

# Sweden's Social Democrats in freefall

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In recent weeks, support for Sweden's Social Democrats has fallen to historic lows, with polls indicating little more than 25 percent of voters support the party. Social Democrat leader Hakan Juholt's popularity has fallen to just 12 percent, against 68 percent for current Prime Minister Frederick Reinfeldt.

The immediate cause of the drop in support for the Social Democrats is an expenses scandal concerning Juholt. He was accused of claiming thousands of kronor in housing benefits for a residence in Stockholm for which he was not entitled. Although he appears to have survived calls for his resignation for the time being, it is unclear how long he can remain as party leader if such low levels of support continue.

The Social Democrats received their lowest vote in nearly a century in last year's elections. The problems in the party are the result of a much more deep-rooted and protracted process.

The general decline of Social Democracy has been exacerbated by the growing capitalist crisis. The various welfare measures once championed by the Social Democrats have been largely junked in response to the world economic crisis that erupted in 2008. The trade unions, which have acted as a state institution for decades in Sweden, are beginning to lose membership.

Such developments have profoundly destabilised the foundations upon which Social Democracy built its dominant position. From the outset, the Swedish Social Democrats saw their task as defending capitalism from the threat of social revolution. Their first leader Hjalmar Branting declared at the party's founding in 1889, "I believe... that one benefits the workers so much more by forcing through reforms which alleviate and strengthen their position, than by saying that only a revolution can help them."

This would act as the party's guiding perspective throughout much of the 20<sup>th</sup> century. For a long period immediately prior to and after World War II, the Social

Democrats dominated government—ruling uninterrupted for over 30 years from 1946 onwards. The party enjoyed broad support within the population due to its ability to offer relatively generous welfare state measures funded by progressive taxation, as well as state intervention in to the economy to provide public services and jobs.

Living standards in Sweden were frequently cited as among the highest in the world, with the "Swedish model" of the "mixed economy" held up globally as an example of how the worst excesses of capitalism could be ameliorated. As late as 2004, when such claims were already gravely undermined, the British-based *Guardian* newspaper still hailed Sweden as "the most successful society the world has ever known."

A key role was played by the trade unions, which dominated economic and social life. Two trade union economists first proposed the framework of labour relations which was established by the Social Democrats after the Second World War. This included a centralised wage bargaining system, and large government subsidies to promote investment from businesses. Through collaboration with employers' organisations, the trade unions ensured favourable business conditions and comparatively well-paid jobs for workers.

The basis for such policies was the pre-eminent position of the nation state as a basis for much economic activity and as a regulatory mechanism within the world economy. This was increasingly undermined by the onset of globalisation from the 1980s. Worldwide investment and production and the need to be internationally competitive demanded swingeing cuts in wages, greater exploitation and cuts to state spending.

Swedish Social Democracy, in common with its sister parties the world over, moved sharply to the right.

Administrations led by the Social Democrats initiated the deregulation of industry, encouraged financial speculation and removed its commitment to full employment. The ability of the unions to maintain wage increases was severely undermined, as Swedish capital turned outward to other European locations to seek higher rates of profit. By the early 1990s, these policies played a large part in the outbreak of a financial crisis which gripped the Nordic region and saw the Swedish state step in to bail out the banks at a cost of billions of kronor.

After a short period in opposition, the Social Democrats were again returned to power under the leadership of Göran Persson. During his ten years as Prime Minister, Persson oversaw a further rightward shift within the party including the beginning of the privatisation of state-run services, tax reductions for business and the formal abandonment of Sweden's "neutral" foreign policy—with support for the war in Afghanistan. Privatisation focused particularly on the education system, where for-profit schools were encouraged, as well as in the media where private television and radio flourished.

This agenda gained the support of the Greens and the ex-Stalinist Left party, who reached an accommodation to back the Social Democrats in government. This cooperation continued in opposition after 2006, with a "red-green" alliance created to fight last year's elections.

The fall in support for Sweden's traditional party of government took place against this background. By the time the party lost the 2006 elections to the right-wing Alliance, its support had fallen to an historic low of less than 35 percent. It was reported that by 2010, a third of Social Democratic members had left the party since 2000.

This disillusionment created the conditions under which a coalition government was able to come to power with a programme for undertaking the largest privatisation drive in Swedish history, the slashing of social services and welfare payments.

The *Economist* magazine noted with undisguised satisfaction in 2010, "British public-sector reformers now look to Sweden for examples of greater competition and more private provision. So the Swedish model still appeals—but to the right, not the left. That is a mark of how far the Swedish Social

Democrats have fallen."

Juholt took over the leadership of the party after its second consecutive electoral defeat, which saw the party's support fall to 30 percent. Although some hailed him as a "left" candidate, he was committed to pursuing the right-wing course of his predecessors. Within a month of taking over, Juholt had solidarised his party with the Libyan war, supporting Reinfeldt's decision to send Saab Gripen jets to participate in the bombardment of Tripoli and other urban centres. The party has also stated that it would be willing to work in coalition with the Centre party, which is currently a member of Reinfeldt's government, after the next elections in 2014.



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