

A BRIEFING ON TRENDS, IDEAS, VISIONS AND POSSIBLE FUTURES

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ANALYSES TRENDS IDEAS FUTURES

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CONTENT: Vivian | Quantum Gravity | Behaviour | Full Circle: Marxism | The Scandinavian Model | Planned Obsolescence | Inside CIFS | Rent-a-family – the Commodification of Kinship Education in a Post-Scarcity Society | Muzen: Thank You! | Organisational Bloat | The Mystery of the Number 1/137 | Photo series: Nels Flink | Climate Inequality | News on Technology and Science | Futures Past: Dymaxion Car | Futures, Trends, Ideas, and much much more..

Welcome

In a time of increasing economic disparity and growing class tension amongst the world's developed countries, Scandinavia's high standards of living and small wage gaps have, thanks to the Scandinavian Model, become a wedge issue in contemporary political discourse.

THE SCANDINAVIAN MODEL

WHAT THE U.S. PRESIDENT SHOULD REALLY
WANT FROM DENMARK

By Emma Slack-Jørgensen



The current economic and political climate in the United States has stirred up recent debate regarding the durability of the 18th-century capitalist model. With the U.S. barely making the top 20 in the World Happiness Report, some doubt the long-term feasibility of the U.S. model. In contrast, Nordic countries such as Denmark are prospering in terms of social happiness, and earning high rankings on the Legatum Prosperity Index of 2018, all thanks to the Scandinavian Model – a social democracy underpinned by a mixed-market economy and a large welfare state. In fact, this magazine was sent to print on the day when Trump was supposed to arrive in Denmark for a visit that was cancelled. After the White House report ‘The Opportunity Costs of Socialism’ was followed by major pushback from Scandinavian countries, maybe this article can help shed some light on what the Scandinavian Model is about and its success in Denmark.

Understanding the success of the Scandinavian Model in Denmark requires an analysis of underlying drivers such as social cohesion and trust, which are aided by Danish history. When compared to the U.S.’s individualist society and with Washington on the brink of a constitutional crisis, the two regions seem worlds apart. The globalisation of the Scandinavian Model is, therefore, not a guaranteed success when matched with countries that do not share a similar sense of cohesion and trust.

UNCOVERING THE MYTH OF THE SCANDINAVIAN MODEL

It is undeniable that the Scandinavian Model has become a hot topic in contemporary political discourse. Yet, to fully understand the inner workings of the political debate, it is important to clarify what exactly is being said about the Scandinavian Model, and the misconceptions that follow. In short, there is great debate over what the Scandinavian Model,



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or *social democracy*, actually entails. For example, right-wing politicians are often likening countries like Denmark to the disordered environment we see today in Venezuela. On the other hand, we have left-leaning politicians characterising Denmark as a “socialist utopia.” Dr. Evelyn Brodtkin, an associate professor at the University of Chicago, has done in-depth research on welfare state politics, and has much to say about the Scandinavian Model’s place in American political discourse.

“When we’re talking about electoral politics and particularly U.S. electoral politics, politicians search for issues that will define them and mobilise the part of the electorate that they need to support them.” She goes on to explain that “this is often done because certain political figures think it can be used to interest people in their program. If it’s a progressive program like Bernie Sanders, he can make the case, “look, having a more equalising set of social policies can be successful – see Denmark.” On the flip side of the coin, critics state that what we see in Denmark is almost equivalent to communism.” ‘Socialist’ and ‘communist’ have long been catch-all terms for any proposal that would substantially expand the role of the government. Yet, there is a significant difference between social democratic policies and ones that would shift control of the means of production.

So, what exactly is a social democracy? Is it the heir to communism, ready to strip all citizens of their autonomy, or a utopian concept that will solve economic inequality? Well, neither. The Scandinavian Model has much more to do with harnessing the wealth in capitalism for the benefit of all, and supporting practical reforms to capitalism rather than the abolition of it.

Although the word ‘socialist’ is often thrown around in American politics with regard to Denmark, it is not all that socialist. In fact, social democracy was developed out of a split from traditional Marxists. The traditional Marxists believed that a political revolution needed to occur to replace capitalism, whereas social democrats be-

lieved this could simply be achieved through parliamentary democracy and without overturning capitalism. So, social democratic parties believed in a cross between capitalism and socialism.

From a social democratic perspective, the most prevalent problem with capitalism is that it only distributes income to labour and to the owners of capital. As a result, it can be said that a social democracy works as an immune system for the moral and social ills of capitalism. The Danish social democracy supports economic and social intervention to promote social justice within the framework of a capitalist economy. This entails income redistribution through proportional progressive taxation and tax-funded welfare state provisions.

As Dr. Brodtkin puts it, “because it’s a social democracy, it responds to what the society wants and needs. And that’s the difference from this notion of evil socialism. Nordic countries have a general understanding that government can be used on behalf of the general good. The shorthand of the model is, everyone contributes, everyone benefits.”

TAXES, TRUST AND THE AMERICAN DREAM

Taxes are the bread and butter of a social democracy – they are what allow countries like Denmark to fund a large welfare state. Just as important to the welfare state is trust. Without trust, the willingness to contribute to the well-being of everyone in a society is likely to be undermined – no one would want to pay high taxes if they didn’t trust the society they’re contributing to. This means that the introduction of a progressive tax structure may not be successful if it isn’t initially preceded by an attempt at establishing trust between citizens.

Since the United States was built on a sense of freedom and the ability to create great wealth through hard work – better characterized as the “American Dream” – the subject of taxation is controversial. Creating a welfare state entails an increase in reliance on the government – or as some see it, a loss of autonomy – all while promoting

“A lot of the trust between citizens and in institutions exhibited in Danish society today can be traced back to a history of social and democratic development”

equality. It will be harder to create great wealth, but substantial wealth is possible and everyone will be financially comfortable. As a result, taxation and the increased involvement of government in people’s lives undermine American individuality and history.

Indeed, much of this sceptical mindset is revealed in Donald Trump Jr.’s tweet about his daughter Chloe on Halloween, which reads, “I’m going to take half of Chloe’s candy tonight & give it to some kid who sat at home. It’s never to [sic] early to teach her about socialism.” Trump Jr. is assuming that the benefits of socialism are not evenly distributed – in other words, there are winners and losers. ‘Lazy’ people (or free-riders) are the winners who benefit from those working hard like Chloe – the government is redistributing the wealth and giving it to the undeserving. Put more simply, we should not trust the government with our hard-earned money, because it will go to waste.

According to Brodtkin, “trust in the government itself is low and it has been declining in the past years. If you speak of government generally – this is something of a meme beginning more or less with the Reagan administration in the 1980s, who said government is the problem. Big government was by definition bad, seen as a threat to freedom and autonomy.” Brodtkin goes on to clarify that the conservative political strategy was to push the idea that you don’t get what you pay for. Furthermore, the Reagan administration argument was that you actually undermine the economy by paying more into government. “Now again, that simply isn’t true. But this was a very powerful argument and it was harder to show people what they did get from government.” As a result, it’s very easy to caricature these things in a political debate. It’s easier to make an argument about “big bad governments,” because it feeds on a historical legacy of American politics. “Right now, we’re in a movement where this mistrust of the state has been amplified through very specific campaigns and makes it very hard to advance ideas that would use the state on behalf of greater equality and solidaristic benefits.”

THE HISTORY OF DANISH TRUST: POWER OF THE MIDDLE CLASS

A lot of the trust between citizens and in institutions exhibited in Danish society today can be traced back to a history of social and democratic development. Two movements in Danish history represent this development best: the co-ops and the *livsoplysning* – or *life-enlightenment* – of the 18th and 19th centuries.

The Danish Cooperative Movement put an emphasis on the benefits of a market economy and personal freedoms while emphasizing equality and workers’ rights. Furthermore, the movement had a great impact on economic, organizational and industrial development in Denmark from the 1790s to the 1960s.

From 1750-1800, the Enclosure Movement took place – aiming to unite fields under one owner. After the Second War of Schleswig, a flood of agricultural imports to Britain from the United States greatly affected the income of many Danish farmers. This drop in income forced Danish farmers to move their production from grain to dairy products. As a result, there was increased demand for dairies and slaughterhouses.

After a Danish minister studied the Rochdale system of cooperatives in England, he brought it back to Denmark. As a means of paying for such huge investments, a large group of farmers shared the costs and risks between them – creating cooperative dairies and slaughterhouses. The core principles of the cooperatives included: the same payment per unit regardless of how much a farmer delivered, one vote per member, and everyone being jointly responsible for the cooperatives’ debts. The establishment of the cooperatives meant that farmers would buy cheap grain from Russia and feed it to their livestock, all while selling milk, butter, eggs and meat for high prices. The first cooperative was founded in 1882 in Hjedding, and the movement resulted in the creation of well-known brands such as Lurpak, which many of us find in our fridges today.

The Cooperative Movement resulted in a significant increase in





wealth for the average Danish farmer and became a core part of the development of the modern Danish welfare state – solidifying a Danish economic culture of a large public sector and strong labour unions.

In addition to the cooperatives, the development of life-enlightenment stressed the importance not of educating the Danish youth to be a workforce, but of the enlightenment of the ordinary man, participation in society, and democratic skills.

Emerging in the 1800s, the Danish free schools laid an emphasis on participation in society and culture. N.F.S. Grundtvig, who was considered to be the founder of the Danish life-enlightenment movement, believed in educating all Danish citizens as a means of forming a free democratic constitution. After the fall of the absolute monarchy, a new way of thinking in regard to education emerged in the middle of the 1800s – this is where Grundtvig’s philosophy came into play. Grundtvig thoroughly believed that learning went far beyond the classroom and schooling that only lasted so long. In other words, he believed that learning was a lifelong activity, and stressed the importance of educating the youth in national culture and history while teaching people to actively participate in the newly born Danish democracy. The free schools became a quintessential part of the development of Danish democracy – the feelings of responsibility and engagement were important elements when it came to building the welfare system.

IS THE SCANDINAVIAN MODEL EXPORTABLE?

The question of whether the Scandinavian Model could be successful in the U.S. is a tough one. Indeed, it is a question that not many experts are equipped to answer. Considering the U.S.’s history, a shift to a social democracy may be an uphill battle. Yet this does not mean that it is an impossible one.

When asked if it would be possible for the United States to form a Nordic-inspired economic model, Brodtkin replied, “Of course it’s possible. We didn’t have social security back in the 30s and

now a huge percentage is covered by this. I don’t think the conditions that will make that realistic are here at the moment, but of course it’s possible.”

Although the U.S. might not exhibit those intrinsic factors that allowed for social democracy to bloom in Scandinavia, it can still use its size and political environment to its advantage. Since the United States is so large, it relies much more on its sizeable internal market, and much less on exports – making it less dependent on a single company. In addition to this, America has control over various cornerstone global economic institutions, U.S. debt is the core asset of global capitalism, and the USD is the world’s reserve currency. All this in combination gives America great economic power, as it should be able to harness this wealth without causing much economic disruption. This is something the Nordics lack.

In addition to its size, the U.S. also shows great political potential. Since America has a large minority population, it has more experience with diversity, which most European countries don’t have. There is also a long history of somewhat socially democratic policies, from Social Security in the 1930s to Medicare and Medicaid in the 1960s. With a recent poll on YouGov showing that only 1/3 of respondents under the age of 30 favoured capitalism, and Bernie Sanders’ campaign raising USD 10 million in less than a week in February 2019, who knows what might be in store for the United States.

Every country has a unique history, and it is clear that America’s is very different from the Nordic countries’. Yet, the current model in the United States is not set in stone, and it is impossible to know whether social democratic policies can be successful until they are attempted. It is unlikely that a possible future visit to Denmark will push Trump to explore social democratic policies within an American context. Still, hopefully this article can help underline the successes of the Scandinavian Model and its ability to work abroad. ■



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