The Relevance of a Polanyi-inspired Analysis when Interpreting Socio-economic Developments in the Nordics


Contribution by Ernst Hollander University of Gävle (HIG)
In my understanding of Nordic developments I think that I differ from both the two keynotes – Andreas Bergh and Erik Bengtsson. I believe that I represent a third view. Or – I hope – a 4th, 5th or … view. We’ll see these days.

My contention is that things look very different in the short and long run: In the short run an observer such as the editor of the leading Swedish liberal Daily – DN – celebrates the healthy economic developments in Sweden (P Wolodarski in DN end of May 2018).

In the long run and from my main perspective here I claim that the social capital erosion following from financialisation, the restructuring of the public sector, the rising inequality etc. will have devastating effects on the resilience of the central institutions underlying the present ‘positive picture’.
New Polanyi-inspired concepts among my aims

- Aim besides presenting my perspective through the Swedish case is i.a.:
- To discuss how the Polanyian discourse can be developed by ‘testing it on’ the rise and fall of Swedish embedded liberalism.
- Present some Polanyi-inspired concepts which emerged when researching for Hollander (2017)
- Mention some Swedish (Nordic) paradoxes in relation to Polanyi
3 important sources:


Hollander (2017) ”The Contemporary Relevance of Karl Polanyi – a Swedish Case” (pp. 54–72) in Theory and Method of Evolutionary Political Economy

Hollander et.al (2015) ’Using Polanyian concepts to bring together sustainability discourses’ Special session at the 11th ESEE conference in Leeds
Polanyi–inspired concepts

- In what way useful Polanyi–inspired concepts can emerge from the sketching I will here exemplify with just a few:
  - Retrograde versus Emancipatory Reembedding
  - Semi–fictitious Commodities
  - Embedded liberalism
The concepts Emancipatory Reembedding

- **Reembedding**
  - 1) Embed -> Disembed -> Reembed 1850 – 1944 (as in Polanyi's: The great transformation)
  - 2) 1945 – today once more Embed -> Disembed -> Reembed (as in Helleiner)

- Sweden described as a paradigmatic example of *embedded liberalism* (Blyth 2002)
The concepts Emancipatory Reembedding (cont’d)

- *Emancipatory*
- Add *Emancipatory* to stress that there is both emancipatory / progressive Reembedding

and

- *retrograde* Reembedding
- as in Brexit, Trumpit, Franxit etc
The main vehicle of disembedding

- Financialisation even stronger today than 100 years ago?
  The main vehicle of disembedding has been commodification / financialisation
- Turn money into a commodity – financialisation – central in post WW II wish to create a self-regulating market
  Same during the laissez-faire era
- I use Sweden to argue that financialisation 1975 – 2015 has led to drastic institutional changes also outside finance (Hollander 2017)
Semi–fictitious commodities into the Polanyian discourse?

- Semi–fictitious commodities – such as health, education and welfare /HEW/ – have emerged in Sweden. Swedish commodification/financialisation of HEW partly unprecedented.

A ‘great transformation’ of the provision of Swedish ‘HEW’

- ‘the financialisation of Swedish HEW’ has resulted in cohesive forces such as solidarity, voice, idealistic entrepreneurship etc. have been undermined
- With Polanyian concept ‘reciprocity’ we could call it ‘forced reduction of reciprocity’.
- Case in point: Swedish version of Milton Friedman's ‘voucher plan’ for schools – the ‘Skolpeng’
  - Result i.a.: ‘Ethnic Swedish’ parents shy away from schools in ‘immigrant dense’ areas (Verdinelli).
A precondition for financialisation is what Stenfors refers to as ‘Market–oriented Reforms’.

“During the last few decades, a range of industries and services have been opened up to competition, either through direct privatisation of state–owned companies, or by allowing profit–maximising companies to enter the market. ... with regards to areas such as taxi, mail, childcare and education, Sweden could be regarded as a ‘front–runner’...” (Stenfors 2014:88).
Housing – a proxy for Polanyian ‘land’

- Falling prices in Swedish periphery – sky-rocketing in centre
Real estate price in the 3 largest urban areas from 100 (early 1980s) to 800 (today)

- Swedes forced away from solidarity ‘at gunpoint’ as described by author Kristian Lundberg:
"The apartments in the house where I live are turned into individual private property. In the private school a lower proportion of the kids drop out. And the labour market forces me to become a self-employed businessman.

- Shall I then sacrifice myself? My son? My home? Of course not. And thus we all become parts of a system which we have not chosen ourselves – into which we have been forced.
II) Swedish (Nordic) paradox in relation to Polanyi

- The paradox which I suggest is that Swedish Social Democratic policies from the late 19th century to the 1970s could be very well argued for in Polanyian terms (well captured in Blyth’s term *embedded liberalism*).

- But Polanyi is all but unknown by the Swedish labour movement (Gustavsson & Lindberg 2015:27). KPs 1944 book was translated into Swedish in the 1980s by a leftist publishing house but within Social Democracy he wasn’t read (Lindberg the second author above is a former chief legal advisor to LO).
Swedish (re-)embedding in 19th and 20th Century

- Historical legacies
- Weak feudal order
  - Strong small peasantry / artisans
  - Literacy and self study tradition

- Labour power base
- Strong Unions and and other SocDem Movements
- Strong Social Democratic Parliamentary Position
  - Compromises of the 30s (Katzenstein)
Swedish re–embedding in 19th and 20th Century (cont’d)

- 20th century policies and Swedish Model
- *Decommodification* (Esping–Anderssen) through:
  - Union solidarity
  - Social Security
  - Housing

- *Rehn–Meidner Model:*
  - Taking care of the displaced
  - Structural reorganisation
Surviving traits?

- gender equality,
- ecological sustainability
- work-place codetermination

By way of example:
- More decent work than elsewhere?
- Next slide
More decent work than elsewhere?

**WHAT**
- High control, good psychosocial climate at work, sufficient resources
- Office work hours
- Balance between work/private sphere

**WHERE**
- Private sector
- Gender mixed work sites
- Administrative work
- Stable organisations
- No downsizing

**WHO**
- White collar workers in all age groups
- Varying educational levels
- Shared domestic work/responsibilities
- Few smokers, good physical condition

**HEALTH and PROFIT**
- Good health and quality of life
- High income, particularly among men
Swedish (Nordic) paradox in relation to Polanyi

- The paradox which I suggest is that Swedish Social Democratic policies from the late 19th century to the 1970s could be very well argued for in Polanyian terms (well captured in Blyth’s term embedded liberalism).

- But Polanyi is all but unknown by the Swedish labour movement (Gustavsson & Lindberg 2015:27). KPs 1944 book was translated into Swedish in the 1980s by a leftist publishing house but within Social Democracy he wasn’t read (Lindberg the second author above is a former chief legal advisor to LO).
Bonusmaterial ev fr.o.m här
Sweden and retrograde reembedding

- Also in Sweden a strong 'brown party' emerged. This party is arguing for retrograde reembedding. 'The Sweden Democrats' has according to surveys won some 16% of the electoral support (up from 2.9% in the parliament election 2006 and 12.9% in the parliament election 2014).

- A member of parliament of the party has gotten away with instigating mass acts of arson against buildings planned to be converted to house refugees.
Swedish parties – specially those on the right – have become much more restrictive towards immigrants. And in order to try get into government together with the right wing after the next election the Sweden Democrats are now shedding some ‘market critique’ and is becoming more pro-business ‘blue’. (Wingborg 2016)

But Swedish reactions to the challenging great wave of immigration has been contradictory. Civil society as well as many civil servants and even some commercial organisations have made impressive efforts.
Politics of / Policies for the crises

- My research has not dealt with the Politics of the Crises in general or Polanyi-type Policies. But after Brexit and Trump more or less a duty.

- What might an emancipatory reembedding entail in the short run?

- Very speculative list assigning policy ideas /thought figures to fictitious and semi-fictitious commodities plus remnants of embedding / decommodifying policies.
<table>
<thead>
<tr>
<th>Money / Finance</th>
<th>‘Tobin Tax’</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Euromemo ideas</td>
</tr>
<tr>
<td></td>
<td>Q</td>
</tr>
<tr>
<td>Labour</td>
<td>ICFTU ideas</td>
</tr>
<tr>
<td></td>
<td>Swedish Model 3.0</td>
</tr>
<tr>
<td></td>
<td>Q</td>
</tr>
<tr>
<td>Land</td>
<td>Vandana Shiva</td>
</tr>
<tr>
<td></td>
<td>Green New Deal</td>
</tr>
<tr>
<td></td>
<td>Q</td>
</tr>
</tbody>
</table>
## Speculative Polanyi-type list

<table>
<thead>
<tr>
<th>Housing</th>
<th>Tenants movements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q</td>
</tr>
<tr>
<td>HEW</td>
<td>The HEW professions</td>
</tr>
<tr>
<td></td>
<td>Swed Left Idea of profit cap &amp; Transparency</td>
</tr>
<tr>
<td></td>
<td>Q</td>
</tr>
<tr>
<td>ICT</td>
<td>Intellectual Commons</td>
</tr>
<tr>
<td></td>
<td>Q</td>
</tr>
</tbody>
</table>
Polanyi-type analyses points to the likeliness that the present wave of mass migration comes at a time when not only Sweden but all of Europe is very ill prepared.

Cohesive forces of openness, trust, reciprocity, legitimacy of taxation etc. are at bay both at national levels and the EU level.

Popular welcoming, of those who have been forced away from wars or lured by economic prospects, are thus less likely than in times when ‘modernity delivered on its promises’.
Many pol econ inspired ways of fighting authoritarian nationalisms

- I will here restrict myself to calling forth the many ideas that can be summarised under the heading of a ‘green new deal’.

- A **green new deal** could arguably provide the economic dynamism which could open the absorptive capacity which we need to meet the challenge of mass migration to Europe.

- Examples can be found in texts by Susan George (20xx)
  And in Fagerberg et.al. (2015). See my paper for the ra[F and ra[E1 sessions of EAEPE 2016
The green new deal’ and European unification …

- I there discuss some of those policy options but emphasize the need for popular agency if such efforts shall be able to produce one of the hoped for outcomes – a popular welcoming of new Europeans.

- In the CfP for Hanappi’s [W] session of EAEPE 2016 it is predicted that ‘the project of European unification … (might) collapse soon’. Let’s hope that this Polanyi–inspired conference can do something to avert this!
A history of the dismantling and personal reasons to engage in this
The Economist echoes Swedish neoliberals when it claims that the alleged decline was followed by a "quiet revolution [which] brought about a dramatic change in [Sweden's] economic performance."

Most applauded by the Economist: the reduction of public spending as % of the GDP (from 67% to 49%), the scrapping of taxes on wealth, and recent cutting of corporate taxes (26.3% to 22%). = Sweden's entry into the race to the bottom of corporate taxes. Included also the dramatic lowering of real estate taxes – specially for the most wealthy.
1) Sweden has had one of the fastest rise in Gini (deterioration in equality) among developed countries in the 1985 – 2008 period.

2) What used to be an educational system which produced equal opportunities – or at least a reshuffling of hierarchies – has turned into a deeply segregated system. An ugly class society has appeared. An alarming development might be a result: A high proportion of early school leavers have become authoritarian in their values.
A crucial period was ≈1985 – 1994 when Sweden was made wide open for Int Financial Cap

- "…1990 ... a run on the krona. In increasingly desperate attempts to counter this run ... the SAP government abandoned the policy ... at the very heart of ... the labour movement ever since the 1930s: The unconditional full employment commitment. ... in the same breath as the intention to apply for EC membership was announced” (Lindberg and Ryner for ILO 2010)
Attacks’ from the right 2006 – 2014 summarised:

- **Attack on labour market balance**
  - Rebalancing in favour of the employers i.a. through more expensive unemployment insurance.
  - Low wage service sector’s employers favoured.

- **Attack on the Social insurance system**
  - Drastic reductions in rate of income guarantee for sick leave, parental leave, rehabilitation after hardships and for moving to other jobs.
  - Growing subsidies etc. for private insurance solutions.
Attacks’ 2006 – 2014 (cont’d)

- Attack on the ‘HEW system’
- Marketization, privatisation and financialisation as described
- Attack the Progressive tax system

- Attacks as structured by (Carlén, S. et.al. 2014:208–212)
Personal reasons ... "Totalitarian forces can emerge" 'DN' 1997