

Social Democracy All the Way Down: The Swedish Model of Government

By Shanan Riley

The welfare state in Sweden was established more than a century ago by the Social Democratic Party of Sweden, which held power for close to eight decades. The welfare state can loosely be defined through strong social programs meant to uplift the livelihoods of the Swedish people funded through a heavy tax burden. The early democratic socialists established the welfare state with the goal of creating a “folkhem”, or people’s home, in Sweden, where all people could be supported throughout their lives by government welfare programs. (1) Who the “people” of Sweden are has changed over the last century, but the goal of creating a place for all to be supported has remained. Sweden was one of the earliest established countries to turn against classical liberalism and create a government system partially based in socialism.(2) Classical liberalism can be defined by limited government acting in the best interests of the people. Democratic Socialists in Sweden critique this being the best model of government by insisting that the role of the government is to support the people, which can only be attained through larger involvement. This Nordic Model of government began in Sweden in the 1920s and has continued to develop today as the Social Democratic Workers Party has shaped the Swedish government.

The basic tenet of classical liberalism is the government should act in the best interest of the people in order to facilitate the progress of society. Classical liberal theory defined the role of the state to be as limited as possible. According to John Locke, government must be “... prescribed no further than is for the general good of those under the law.”(3) Liberals believe that any government intervention beyond that which is absolutely necessary to maintain order in a society is overreach. The people in turn have a right to overthrow the government when they believe that it is no longer acting for the greater good. Locke writes in the same document, “The liberty of a man in society is to be under no other legislative power but that established by consent in the commonwealth.”(4). Locke goes on to say, “... everyone who enjoys his share of the protection should pay out of his estate his proportion for the maintenance of it. But still it must be given by his own consent.”(5). The consent of the people is essential to the function of a liberal government. All the power within a society is derived from the people, and the people have the right to take that power away at any time.

The question of who the “people” are has impacted the classical liberal view of equality. Early classical liberals like Locke argued that the “people” consists of everyone in the society who was contributing to it. “ Any man that hath any possessions or enjoyment of any part of the dominions of any government doth thereby give his tacit consent.”(6). However, he did not believe that all people were equal in society, only that laws should be applied equally to everyone. He expressed permissibility towards social distinctions in society, saying, “Age or virtue may give men a just precedence... ”(7). Essentially, all people are equal in the eyes of the law, but social distinctions can be formed. It is not the place of the government to intervene to promote equality.

In the early twentieth century, Swedish democratic socialists began critiquing classically liberal government by instituting welfare systems with the ultimate goal of creating a "folkhem". The Swedish Democratic Socialists Workers Party (SAP) came to power as a part of the majority coalition government under Per Albin Hansson. He did not become Prime Minister until 1932, succeeding Hjalmar Branting, the first SAP Prime Minister, but in 1928 he delivered a speech to

the Riksdag which laid the foundations for the future agenda of the party (8). In the speech he expressed the need for Sweden to create a system of government that supported the people from cradle to grave (9). He spoke about the importance of creating a big tent of support in Sweden and the idea that the "people's home" belonged to everyone. A scholar on Swedish socialism writes that the speech expressed the vision for Sweden to be a place "where individuals could expect to be treated equally regardless of social status, and kindly without the stigma that had been attached to earlier recipients of welfare benefits." (10). In order to achieve this Hansson says, "workers must be accorded a share on economic administration, democracy must be introduced and applied to social and economic life."(11). During his four terms as Prime Minister, Hansson was able to institute many of the reforms that he described in this speech, including the expansion of the pension system and large scale public works efforts to fight unemployment (12).

Hansson's speech aligns with the party program from the 1920s, but political realities pushed Sweden in a much more liberal direction. The SAP party program in 1920 says, "All natural resources, industrial undertakings, institutes for banking and credits, means of transportation and communications are to be transferred to the ownership of the State with expert management and proper guarantees against bureaucratic methods. Workers and consumers should participate in the administration of the state undertakings. State control should be applied to undertakings remaining in private hands."(13). This programme painted a picture of a socialized country, which for many members of the party was the goal (14). The SAP oriented their agenda around a cooperative transition to government led socialization. However, the political reality of the time did not allow for this programme to come to fruition. In order for the SAP to accomplish the welfare reforms that were the central to their goals, they were forced to compromise with the Farmers and other more conservative groups, ultimately leading to the party moving away from socialism in favor of a slightly more liberal approach (15). The compromises that were made under the Red-Green alliance gave more power to both business and the government. Government instituted regulations combined with heavy tax burden on businesses that operated in a free market system are hallmarks of the welfare state and came as a result of this period of political compromise (16).

Within Hansson's government, Ernst Wigforss, one the most prominent Swedish Model theorists, served as the minister of finance and helped create an economic system that both supported free enterprise and made room for broad welfare systems. His work remains largely untranslated into English, but secondary accounts describe how his theories focused on, "social policy, full employment, and the possibilities of cooperation with private capital... and sufficient equality of property to prevent classes based on inherited wealth." (17). As a member of the Riksdag and the Minister of Finance he shaped many of the policies that aided in the transition to a fully functional welfare state. He argued against Marxists ideologies and instead advocated for socialization within a capitalist economic system (18). The compromise between socialism and capitalism to form a welfare state was pushed forward by Wigforss and other members of the SAP.

In a more modern Sweden, the issue of who the "people", as outlined under classical liberalism, are has begun to redefine the political landscape. Throughout the twenty first century cultural and linguistic diversity in Sweden grew as a result of increasing immigration. This influx led to the rise of conservative and nationalist identity groups like the Swedish Democrats. The SD is a far right nationalist group that received more than 5% of the vote in the 2010 elections, granting them representation in the Riksdag (19). This is an escalation of the trend towards

conservatism that had been growing in Sweden since the center right coalition took control of the government in 2006, ending almost eighty years of Social Democratic leadership. A study published by Oxford university finds that, “Both recent immigration and proportion foreign-born reduce support for the Swedish welfare state... immigration is the only county-level variable that negatively affects Swedes' attitudes, and it is the only regional variable that is significant across all models.”(20) The basis for the welfare state is redistribution, which lost support as the country became more diverse. In an increasingly heterogeneous society the effectiveness of collectivism has been called into question, in turn calling the entire welfare state into question as well.

To catch up with the changing political situation, the Social Democrats adapted their positions to welcome a broader group into the party. Magdalena Anderson, the current Prime Minister of Sweden, spoke about the issues around immigration in her address to the government in 2021. She states, “Everyone who can work should work. Having a job and your own income gives you the freedom to decide for yourself how you want to live and with whom. This applies equally to all, regardless of your gender or where you come from.” (21). The SAP attempted to increase support for the welcoming of immigrants but assuring the native Swedish public that everyone benefiting from the welfare state would also be contributing to it, which is a distinctly Lockean idea. All those that want to participate in the society must contribute to its growth and development. The Social Democrats believe that anyone who wishes to contribute should be given the opportunity to do so.

The Social Democrats are also working to expand the welfare system to better support the changing needs of the public. In the same speech, Aderseron says, “The welfare system as a whole will be strengthened. It is the greatest redistributive power that exists.” (22) Wealth distribution was one of the founding principles of the Swedish welfare system and has remained one of the most important elements of the government system. In an increasingly modern world, the ways that the wealth is distributed have changed to fit with the current needs of the Swedish people. Anderson says, “The many people born in the 1940s are entering their eighties and should receive the secure care they deserve. For this reason, the general central government funding will be increased further.” (23). Universal pensions were among the first social reforms adopted in Sweden under the leadership of the early Social Democrats, and their importance in the lives of the people and politics has remained. Even in an increasingly conservative Sweden, the Social Democrats are still able to enact reforms and grow the welfare system.

In practice, all of the theories and policies come together to form the modern Swedish welfare state. The government provides a multitude of services for Swedish citizens, including healthcare, pensions, housing in certain circumstances, and generous unemployment benefits. Healthcare is provided through privately and publicly operated care centers that are financed almost entirely by municipalities rather than the central government (24). Nearly all of the hospitals in Sweden and a majority of the primary care clinics are owned by the government, making it one of the largest publicly owned industries.(25) The pension system and the housing benefit are both a part of Swedish policy initiatives to guarantee a standard of living to all citizens. The ODEC assesses, “For a single person, the full guaranteed benefit in 2018 was SEK 96,912 for a single pensioner born after 1938 or 21% of gross average earnings ... [and a] housing benefit that covers housing costs up to a maximum of SEK 5,560 per month for a single pensioner.” (26) The minimum standard of living is also supported by unemployment benefits. The government provides 80% of the previous salary of an unemployed person for the first two hundred days of their unemployment and 70% for one hundred days following that term. The

government also works with individuals to help them find employment while maintaining monetary support after that period has ended. (27) All of these benefits are funded through heavy tax burdens. Sweden has the highest individual tax rate in the world at 47%. (28) However, the corporate tax rate is much lower, at only 22%. (29) The lower tax burden on corporations is meant to stimulate the economy and attract business to Sweden, another compromise made by the SAP. The welfare system is wide reaching and actively impacts the daily lives of all Swedish people. It is through large involvement and high tax rates that the Swedish government is able to best support and serve the people.

Classical liberalism directly opposes the implementation of welfare reforms, but social democrats in Sweden have successfully implemented a government system based on welfare that is widely supported by the people. By working within a capitalist classically liberal system and compromising with moderates, the Social Democratic Workers Part of Sweden, has successfully executed its vision of creating a folkhem.

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