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The Nordic Model and Nordic cooperation

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In the many listings ranking all the countries in the world on the basis of their achievements in education, innovation, equality, social welfare, health, life expectancy, lack of corruption, competitiveness, the status of women or even the happiness of the population, all the five Nordic countries are usually among the top ten or close to it. My favorite is the Index of Failed States according to which I have for many years running had the honour to represent "the least failed state in the world".

I take pride in this recognition, but being "least failed" does not exclude that you may still have some failures and that one can always do better.

Even if these listings do not reflect actual reality so much as varying perceptions of it they are still useful and tell us something about the real world and they raise the question what is the secret for the relative success of the Nordic countries in these rankings.

Given the unassailable range of evidence witnessing the relative success of the Nordic Model of a Welfare State this is seldom refuted as such by the critics of the Nordic model. Their critical arguments come mainly in two guises. One is what could be called spiritual, seeking to portray the Nordics as a dystopia of soulless, ungodly, illiberal, freedom-denying, socialist and/or materialistic societies. I don't have much truck with this kind of argumentation and will leave debating with its representatives to others.

The other main school of criticism could be characterized as a "yes, but..." -approach. Already some 25 years ago I remember reading a long special article in *The Economist* where the magazine recognized, albeit rather grudgingly, all the achievements of the Nordic welfare states, but the conclusion was nevertheless that the Nordics would inevitably have to say goodbye to their welfare states as it would be too expensive and in general impossible to continue their upkeep in the future.

This was already some decades ago. Since then *The Economist* has repeated its dire forecasts and warnings to the Nordic countries at regular intervals, but somehow the bumblebee keeps flying.

This is not to deny that the issues raised by *The Economist* and others are real enough, and that the Nordic countries have, willy-nilly, been obliged to make changes in their societies, some of which correspond to the Neo-Liberal agenda espoused by the magazine, I will return to the question with what effect this has happened and whether it is a good or bad thing later.

No-one will claim that the Nordic countries are in any respect perfect and whatever achievements we can point to are never transferable as such, they are the results of our own history, culture and social conditions which cannot be copied.

With this caveat in mind I will proceed to reflect on what could be some features in the so-called Nordic Model. I will start by saying something about the history and evolution of the Nordic model. Before that some words on how the concept came to use. It is interesting to note, that it was not the Nordic countries themselves who started to use the concept. Rather it was outside observers looking at the North who saw that the Nordic countries, notwithstanding their differences, clearly stood out as a group of countries with many similar features which distinguished them from other countries in Europe and elsewhere. Now, of course, the Nordic countries are happy to use the concept themselves as something of trademark which has many useful purposes.

Some form of social stratification will always exist, but as far as eliminating class society is possible the nearest modern societies may have come to it are the Welfare States built on the ideals of the so-called Nordic Model. The central feature and the key to the success of the model is to be found in the concept of *folkhemmet* or People's Home first evoked by Per Albin Hansson as the leader of the Swedish Social-Democratic Party in 1928.

The Ideal of an equal and just society, which in addition to democratic freedoms, also guarantees equal social and economic rights and opportunities to all its citizens is by no means Hansson's or anyone else's invention, but rather representative of the values which have guided many utopian socialists, pre-industrial revolutionaries, social reformers or religious movements.

The vision of a People's Home was an important opening in that it specifically started from the premise that basic social rights realized by social security and the provision of public services were to cover the population as a whole. This was the universalist principle which meant that social policies were no longer directed only to the poor or even the working class, as it up to then had been and was to remain for a long time, but to the population at large.

Another way of putting this is to say that the Nordic Model is based on inclusion. Inclusion calls for equal treatment and does not allow for excluding any group, class or individual. Perhaps the biggest success of Nordic inclusiveness pertains to women and girls. Finland was the world pioneer in giving women full and equal voting and political rights back in 1906.

Important as the role of women in political life is, the real test for equality is not the number of women as presidents, ministers, parliamentarians or company executives. Full equality before the law has been long since achieved, but the actual access of girls to education and women's participation in working life depends on many other factors, institutional, social as well as cultural. Parenthood leave and child care arrangements, where the Nordic countries also have been forerunners, are very central in this respect.

But for inclusion to deliver it also means that special attention has to be paid to those groups who run the greatest risks of being left out and marginalized. Preschool and the comprehensive school system gives every child the same access to education and brings children from all backgrounds together contributing to the degree of integration in our countries.

While equality of outcome is something that no society can or even try to guarantee equality of opportunity is something almost all societies pay at least lip-service to. But to guarantee equality of opportunity calls for measures to help those who start out from unerprivileged homes and circumstances.

Does this also call for positive discrimination to assure minorities and the less privileged their rights? Ideally no, but before reaching the ideal situation they may be necessary as a transitory measure. In the Nordic countries we do have gender quotas – not quotas for women but for both sexes to ensure balanced representation, and it now increasingly seems that men and boys will need the protection they give from under-representation.

No-one should be excluded from efforts to promote inclusion. This calls for all-inclusive legislation banning any sort of discrimination based on gender, race, ethnicity, social grouping or sexual orientation, not only in law but also at the work-place, educational, media and other institutions.

Non-discrimination and inclusion are always Human Rights issues. But as the Nordic experience also indicates, non-discrimination and inclusion are also keys to almost everything we are striving for in today's world, from peace and stability to welfare and economic development. Preventing any group from giving its contribution to the development of a country will make the country poorer as a result of not mobilizing and using all the human resources of the country.

Another central feature incorporated into the universalist principle of the Nordic Model was the understanding that inclusive social policies were in contrast to the older paradigms, were no longer seen as a drag on the economy, but on the contrary as a boost for economic growth. This was due to improving the health and skills of the work force and by redistributing income to those poorer people who had a higher propensity to consume and thus keep up effective demand and growth.

This view was adopted and implemented by the Swedish and Norwegian governments in the 1930s – already before Keynes. It was the economists of the Stockholm school and activist social scientists like Alva and Gunnar Myrdal who had presented the scientific case for it. Today this has been accepted even by the IMF and the World Bank.

The Nordic Model is sometimes presented as a specifically Social-Democratic model, but any attempt to monopolize the concept as a Social-Democratic one is both bad politics and incorrect history as our welfare states have enjoyed the active support of broader sectors of society, including Social-Liberals, centrist agrarian parties and enlightened employers.

Regardless of who gets the credit the results have been gratifying, as witnessed by the Nordics rankings in the beauty contests I referred to in the beginning. This also includes the more concretely measurable poverty rate (as measured by those with less than 50 % of the median income) which in Finland was after taxes and income transfers 18 % in 1966 but had fallen to 7,8 % in 1991 when it was at its lowest.

Since then it has again reached about 14 %. Thus we have in twenty years gone back to the differentials prevailing at the beginning of the sixties mainly by running down the redistributive effects of state intervention. These figures refer to Finland but this has been, with some variations, the overall trend in most if not all the Nordic countries.

We are now according to some views witnessing the return of the Class Society. It is not, however, a return to the kind of Class Society which gave birth to the Working class movement, but rather a new 2.0 version.

In the class societies of the third millennium we are not confronted with the same kind of omnipresent, obtrusive and visible inequality also on the street level which characterized the older class societies. The dichotomies of the old class society were clear and institutionalized and ran through the whole of society.

There is no unified or common working class identity any longer nor the kind of labour movement as its representative with which people would and could instinctively identify themselves. People define their identities on regional, national and ethnic or through different subcultures and minorities on the other.

Many social indicators confirm this trend, not only in terms of money income distribution, but also regarding health and other indicators. Moreover social mobility, which has had a mitigating effect on class divisions, has actually begun to decrease again, meaning that both welfare and poverty are increasingly inherited, but not due to any genetic reasons.

The picture I have presented about the recent evolution of Nordic welfare states is also a story of the arguably self-defeating success of the Nordic model. In our ahistorical times very few people know or care how exactly the achievements of the Model have come about. They are taken for granted and if they do not work as efficiently as people expect and want it is natural for those with the means to turn to the private sector when public services fail to deliver

Undeniably Welfare states in general and welfare spending in particular will run into difficulties as economic growth falters. Critics say that an overgrown welfare state is to blame for hindering economic growth, while defenders of the model say that it was the expanding Welfare state as an instrument of Keynesian demand management policies which was behind the glorious years of Post-War growth and that the abandonment of these policies is to blame.

While none of the Nordic countries developed their welfare states in isolation they were still created as “Welfare states in one country” at a time where neither international agreements nor the free movement of capital and other market force factors imposed formal or informal constraints on what instruments could be used and how in building welfare states.

Today we need to recognize the consequences of a global market, the growth of multinational corporations, the internationalization of capital markets and the increasing flows of transnational financial transactions leading to a growing interdependence between countries and peoples.

Today we call this globalization which is something distinct from the internationalization we have known for centuries. Already the accumulated quantitative changes in terms of trade interdependence, transnational investment and money flows have certainly transformed into qualitative change. And whereas the former forms of internationalization occurred in a pre-industrial or industrializing world, we are now living in an increasingly post-industrial world where the influence of new information and communication technology (ICT) has in many ways changed our societies as well as the nature of transnational exchange.

The constraints imposed by globalization, both formal and informal – EU and WTO rules, trade agreements, IMF conditions as well as the decisions made by transnational companies on location and investment or wealthy individuals – are vastly more restrictive for governments’ freedom of maneuver than only a few decades ago. These constraints are real enough, but they are also exaggerated by politicians either out of real belief or just convenience.

Globalization has altered the conditions in which every nation seeks its success. The Nordic countries as small, open economies dependent on international trade and access to markets, are undoubtedly winners in globalization. But global challenges to welfare, economic development, social structures, democracy and security affect even the most successful countries.

There are different ways of responding to the challenge that globalization has posed for the Nordic Model. Some welcome it as means for pushing through the Neo-Liberal reforms, others just willy-nilly acquiesce. The third option is to recognize that if the possibilities for using the same kind of redistributive and structural policies to reign in market forces which were used on the national level in building Welfare states are no longer available, then they have to be restored on a supranational level.

The lack of workable, multilateral global governance is a major threat to peace, stability, progress and sustainable development. Here I would like to pose the challenge of globalization by quoting the former Swedish Foreign Minister Anna Lindh: “What we need to do is to globalize democracy and democratize globalization”.

The most obvious instrument for many in the Nordic countries to try and use for this is the European Union, but it also very controversial.

Immigration is a central challenge to European integration and the Welfare state. Economists see it as necessary to uphold the competitiveness of the Nordic countries with their ageing populations; populists see it as a threat to employment. Socially and culturally views on immigration are even more divided. I agree with the economists but also admit that it poses great social and cultural challenges, which however cannot be answered by stupid efforts to close borders.

My view is, that the continuing growth of the world's population that has led to ever-growing interdependence in things good and bad, means that our world will be irrevocably multicultural, multiethnic and multireligious, and no country can escape this.

Population growth has also enormous consequences for the relationship between Humankind and our environment. With the accumulation of centuries of waste and pollutants in our environment we cannot know what all the consequences will be, but it is safe to assume that we have only a few decades at best to change the nature of Man's interaction with his environment to meet the requirements of socially, economically and ecologically sustainable development.

Likewise population growth has also had vast implications for how human societies – states and nations – interact and work with each other. The option of going it alone with disregard for the interests of others is no longer available. Interdependence has, for better or worse, made this impossible.

This is testified not only by climate change, the number one challenge in today's world, but also diminishing fresh water resources, vanishing biodiversity and other environmental issues. Already it is difficult to discuss these without talking about the economy and social issues, but tomorrow we will be talking also about security – including hard military security – in connection with global environmental issues.

What future for the Nordic Model? I would like to see the Nordic Model also as the model for how developed countries can make their economies and societies to fulfilling all the criteria for ecologically, socially and economically sustainable development. We are not there yet, but perhaps we are slightly closer to achieving this than most other countries and their models are.

One feature of the Nordic Model, which is rarely mentioned or even recognized, is that we are all rather secular countries. To identify this as a cause for the Nordic Models relative success can be controversial. Some could instead argue, that it is the Lutheran heritage central and common to all the Nordic countries which is the cause. I have not had the time – nor am I qualified in the study of the sociology of religion – to be able to pass any judgment on this. But having raised the question I will continue with a tentative and contradictory observation: perhaps the success owes something to the fact that Lutheranism is arguably the most secular of organised churches and other religions.

This also leads me to pose another question: what kind of a challenge will the growing presence of islamism an other religious denominations and movements alien to our secular traditions in the Nordic countries present for the futre of the Nordic Model?

To sum up: the Nordic model of a welfare state is equally relevant today as it was in the 20th century. It is based on combining economic competitiveness and ability to reform with inclusive development stability, equality and social well-being.