



The Swedish Model: *past, present and future*

Bror Perjus* looks at the current crisis facing the "Swedish model" of socialism. Only a new solidarity of the labour movement internationally, he argues, can withstand internationalised capital.**

What is often called the "Swedish model" has had a profound historical impact on the international labour movement. It has, to a certain extent, inspired all Scandinavian countries, parts of central Europe, and most other industrialised countries.

The "Swedish model" was born in 1938, the result of an historic compromise between capital and the labour movement. It expired in 1991, when the Social Democratic Party lost the general election.

The defeat of the model in its home country of Sweden simply mirrors the impossibility of

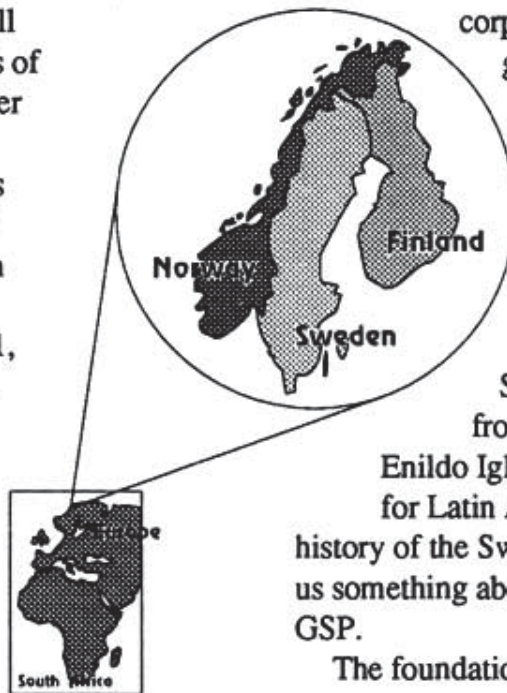
sustaining independent policies within the framework of the nation state, in a world dominated by transnational corporations and their trade in goods, services and currency.

Today the international labour movement is faced with the task of constructing a new model for the global community. Let us call

this model the Global Solidarity Project, or GSP, from the proposal made by

Enildo Iglesias, IUF Regional Secretary for Latin America. A short look at the history of the Swedish experience may teach us something about the requirements of the GSP.

The foundations of the Swedish model were



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laid with the Saltsjöbaden agreement of 1938, a national industrial agreement signed by the national labour centre LO and the employers' organisation SAF. The agreement, which laid down rules for all industrial relations negotiations in Sweden, ended a period spanning half a century of persistent confrontations between unions and employers.

During these 50 years, the Swedish trade union movement developed into a strong organisation. Following the defeat of the 1909 General Strike, which resulted in the loss of half the trade union membership, the leadership of the movement was strengthened in its conviction that it was impossible to overcome the employers through trade union efforts alone. A fight was necessary on two fronts: both through the unions, and by means of politics.

Here we begin to see some of the basic requirements of the GSP:

- A strong, well co-ordinated trade union movement is required in which the majority of the workforce are union members, and in which disputes, about which union workers should join, are resolved without internal fighting.
- A high level of co-operation is needed between the trade union movement and a political party which represents workers' interests.
- A labour movement consisting of trade unions and a political party must have at least enough political clout to stop legislation and the police being used by the employers against the unions. When in government, the movement should preferably also be able to influence legislation and promote economic policies favourable to the trade union struggle.

The Social Democratic Party in Sweden was initiated by the unions. Co-operation between the unions and the party was strengthened after the General Strike. The struggle concentrated on general suffrage, which was achieved in 1921.

The effectiveness of the unions was rebuilt, and with their help the Social Democrats recruited enough working class voters to become the largest party in the country.

During the 1930s, they formed stable governments in collaboration with the Farmers' Party. From this position of strength the labour movement was able to exert sufficient pressure on the employers to agree to the historical compromise at Hotel Saltsjöbaden in 1938.

With the protection of the Saltsjöbaden agreement, the labour movement was able to develop a wage policy based on solidarity with the lowest wage earners, offering the employers long term national agreements within the framework of national economic policies. During the period covered by an agreement the workers refrained from conflicts in the workplace.

The Saltsjöbaden agreement came at the end of the depression and signalled the start of an unparalleled development of industrial production and prosperity in Sweden. The Social Democratic Party – sometimes in coalition with the Farmers' Party – remained in government for 44 years, until 1976.

The Swedish Model has often been represented by right-wing commentators abroad as if the Swedish workers believed that strikes were destructive. This misrepresentation has been employed to convince workers in other countries to reject the use of their strongest weapon. On the far left, the Saltsjöbaden agreement has been represented as treason on the part of the LO leadership and the Social Democrats, as an agreement entered into with the employers over the heads of the Swedish workers. The truth, of course, is that the leadership of the Swedish labour movement has always known that the power of the unions rests exclusively on their ability to go on strike.

From time to time strikes have been necessary even in Sweden, in order to achieve

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the goals set for negotiations.

If they have occurred infrequently, it is testimony to the collective strength of the labour movement, through its trade union and trade political wings. When LO calls a strike, the whole country stops. The employers know this, and give way before it happens.

The Swedish model developed into a sophisticated economic theory and political practice. The government's economic policies for full employment and low inflation were developed hand-in-hand with the workers' and employers' organisations. The decision on how to distribute the proceeds of production was characterised for several decades by organised negotiations and a decreasing number of lockouts and strikes. Both capitalists and workers benefitted from the compromise.

But during the '70s and '80s significant changes in the balance of power took place in the Swedish labour market, to the advantage of the owners of capital. The flow of capital across borders has become so rapid and extensive that it can no longer be checked by national authorities.

The major Swedish industrial corporations have now reached a position where they are able to transfer their production and investments anywhere in the world. They are no longer dependent on the domestic market, either for labour or goods, and have therefore decided to abandon the spirit of the Saltsjöbaden agreement. They no longer want national agreements, and they do not care if wages surpass growth, since they can relocate production abroad.

As they have grown more powerful, the employers have become more militant against

the unions and in their political agitation. In 1976 this led to the first real electoral defeat of the Social Democrats in 44 years. In 1980, under a non-labour government, the owners of capital attempted a decisive attack on the unions by provoking a major industrial conflict - the first since 1909. Nearly half of the LO membership, practically the whole of the industrial sector, was locked out.

Economically, organisationally and ideologically the LO was far stronger this time than it had been in 1909. The conflict ended in a defeat for the employers and a strengthening of the position of the unions. The unions gained new members and emerged from the conflict with expanded activities and an increased ideological awareness. The victory, however, was not to last.

The economic result was a flight of capital abroad, which the then non-Labour government was forced to meet passively with devaluations. The Social Democratic Party, which regained power in the 1982 elections, had to pursue the same course, after the owners of capital had cleared the Swedish currency reserves the week before the election. In the course of just over a year, the Swedish crown was devalued by more than 25%.

Devaluation reduces imports and increases exports and

economic growth. However, it also transfers income away from workers to the owners of capital. In the 1980s this led to the creation of huge new fortunes - speculative capital which to a large extent flowed into additional foreign investment and property speculation.

The economy became increasingly volatile, moving from sluggish growth to overheating. The 1980s saw a rapid succession of currency

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crises, with the employers making use of chronic instability. The Swedish economy is devastated by currency crises each time national wage bargaining takes place.

Strong public criticism of the grossly inflated fortunes, coupled with the steady erosion of bargaining gains, led to the defeat of the Social Democratic government in the 1991 election.

The voters simply did not understand that internationalised capital had crippled the government through economic blackmail, demanding more and more as the price for remaining in the country. As long as the voters do not understand this, right wing populism will become increasingly successful.

This pattern can be seen in one country after another, and is the final proof of the powerlessness of the nation state. Employers in Finland, for example, recently demanded a 20% cut in wages. Faced with the threat of a 30% devaluation, the Finnish LO had to accept a 7% wage cut.

There can be no turning the clock back for the labour movement, to a strategy limited to one nation only. The strong Swedish movement is as much in need of an international strategy, a Global Solidarity Project, as is the Latin American movement, which is struggling under much more difficult conditions.

Workers in rich and poor countries alike must unite in their demands for a proper distribution of the proceeds, between workers and the owners of capital, in order to combine social welfare with investment and effective production in a well-ordered market.

The alternative to wage cuts in rich countries is wage increases in poor countries. The alternative to broken trade unions in Europe is strengthened unions in the Americas, in Africa, and in Asia.

The structure is already there. Within the international trade secretariats, the ICFTU and the Socialist International we must develop a

co-operation between unions and parties worthy of the name. All other social movements that stand for democracy and human rights should be invited to work with us - religious idealists, environmental movements and anti-racist organisations.

We must develop a parliamentary, trade union and political collaboration within all international organisations and economic zones such as the European Community, the OECD, GATT, the ILO, the International Monetary Fund, the World Bank and the United Nations.

But it is far more important to create, through a well-planned combination of political initiatives and trade union struggles against those who have economic power, a sense of commitment and trust amongst workers to strengthen democracy and solidarity and build up a counter-balance to capital and neo-conservative ideologies.

Internationally we must build up the same position of strength that the Nordic movements

achieved nationally during the 20th century. It is simpler and faster to do it today with the communications tools, material and intellectual resources at our disposal.

The fall of Stalinism has dramatically improved the possibility of advancing the international trade union and political struggle. For many decades, the Stalinist spirit of violence and the mad ideas of the command economy deterred the workers of the world from committing themselves to solidarity and justice. Sections of the working class succumbed to false illusions, and the international labour movement was divided.

The time is now ripe to start a Global Solidarity Project on a large-scale and genuinely democratic basis, which will achieve the egalitarian ideals of socialism within the framework of a market economy, for all the peoples of the world. ☆

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