

Building a welfare state

What can be learnt from the Nordic Model?

Many progressives admire Norway's advanced welfare state. **Asbjørn Wahl** however shows how this Nordic Model is under attack and can thus not be simply copied by other countries. In his view nothing substitutes for sustained class struggle to limit the power of capital in order to create the conditions for a fully fledged welfare state.

There is a lot of heated discussion on the welfare state, or the *Nordic Model* as we call it in my part of the world. The welfare state represented great progress in living and working conditions. Public health, life expectancy and social security improved enormously over a short period of time as the welfare state developed in the last century.

In spite of its success, the welfare state is currently being attacked by strong forces in society. At the same time, we find that many labour organisations in the south are interested in *importing* this model to their countries. Trade unions and labour parties of the north are eager to *export* their successful social model. Social peace, tripartite cooperation and social dialogue are promoted as central measures to achieve the welfare state.

This represents, however, a simplistic concept of the welfare state. The entire question is being depoliticised. The welfare state cannot be assessed independently

from its social and historical origins and the power relations which made it possible. A more thorough analysis of this social model is therefore crucial.

WELFARE ECONOMY

Some kind of social services will develop in all countries as the economy develops. The very reproduction of labour under capitalism demands much in terms of qualifications, health, public transport and so on. The organisational form, quality and level of these services, however, will reflect power relations in the actual societies as well as internationally.

In the last resort, therefore, democratically managed, universally accessible public services are a question of social power. The power of organised labour in Norway ensured the introduction of high quality public services. Public ownership and control of the basic infrastructure in society represent an important part of these new power relations. Contrary to being the result

of social dialogue and tripartite cooperation, as many in the labour movement will have it, the welfare state was the result of a long period of hard social struggle.

The strong exploitation of workers in the relatively unregulated *laissez-faire* capitalism of the 19th and first half of the 20th century spurred social confrontations. There were general strikes and lock-outs. Police and military forces were used against striking workers in all Scandinavian countries. People were wounded and killed in these confrontations. As a result, a big part of the labour movement turned politically to socialism as a means to end capitalist exploitation. Demands for systemic changes became prevalent.

In particular, the international economic depression of the 1930s led to increased popular pressure for political interventions in the markets. Mass unemployment, increased misery, fascism and war produced massive demands for peace, social security, full employment and political control of the economy. Under the existing balance of power, the Keynesian model of regulated capitalism won hegemony, and thus formed the social and political foundation for the welfare state.

It is worth noticing that the increased strength of labour did not only result in better trade union rights and regulated labour markets. Much more important was the general taming of market forces. The power of capital was reduced in favour of politically elected bodies. Competition was dampened through political interventions in the market. Capital control was introduced and financial capital became strictly



Demonstration against increasing costs in a period of hard times in Oslo, Norway in 1917

regulated. Through a strong expansion of the public sector, a great part of the economy was taken out of the market and made subject to political decisions.

It is interesting to note that the welfare state, in the form of regulated capitalism, was never an aim for the labour movement before it was created. The stated aim was socialism. It was in fear of socialism (after the Russian revolution and a strengthening and radicalisation of the labour movement in Western Europe during World War II) that capital owners in Western Europe gave in to many of the demands of the labour movement. They voluntarily entered into social pacts and gave in to many of labour's social and economic demands in order to win time and dampen socialist sentiments in the labour movement. Fifty years later, we can conclude that this corporate strategy proved successful.

For the trade union movement the social pact in reality represented the acceptance of the capitalist mode of production, the private ownership of the means of production and the employers' right to lead the labour process. Simplistically, the welfare state and gradually improved living conditions were what the labour

movement achieved in exchange for giving up its socialist project. Further, this led to the depoliticisation and deradicalisation of the labour movement. It became the historic role of the social democratic parties to administer the policy of class compromise.

FROM CONSENSUS TO CONFRONTATION

As the reconstruction and rebuilding of the economy after WWII came to an end, the post-war Keynesian economic model ran into problems. Stagnation, inflation and profit crises became prevalent. Spurred by these international economic crises, market forces went on the offensive and the current era of neo-liberalism started. The politics of the social pact thus came to its height in the 1970s. After that, capitalist forces changed their strategy in order to restore profitability, withdrawing gradually from the social pact and introducing more confrontational policies against labour.

What we have been facing over the last 20 years is therefore the abolition of capital control, the deregulation and liberalisation of markets, the redistribution and concentration of wealth, the privatisation of public services, the increased use of

competitive tendering and outsourcing, the downsizing of the workforce and the consequent flexibilisation of labour markets. As a result, bi- and tripartite negotiations, or *social dialogue* which it is now named, do not work in the same way as during the social pact period.

The trade union movement was taken by surprise by this development. The shift from consensus to confrontation on the side of capital was incomprehensible within the consensus-oriented social pact ideology of the labour movement. It even accepted deregulation and liberalisation of the economy, provided it was accompanied by labour standards (or *social clauses*). Thus, a focus on real power relations and limitation of market forces through enforceable regulations has been replaced by a legal formalism. An entire academic industry focusing on corporate social responsibility (CSR), in the form of voluntary ethical standards, has emerged in this vacuum created by the crumbling power of trade unions.

Demands for a new class compromise, with a nostalgic hope that the social peace and the gradual improvement of social conditions of the 1960s should be restored, do not

have any realistic basis under the current balance of power. The social forces which want to defend the gains of the welfare state will therefore meet the confrontational attacks from capitalist forces with a counter offensive.

After initial setbacks, political and ideological confusion, and a number of isolated and lost struggles during the 1980s and 90s, we can today see growing resistance against the existing neo-liberal economic and social order. More and more people are experiencing in practise that the neo-liberal project does not deliver. Both neo-liberalism and its global institutions are increasingly being drawn into a crisis of legitimacy. Hand in hand with the growing resistance against corporate globalisation, we are also experiencing an increasing globalisation of the resistance.

In many countries we see a revitalisation of the union movement. New and untraditional national and international coalitions are being developed between trade unions and other social movements. The new global justice and solidarity movement which has proved itself able to gather more than a hundred thousand people at social forums and mobilise millions of people in the streets, has produced new optimism and alliance opportunities.

Currently the most encouraging developments are in Latin-America, where strong social movements are able to win national elections in declared opposition to neo-liberal policies.

OUR IMMEDIATE TASKS

The following are some of the most immediate tasks which the labour movement faces:

To defend the achievements which were won through the welfare state.

This is our first defence line. It is a defensive struggle, and we have to

realise that we are in a defensive situation. This means fighting liberalisation, privatisation, deregulation and attacks on our social security provisions.

To confront the institutionalisation of neo-liberalism at the international level.

An important part of the neo-liberal strategy is the attempts to institutionalise its policies at the trans-national level. In this way, the interests behind market-oriented solutions avoid and overrule democratic structures and processes at the local and national levels. Markets are thus being forced open through legislation at the EU (European Union) level, or through agreements within international institutions like the WTO (World Trade Organisation).

To democratise and further develop our social services in a user/producer alliance.

Although popular support for public services is broad, there is also widespread discontent with many aspects of them, such as limited accessibility, bureaucratic structures, lower than expected quality and so on. Under-financing in order to weaken and discredit public services to pave the way for future privatisation is a well-known strategy from neo-liberal politicians. It is important not to deny or explain away these deficiencies. Democratic and organisational reforms are decisive in this regard and can work as strengthened barriers against privatisation and political attacks in the future.

While all these immediate struggles are important in their own right, they must be developed in a way which strengthens our more long-term, strategic aims. Our concrete demands and struggles should therefore:

- Contribute to shifting the balance of power from capital to labour.

- Be linked to the experiences, the problems and the interests of the social groups in question, since this is a precondition for effective mobilisation.
- Contribute to building broad social alliances which is necessary to win social power.

Since the welfare state was the result of a specific historical development, it can hardly be copied by other countries. The attempts to *export* the welfare state will fail in two important ways.

Firstly, it underestimates the threats and attacks which the welfare state currently faces and which, under continued offensives from neo-liberal forces, have led to the gradual undermining of the welfare state. Secondly, when social dialogue and tripartite cooperation are promoted as the way forward, delinked from any assessment of the actual balance of power between labour and capital, it is politically wrong and will lead the struggle astray.

The most important learning from the history of the welfare state in Norway is that it did not go far enough in taking democratic control of the economy. Our perspective therefore has to go beyond the Keynesian welfare state. The main aim of the labour movement both in the north and south today must be to delimit the power of capital and to make the economy subject to democratic control. This will not be achieved through CSR, social dialogue and tripartite cooperation, but through class struggle and social confrontations. History tells us that power never steps down. It has to be brought down. LB

Asbjørn Wahl is an adviser at the Norwegian Union of Municipal and General Employees and national coordinator of a broad coalition, the Campaign for the Welfare State (For velferdsstaten) in Norway.