Prosperity Ahead: Sweden’s Past Points Minnesota Forward

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Minnesota 2020

July 2010
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EXECUTIVE SUMMARY

The outcome of any serious research can only be to make two questions grow where only one grew before.

Thorstein Veblen

When the United States and most of the then-Developed World were in the throws of the Great Depression, American journalist Marquis Childs wrote an international best-selling book about Sweden’s success in avoiding the worst effects of the global economic collapse. That book, Sweden: The Middle Way (1936), had numerous editions published here and abroad. It influenced President Franklin Delano Roosevelt and congressional leaders then looking for ways to stimulate the economy and guard against future collapses.

We are coming through another economic crisis – the worst since the Great Depression. When President Obama took office in 2009, he and congressional leaders went to work on economic stimulus actions, plans to overhaul the nation’s health care mess, and stabilize and re-impose disciple to the nation’s financial markets. Historians will undoubtedly view all three of these public policy areas as interconnected and inseparable. Longer historical memories will recall that these actions were among interventions in the economy that were part and parcel of Sweden’s “Middle Way,” and were among actions taken by the United States and other developed nations to weather financial downturns in more recent times. But opponents of moderation and preemptive economic action were ready. Doomsday warnings brought out the old cry, “But will we end up like Sweden?”

That had been an effective scare tactic in earlier times, although less so in Minnesota and other states that have cultural and historic ties with Sweden and Northern Europe. Truth be told, the U.S. has become like Sweden; we have adapted most if not all of Sweden’s “Middle Way” protections for markets and business. But we haven’t supported our people to the same extent; in other words, we don’t set our goals that high. Class, race, and nearly every divisive social issue found in American society prevent us from establishing safety net programs and policies that are commonplace in Sweden and now throughout most of Western Europe.

In the spirit of Thorstein Veblen, Minnesota’s most famed sociology, economics and philosophy maverick, we should raise two new questions that aren’t being asked:

- Is there anything we can learn from Sweden’s “Middle Way” experience that would be useful in today’s economic climate?
- Is there a Minnesota Way that can draw on those experiences, and our own cultural development, to help Minnesota and its people prosper in the global economy?

The answer to both questions is “yes!” This paper explores the reasoning behind that conclusion.
All truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident.

Arthur Schopenhauer

Regarding Sweden, hopefully we’re reaching the third stage in Arthur Schopenhauer’s progression of truth. As an example of the ridiculous and violent opposition stages, we can look light heartedly at a segment on “The Daily Show with Jon Stewart” where he parodied a Fox News broadcast warning Americans about the “evils” of Sweden.

Fear-inducing complaints about Sweden as a “rampantly socialist” country that represents “neo-liberal market excesses” do nothing more than delay reasonable discussions about creating better social policy, especially when it comes to ensuring health care for all Americans.

Let’s take a look at the Swedish economy and standard of living measurements by the Organization of Economic Cooperation and Development (OECD) and other international research groups. We trail Sweden on most measures where comparable statistics are available; on issues such as child mortality we aren’t even close, though we are closing in on Cuba.

Two other measures of contemporary Sweden are especially important and germane to this report. First is the “Democracy Index,” compiled annually by the Intelligence Unit for The Economist, in which Sweden typically ranks first out of 166 other countries. The U.S. typically doesn’t crack the top 15.

Also, the United Nations Development Programme’s (UNDF) Human Development Index (HDI) ranks Sweden 7th. This UN measure was largely designed “to shift the focus of development economics from national income accounting to people centered policies” (Haq).

Taking Criticism

Claims about Sweden’s evils didn’t go unnoticed in Sweden or in international news reports. Olle Wastberg, director-general of the Swedish Institute, responded in a September 2009 interview in www.thelocal.se, an English language online newspaper from Sweden (“Beyond the insults: Swedish Model 2.0”) on frequently flung insults from America’s far right and special interests that were opposing U.S. health care reform.

Wastberg denied Sweden being rampantly socialist and representing neo-liberal marker excesses. The Christian Science Monitor (Sullivan), New York Times articles, Organization of Economic Cooperation and Development (OECD) reports and studies, and even comparative studies of business freedom by the conservative Heritage Foundation in Washington (see References) would back him up. Toynbee (“The most successful society the world has ever known”) takes Sweden’s praises to extraordinary lengths. But Nils-Eric Sandberg, a thoughtful former columnist at Stockholm’s Dagens Nyheter newspaper and a disciple of economists Friedrich Hayek and Milton Friedman, can find much to criticize with both past and current Swedish policies that look like excesses in many parts of America (Sandberg).
Minnesotans wanting to ponder questions about Sweden and its culture more deeply should find a book by former Minnesota Judge and State Representative Earl Gustafson, The Swedish Secret: What the United States Can Learn from Sweden’s Story. Minneapolis publisher Syren Book Co. described it this way:

“Imagine a country where very few people are homeless; there has been no war for 200 years; there is high-quality health care for all; there is excellent free public education (and) a living wage is the norm and there is low unemployment; voter participation is high and political advertising on TV and radio is prohibited by law; the economy grows without creating extremes of wealth alongside poverty’ and there is little national debt.

“You don’t have to imagine this country. It is Sweden today.”

For rational people, it does beg a question: “What did Sweden do?”

Stockholm, Sweden by Michael Caven
Marquis Childs, author of *Sweden: The Middle Way*, saw it as choosing an intentional middle course between extremes of capitalism and communism. Apologists and proponents of those extremes in both Moscow and Manhattan would have you believe the concept was nonsense.

Childs defined the points of extreme as the United States holding its “concentration of economic power in the hands of a few men” and the Soviet Union, with “the trials and hardships in Russia.”

Those polar points don’t exist today as they did in the 1930s. One extreme is gone entirely.

China remains a Communist country with a single party controlling politics, but it has liberalized its economic structure along a modified capitalist path. Meanwhile, almost all nations have adapted parts or all of Sweden’s depression fighting tools. Trade agreements modify business and economic behavior and protect against abuses of market power. National policies tighten these rules, and governments intervene in response to economic cycles or to scandals and abuses. Meanwhile, remnants of the political thought behind the two extremes remain well embedded within Russia, by lingering Marxists, and in the United States and elsewhere where immigrant groups and others remain targets for discriminatory actions and by groups seeking to dismantle government.

**How it worked in Sweden**

In a nutshell, the Social Democrats who came to power in Sweden in 1932, the same year FDR was elected in the United States, formed most of the modern Swedish welfare state. In a coalition with the Farmers’ Party, now known as the Center Party, Sweden intervened in the domestic economy with sweeping agricultural price and income support programs. It instituted support of businesses to maintain employment, and encouraged development of consumer and producer cooperatives that made the Swedish economy more resilient by lowering transaction costs, bringing efficiencies to supply chains, and keeping profits from home-owned businesses in Sweden. The state intervened and took equity positions in or nationalized some industries that were failing or struggling with trade in the global depression (see Sarlin for U.S. comparisons).

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**Extremes of Capitalism and Communism**

The extreme on one end of the spectrum became symbolized by Josef Stalin’s abuses of power in the early decades of the former Soviet Union. The extremes of capitalism were more complex. In the time of the Great Depression, it came to symbolize rising nationalism that we’ve lumped together as Fascism, or what Italy’s Mussolini described as “corporatism.” By others who took a narrow, libertarian view, it came to symbolize Adam Smith’s “invisible hand” of markets that would correct excesses, over time, if you lived to see the corrections.
These policies changed over time as Sweden rebounded from the weak global economy and as it became a signatory of international trade agreements and entered the European Union (Thorstensson). Partly in response to globalization and recognizing that Sweden has virtually eliminated poverty, serious publications from the Wall Street Journal to the Christian Science Monitor (Sullivan) have declared “Sweden hardly a ‘socialist nightmare’ in response to broadcast nonsense on alleged cable news in America.

Moving on from “Middle Way”

Per T. Ohlsson, in a 2006 speech at Columbia University in New York City, offered four reasons why the “Middle Way” is no more. First, he said, there can’t be a middle way between “something and nothing,” as noted above. Second, Europe isn’t divided between two opposing blocs as in the Cold War days, thus removing reasons for policies of “neutrality.” Third, Sweden is indeed part of the surviving bloc in Europe by joining the EU in 1995. And fourth, the Swedish homogeneity of 1936 no longer exists, leaving anti-“foreign” and anti-immigration movements to trample the social consciousness in Sweden today as they do all across Europe (Demsteader) and parts of the United States.

Sweden has retreated from its interventionist roles in the economy without destroying the so-called “welfare state” that protects people, the economy and institutions, note two Scandinavian scholars at Gustavus Adolphus College in St. Peter.

Elements of “The Middle Way” During Great Depression

- Farm income supports
- Subsidized employment in stressed industries
- State investment in stressed industries, utilities and transport, and financial institutions
- Public works projects to stimulate employment
- ‘Work reserve’ programs to create jobs
- State support for education and retraining of unemployed
- Support commerce and markets through support of individual purchasing power
- Public support of health and education services

*Variations of these programs are now commonplace throughout the developed world. Differences exist among levels of support, and inclusiveness for citizens and interest groups.
“The social safety net, the welfare state, hasn’t been dismantled,” said Roland Thorstensson, former chair of the Department of Scandinavian Studies, in an interview. However, it has adjusted to globalization, membership in the European Union and highly dependent trade relations with the U.S., according to economic studies. “That influences what a smaller country can do,” said Thorstensson.

Added historian Byron Nordstrom in an exchange of e-mail messages: “There has been some scaling back, a drift toward increased private pay options, and the like. But the ‘system’ (at least the welfare system) remains largely intact. Further change may become increasingly necessary given the ongoing economic downturn and the growing problems linked with the aging population.

“Somehow, however, I can’t see the Swedes simply scrapping the whole system in favor of some kind of jungle survival option,” Nordstrom said.

While Childs called it “the middle way,” the Swedes called their consensus approach of inclusiveness and social well-being: folkhemmet.

In other words, the “Middle Way” as witnessed and chronicled by author and journalist Marquis Childs, has gone away. The policies and cultural social consciousness of the Swedes that protected people and their health, eliminated poverty, and created one of the highest standards of living in the world, remain largely intact.

While Childs called it “the Middle Way,” the Swedes called their consensus approach of inclusiveness and social well-being folkhemmet, or “the people’s home,” which will be explained in the “Shelf-Ready Models” section of this report.
Here in Minnesota, we’ve brought many Northern European traditions to help us transition into American culture. Now it’s time to look toward the old countries again for a better way forward on the economic and social fronts.

All immigrant groups brought ethics, values and historical approaches to individual and community problem solving that have merged into state and regional cultures. It is what makes Minnesota a different place to live and work in America from, say, Arizona or Maine, Hawaii or South Carolina. The process of assimilating cultures into a hybrid regional culture continues to this day with every new wave of immigration. Second- and third-generation Minnesotans tend to move away from the ethnic enclaves after adopting the new, homogenized regional culture and to pursue opportunities wherever they may be found (See Fennelly and Huart study).

Who brought what, where, and when to modern Minnesota is beyond the scope of this paper. When academics do look at such subjects, their findings apply only to a specific window in time because the Minnesota culture is constantly evolving. With this understanding for background, it can also be observed that Northern European / Scandinavian waves of immigration in the late 19th century and early 20th century have played disproportionately large roles in shaping Minnesota culture and ethics, at least until recent decades.

Uncomfortable with Change

In modern, diverse Minnesota, it should be self-evident that God is multilingual. That wasn’t always the case.

About 45 years ago, I attended a funeral for a friend’s mother at a country church in western Minnesota. It was a beautiful service; hymns were sung in Swedish, prayers were offered in Swedish, and eulogies were delivered in both English and Swedish.

“Mother’s friends aren’t sure God knows new languages like English,” my friend, a St. Cloud schoolteacher, explained after the service. “They don’t want to take chances.”

A decade or so later, Catholic friends went through a similar cultural transition with parents and grandparents who bitterly opposed the Catholic Church’s adoption of local languages in masses. It isn’t easy telling people ingrained in inherited cultural experience that Jesus didn’t deliver the Sermon on the Mount in Latin, or that our records of that sermon come to us from Greek!

Change is resisted. The past is known, even if often misinterpreted. The future is unknown. That scares people, and some people scare more easily than most. There is comfort, then, to be found in what is known and from living with people much like you.
Culture and Immigration

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Discovering Kierkegaard

Former Minnesota Senator Eugene McCarthy took a few breaks from his quest for the presidency in 1968 by visiting and resting at his alma mater, St. John’s University at Collegeville. I was a young reporter for the St. Cloud Times and spent time at St. John’s whenever the candidate came “home.” A close McCarthy friend, a monk at St. John’s Abbey, was disappointed that I hadn’t studied Danish philosopher and theologian Soren Kierkegaard in my studies at St. Cloud State University. The brother offered two reasons for his disappointment: First, he thought a Lutheran with a Scandinavian name should have studied Kierkegaard to simply better understand himself. Second, he thought Minnesotans should study the Dane’s work and reasoning because of his profound influence on the state and its many religious and ethnic communities, forming the underpinnings of what became a Minnesota culture to that point.

Two decades later, a sabbatical and subsequent trips to Denmark and the nearby “low countries” allowed me the opportunity to correct shortcomings of my student days. But the more I read and learned about Kierkegaard, the more I came to realize it was a sometimes disciple, sometimes critic of the philosopher who left a greater impact on the social, political and economic environment shaping latter day Northern Europe and modern Minnesota.
One of Minnesota’s most prized agricultural and economic policies can be traced back to Bishop N.F.S. Grundtvig (1783-1872), a teacher, philosopher, politician and activist. He inspired the cooperative business models that emerged with Denmark’s agrarian reforms. Today, Denmark has the world’s most cooperatively organized national economy; Minnesota is the most cooperatively organized state in America, with North Dakota, Wisconsin and Texas not far behind.

Early on in Minnesota, however, political and agricultural groups heavily debated the best models and ways to form cooperative enterprises. Historian Steven Keillor shows how philosophical thoughts on cooperation played out in Minnesota in the 1920s and 1930s while Sweden was shaping its “Middle Way” approach to socio-economic coexistence with the global economy and global depression. In his book Cooperative Commonwealth, Keillor recounts ideological rifts between the state’s Republicans and Farmer-Labor Party followers and between agrarian members of the Minnesota Farmers Union and Minnesota Farm Bureau. Eventually, University of Minnesota economic scholars and economist John Black resolved most of those disputes, pointing out those different systems were all feasible. The Farm Bureau’s co-ops were more like consumer cooperatives that trace their origins to the Rochdale Pioneers of Northern England while the Farmers Union started Dane-modeled co-ops.

Denmark did not send great waves of immigrants to Minnesota although it did settle communities such as Tyler and Askov. But Grundtvig’s influence spread throughout Scandinavia, Germany, Ireland and the Netherlands. New immigrants in America’s Upper Midwest brought with them their brothers’, sisters’ and cousins’ knowledge of economic development and political-social reforms from back in “the old country.”

A Bishop’s Influence on Minnesota
Bishop N.F.S. Grundtvig (1783-1872) was a teacher, poet, philosopher, pastor and politician, combining all those roles into being a political activist who influenced peaceful development of constitutional monarchies in several countries, agrarian reforms throughout northwest Europe, and especially the concepts of education for the masses. This was in sharp contrast to the violent revolutions in France and the later revolutions that occurred in Russia and Finland.

For more information on Grundtvig and Danish reform, go to National-Louis University’s website: www.nl.edu/academics/cas/ace/resources/nfsgrundtvig.cfm or look at the Marilyn Jackson dissertation.

http://www.peacehost.net/EPI-Calc/Marilyn/VI.htm
Fast forward to the 1990’s when former Governor Arne Carlson and Agriculture Commissioner Gene Hugoson led a Minnesota trade mission to Denmark. The exchanges of pleasantries and salutations citing Denmark’s enormous contributions to Minnesota were spot-on—not just hyperbole often associated with diplomatic visits.

**Relevance today**

It is common within national cultures to assume all that is good is homegrown, or invented, by righteous fellow citizens. Conversely, it is easy to blame all that is wrong on others—outsiders, minorities or groups that make convenient targets.

So it is today as Americans view economic stimulus actions as creations of federal or state policies. But since that moment in 2008 when former Treasury Secretary Henry Paulson walked into the Oval Office and said something to the effect that “Mr. President, We’re in the ‘hand basket,’” we Americans have been implementing economic policies that were mostly shaped elsewhere and adapted to our uses.

Sweden had already intervened in its financial institutions (Erixon) during a banking crisis in the 1990s, using tools that foreshadowed U.S. efforts under both Presidents Bush and Obama. Even stimulus programs like the recent “Cash for Clunkers” were developed and applied first in Germany. It should be obvious, then, that it’s worth a look backward and abroad for tools we may adapt in order to form, in the words of Jefferson, “a more perfect union,” and a more perfect Minnesota.

Part of forming a more perfect Minnesota is incorporating our state’s newer cultures into the economic and social fabric.

A Minnesota hybrid is forming, to a certain extent. Or, at least, there are hopeful signs.

A report in the St. Paul Pioneer Press (Brewer) on April 23, 2010, chronicled the selection of MayKao Hang as the new chief executive officer of the Wilder Foundation. The 104-year-old Wilder Foundation has been filling voids of state social welfare services for more than the past century. It is among the genuine “heroes” of Minnesota, but it is not alone. We will not begin to list the great social responsibility organizations that exist in Minnesota, but we can in passing say Minnesota would not be the state that it is without the aid of Wilder, the McKnight Foundation, the Minneapolis Foundation, the Blandin Foundation and hundreds of other organizations that cover the state’s shortcomings for the past century or more. This gives us a head start on what *folkhemmet* is all about.
Brewer brought it all home in quoting the new Wilder executive, a Hmong immigrant who was raised in her youngest years in a Laos refugee camp.

“When people have nothing, they still have each other. That’s what the Wilder Foundation is about,” she said, “creating hope for people that have none” (Brewer).

This sums up what the Hmong, Vietnamese, the Somalis, Russians, Mexicans, Ethiopians, Haitians and other new immigrants are seeking and what they can contribute to the new Minnesota.

A new resident and intellectual with Hmong traditions is keeping alive what pioneer families from Northern Europe started, leading efforts to make Minnesota a better place for all Minnesotans. This represents a people with institutions drawing on what are historic, cultural strengths, modifying and adapting, and carrying on. This shouldn’t be left to responsive institutions on the sidelines: it needs to be the focus of the state government as well.
**SHELF-READY MODELS**

_That kind of Christianity (that) must go off by itself in order to thrive may have a hard time of it when it gets to heaven._

- Ole E. Rolvaag, _Peder Victorious_

Unlike the United States, Sweden and other Northern European nations have a shared socio-political culture, a broader culture that transcends arts, music and prolific literature. While it sometimes leads to heated debates over the specifics of public policies, major political parties in these nations still hold that collectively the state has responsibilities to help all citizens avoid poverty, access good health care and remain healthy, find jobs, and pursue educations. Most business activity is privately run, but state programs support businesses and labor alike.

From this perspective, let’s look at cultural models of contemporary societies that are known for socioeconomic-political consciousness with an eye toward what Minnesota might learn and adapt going forward:

**Sweden’s folkhemmet**

Roland Thorstensson, professor emeritus and chair of the Department of Scandinavian Studies at Gustavus Adolphus College, said the Swedish cultural concept is often called _folkhemmet_, or “people’s home.” It was a term made popular in the early 1930s by a Social Democrat prime minister, Per Albin Hansson. But journalist and author Ohlsson, in his 2006 address at Columbia University, said the term actually goes back to the 1920s and a Conservative Party finance minister, J.A. Gripenstedt.

How could major political parties compromise on something so basic as protecting and supporting their nation’s people? As already observed, it is common for Swedes and outsiders to look within a nation for such answers. Better answers might be found by looking at external threats and problems surrounding Sweden.

World War I was just over, and it had divided Swedes along family and business ties; a terrible civil war was fought among classes and ethnic groups in Finland (Linna), and all Nordic countries felt threatened by the class struggles and

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**The Home of the People (_folkhemmet_) In the Upper Midwest**

Just as the Swedes reached within their culture to shape “the Middle Way” response to the Great Depression, immigrants from Northern Europe reached within that same cultural heritage to shape regional U.S. cultures before the Depression, notes Gustavus Adolphus’ Roland Thorstensson.

The Farmer-Labor Party in Minnesota, the Non-Partisan League of North Dakota, the Progressives of Wisconsin, and the widely diverse elements within Upper Midwest Republican and Democratic parties reflect that heritage. This was reflected in cooperative business development, support for health and education that exceeded national standards, to direct public investments, such as state-owned enterprises in North Dakota. Such actions had public policy pundits and academicians referring to the Upper Midwest states as “a social laboratory.”

The cultural legacy continued into the 1970s and 1980s with what became known as “The Minnesota Miracle.”

Alas, this legacy has been under attack, or at least relegated to historical status and largely ignored in recent decades. But it need not be abandoned, even in the face of globalization pressures, as is shown by contemporary leaders in the Nordic countries.
territorial expansion of the new Soviet Union, while many Nordic leaders kept a wary eye on the entanglements and political movements arising in Germany and other Western European nations.

In response, Swedish political leaders forged a compromise among internal groups aimed at avoiding the problems abroad. And, while turning attention inwards to lessen class frictions, it chose policies that would create a *folkhemmet* culture for all.

These policies made Sweden a model for other world leaders to follow, including FDR in the U.S. Leaders recognized how the concept *folkhemmet* took Sweden from the days of rural impoverishment in the late 19th century to the sophisticated world depicted in Stieg Larsson’s Millennium trilogy that are global bestsellers.

The concept of *folkhemmet* also has a global leadership model in anti-class and anti-racist structures built in. Just as Per Albin Hansson’s policies influenced FDR and Americans early in the 20th century, Nobel Prize winner Gunnar Myrdahl influenced American presidents and the American civil rights movements in the mid-20th century (Myrdahl). Swedes also provided international leadership through United Nations service, such as Dag Hammarskjold, and through peace and disarmament leadership (Alva Myrdahl).

**Folkhemmet in Literature**

Vilhelm Moberg’s four-book series (The Immigrants, Unto the New Land) described conditions in rural Sweden in the mid to late 19th Century that triggered waves of immigration to Minnesota and other parts of North America. *Folkhemmet* became the concept of Swedish actions and policies that brought Sweden from those days of impoverishment to the sophisticated world depicted in Stieg Larsson’s Millennium trilogy that are now bestsellers around the world. Henning Mankell’s popular police detective Kurt Wallander novels show readers worldwide how Sweden struggles with maintaining a sense of *folkhemmet* under pressure from globalization and changing demographics.

**The Nordic Model** – Until radical right groups in America tried to turn Sweden into a bogeyman during the health care reform debate, most scholars and researchers had all but abandoned using “Middle Way,” “Swedish model,” *folkhemmet*, or other constructs to separate Northern Europe’s approaches from the political-economic approaches generally referred to as the American-British Model, or Anglo-Saxon Model.

A more sweeping though less defined mantle – the Nordic Model – came to lump the policies of Denmark, the Faroe Islands, Finland, Iceland, Norway and Sweden in policy debates and studies. It works, for the most part, because all have common social protections for their citizens even though there are unique differences among them all. There is intellectual nitpicking, however, and some researchers (Andersen, Holmstrom et al) question whether little Iceland or wealthy Norway, the latter depending heavily on oil and fishing, are diversified enough to fit under the same socio-political-economic umbrella.
The broader definition of the Nordic Model seems appropriate here in Minnesota because *folkhemmet* was shaped in Sweden, but it drew heavily on Enlightenment Era thinkers from throughout Europe. It also benefited from interaction with Danes and Norwegians, and from often-uncomfortable ties with Finland, Karelia and the Baltic nations. Indeed, the Danes and Norwegians could justifiably claim intellectual title to the concept as much as Sweden.

Gustavus Adolphus’ Thorstensson said the Swedish component of the Nordic Model has been coming unglued since the 1980s, with more affluent people asking, “What’s in it for me?” But it is still the dominant culture, he said. Indeed, Nina Slupphaug shows that in health care reports from her native Norway, and in the revival of the old term in Sweden with its *grona folkhemmet* (“green people’s home”) concept now taking shape (Slupphaug).

**Finland’s New Model** – Given its history of the past two centuries, Finland is a special case for comparative Northern European studies. Following its civil war and struggles with the Soviet Union, Finland’s socioeconomic classes came together forming the modern nation that shares most social values with neighboring countries. This is well documented in the last of Vaino Linna’s *Under the North Star* trilogy, *Reconciliation*.

This reconciliation of classes and groups included the powerful Swedish minority that played a dominant role in Finland before its civil war and before Grundtvig-style land and political reforms were finally institutionalized.


**The Polder Model** - This is the variant of the same Northern European social/political consensus approach to problem solving, but adapted to the Netherlands and Belgium. It is best known internationally as the Dutch system of seeking consensus in economics. Nobel laureate economist Jan Tinbergen (1903-1994) helped shape it as it spread out of the agrarian areas and was applied to business and labor relations.
It is a centuries-old culture that comes from coexistence in the “polders,” the land below sea level reclaimed from the North Sea and marshes. If rival communities and even farms didn’t cooperate in water management practices, for instance, entire areas would flood. This was painfully obvious in the “low countries” and thus cooperation extended to public policy and became widespread among classes and groups, including Catholic and Protestant sectors. It is probably most evident today in business and labor relationships where most disagreements are resolved through arbitration.

This doesn’t mean a cooperative national culture discourages Dutch and Belgian or other Northern Europeans from using their democratic rights to political protest and active opposition to public policies. For example, a Rotterdam bistro owner charmed American customers in the mid-1990s with this sign at the cash register:

“U.S. has Bill Clinton, Stevie Wonder, Johnny Cash & Bob Hope. We have Wim Kok. No wonder, no cash, no hope.” Regardless of cultures, political satire is universal.

**Cooperative Development in Denmark and Holland** – *Middle Way*

author Childs devoted great attention to successes of the cooperative movement in Sweden while most of the world was struggling with depression and recession. Without using the terms of economists who study cooperatives, Childs did show how co-ops can be a countervailing force against market power abuses, can lower transaction costs, and can overcome market imperfections ranging from inadequate information to access of goods and services.

Childs was rightfully impressed. It should be noted, however, that the cooperative movement is even greater in Denmark and the Netherlands (Egerstrom). Thinkers such as Grundtvig, as cited earlier, inspired part of this development. But cooperative development and action are also logical tools for people adhering to precepts of the Nordic and Polder models.

A Final Note – This report has looked at intellectual policy developments that have spanned most of the past century, and in many regards from the 1840s onward. What shouldn’t be overlooked are great strides in socioeconomic-political thought that have emerged since World War II in Germany, and especially in the post-Reunification period (1989) onward.

No country today meshes stakeholder interests as well in public policy as does the modern Germany. This includes labor, community, shareholders, regional and national economic interests; it has been inspiring U.S. economic stimulus actions, and in Germany, at least, it is working.
CONCLUSION AND RECOMMENDATIONS

…it is just as impossible to win elections in Sweden with a policy of radical tax reductions and cuts in social programs as it is to win elections here in the United States with a policy of higher taxes and increased spending on social programs.

- Per T. Ohlsson

What are the attitudinal/social awareness responses that Minnesota and other U.S. states might study and adapt to improve their environments and standards of living?

Burke, in a summary of a 2001 conference in Stockholm at the Olof Palme International Center on “The Nordic Alternative,” described the Northern European goals as “reducing poverty and promoting individual freedom” (Burke). Quoting a Swedish government official (Lars Enqvist), “The basic principle of our model is that everyone contributes via taxation, and everyone gets something back. This strengthens social cohesion. It has also been demonstrated that general welfare systems – those from which everyone benefits – provide the greatest advantages to those who are least well-off.”

At the core, speakers at the Palme conference summarized the Nordic Model as a social insurance model, labor policies that promote full employment, equal opportunity, and an equitable distribution of wealth (Burke). Thus, Burke summarized, “…the lowest socioeconomic inequality and lowest poverty in the industrial world are associated with a strong state and a strong market, which reinforce each other.”

All this has relevancy for Minnesota and other regions of the United States where 70 percent of the Gross Domestic Product (DGP) is based on personal and household consumption. The presence of poverty around you may make you feel superior, or blessed—it doesn’t ring your cash register.

Recommendations for Minnesota

We can move toward a folkhemmet or Nordic Model culture in Minnesota despite half or more U.S. states setting their sights on emulating Third World, or developing countries. Here are the questions confronting Minnesotans, especially in another state election year:

Which set of examples do we want to emulate – South Dakota, Alabama and Mississippi – to name just three lower level of services states; or Sweden, Norway and Denmark? Do we want to engage in a “race to the bottom” or a “race to the top?”
The political cultures of the former set of states offer tax breaks and tax avoidance schemes for businesses and industries that in turn exploit labor, require lower levels of community services and accept substantial levels of poverty. The absence of progressive income taxes and reliance on regressive property taxes protect wealth for some classes of people at the expense of the majority.

The latter set of countries have cultures that support comparatively high and progressive income taxes and value-added taxes on consumption, but low and in some cases no regressive taxes on property and inheritance. That still oversimplifies comparisons. In the Nordic countries, “taxes” are collected to pay health care costs, for instance, under universal health insurance programs. In America, out of pocket expenses for insurance and health care are considered discretionary spending, and millions of people go without. Along a similar vein, the Nordic countries support education and training at all levels; the welfare system would rather pay people’s costs for retraining and further education than simply pay unemployment benefits for a finite period of time.

**Shaping a ‘Minnesota Way’**

There are steps Minnesotans can take to help shape a more egalitarian state culture. They can give it shape and momentum by demanding public officials adhere to five criteria:

- **No special interest pledges** – Simply put, you cannot lead if you’ve already eliminated public policy options and sold out to special interests. Such surrenders can take many shapes and may involve numerous issues. Chief among them in the current political climate are pledges to latter-day libertarians, anarchists and special interest groups advocating no new taxes as devices to either shut down government or shift the burden of paying for policies and institutions to other social classes and generations.

- **Folkhemmet Impact Statements** – Any public policy proposal should be held against the light of how the policy will better life and opportunities for all citizens. Just as in the Nordic countries, this has special relevance regarding issues of the environment, public health, education, “green people’s home” development and entrepreneurial opportunities.

Is this too radical an imported concept for Minnesota? Not in a state that has already adopted a companion people’s concept from Sweden – the ombudsman – at various levels of state and local governments.

- **Anticipate consequences** – Almost all public policies produce unintended consequences. It is a law of physics that seems to apply to public policy as well and creates similar effects in the political economy. Public policy options to aid an industry, group or community should be weighed against unintended consequences, such as impacts on education or community services for the larger population.
**Rationalize resources for common good** – Public policy resources are certain to remain limited in Minnesota and most U.S. states for the foreseeable future. The first three criteria for analyzing public options and proposed policies provide a method for creating a Minnesota Way. They should lead to a bottom-line rationalization of how best to use our collective resources to do the most good.

**Encourage entrepreneurship and cooperative development** – Minnesota is already like much of Northern Europe with its agricultural and utility cooperatives, and has the most cooperative business ventures of any state in the country. However, workers and individuals have trouble accessing capital to start new companies or purchase existing firms that are for sale. Capital formation and technical assistance remain problems for individuals as well, and need to be addressed if Minnesota is truly to become “a people’s home” for entrepreneurs.

**Applying a ‘Minnesota Way’**

How, then, can a typical Minnesotan lend his or her voice to shaping a Minnesota Way?

You can help shape a culture of Minnesota responsiveness if you attend public meetings and ask a few people-oriented questions, especially of public officials.

Here are a few suggested questions:

**What impact will this have on people?** If someone is proposing a new public policy, or pledging not to reform the tax code, ask “why”? Who will benefit? Who will be harmed? Can our school children afford to subsidize more commercial development with state-originated property tax giveaways? Can existing businesses afford to subsidize new enterprises, some which may compete with existing firms? What are the consequences?

**Who fills the void?** Minnesota is blessed with charitable, nonprofit organizations. Cut to the quick, most of these organizations that make Minnesota “special” among states do so by stepping in to fill voids left by public policy failures—compared to Northern Europe and Canadian experiences. Anyone pledging to cut benefits or programs that serve others should be asked who will provide the needed assistance.

**How will this move Minnesota forward?** Any proposal our would-be elected officials might suggest will have impacts on the quality of life, educational opportunities, health and well-being of our citizens and communities. Ponder consequences of proposed actions; then ask how taking health care away from people, or reducing educational opportunities, will make Minnesota stronger, healthier or better prepared to meet the future.
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