Europe, Sweden was historically a country of out-migration, its people fleeing on a massive scale from poverty, but also from religious or political persecution. Ethnic minorities—Finns and Sami mainly—were small, downtrodden and subject to forced assimilation. In the late 1930s, mainstream student and bourgeois opinion mobilized against Sweden’s acceptance of a dozen Jewish physicians fleeing from Nazi Germany, and during the war Sweden’s ‘neutrality’ involved the SAP government in cordial relations with Berlin. However, in 1943, the Swedish authorities and the country’s citizens helped Danish Jewry to escape the threat of deportation to Germany by crossing the Sound.

After the war, and especially from the 1960s, Sweden was open to significant labour-force immigration, the majority from Finland but some from Southern Europe. In the 1970s, it accepted political refugees from Latin America, and on the whole they were very well received. A new wave of immigrants came with the break-up of Yugoslavia in the early 1990s, coinciding with the deep recession that followed the 1991 financial crisis. By then, the situation had changed. Racist and xenophobic movements had started to organize earlier, above all in the southernmost province, Scania. A small activist group called BSS (Keep Sweden Swedish) began operations in 1979; a Scania municipality held a referendum against taking in refugees in 1988, with the motion passed by a two-thirds majority. In the same year, BSS supporters and others set up a hard-right party with neo-Nazi elements, the Sweden Democrats. From

1991 to 1994, a xenophobic, neoliberal party called New Democracy had a foothold in parliament. It soon collapsed, in spite of an increasingly strident xenophobic line.

Post-war Sweden's prevailing self-conception was internationalist as well as social-democratic. The UN and development aid both had widespread support. The SAP leader Olof Palme took his government and party with him in opposition to the US war in Vietnam. Sweden's ambassador to Chile in 1973, Harald Edelstam, became a national hero on a par with Raoul Wallenberg for helping people to escape the death squads of the military dictatorship. In the early 2000s, Sweden received many refugees from the destructive US war in Iraq, and also from conflicts in the Horn of Africa and (more recently) Afghanistan.<sup>14</sup> The mayor of Stockholm's industrial satellite, Södertälje, testified to the US Congress that his town was accommodating more refugees from America's war in Iraq than the entire USA, with pride as well as concern. Little wonder that Sweden, along with Germany, was the only voluntary recipient of the wave of refugees from Syria and Afghanistan in 2015, when the country took in more than 160,000 refugees—proportional to population, the equivalent of almost a million refugees in the UK. By 2017, nearly 19 per cent of Sweden's inhabitants had been born abroad, including 11 per cent from Asia or Africa.

While Sweden's open refugee policy was opposed by a racist, xenophobic fringe, it had broad public support. The predominant mood at the time was expressed by successive prime ministers: in 2014, the Moderate leader Fredrik Reinfeldt urged his fellow Swedes to 'open your hearts' to refugees; in 2015, Löfven declared: 'We are building bridges, not walls.' According to the European Social Survey, the Nordic countries in general, and Sweden in particular, had the most positive view of immigration anywhere in Europe.<sup>15</sup> Nevertheless, Sweden does now

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<sup>14</sup> Since the start of the century, Sweden has also become part of the 'manufacture of refugees' through its participation in US and NATO wars on the home countries of asylum seekers—though more as a pledge of allegiance to imperial power than as a major force of destruction. Swedish forces joined the occupation of Afghanistan from 2002, and NATO's war on Libya in 2011. In spite of the Saudi-UAE war on Yemen, Sweden still sells weapons to the invaders.

<sup>15</sup> Ingrid Storm, 'What does religiosity matter for attitudes to immigration? The impact of economic insecurity and religious norms in Europe', *European Societies*, vol. 20, no. 4, 2018, table 1.

have a significant xenophobic, anti-immigration party in the Sweden Democrats. The party first entered parliament in 2010, clearing the 4 per cent threshold with 5.7 per cent, rising to 12.9 per cent in 2014. Polls showed support for the Sweden Democrats swelling with the arrival of the (mainly) Syrian refugees in 2015, though it dipped again the following year. In September 2018 they won 17.5 per cent of the national vote and became the largest party in two of the country's multi-seat constituencies, with 29 and 26 per cent. Both of these were in Scania, where the Sweden Democrats won the biggest vote share—from 25 to 39 per cent—in 20 of 33 municipalities.

What's the matter with Scania? One major contributing factor is the region's proximity to Denmark, with its recent currents of rowdy petty-bourgeois populism and xenophobia. Scania saw manifestations of both phenomena in the 1980s, before the Sweden Democrats' emergence. The successful and domestically respectable Danish People's Party has supplied a tactical model for them, though the Sweden Democrats are more conservative and possess direct neo-Nazi roots, unlike the Danish party. As a border province to the continent via the Baltic Sea, Scania is the place of entry for many immigrants (though Stockholm county has a larger proportion of foreign-born residents). It is also a very unequal region, with a number of decaying post-industrial municipalities close to areas of wealth and prosperity.<sup>16</sup> Lower levels of Sweden Democrat support in similar towns and villages further north reflect the gradual working-out of a diffusion process, with some parallels to the SAP's spread through the country in the late nineteenth century. Even here, however, the party has a clearly rustic accent: the Scanian municipalities that evade its control are the two biggest cities, Malmö and Helsingborg, the university town of Lund (where its leading members all studied in the 1990s) and the wealthy, conservative suburbs.

In spite of inroads further north this year, the Sweden Democrats remain a southern-dominated and predominantly provincial party. At national level they proved relatively weak in 2018 in Sweden's larger cities—10 per cent in Stockholm and 14 per cent in Gothenburg, although they managed 17 per cent in Malmö—and in the university towns, with 12 per cent in Lund and Uppsala and 9 per cent in Umeå. The majority of the

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<sup>16</sup> The eponymous Swedish truck-building company is actually based in Södertälje, an industrial satellite of Stockholm, 400 miles to the northeast.

party's voters come from the traditional right: in 2018, 42 per cent were former Moderate Party supporters, with 16 per cent from the other three parties of the bourgeois Alliance; some 23 per cent previously voted for the SAP, and just 5 per cent defected from the Left or Environment Parties. One in eight of its electorate had not voted before.<sup>17</sup>

The current Sweden Democrats leadership team took over the party in 2005, and cleansed it of overt neo-Nazism. However, such proclivities can still be found among its local politicians, who are prone to expressing murderous fantasies on social media—setting up a machine-gun on the Öresund Bridge, wishing an SAP politician a lethal accident, hoping for a ferry of refugees to sink and so forth. There have been two phases to the rise of the Sweden Democrats. Up to and including the 2014 election, resentment among socio-economic 'losers' was the main fuel propelling its ascent. Scania was particularly hard-hit by the crisis of the early 1990s. Those on benefits then suffered again during the 2008 financial crisis and recession, due to the bourgeois coalition's policy of favouring those in employment while cutting social welfare. Incomes for the poorest third of the population declined between 2008 and 2013. In those years the Sweden Democrats recruited sympathizers and, above all, activists and local politicians disproportionately from the long-term unemployed, early retirees and marginal self-employed workers.<sup>18</sup>

The second phase, from the 2014 election to the present day, saw the Sweden Democrats tap into broader social concerns about immigration and make substantial inroads among the working class, a quarter of whom voted for them in 2018.<sup>19</sup> According to opinion polls, support for the party reached a peak of nearly 20 per cent in November 2015, right after the influx of refugees, then dipped to 15 per cent in 2017, before rising again in 2018. Two factors appear to lie behind the latest change. One was the turn of the Moderates, making the 'integration' of immigrants into the main political issue for the election and the whole bourgeois Alliance. The second was a moral panic whipped up by media reporting of small-scale gang wars, with a series of shootings. Workers had a

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<sup>17</sup> Kirsti Jylhä, Jens Rydgren and Pontus Strimling, *Sverigedemokraternas väljare*, Stockholm 2018. This data comes from a large-scale survey conducted in February and April 2018.

<sup>18</sup> Olle Folke et al., 'Arbetslinjen och finanskris förklarar SD:s framgångar', *DN Debatt*, 5 September 2018.

<sup>19</sup> Swedish Television exit poll, SVT Valu.

third reason for concern. In industries like transport and construction, foreign EU companies have increasingly sought to undercut the labour market by bringing in low-paid workers from abroad (including from non-EU countries: Thai construction workers for example).

Between 40 and 50 per cent of Sweden Democrat voters—that is, around 8 per cent of the total Swedish population—appear to be straightforward racists or xenophobes: people who do not want an immigrant neighbour, or an immigrant marrying into their family.<sup>20</sup> The conventional label of ‘right-wing populism’ fits the Sweden Democrats poorly. The party is not riding a wave of demagogic oratory, with fiery attacks on the establishment and wild promises to the people. Its leader is not a rabble-rousing speaker but a slick operator, cool and strategically smart. The party presents itself as ‘social conservative’, on a ‘nationalist basis’. Notwithstanding its attraction to working-class protest voters, the majority of its sympathizers regard themselves as right-wing.

Post-war Sweden’s universalist culture continued to manifest itself in the stance adopted towards the Sweden Democrats by the traditional bourgeois parties, which still hesitate to form a right-wing government with the xenophobes’ support. Since 2014, the Swedish parliament has contained three political blocs. The Red–Green bloc is composed of the SAP, the Environment Party and the post-communist Left Party. The first two formed the ruling coalition between 2014 and 2018, with external parliamentary support from the Left needed to give them a majority. The second bloc is the four-party bourgeois Alliance, while the Sweden Democrats constitute a third in their own right. The Sweden Democrats are courting the Alliance, in particular its most culturally right-wing elements, the Moderates and the Christian Democrats—so far, without success at the national level. The Alliance may even split on this question, as the Centre Party and the Liberals are at the time of writing still rejecting the idea of a government with Sweden Democrat support.

In 2018, the SAP received 28.3 per cent of the vote (a drop of 2.7 per cent on its previous score), the Environment Party 4.4 per cent (a 2.5 per cent drop), and the Left 8 per cent (a 2.3 per cent improvement). For post-election parliamentary manoeuvres, it was crucial that the Red–Green bloc remained slightly larger than the Alliance, with 40.7 against

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<sup>20</sup> Jylhä, Rydgren and Strimling, *Sverigedemokraternas väljare*.

40.2 per cent, and 143 seats to 142. With 17.5 per cent of the vote, the Sweden Democrats won 62 seats. This left a complicated parliamentary situation for the parties to grapple with. The pre-election Red–Green coalition has been voted down by the Alliance and the Sweden Democrats. But what then? The SAP is trying to entice the Liberals and the Centre Party—who have declared that they don’t want to govern with support from the Sweden Democrats—into a new coalition, but this appears unlikely to succeed. However, the small Centre and Liberal parties, which stand furthest to the right on the Swedish political spectrum in terms of economic policy, have thus far shown some resistance to the idea of collaboration with the Sweden Democrats. An arrangement of some kind with the SAP is not to be ruled out. More probable is a minority government of Moderates and Christian Democrats (better characterized as Mammon Democrats), with toleration from the other two bourgeois parties.

### *Decline of the centre left*

Sweden’s election provides yet another example of the deep crisis afflicting classical European social democracy. However, before attempting to make any sweeping generalizations, it is important to keep in mind that this crisis, which also encompasses the demise of mass Communist parties such as the PCI and PCF, is not universal. The success of the Portuguese Socialists with their left-wing alliance, and the surprising appeal of the Corbyn and Sanders campaigns, call for more detailed analyses. There are broad, crisis-producing tendencies, but there is also evidence that these can be confronted in different ways, with widely varying outcomes. The four most important developments generating political crises for social democracy would seem to be de-industrialization, the withering of institutional and organizational structures rooted in industrial society, new waves of migration, and an illusionary elite consensus that economic growth and the existing forms of the welfare state have made social reform and social justice irrelevant.

De-industrialization has downsized the historical core of the working class—transport and manufacturing workers employed in large enterprises—and inflicted a devastating economic earthquake on the social landscape of industrial capitalism. In 1982, industrial workers made up 20 per cent of the Swedish electorate; by 2014 they accounted for just 9 per cent. Meanwhile, ‘other workers’ fell from 24 to 20 per

cent.<sup>21</sup> By international standards, Sweden has contained these economic dislocations through national policies of cohesion, although not to the same extent or with the same success as Norway. In the more strongly industrial and unionized north of the country, the SAP remains the dominant party, despite significant losses to the Sweden Democrats this year.

Socio-economic disruption, new technologies of communication and new forms of mobility have chipped away at—in some cases, virtually dissolved—popular communities, their organizations (party and trade union), and their culture. Sweden's industrial towns and villages have experienced the hollowing-out of their formerly rich and dense working-class culture. However, 61 per cent of manual workers and 73 per cent of white-collar workers are still unionized. The Workers' Education League (ABF) has a presence across the country, although it now mainly provides hobby courses and instruction in foreign languages. In 1982, 60 per cent of the Swedish electorate considered themselves to be 'identifiers' of a political party. By 2014, that figure had dropped to 27 per cent. In 1956, 11 per cent of voters had changed their party preference since the last election; in 1968, the figure was 19 per cent, in 1982, 30 per cent, and by 2018 it had risen to 40 per cent.<sup>22</sup>

The erosion of working-class support for the SAP began in earnest after the party's right-wing turn in the 1980s. Between 1982 and 1991, its share of the working-class vote plunged from 70 to 57 per cent. The main beneficiary at the time was a neoliberal populist party, New Democracy, with a clear xenophobic accent. After a short-lived recovery in 1994, another fall came after the 2006 election—on that occasion voters were predominantly lost to the Moderates, who focused on the questions of employment and the widening gap between those in and out of work, almost doubling their working-class support between 2006 and 2010. These new working-class Moderate voters then provided the Sweden Democrats with the bulk of their electoral growth in 2014.<sup>23</sup>

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<sup>21</sup> Erik Vestin and Maria Oskarson, complementary materials to 'Den svenska klassröstningen på reträtt—Gör ett nytt klassschema någon skillnad?', Department of Political Science, Gothenburg University, 2015.

<sup>22</sup> Henrik Oscarsson and Sören Holmberg, 'Swedish Voting Behaviour 1956–2014', Department of Political Science, Gothenburg University, 21 October 2015; Swedish Television exit poll, 9 September 2018.

<sup>23</sup> Per Hedberg, 'Väljarnas partier 2014', Department of Political Science, Gothenburg University 2015.



In 2018, the SAP received just under a third of the working-class vote, 31 per cent, while the Red–Green bloc won 44 per cent altogether, down from 56 per cent in 2014—and 71 per cent in 2002. This was the first time in modern Swedish history that the right-wing parties captured a majority of working-class voters, with around a third of them going to the four Alliance parties, and a quarter to the Sweden Democrats.<sup>24</sup> The SAP’s decline over the last decade has not followed a linear path. Working-class support for the party fluctuated in the large-scale biannual polls of party allegiance by Statistics Sweden: from 52 per cent in November 2013, down to 33 per cent in November 2015, back up again to 39 per cent in November 2017 before plummeting to 29 per cent in May 2018.

### *Politics of migration*

The new surge of international (and intercontinental) migration has created a particular set of issues in Europe, for half a millennium the world centre of outward migration, expansion and conquest, dispatching its clergymen to convert followers of other religions. When Europe ruled the waves, there was no talk of ‘immigrant integration’. The few Europeans who ‘went native’ were despised rather than lionized in Europe. Now, the impoverished descendants of the formerly conquered are travelling to the countries inhabited by the descendants of their conquerors. This new migratory turn, accelerated by a series of US-led wars across Europe’s southern hinterland, from Afghanistan to Libya, is creating a real problem for European social democracy, whose traditional constituents find themselves most challenged by an influx of poor people, and for which social rights and social justice were always primarily national in scope.

In the era of quasi-ubiquitous racism, the labour movements of European settler countries proudly raised such slogans as ‘Workers of the World Unite, For a White South Africa’ (in the militant South African miners’ strike of 1922), or ‘Keep Australia White’ (a plank of the Australian Labor Party programme). In an era of official ‘post-racism’, how are the movements in Europe itself to deal with masses of poor immigrants knocking on their border-doors? The Swedish trade unions supported regulated labour immigration in the 1960s and 70s.

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<sup>24</sup> Swedish Television exit poll, SVT Valu.

Now they think it should be permitted by way of exception only. They also support the more restrictive policy towards refugees adopted after 2015, while still accepting the right to asylum. Their main concern is with EU contractors bringing in their own underpaid labour force. The union leadership has been very active in campaigning against the Sweden Democrats—albeit with limited effect outside large industrial workplaces—and some unions have banned the party's members from any union position. Masses of poor immigrants do pose a serious challenge for progressive, popular parties. But the oscillation of political support for xenophobia shows that the extent of that challenge is to a large degree politically contingent.

While the three aforementioned crisis-producing factors are frequently invoked, the fourth usually lies unnoticed. In fact, it is often turned on its head, with the argument that economic growth and the already-existing welfare state have made social justice and social reform superfluous, along with the parties that support such causes. This centrist illusion that major social issues have been resolved, allowing us to sail calmly forward in prosperity while adjusting to the winds of global markets, has been proven wrong in a number of recent elections. Such complacency has resulted in defeat and discredit for establishment politicians. As well as widening inequality and the uneven geographic spread of economic growth, we can also identify what might be called the galls or blisters of the welfare state as a factor. On Sweden's election day, the four most important issues to the country's voters were healthcare, education, gender equality and social welfare. Law and order, care for the elderly, and the economy ranked lower, with refugees and immigration well down the list of priorities.<sup>25</sup> The picture had been largely the same in 2014.

The Social Democrats managed to shift the priorities of the electorate away from the focus on immigration, which did stop the forward march of xenophobia. But social welfare was not simply a winning issue for the SAP. There were many complaints about queues for healthcare, and long distances to clinics in the vast northern region. Although Sweden has not been subjected to an austerity regime comparable to Britain's Tory government, the resources made available were insufficient for the growing demands of an ageing population. People in the north

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<sup>25</sup> Sweden Television exit poll.

accused regional SAP politicians of deafness or insensitivity to popular needs for care. In the country's northernmost constituency, historically a stronghold for the SAP and the Communists, a regional healthcare party became the largest force. The Sweden Democrats also tried to exploit welfare injustices, claiming that resources were inadequate because of the money being spent on refugees. Social democrats are not losing support because their mission of carrying out social reforms has now been completed. Rather, they are being punished for abandoning a job in urgent need of upgrade and repair.<sup>26</sup>

The discussion of social democracy's crisis should also pay attention to its resilience in the face of such challenges, and to the space for an emerging new left. This resilience has economic, socio-cultural and political dimensions. The economic aspect chiefly concerns the country's place in the world system—specifically the extent to which it is vulnerable to global market swings and pressure from creditors, or handicapped by underdevelopment. Sweden is in a strong position in this respect, like northwestern Europe in general, but formerly with a particular edge, now blunted, as an egalitarian, high-tax, strongly unionized, open economy competing successfully on world markets.

Socially, in spite of recent vandalism, Sweden still has an enduring legacy of reform. There are no entire cities or regions blighted by economic dislocation. The principle of citizens' social rights is firmly anchored. While mass immigration has put the Swedish labour market under pressure, it has responded rather well by international standards, with an employment rate for foreign-born men (78.4 per cent) that is higher than the averages for all men, native- or foreign-born, in the EU. Foreign-born women have the same employment rate (67.4 per cent) as both genders combined in the EU.<sup>27</sup> In cultural terms, the post-war orientation towards universalism and international solidarity still endures in Sweden, making it harder for the conventional bourgeois parties to form a government with support from the xenophobic right, as their counterparts in the other three Nordic states have already done. The distance

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<sup>26</sup> Stockholmers have seen this up close in the unfolding scandal of a new hospital construction, the *Nya Karolinska*, set up as a Blair-style public-private partnership, which has become a cesspool of corruption and cronyism, rammed through against opposition from all the professional organizations by ideologically driven bourgeois politicians and a horde of consultants, led by the Boston Consulting Group.

<sup>27</sup> Data from Eurostat and the Statistics Sweden Labour Force Survey.

between Sweden and the other Nordic social democracies—especially the Danish—has grown in recent times.

The party-system location of Swedish social democracy is much more favourable than that of its sister parties elsewhere in Europe, particularly outside the Nordic region. It does not have to confront one or even two big bourgeois parties, facing instead a divided plethora of smaller right-wing formations. The SAP is still the largest political force in 25 of Sweden's 29 multi-member constituencies—although there is just one where it still wins more than 40 per cent of the vote, in the far north. It is not a big-city party, despite heading the outgoing municipal government in all three of the largest Swedish cities during the last electoral period, and draws its main strength from the industrial provinces, with the exception of Scania. It is still the predominant working-class party, with close links to a strong union movement. Although it is now dominated by professional career politicians, the SAP can still connect with ordinary people, not least through its current party chief Löfven, a former leader of the metalworkers' union without any academic education who exudes popular decency, though carrying the same international presumptions and prejudices as any conventional European politician. Löfven occasionally shows his class instinct, but is also a typical representative of the export-industry union cadres, committed to class collaboration for the benefit of those firms.

### *Left realignments?*

Swedish social democracy is clearly in deep trouble, with electoral support below the level attained in 1911. But it is not dying or becoming politically irrelevant. The SAP's central position in the Swedish political system has been re-affirmed in the post-election manoeuvres, and it has crawled back up to the 30 per cent level again in subsequent polls. Its recent performance and future prospects defy glib ruminations on a terminal crisis of social democracy. Even so, no regeneration of mainstream social democracy is in sight, which raises another question when we are faced with today's right-wing tendencies: what space is there for left-wing alternatives to emerge?

As we have seen in several countries, the crisis of social democracy may be compensated for by the rise of new left-wing forces. The Swedish Left Party took a modest step forward in the 2018 election, increasing its

vote by 2.3 per cent to win 8 per cent of the total poll. It is now a middle-sized party in Sweden's three largest cities, with 12–14 per cent of the vote, and some municipal strongholds throughout the country. The Left Party is a decent left social-democratic force, sustained by diligent local councillors and a popular leader, though without much ideological flair or capacity for political innovation. Its roots lie in the pioneer Eurocommunist party—with its own historical 20th congress back in 1964—once very proletarian, now dominated by white-collar workers, while still getting 9 per cent of the working-class vote in the most recent election. It carries on the political legacy of 1968 in Sweden, and has seen a considerable influx of new members in recent years. With the decline of SAP mobilization, the Left Party now organizes the biggest May Day marches.

We live in an era of loosely structured movements that mobilize through social media and on the streets. Sometimes those energies can be channelled into the task of transforming an existing party, as with the Corbyn campaign and Momentum. In other cases they may lead to a new kind of movement-style party, such as Podemos in Spain or La France insoumise. In Germany, the future of the new Aufstehen movement launched by Sara Wagenknecht is still open. It sets out as an ecumenical rallying force, embracing left-wing social democrats, Greens and Left Party supporters. A Swedish movement would have to be of the German ecumenical type, but without its nationalist overtones. As in Germany, there is no space for another left-of-centre party, and the existing parties are robustly institutionalized, leaving no real opportunity for something like La France insoumise to form out of their ruins. For the same reason, there is no open door for left-wing activists to step into a moribund organization that still carries real parliamentary heft, like Britain's Labour Party. Nor is there any basis for a Podemos-style grassroots movement to emerge, at least until the next economic crisis.

What is needed—and this may be possible to achieve—is a broad, non-sectarian movement to shake up the SAP, the Left Party and the Greens, injecting new energy, ideas and radicalism into their veins, and giving some hope and inspiration to progressive-minded people who are disillusioned by the existing parties. We might add that there is more potential in Sweden's progressive middle class than in many other countries, as the majority of the Swedish middle layers are unionized employees. A major social battle is looming that will centre on the

dignity of professional labour—its ethics, professional vocation, autonomy and responsibility—under ever-more aggressive assaults from the ‘new public management’, privatization buccaneers and their business-consultant hitmen. However, such developments are not presently in sight. So, whatever the outcome of government negotiations may be, Sweden’s socio-economic Counter Reformation is likely to continue, hammering further away at what was the last century’s most successful experiment in democratic and egalitarian social reform.

*11 October 2018*