The End of Swedish Exceptionalism

Why the Elections Mark a New Era for Politics

Bo Rothstein, FOREIGN AFFAIRS, Sept. 18, 2014

This week’s election marked the end of eight years of center-conservative rule in Sweden. In a sense, the victory of a loose coalition of the Social Democrats, the Left Party, and the Green Party was surprising, not least because the ruling coalition, led by the Moderate Party, has been hailed for successfully navigating the 2007–08 global financial crisis and then generating respectable economic growth over the last three years. Sweden’s public finances are among the healthiest in the OECD, and, although the government had to make some cuts to the country’s generous welfare system, it left its basic universal structure untouched. Even so, the leading party in the coalition, the Moderates, dropped from 30 to 23 percent.

But what was also surprising is that, although Sweden’s left-leaning parties will form the next government, they didn’t do as well as many predicted. Even against a background of sharply increasing economic inequality and the Swedish population’s enduring support for their country’s social welfare programs, the Social Democrats reached only 31 percent. For a party that used to score above 40 percent, this is a dramatic change. The former Communist Party, now the Left Party, pulled in six percent, the same as in the previous election, in 2010, and the Green Party managed seven percent, a loss of half a percent from the previous election. The left was not helped by the fact that the Feminist Initiative, Sweden’s new radical feminist party, tallied three percent of the vote but will not be represented in parliament since there is a four percent threshold.

Making up for the lackluster results of the conservatives and the left was the strong performance of the Sweden Democrats, a populist anti-immigrant party, which won 13 percent of the vote, more than double its share in the 2010 election. Sweden Democrats is now the third-largest party in parliament, but the other seven parties refuse to enter into any political or budgetary negotiations with it. That will make politics all the more complicated and could force a new election as early as next year, something that would be extremely unusual in Swedish politics.

So why did the center-conservative government lose despite its successful management of the economy? And why did the left not do better? Finally, what explains the dramatic increase in support for a xenophobic and nationalist group?

The answer to the first question is probably a combination of political fatigue and rising economic inequality. After eight years in power, the center-conservative coalition seems to have run out of steam. In the run-up to this election, it dropped one of its main vote-winning policies: tax cuts for those who work. The idea was that such tax cuts, combined with a decrease in unemployment insurance benefits and a tightening of sickness benefits, would increase the incentives to hold down a job and lower unemployment. Although the number of jobs increased, however, unemployment remained at about eight percent over the last four years -- very high by Swedish standards. Unemployment is particularly high among young Swedes and immigrants.
At the same time, whereas Sweden used to have the lowest level of economic inequality within the OECD, a recent report shows that it has lately been beaten by five others. The increase in economic inequality during the last decade was greater in Sweden than in almost all other OECD countries. In other words, the neoliberal trickle-down economics of the governing coalition didn’t work -- a major problem for the coalition throughout the election campaign.

For its part, the left was hurt by the replacement of the traditional class-based left-right divide in politics with what is known as the GAL-TAN divide: Green–Alternative–Liberal versus Tradition–Authoritarian–Nationalist. This is a process familiar in many postindustrial societies, including the other Nordic countries and also Belgium and the Netherlands. This is a new political landscape in which traditional economic issues to a large extent are replaced by lifestyle and identity issues. From a sociological perspective, most of the people who used to vote for the Social Democrats -- blue-collar workers and the lower middle class -- now vote for the Sweden Democrats. They have found themselves on the losing side of a new globalized service and high-tech economy, and they have become politically alienated by what they think is a bundle of elitist political projects.

The dramatic rise of the Sweden Democrats is related to the fact that, as a percentage of its population, Sweden has accepted more refugees (and relatives of refugees) than any other European country. The influx from conflict-ridden regions such as the Middle East and North Africa has increased competition for housing and employment. And the comparatively generous social benefit system and lack of low-skilled jobs has resulted in a large number of refugees and other immigrants living on welfare. Sparked by discrimination and lack of opportunity, Sweden has also faced the same type of ethnic riots that shook France’s suburbs a few years ago. It is not surprising, then, that a party mobilizing support with xenophobia and anti-immigration sentiment is on the rise.

So far, the conservative-led coalition has not been successful in addressing the problem of how to integrate these new groups. And the left has refused to acknowledge that Sweden has an integration problem and has also, failed to produce policies that could change the situation. The left’s strategy of labeling the Sweden Democrats as racists and fascists backfired. The election results reveal the weakness of this strategy. Compare the left’s poor showing to the Scandinavian social democratic parties’ success in neutralizing the threat of fascism in the 1930s. The parties duly recognized the problems that fed the fascist parties and then provided radical solutions. In turn, they were able to retain power, unlike their brethren in Austria, Germany, Italy, and Spain. But Sweden’s left seems to have forgotten the historical lesson.

On the other side, the Sweden Democrats managed to pit anti-immigrant sentiment against support for traditional welfare state policies -- and win more votes than most expected. The many gruesome reports from the ongoing conflicts in Syria and Iraq -- and predictions from the conservative prime minister that an increasing number of refugees from this part of the world will seek asylum in Sweden -- probably also helped the firmly anti-Islamic party.

This election is thus a turning point. It stands to reason that Sweden will continue to be at the high end of almost all rankings of success -- population health, living standards, innovation, gender equality, and so on. But the days of what has become known as Swedish exceptionalism
are over. The country no longer has an exceptionally strong social democracy. Its level of inequality is no longer exceptionally low, and its level of public spending will no longer be exceptionally high. From now on, it will probably be closer to average. And what that will do to Sweden’s long-established political and intellectual identity is anyone’s guess.