In Sweden, When the Voters Turn Right, the Right Turns Left

written by Steven Saxonberg | January 23, 2012

WITH THE ELECTORAL LOSSES of left-leaning parties in the past year in Germany, the UK and even in the model social democratic country, Sweden, recent events do not seem encouraging for those engaged in progressive politics. Given the meltdown of the financial markets and the rising consensus against free-market policies, even within the business community and business magazines, such as the *Economist*, one might have expected the Left to do much better and even see some kind of renaissance. However, if one puts it in perspective, the situation in my opinion is not as gloomy as it seems.

A quick comparison to the previous meltdown — the Great Depression — is useful here. First, in contrast to the Great Depression large-scale economic collapse was averted; and it was averted because most Western governments agreed to quickly rehabilitate Keynes, regardless of whether they were from the Left or the Right. Thus, when it came to saving the economy even the Right was willing to discard its free-market ideology. Second, even though rightist parties came into power in countries with relatively strong nominally leftist parties, they did not come to power spouting traditional rightwing slogans (conservative or free-market); and even more importantly, none of these parties came to power with openly fascist or even neo-fascist programs. Instead, the Right in Europe mostly won their elections on centrist, semi-Keynesian platforms, which borrowed a lot from the social democratic parties. Meanwhile, in contrast to the onset of the Great Depression, when social democratic parties had very little experience in power, during the recent economic crisis social democratic parties had already been in power for long periods in many European countries. Thus, a vote for the Right was not necessarily a move toward more "rightist" attitudes among the populations, but rather it often simply signified dissatisfaction with the relatively conservative trends and tiredness among the social democratic parties.

For example, in Germany the Social Democrats had been largely discredited for having carried out radical free-market reforms in welfare policies. Known as the Hart reforms they lowered benefit levels and made many areas means-tested. Meanwhile, when the conservative Christian Democrats became the largest party in the 2005 elections and formed a coalition with the Social Democrats, they pushed through a radically revamping of the country's family policies to push the country toward the Swedish model, in which fathers are encouraged to share in the parental leaves and access to daycare was to sharply increase. Thus, the Christian Democrats did more to encourage gender equality in its first years of government than the previous social democratic-green coalition had managed in 7 years of rule from 1998-2005. So the Christian Democrats increased their votes enough to be able to form a government without the Social Democrats in the next elections in 2009.

Similarly, in the UK New Labour began to lose support among voters both for taking part in the war in Iraq and for drifting too far to the Right. In addition, its prime minister, Brown, was not as popular as Blair had been. Meanwhile, the Liberal Democrats had gained a lot of support by positioning themselves to the left of Labour on social-welfare issues, while the conservative Tories had promised they had long since given up their Thatcherist tendencies. These developments rather than a big swing to the Right account for the center-right electoral victory. It turns out that once they won the elections, the Tory-Liberal Democrats actually moved in a very Thatcherist direction and began slashing welfare benefits, but they were not elected to do so: rather they were elected because voters did not expect them to do so.

Similarly, the recent two center-right electoral victories in Sweden did not signify a strong shift to the Right. Rather they were the result of other factors. To understand Sweden, it is important to keep in mind that the Social Democrats were in power without a break from 1932-1976, which is a world's record for democratic states only approached by the Liberal Party in Japan. During this period they were able to build up a rather hegemonic position in the country. I write "rather," because they were also good at borrowing progressive ideas from other parties. For example, it was the Liberal Party that had originally proposed replacing the maternity leave with an insurance-based parental leave that would encourage fathers to share in the leave time, but it was a social democratic government that introduced their plan. Fathers had incentives to share in the leave time, both because the leaves were now open for fathers and because the income replacement level was very high (originally 90 percent now 80 percent of previous income) so that fathers would not lose much income if they stayed at home with their children. (Since fathers usually earn more than the mothers, fathers could often previously argue that their family could not "afford" to have the father stay at home with the children, because the loss of income would be too high). Another example in the area of family policy is that a minister from the Liberal Party introduced the "daddy month" that saves one month of the parental leave only for fathers, so that the family will lose the money if only the mother stays at home, but the Social Democrats added a second month when they came back to power.

Because the Social Democrats have dominated Swedish politics so much, when the Center-Right comes to power, usually it is because the Social Democrats lose the election, not that the Center-Right wins the elections. So when the Social Democrats lost the elections in 1976 and 1979 the main reason was their support for nuclear energy. The agrarian-oriented Center Party at the time had opposed nuclear energy, which induced enough leftwing environmentalists to vote for them to give the Center-Right coalition an electoral victory. The Three Mile Island nuclear incident solved the problem for the Social Democrats, as they agreed to a referendum on the issue. Their compromise line of finishing the power plants that were already being built, but cancelling plans for further development won the referendum. Once this sticky issue was removed from the political agenda, they were able to regain power in the 1982 elections.

The next time the Social Democrats lost an election was in 1991, right after they introduced a free-market tax cut, which caused a grave economic crisis. Having succumbed to the influences of Reagan and Thatcher, the Social Democrats decided to lower taxes, so that people would have a "greater incentive to work." In order to finance the tax cut, they decided to eliminate subsidies for mortgages. Meanwhile, they also gave up full-employment as the main fiscal goal and replaced it with the goal of keeping the Swedish crown stable vis-à-vis the German mark. As a result of these policies, many people could no longer pay their mortgages and thus both the housing sector and the banking sector immediately collapsed. Four out of the five largest banks went bankrupt, inducing the state to take them over to save them. For several years the construction industry came to a complete standstill. The previous budget surplus changed overnight into the largest deficit in Europe next to Greece. Not surprisingly, under these circumstances unemployment rose from 1.1 percent to over 8 percent. So much for the tax cuts giving greater incentives to work!

Given that the Social Democrats had turned into a free-market party, it is not surprising that voters reasoned, "why not vote for true free-market parties?" Many social democratic voters decided that rather than punishing the party by voting for center-right parties, it was better to stay home, so voter turnout declined by about 10 percent. Consequently, the Social Democrats took an electoral beating, amidst cries among members that they "do not recognize their party." The conservative Moderate Party had transformed itself into a purer free-market party and had talked about the need for "systemic change." However, they quickly ran into grave problems as their desire to keep the Swedish crown stable against the mark led to amazingly high interest rates that reached up to 500

percent! Once this happened the government was forced to let the crown float. After three years of attempts at "systemic change," the voters had enough. Free market policies had become completely discredited and even among the Social Democrats, the rightwing phalange centered around the finance ministry left politics and thus a more left-leaning Social Democratic Party easily won the next elections in 1994.

Nevertheless, the Social Democrats by now had lost much of their earlier radicalism. They believed their main task when coming back to power was to make order in the state finances. By increasing taxes and cutting spending they soon were able to bring the budget back into balance and then into surplus. Since 1998 the government usually had a budget surplus of over 2 percent except during the occasional recession. To their credit the social democrats did in fact bring order back to the economy, as inflation remained low (ranging from -0.2 percent in 1998 to 2.4 percent in 2002, and averaging 1.2 percent for the period of 1998-2008), the economy grew steady and the country had perhaps the best public finances of any Western country. Most of the literature on retrenchment also credited Sweden with being able to avoid retrenchment and keep its generous social welfare system intact.

The truth is a bit more complicated. It is true that social benefits have remained relatively generous, although the social insurance coverage (for illness, unemployment, parental leaves, etc.) decreased from 90 percent to 75 percent before being raised up to 80 percent. However, analysts have often neglected the service sector. For although cutbacks were not so great in benefits, they were much greater in the provision of services. For example, the percentage of elderly with help needs, who received municipal home help decreased from 46 percent in 1990 to 33 percent in 1999. In addition, the fees increased in real terms, so that by the "end of the 1990s approximately one in six of everyone aged 75+ who needed assistance refrained from having home help because of the cost…." In fact, the percentage of elderly receiving home help decreased from 15.8 percent in 19890 to 8.4 percent in 1997. One survey shows that in the 1990s 41 percent of the municipal governments had taken away certain kinds of home help services to the elderly, who still live at home. In addition, about half of the municipalities have changed the contents of the help they give. As many as 58 percent of the municipalities have stopped providing help with cooking, 22 percent have stopped taking the elderly for walks and 17 percent have stopped helping them to go shopping.

Furthermore, the Social Democrats began privatizing some state-owned companies, such as the telephone company. Often they did so by transforming the companies into stock companies and then selling off some of the stocks, while keeping a portion for the state. This improved the state's finances, but the increased marketization also prevented companies from putting public service above profit motives. A typical example is the state-owned electric company Vattenfall, which has invested heavily in coal and nuclear power in countries outside of Sweden, where environmental standards are not as strict.

Even fully state-owned companies, such as the train company, have begun to act more on market principles. The actual rail-lines have been privatized, so that the state train company has to compete with private ones. The result is that many lines have been closed, trains go less often, and prices have increased. For example, where I live sometimes I can take the state train straight to Stockholm, but sometimes I must ride part of the way in a private train and then switch to the state train. One would expect these tickets to be cheaper, since it is more bother and it takes more time if one must change, but usually it is at least twice as expensive and sometimes even more expensive, thus making passengers wonder what the benefits are of having a private line. To make things worse, when one must change trains and both trains are state-run, then the second train usually waits if the first train is a bit late. When the first train is a private one, then the state train refuses to even wait 10 minutes. Once this happened to me and I was forced to take a taxi several hours to the airport, making the trip to the airport more expensive than the airplane flight! Also the state trains are

pretending that they are airplanes, so you can no longer buy a simple ticket from point A to point B. Instead, you must buy tickets for a specific date and time and the price of these tickets can vary from day to day or even minute to minute. Once I almost missed a train at the airport, because I tried to buy a ticket in the machine and after spending about 5 minutes pressing all the right buttons, I got the message that my purchase failed and I had to redo the process. When I finished, the ticket was twice as expensive! Apparently, my attempt to buy the ticket had failed because while I was pressing in all the right buttons, the price was already changing.

In general, in the late 1990s the Social Democrats continued to believe in the myth that people want greater "freedom of choice" and freedom of choice means the need to choose between many competing companies. Thus, now one must choose one's pension company, one's telephone company, one's electricity company, etc. Studies have shown that deregulation did work well for the telephone industry, where prices fell dramatically. However, in most areas prices in fact rose and services decreased. Now the worst example is electricity, where the marginal pricing system allows private companies to charge the highest possible price. For example, if 99 percent of the electricity they produce costs .1 crown per kilowatt, but the last 1 percent costs 10 crowns, then they are allowed to charge 10 crowns for all the electricity the homeowner uses. Now the newspapers are filled with articles about how homeowners are protesting against the high electricity prices and how the country now has the most expensive electricity in Europe, although it is relatively cheap to produce.

Another problem with deregulation is that free market economists assume that consumers have perfect information, which is rarely the case in reality. In order to get anything nearly approaching perfect information, consumers would have to spend all their free-time comparing prices of every service that they use. Not surprisingly, most people are not 100 percent *homoeconomicus* and have other interests in life than comparing prices.

A typical example of this problem is the new pension system. Previously, everyone's pensions were tied to a state fund, but now all adults can choose a private fund that invests in stocks or bonds. If one does not choose, then one automatically joins the state system. When the reform was launched the state made a lot of propaganda about the need to choose a fund, so most people did. The problem is that every year a new group of people reaches adulthood and hardly any of these people choose a pension fund. As a result they become part of the state fund. If these trends continue it will not be long before the state fund completely dominates the market and private funds will die out. Freedom of choice also means the right not to choose! Because of this rightward drift, the Social Democrats steadily lost ground to the Leftist Party (the former Eurocommunist party) and the Greens. Yet, the Left still maintained a healthy majority and was able to continue to rule after regaining power in 1994.

On the positive side, the government did improve policies in some areas, especially in family policy. Throughout the 1990s the government increased access to daycare, so today virtually all children attend daycare by the time they are two unless one of their parents is at home with a second child. Even in this case conditions improved, as children have the right to attend cheap public daycare 15 hours a week even if one of the parents is at home with a younger child. The idea is that children suffer when they suddenly have to leave daycare and miss their friends when their parents stay at home with a new baby.

Parental leave times have also increased from 12 to 13 months since the early 1990s. Furthermore, to encourage fathers to stay at home with their children, two "daddy months" have been introduced, so that families lose two months of parental leave benefits (at 80 percent of one's previous salary) if the father does not stay at home. State employees often get another 10 percent for their parental leave as a result of benefits gained through collective bargaining. To further

encourage fathers to share more equally in the leave times, fathers have officially half of the leave time, so they must sign a statement allowing the mothers to take "their" leave time if they do not want to stay at home for at least 6 ½ months. The social insurance office also regularly sends statements to fathers reminding how much leave time they could take to put further pressure on fathers to share the leave times more equally. Although gender relations are still far from equal, fathers nevertheless now take over 22 percent of the total leave time, which is still among the highest in the world.

The government also took some important steps in improving the environment, such as giving support to alternative forms of heating (solar, pellets, pumps that get heat from under the ground), biogas, etc. The government has strongly pushed recycling, including a law forcing beverage companies to make all their plastic bottles in recyclable material. Consumers also get a refund when they return these plastic bottles (as well as cans and glass bottles).

The Achilles heel for the Social Democrats has been unemployment. The traditional Swedish Model gave the highest premium to low unemployment and a high level of employment. At the end of 1990 unemployment was 1.6 percent and over 80 percent of the population from 16-64 was employed. By 1997 the percentage of the adult population in employment had dropped to 70.7, and although it went up to 75.3 percent in 2001, it declined again to 73.4 percent by 2004. Concerning unemployment, after reaching a high of 8.2 percent in 1993, it went down to 4 percent by 2002 before increasing again to 5.5 percent in 2004. Thus, in a country, where unemployment had usually been around 1-2 percent in the post-war era, the Social Democrats had failed to meet their traditional standards in what had previously been their heart issue.

The continued persistence of relatively high unemployment and the lack of solutions (or even interest in the issue) shown by the party leadership contributed greatly to the party’s loss in 2006. During that electoral year, unemployment continued to rise and by July, two months before the elections, unemployment was at 6 percent. Even though the trends were starting to turn and unemployment had started to decline, 6% unemployment was an unacceptably high level for most of the population and the high level allowed the center-right parties to steal the unemployment issue from the leftwing parties.

The fact that voters discarded the Social Democrats for the Center-Right in 2006 and then re-elected them again in 2010, however, does not mean that the voters had become more conservative. Ironically, the Center-Right victory reflects the hegemony of social democracy in Sweden. For in order to win the elections, the conservative Moderate Party had to shed its free-market ideology and reframe itself as a supporter of the welfare state. After a disastrous showing in the 2002 elections, the free-market wing of the party stepped down and a new centrist generation took over. Copying New Labour in the UK they called themselves the "New Moderates" and claimed to be the "true" working class party.

Just as the Blairites concluded that they had to give up socialism and the idea of state-owned industry in order to win elections, the New Moderates concluded they had to give up the idea of a "system shift" and admit that after decades of social democratic dominance and hegemony, they could never convince the electorate to give up the welfare state.

Thus, the New Moderates gave up their opposition to some of the main pillars of the Swedish labor market model. They announced that they no longer want to close down the National Labor Council, which is responsible for implementing the active labor market policy (for example, job re-training projects and running the public employment agencies). In addition, they decided to no longer try to loosen up the rules on job security (LAS), which regulate such issues as a demand that those, who have worked the longest at a firm, must be laid off last, etc. Rather than promoting

radical tax breaks that could not be easily financed, the party claimed to be a new workers' party and therefore wanted to limit the tax breaks to low-income workers.

Along with the previous problem of the Moderates being seen as a dogmatic party that had no ideas other than to cut taxes, the center-right had also suffered from an inability to rule successfully together. When a three-party coalition unseated the Social Democrats in 1976 for the first time since 1932, the coalition was unable to last the entire mandate period, as the prime minister resigned over the issue of nuclear power. Even though the center-right won the next elections in 1979, the coalition government again collapsed — this time over the issue of taxes. When the electorate finally decided to give the center-right another chance in 1991, the coalition managed to stay together during the entire period, despite the fact that it had increased to four parties, as the Christian Democrats had entered parliament. The price for keeping the coalition together, however, was the decision to allow each party push through some of its main programmatic points, which often led to contradictory policies and prevented the budget deficit from coming under control.

In order to gain voter confidence, the center-right parties decided in 2004 to build an alliance. They put together working groups to work out coherent policies, so that the four parties could stand the elections with a common basic platform. Consequently, they gave the voters the impression that they were ready to take responsibility.

Just when the right seemed more united than ever, the left seemed more disunited than ever. Traditionally, the Social Democrats completely dominated the left and although they rarely received their own majority, they usually obtained around 45 percent of the vote. This allowed them to basically rule as if they had their own majority, as they knew the Communists would not take responsibility for bringing down a "workers'" government. As long as the Communists were small and communist, the Social Democrats did not have to take them seriously. Meanwhile, the communists were quite aware that they were always in danger of falling under the 4 percent minimum required to come into parliament and that many of their votes came from social democratic sympathizers, who voted for them only for tactical reasons: either to keep pressure on the Social Democrats from the left or because they feared that if the Communists received slightly less than 4 percent and failed to enter parliament, then the rightist parties could form a majority in parliament even if the leftist parties received the majority of votes. Thus, the term "comrade 4 percent" arose to denote these social democratic supporters. The Communists were well aware that these "comrades" would quickly abandon them if they voted against social democratic proposals in parliament.

In the 1990s the political calculations began to change for the Social Democrats. The Communists changed their official name from the Left Communist Party to the Left Party. Their new leader, Gudrun Schyman, quickly proved to be one of the most gifted speakers in the country and clearly the best debater of any party leader. Under her leadership the party succeeded in giving the image of being a modern party of the democratic left, which focused on "post-modern" issues, such as feminism and the environment. She also succeeded in bringing reformers into top leadership posts. Consequently, the party increased its support from its previous average of around 5 percent to 12 percent in the 1998 elections. Even though it fell to 8.4 percent in the 2002 elections, it still was strong enough to force the Social Democratic government to enter serious negotiations with it in order to gain passage of its proposals in parliament.

Not only did the Left Party make a dent in the Social Democrats' monopoly of the center-left, the party also began to face competition from the Environmental Party, which has made it into parliament during every election since 1988 with the exception of the 1991-1994 period. Consequently, after receiving 45.3 percent of the votes in the 1994 elections, the Social Democrats plummeted to 36.4 percent in 1998 and 39.9 percent in 2002. As a result, rather than being able

bully a small communist party as in the past, the Social Democrats were now forced to seriously negotiate with two center-left parties in order to maintain power.

The relationship between the three parties grew uneasy. The Social Democrats were not used to sharing power. The Environmental Party accepted its role as a support party from 1998-2002 to show that it is capable of taking responsibility, but during the 2002 electoral campaign it demanded that it receive cabinet seats in return for supporting the government. It could rightfully point out that in neighboring countries, such as in Germany, Finland, and France, green parties have ruled together with social democratic or socialist parties, so there was no reason why Sweden should be an exception. A crisis arose after the 2002 elections when the Social Democratic leader, Göran Persson, refused to give the Environmentalist Party cabinet posts, so the Environmentalists began negotiations with the center-right. Once these negotiations broke down, the Environmentalists were forced to support a Social Democratic government, but the results were unsatisfactory for all sides. The Social Democrats seemed arrogant and power-hungry, while the Environmentalists seemed weak for giving in and the Leftist Party seemed even weaker as well as toothless compared to the Environmentalists, as the Leftist Party did not even demand any cabinet seats.

Even though Persson succeeded in forming a pure Social Democratic government, he seemed to realize that in the future he would need to include the Environmentalists in his government. In fact, despite his original bitterness that the Environmentalists had negotiated with the center-right, he appeared to like the new green leadership duo, which had become more pragmatic and result-oriented than previous green leaders.

However, two problems remained. First, the Leftist Party suddenly became much less palatable as its leader, Gudran Schyman stepped down amidst personal scandals. Her replacement, Lars Ohly, not only lacked her charisma and communicative skills, he also reversed the party's modernizing image, calling himself a "Communist." The party congress purged the reform wing from the leadership as more orthodox cadres came to the fore. Even though the more orthodox leadership probably more truly represented the membership base than the Schyman leadership, it made the party definitely less popular among the voters and less acceptable to the social democratic leadership. Persson was weary about offering cabinet posts to the radicalized party. Yet, even though Ohly often proclaims that influencing policies is more important for him than receiving cabinet posts, it would have been difficult for Persson to offer ministries to the Environmental Party while simultaneously excluding the Leftist Party.

The second problem is that even if the Environmentalists could rightly argue that green parties were sitting in government coalitions in Finland, France, and Germany, in these countries the greens do not oppose the EU. In fact, in Germany, the Green Party leader and Foreign Minister, Joschka Fischer, even suggested that the EU become more powerful and evolve into a federation — which was heresy for the Eurosceptic Swedish Environmental Party. Persson often turned to the center and rightist parties for support on issues concerning the EU and the military and he feared that it would be difficult to govern with two anti-EU parties with a pacifistic orientation in the government.

Consequently, Persson refused to say what kind of government he would try to form if the center-left won the elections. He wanted to keep all options open, including a coalition with center-right parties, although he knew that they would refuse. The roles were now definitely reversed. Whereas voters had traditionally chosen between a strong social democratic government and an unstable, divided center-right opposition, now they had to choose between a united center-right and an uncertain, divided left.

Perhaps because it was becoming more difficult to govern in a period in which the Social Democrats needed to actively cultivate the support of two other parties, Persson appeared to grow

tired of ruling and seemed to be looking for a way to retreat from politics. Rumors spread that he wanted to retire and hand over the reins to Foreign Minister Anna Lindh. Such a move would have probably rejuvenated the party, since she was widely perceived as the most talented politician of the younger generation of politicians. She was extremely intelligent and articulate and used her skills as a lawyer to give well-balanced explanations. Even the center-right politicians openly showed their great respect for her as a foreign minister who was well acquainted with international law. Tragically, she was murdered in the fall of 2003 and Persson no longer had a given leader, to whom he could pass the baton.

This worn out leader, who felt forced to stay on and campaign without being able to explain to the electorate what parties he wanted to rule with, faced yet another problem: the populace was greatly dissatisfied with the manner in which the government dealt with the tsunami, which had killed many Swedes in Thailand on December 26, 2004. Not only did he and his fellow ministers appear arrogant in refusing to take responsibility for their inaction during the first days of the disaster, the Social Democrats also lost their argument that they were the most capable party for managing the state.

Thus, many political factors contributed to the Social Democrats' electoral loss. They faced a united opposition, while the left remained divided. The Moderate Party gave up its laissez-faire policies and embraced the welfare state, claiming to be a new workers' party and arguing that by giving highest priority to fighting unemployment, they were taking over traditional social democratic policy priorities, which Persson had abandoned. Meanwhile, Persson had grown tired of ruling and his heir apparent had been murdered, which had prevented him from stepping down. Finally, the government had lost the confidence of many voters by the way it handled the tsunami catastrophe.

What is important for our present analysis is that none of the main reasons for the defeat of the Social Democrats indicate that support for the country's generous welfare policies was declining. In fact, a recent survey shows that 80 percent of the population thinks the municipal and regional governments should increase the quality of childcare, while only 15 percent think that taxes should be lowered instead. Furthermore, 93 percent believe that the local governments should increase care for the elderly, while only 5 percent favor lowering taxes. Similarly, 91 percent prefer increasing the quality of healthcare rather than lowering taxes.

Given this situation, it is not so surprising that shortly after coming to power, support for the center-right parties almost immediately crashed. By January, 2007, four months after the elections, a Synovate survey showed the Left block led by 7.4 percent and by April 2008, the Left block was leading by over 16 percent, which would be a record high victory.

So why didn't the Left block go on to win the elections in 2010? As late as March 2010, they were still ahead in the polls, but several things hampered them. First, they ran a lackluster campaign, without having any clear alternatives to the Center-Right government on most issues. Moreover, the Center-Right actually benefited from the economic crisis, because they managed to keep the state finances relatively sound during a period in which other states were close to economic collapse. For example, on April 7, 2011, the *Economist* reports that the budget deficit is only -0.8, compared to -9.9 percent in the United States, -9 percent in the UK and -6.4 percent in France. Meanwhile, its trade surplus is 11.7 billion dollars, while the United States has a deficit of -659.7 billion dollars and the UK -148.9 billion. In times of crisis the population tends to support the current government if they think it is doing reasonably well, since it provides security. They had ruled for 4 years, so the voters knew what to expect and they trusted the government to carry out these things.

Meanwhile, in the leading morning newspaper, *Dagensnyheter*, one could read on April 12, 2011

the claim that

> our idea on secure economic growth requires a policy that gives jobs without making the economy overheat, which guarantees that the growth will bring benefits to the majority and which hinders groups with weak positions in the labor market from being left behind. We want to strengthen the quality in education and welfare. The financial sector, which is the often the source of economic imbalances cannot be allowed to shake up the economy.

Were these the demands of the Leftist opposition? No, it was a policy statement written by the ruling Center-Right ruling coalition! Since the four Center-Right parties claim to have such goals, it is not surprising that the leaders of all four parties also supported Obama over McCain in the last American election.

Sweden is still far from the dreams of creating a democratic socialist society that were still very popular in the 1970s. In many ways it has retreated and its policies are much more accommodating to the market than they were in the 1970s. The country had privatized and deregulated so much that in most towns the postal services is leased out to private grocery stores, and post offices have basically disappeared except for those which cater to private enterprises. The Social Democrats no longer talk about "building socialism" or the need for economic and workplace democracy. The party has become much lamer than in the Palme era of 1968-1984. Yet, the country still has one of the world’s most generous welfare states and support for it is so great that the Center-Right has only been able to rule by becoming semi-social democrats. So the Social Democrats’ loss of political power has been accompanied by a complete hegemonic ideological victory for the basic Social Democratic welfare tenets. It is far from utopia, but also far from the damage done in the United States by Reagan and the Bushes or in the UK by Thatcher and New Labour.

Footnotes