

SCOTLAND's ECONOMIC FUTURE POST-2014

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The 'Nordic model' and Scotland

The Nordic region (or Scandinavia¹) includes the five sovereign states of Denmark, Finland, Iceland, Norway and Sweden. The region is normally considered to include the three autonomous territories Åland, the Faroe Islands and Greenland. However, *Norden* or even less Scandinavia is not a formal geo-political entity. The region has institutions for inter-governmental co-operation in the Nordic Council (est. 1952) and the Nordic Council of Ministers (est. 1971) but these are not supranational institutions comparable to the European Union. There is also a strong tradition of informal and unofficial co-operation between civil society organisations – including professional and scholarly associations, trade unions, political parties, voluntary clubs and societies, NGOs – across the region, going back to the second half of the nineteenth century, and also a tradition of co-operation between Nordic delegations to international organisations like the UN. It is generally assumed that Nordic and national identities do not compete with each other but are rather mutually reinforcing: in other words, one is Norwegian *and* Nordic rather than asserting one over the other. However, it would be fair to say that for most individuals national allegiances are stronger than Nordic ones.

The current configuration of five independent nation states is relatively recent. Norway and Sweden were in a monarchical union until 1905; Finland gained independence from Russia in 1917 (the current boundaries established in 1944); Iceland gained full independence from Denmark in 1944. However, the shared history of the region – since the early modern period dominated by two composite states centred on Copenhagen and Stockholm – accounts for the historical similarities between the five states. These include: Lutheranism; the strong centralised state; the free peasantry (in contrast to the serfdom of eastern Europe); local traditions of democracy and autonomy that were strengthened by the emergence of strong voluntary movements in the nineteenth century. Historical continuities and similarities in the legal and parliamentary traditions distinguish the Nordic 'core' from other territories that were at times part of the Swedish and Danish crowns (e.g. present-day Estonia and other territories around the Gulf of Finland; overseas colonies in the Caribbean and West Africa; Schleswig-Holstein; one could perhaps include Shetland and Orkney here). Nonetheless, these historical continuities and similarities should not be over-estimated. Some historians dispute the notion of a Nordic political tradition of consensus for example, or point out that social class divisions were as strong and politically fractious here as elsewhere in Europe.

The more recent history of the region is also one of divergence and difference, as much as of a shared 'Nordic model'. The concept of the Nordic model functions in

¹ The terms *Norden* – literally "the North" or the Nordic region – and Scandinavia are frequently used interchangeably in English. Purists may insist that Scandinavia refers only to the Scandinavian peninsula (Sweden and Norway) or more commonly to Sweden, Denmark and Norway (and sometimes Iceland as well). To avoid confusion, the term Nordic is used here.

several ways: a) as an ideal type used by scholars in their comparative analyses of social policy etc.; b) as a rhetorical device invoked to describe the region, both internally and externally e.g. by politicians and commentators in Scotland as elsewhere. It also has a powerful resonance within the region, for example in current debates about national 'branding'.

The concept of the Nordic model thus has its own history. It is traceable to the interest in the region as a 'middle way' between the ideological extremes of communism and liberal capitalism, which emerged following the Great Depression in the 1930s, most famously expressed in American journalist Marquis Childs' 1936 book *Sweden – the Middle Way*. The idea of the Nordic (or specifically Swedish) model emerged during the 1950s and 1960s, in part related to the development paradigm of those decades. It was linked in particular to Sweden and its strong Social Democratic party that was in government 1932-1976.

The idea of the Nordic model is not stable; its meanings have fluctuated over time and in different contexts. Broadly, though, the concept has been associated historically with the following:

- a. A consensual model of democracy, sometimes contrasted with the more adversarial 'Westminster' model, where policy is formulated through a process of negotiation and compromise between the representatives of collective interests.
- b. Constitutional arrangements in the Nordic countries differ (Finland and Iceland are republics; the others are constitutional monarchies), but all are multi-party democracies with proportional electoral systems. Historically, the party system was stable and broadly similar across the region, with votes split between two blocs: the 'bourgeois' parties (conservatives; liberals; agrarians); and 'non-bourgeois' or socialist parties (social democrats; left/communists). Social Democratic parties were hegemonic only really in Sweden and Norway and in recent years these parties have lost their historic dominance, challenged partly by the emergence of new populist parties campaigning on an anti-EU, anti-immigration platform.
- c. Extensive and generous welfare states, usually assumed to share the following broad characteristics: funded from general taxation, with the state the dominant provider of services (the division of responsibility between the national state and municipalities varies however across the region); universal, with benefits linked to citizenship rather than labour market status; comprehensive, sometimes even to the extent that it has been seen by critics as intrusive and in danger of compromising individual freedom.
- d. Strong traditions of state regulation in the economy, especially in the labour market, but also a strong private business sector, dominated by a relatively small number of well-established large companies. Rapid industrialisation in the late C19th was based on the exploitation of raw materials (timber and related products; iron ore; fishing and agriculture); for much of the twentieth century economic prosperity was based on manufacturing; more recently ICT and in the case of Norway of course North Sea oil.
- e. Highly peaceful relations between the Nordic states despite residual historical tensions; also a strong tradition of internationalism and humanitarian intervention, based on for example generous overseas aid programmes, activism in the UN and the high personal profiles of many leading Nordic politicians as international peacemakers. Foreign and security policy has historically divided the region, e.g.

over NATO membership (Denmark, Norway and Iceland joined 1949); and the EU (Denmark joined 1973; Finland and Sweden 1995).

f. A perception of high levels of gender equality, based on the high proportion of women politicians and government members and historically high rates of female participation in the labour market, in turn supported by generous parental benefits and childcare provisions. Critics point out that the Nordic labour markets are still highly segregated by gender, including on pay; and that women are still under-represented in senior management positions in the private sector.

The Nordic model is also used to refer to quite specific aspects of the Nordic countries. Examples could include the tradition of 'openness' and transparency in the decisions of public bodies; *allmansrätt* or *jokamiehenoikeus*, i.e. the 'right to roam' and to gather mushrooms, berries etc. in the countryside. For much of the post-war era it could be argued that the Swedish and Nordic models were more or less synonymous, but in the past two decades references to a specifically Danish, Finnish, Norwegian model have increased. Again this often concerns quite specific areas: e.g. Danish 'flexicurity' in the labour market; the interest in the Finnish education system based on the high PISA scores; Norway's responsible investment of oil revenues in the state petroleum fund.

In terms of foreign interest in the Nordic model we can note the following:

g. Representations of the Nordic region or the "Nordic model" vary a great deal and are often contradictory. They depend on the context in which they are used. The Nordic countries have been described variously for example as utopian or dystopian; socialist paradise or efficient capitalism; as societies valuing freedom or those stifled by control.

h. Interest in the Nordic region and the Nordic model has fluctuated historically. In the early 1990s after the end of the Cold War and the collapse of communism the attractions of the region waned, but have since undergone a revival, not just in Scotland but also more widely. *The Economist's* special report on the region in February 2013 reasserted the idea of the 'middle way', though between what is not entirely clear. At the same time, there seems to be a new enthusiasm for the possibilities of Nordic co-operation, especially in the field of security policy and the Arctic.

i. Where thirty years ago the Nordic model was probably most attractive to those on the political left, especially given its associations with the electorally successful Swedish Social Democratic Party, more recently it seems to have attracted attention from those on the right, e.g. the UK Coalition government has made a number of references to the region. However, although politicians of different political persuasions have often referred to the region, it is less easy to point to examples of successful transfer of specific policies.

Superficially at least, there are a number of similarities between the Nordic countries and Scotland: their northerly/north Atlantic locations; size of populations (Finland 5.5m; Norway 5.1m; Denmark 5.6m; Sweden 9.7m); similar liberal democratic and parliamentary traditions; historical connections in trade, culture etc. Perhaps not surprisingly, the Nordic countries – either collectively as a region or individually – have been frequently referred to in Scottish political discourse over the past four decades.

References/further reading

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