

*Democracy
and the Welfare State*

—the Nordic Nations Since 1800



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Foreword

This resource was produced in a cooperation among Siri Ingvaldsen, Thomas Larsson and Erik Overgaard Pedersen 2005-8. The purpose of the project was to produce a text that would be suitable for teaching Modern Nordic History at the late secondary and early tertiary levels. This version of the resource is a slightly revised, richly illustrated version for the general public. The select bibliographies at the end of each chapter include some of the main sources that the authors have drawn on directly as well as some other useful sources. Siri Ingvaldsen wrote on Norwegian history; Thomas Larsson on Finnish, Icelandic, Swedish and Aaland history; Erik O. Pedersen on Danish, Faeroese and Greenlandic history. Erik O. Pedersen served as the coordinator of the project. The book is planned in such a way that it is possible to read the chapters on each country separately together with the Introduction. Director Magne Bjergene of the FOU (Department of Research and Development) of Red Cross Nordic United World College and the Haugland Rehabilitation Centre, Fjaler, Norway administered some aspects of the project. The authors wish to thank Ivar Lund-Mathiessen and Allan Hall for their valuable, critical comments on the manuscript and also thank the staffs at Det kongelige Bibliotek, Copenhagen; Museet på Sønderborg Slot; Kungliga Biblioteket, Stockholm; Museiverkets bildarkiv, Helsinki; Nationalbiblioteket, Helsinki; Universitetsbiblioteket, Bildsamlingen, Bergen, Norway; and Arbeiderbevegelsens Arkiv, Norway for their kind and professional services. The authors have attempted to honour all rights and sincerely hope that nobody's rights have been infringed. The support from Nordisk Kulturfond, Svensk-norska samarbetsfonden and Foreningen Norden to the project and the awarding of the Norwegian grant for non-fiction writers to Erik O. Pedersen have greatly assisted in making the project possible.

Introduction

The Congress of Vienna 1814-15 marks the conclusion of a turbulent period of new thoughts, social and political revolution and war in Europe. The new liberal and democratic ideas and developments challenged the absolutist states throughout Western Europe and the decades that followed were to be characterised by the peoples' struggle for civil liberties, national identity and liberal, democratic constitutions. This gigantic popular movement together with industrialisation and the consequent disruption of old class structures and the disappearance of feudal leftovers are the most basic and defining changes laying the ground for the modern, democratic Western European societies in the two following centuries. Though geographically far from the centre of Europe, the Nordic countries, Denmark, Finland, Norway and Sweden became part of this pattern of change. Thus, in many ways the general economic, social and political developments in the Nordic region in the 19th and 20th centuries may only be understood in a wider, European and international context. This had also been true with regard to earlier centuries but the enormous expansion of travelling, transport and communication in the latest two centuries made interpersonal and intercultural contacts across borders far more common. Naturally, developments in the Nordic region were also specific to the region. Cultural, administrative, political, geographic, demographic and economic features unique to the area naturally meant that historical developments of these countries not only were cast in a general, Western European mould but also took on a particular character of their own. There were many similarities among the Nordic countries as to their economic, social, political and cultural histories after 1815 and often differences were but differences of degree.

Though the Nordic countries followed significantly different paths towards full parliamentary democracy, the general trends and outcomes have been very similar in all the countries. Under the impact of European events, constitutional monarchy within a defined nation state was introduced in the 19th century followed by an expansion of civil liberties and political rights so that all countries had fully liberal-democratic political systems with free elections and parliamentary rule by the end of WWI.

By that time almost all earlier, disenfranchised groups had been granted equal political rights. After WWII the countries were among the first to expand political rights to young people. A party system with a major Social Democratic party left-of-centre, a considerable non-socialist group of Conservatives and Liberals right-right-of centre and a normally small group of moderate parties at the centre remained a common feature until it was somewhat, though far from totally, disrupted by populist parties in the last three decades of the 20th century. The stability, flexibility and adaptability of the Nordic political systems became a source of international admiration.

The consolidation of the Nordic countries as nation states became entangled with their foreign relations. Denmark experienced two wars with German states and a post-WWI referendum before her borders were defined. Norway went through the dissolution of the union with Sweden in a process full of conflict; Finland only became an independent nation state during WWI; and Iceland completed her gradual path to independence from Denmark by a unilateral declaration during WWII. Before the outbreak of the two world wars in the 20th century all Nordic countries pursued a policy of neutrality but had somewhat different fates during the wars.

During WWI the four nations pursued a policy of armed neutrality rather successfully but Finland had to go through a bitter civil war before she found her constitutional foundation as a democratic, parliamentary republic. A defensive alliance among the neutral Nordic countries in the interwar period was not possible because of Denmark's position in the shadow of Germany and Finland's similar problematic relationship with the Soviet Union. Also, Norway and Sweden had been close to war only in 1905 during the crisis about the dissolution of the union between the two countries. It is however significant that the strong Liberal-Social Democratic traditions in the countries proved to be a sufficient bulwark against the growth of any significant Fascist movements.

Whereas Norway's legitimate cabinet went into exile after the German occupation in 1940, until its resignation in 1943 the Danish government pursued a pragmatic policy of collaboration with the Germans. Though traditional Swedish neutrality was difficult to maintain throughout the war, it remained desired and declared policy. Finland's history took a different direction. After a fierce war with and defeat by the Soviet Union 1939-40 in the Winter War, she fought another war of revenge in alliance with Germany against the USSR 1941-44, which meant that she ended in the Soviet sphere of influence after the peace settlement in 1945.

After the Second World War Denmark and Norway decided to join NATO in 1949 and become firmly integrated in the Western alliance after having received Marshall Aid and after a failed attempt to establish a Nordic defensive alliance. However, Sweden did not give up her traditional neutrality though she should be considered very

much as a Western-oriented nation. Finland became dependent on the USSR though not to the extent that was the case with the Eastern European nations. However, she was limited in her ability to manoeuvre freely in international affairs, e.g. in joining international organisations, until the collapse of the USSR system in Eastern Europe. This explains why Finland had to adopt another pace in joining even organisations she was allowed to join like the Nordic Council and EFTA.

Denmark, Norway and Sweden actively sought integration in Europe after 1945. They all became members of the OEEC as receivers of Marshall Aid, joined the Council of Europe in 1949 and the European Free Trade Association (EFTA) in 1960 and thus early had close, political ties with most other Western European nations. In 1973 Denmark followed Great Britain into the EEC and later became an integrated, though hesitant, member of the European Union. After the collapse of the USSR and the drastic political changes in Eastern Europe, Sweden found that it no longer conflicted with her neutral position to join the EU and did so in 1995 after a referendum. Finland, having won full autonomy in foreign policy, joined in the same year. She had only become a full member of EFTA in 1986. Norway has remained an EFTA member after two unsuccessful referenda on EEC and EU membership but in reality a very close cooperation has developed between Norway and the EU in a great many areas.

Cooperation among the Nordic nations has been very successful in innumerable areas after WWII. In 1952 the Nordic Council was founded. All the Nordic governments are members though Finland could not join till 1956. The work of this regional, political body and its subsequently expanded organisation has resulted in very significant agreements on cooperation in fields like a Nordic passport union, a common labour market, mutual political rights for Nordic citizens in all the countries, mutual rights in education for Nordics in all the countries and in cultural exchanges. The failed attempts at establishing a Nordic defensive alliance before Denmark and Norway joined NATO, and at creating a Scandinavian common market as an alternative to and before Denmark's entry into the EEC, show, however, that there are strict limits to this cooperation. Most political decision-makers and voters do not consider it a viable and realistic alternative to "joining Europe". Instead a picture has evolved of the Nordic countries collaborating on numerous issues within larger European and international organisations. As a group of collaborating countries in this context the Nordic nations with their strong parliamentary, democratic traditions and extensive, progressive social legislation are likely to continue having much to offer in future.

All the Nordic countries became much involved in the work of the United Nations after WWII. This involvement has been visible in many ways. Many important UN positions were filled by Nordic appointees; the Nordic countries have been among

those nations contributing most financially to the work of the organisation; often people from the Nordic countries have served in peace-keeping operations and various assistance programs; and there has been wide, political support for the organisation in the countries, which for example has been evident in education.

The most famous aspect of Nordic history in the 20th century is no doubt what is generally known as the Scandinavian model of the social welfare state. This is justified whether it is a development one approves of or is critical of. With small beginnings in the last years of the 19th century the Scandinavian countries developed a social and economic system with extensive social rights and security based on the foundations of a mixed economy with a high level of public involvement. The reformist, Social Democratic parties gave up the idea of state or communal ownership of the means of production and, in collaboration with other parties favouring social reform, adopted legislation that created an extensive social safety net for citizens. The most outstanding parts of this system were old age pensions for all, free or almost free health insurance, free education from the elementary level to higher education, unemployment insurance and various schemes for economic assistance to persons in need.

This led to great expansion of the public sector, which took over tertiary economic service functions, which in Western societies that were less state-interventionist often continued being carried out by private or semi-private organisations. In the Nordic countries a pattern developed that often even private social institutions and organisations were in reality financed via the state budgets. This new social direction was only possible because the last half of the 20th century saw an increase in wealth and technology unmatched by any other period. It meant, by necessity, that progressive income taxation and indirect taxes reached exceedingly high levels, which at least was one of contributing factors that caused the populist, political unrest from the mid-70s on. From that time there has been an increasing awareness of the dangers of dysfunctions stemming from too large a public sector and privatising has become part of the common, political agenda - even of social reform parties. Thus, at the end of the 20th century, there was much outspoken criticism of some of the disadvantageous consequences of the expanded social welfare state whereas there was little, real willingness to give up its benefits. This contradiction was clearly evident in the populist parties.

Denmark

Danish Absolutism 1815–1852

The economy during the final years of absolutism

After the Congress of Vienna 1814, the Danish multinational state found itself in a changed economic situation with a population that grew from less than one million to almost one and a half million by the middle of the century. Norway was no longer ruled in conjunction with the rest of the Danish realm and was thus outside the economic area under the control of the Danish monarch. The crown still possessed a colonial empire consisting of the Danish West Indies, St. Thomas, St. Croix and St. John (sold to the United States in 1917); two slave trading forts on the west coast of Africa, in today's Ghana (sold to Britain 1850); the Nicobar Islands in the Indian Ocean (sold to Britain 1848) and the small Trankebar outpost in India (sold to Britain in 1845). Furthermore, Denmark had sovereignty over Iceland, the Faeroes and Greenland. The government followed mercantilist trade policies and the country enjoyed favourable trading conditions. In the West Indies the government was legally responsible for a plantation economy based on slavery.

The Danish participation in the Napoleonic Wars had been financed to a great extent by issuing paper money, which had created disastrously high inflation, a situation that the government tried to diffuse with the unsuccessful introduction of a new currency in 1813. The currency collapsed and it was only after the new National Bank was established in 1818 that the problem was solved, but the full process took two decades.

The decreased demand for grain and the consequent fall in prices after the end of the Napoleonic Wars severely damaged grain exports, a situation made worse by the passing of the British Corn Law in 1815 and the loss of the Norwegian market. The general decline in international trade and the low level of demand in the agricultural sector resulted in a weaker economy in towns and cities, and especially in the capital, Copenhagen. This situation began to get better from about 1830 onwards, when

improved farming methods and food processing began to have some effect, and grain prices began to rise, after it again became possible to export grain to Britain. The British Corn Laws were finally repealed in 1846. This in turn stimulated commerce in towns, and the grain trade continued to grow until the mid-1860s when cheaper Russian and North American wheat virtually put a stop to Danish grain exports.

In Denmark proper the main economy was based on agriculture, and though the worst forms of tenancy had been abolished in the late 1780s (serfdom never existed), remnants of the feudal system were not totally eliminated until the end of the 19th century. The introduction of adscription (*stavnsbaand*) in 1733 forced lease-holding peasants to remain on their farms. In 1788 the law was abolished in stages so that peasants were free to move after a few years. Most land was worked by smallholders, although many large farms existed as well as a considerable number of large manor estates. Only three decades after the reforms, half of the farmers owned their own land. However, it is often forgotten that the largest class of people employed in agriculture were the numerous landless farm labourers and smallholders, some of whom owned small plots of land that were unable to provide their families with sufficient income to maintain adequate living standards. The enclosure movement also made advances during this period and was completed in about 1860.

The production of goods was still almost exclusively carried out by artisans in small workshops with a few craftsmen and apprentices. The guild system was in effect in towns and cities. In the 1840s, as the economic situation in Copenhagen had begun to improve, new major, more industry-like companies such as shipyards and breweries began appearing in addition to earlier ones such as the porcelain business. A new educational focus on technical sciences and engineering also became evident. Larger cities witnessed the growth of a bourgeois class consisting of civil servants, professionals and merchants; cities with harbour facilities located near the sea or fjords were stimulated by trade and commerce.

The role of lower and middle class women within the economic system was often restricted to the home. Little employment could be found outside the home, although lower class women were able to find positions as domestic servants. Women in the upper classes of rich bourgeois and landowning families often enjoyed quite luxurious lifestyles. Rural and urban lower class children had to work from a very early age, poor rural families often hiring out their children from the age of 7 or 8 years old. A regular system of poor relief was established before 1800 and the School Act of 1814 set up a system of seven years of compulsory, elementary education up to the age of 14.

Early struggles for a democratic constitution

After numerous naval and commercial entanglements with Britain during the Napoleonic Wars, the British bombarded Copenhagen and seized the Danish fleet in 1807. The Danish then formed an alliance with France and declared war on Britain, which naturally led to a disruption of the valuable trade with that country. Another alliance with France was concluded in 1813. After the Peace of Kiel in 1814 and the Congress of Vienna, the Danish multinational state was diminished in size by the ceding of Norway to Sweden, as a consequence of Danish participation in the war on the side of the French. Norway joined with Sweden in a union. The Danish monarchy continued as a conglomerate of various areas that shared a common ruler. Nationalism did not become a real problem for the joint rule until the 1830s. The enlightened monarch controlled the Danish monarchy proper and was also the ruler of the two duchies of Schleswig and Holstein-Lauenburg. Holstein became a member of the German Confederation of 1815; the Danish king was also a German prince with a say in inter-German affairs, a situation which was to create many complications during the complex unfolding of the conflict during the early 1840s over how the duchies were to be ruled. The Danish kingdom also included the Faeroe Islands, Iceland, and Greenland, although these had legally belonged to Norway before 1814. In addition, the kingdom held its colonial possessions as mentioned above. This empire was governed centrally from the seat of the Danish government in Copenhagen according to the principles of enlightened absolutism, most of the actual governing being carried out by a very able state bureaucracy that was loyal to the king and the system of government. The highest social and economic class of society, the great landowning nobility, played a very significant role in the implementation of government policy through the positions which nobles filled as civil servants and as officers in the armed forces. In the wake of the revolutionary developments in France in 1830, and their effects on the rest of Europe, the king attempted to modify the system of government by reverting back to the days when the estates held a greater role in government. The legitimacy of absolute monarchy was not yet questioned except by a very small group of intellectuals. In 1834 an “Estates Constitution” was thus created, which gave consultative powers to four, bi-annual estates assemblies representing the islands, Jutland, and each of the duchies. However, voting rights were greatly restricted, so that only a few percent of the male population were actually represented in these assemblies. It seems clear the government was actually attempting to create governmental bodies that would stem the tide of revolutionary and nation-building activity coming from continental Europe. The estates constitution made it impossible for the estates of the various parts of the monarchy to meet at the same time, nicely illustrating how the king’s government attempted to prevent any joint action that would be unfavourable to them. The use of the Estates

General in France in 1789 comes to mind as a possible inspiration for this strategy, and the constitution may have been a means of countering any undesirable ideological and political manoeuvres abroad while still granting only very limited influence to the people at home. In Iceland the ancient Althing (parliament) was reintroduced with very limited powers. Iceland was granted free trade in 1854.

It was not until about 1870 that the political parties in a modern sense of the word, with broad voter organisations, appeared. Rather, prior to this there were groups of politicians who held similar views and worked together. The National Liberals were the most progressive party from the years just before the Constitution of 1849 until the War of 1864, or the Second Schleswigian War. They were a group consisting mainly of bourgeois intellectuals, professionals and business people. It was headed by such figures as Orla Lehmann (1810-70) and Bishop D.G. Monrad (1811-87). Their newspaper *The Fatherland* (*Fædrelandet*), founded in 1834, had long advocated liberal political reforms. They cooperated in a limited way with the Association of Farmers' Friends (*Bondevennernes Selskab*) who advocated democratic, agricultural reforms. The main goals of the National Liberals were a free, liberal constitution, civil liberties and the foundation of a Danish nation state. This nation state was to be built according to the "Ejder Programme" (*Ejderprogrammet*), which called for a Danish state with the border at the river Ejder (which separated the duchies of Schleswig and Holstein-Lauenburg). They thus intended to give up Holstein-Lauenburg, because these areas were considered German, while at the same time including Schleswig, although it included a majority of German-speaking citizens. This policy clashed with many other strong interests: with the Danish king's intention of keeping all of his possessions regardless of nationality under his rule; with the German liberals' programme in the duchies; as well as with the views of other reactionary regimes in Europe.

The February Revolution in France in 1848 was followed by political unrest in Denmark and the duchies, a situation similar to many other German-speaking parts of Europe. The German, liberal Schleswig-Holstein Movement wished to unite the two duchies into an independent German state, if possible as a member of a new German nation state. They revolted against Denmark in 1848, which led to the Three Years' War (1848-50), also called the First Schleswigian War. This resembled other national and liberal March Revolutions that took place in many other German-speaking states in 1848. The duchies were supported by Prussia, who served as the executive power of the Paulskirche Parliament in the first months of the war, but Prussia withdrew after pressure from Russia and Britain in particular. However, the duchies continued the war until they were defeated at the Battle of Istedt in 1850. In the final peace settlement, however, under the London Protocol of 1852, the Danish government promised not to attempt to integrate the Duchy of Schleswig into the Danish kingdom politically.



Map of Schleswig. I. Adriansen, 1864 i samtidens aviser (1976)

However, the so-called March Days of 1848 also led to peaceful political developments within the Danish kingdom. The King appointed a cabinet which included National Liberal members, and he allowed a Constituent Assembly to begin work on a new constitution that would establish a constitutional monarchy. The Constitution of 5 June