

A graphic of several white puzzle pieces arranged in a grid pattern, overlapping the text 'THE FLOURISHING SOCIETY'.

# THE FLOURISHING SOCIETY

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**After the Celtic Tiger:  
a Nordic Vision for a New  
Ireland?**

*– Robin Wilson*

## After the Celtic Tiger: a Nordic vision for a new Ireland?

### Introduction

The first decade of the new millennium has seen a remarkable turnaround in Ireland. The 'Celtic Tiger', acclaimed as the poster-boy for neo-liberal economics around the world, bounding so effortlessly forward just a few years ago, was mortally wounded by the local manifestation of the global collapse of financial capital, the black hole that was Anglo Irish Bank. And in a more minor key, the northern 'peace process', product of years of diplomatic effort since the Anglo-Irish Agreement of 1985, lost its lustre as a transferable roadmap from ethnic conflict amid proliferating 'peace walls' and rising violence at home and George Mitchell's failure to work his Stormont magic in the middle east.

Suddenly, in the republic, there was what Antonio Gramsci (1971: 210) would have diagnosed as a crisis of representation. Fianna Fáil was able to manage, and prevail beyond, the emigration crisis of the 1950s and the fiscal crisis of the 1980s. But in the noughties its close association with the developers and bankers who played the capitalist casino at ever higher risk, happily to discover the taxpayer would be called on to cover their stakes when their value plummeted, has seen its support correspondingly collapse.

Yet Labour's new dawn could prove a false one. Gramsci's great insight was that the left needed to articulate a potentially hegemonic narrative, as otherwise a crisis could see a top-down process of 'passive revolution' through which authority was recuperated (Buci-Glucksmann, 1980: 314-5). And, as Ray Kinsella (2010) has pointed out in an Irish context, 'there appears to be no mainstream political alternative to a failed orthodoxy'. The immediate danger, therefore, is that Labour would once more become ideological junior partner in a Fine Gael-led coalition, struggling within a fiscal straitjacket, with the same demobilising and disillusioning effects as the windblown coalition of 1973-77.

What would be the basis of such an alternative narrative? While there have been many NGOs which have protested against the deflationary agenda of the government, and in particular its impact on the most marginalised, this in itself has not challenged the fundamental logic of the administration's position—that the republic should remain a 'low-tax', capital-friendly state, whose fiscal deficit must therefore be rapidly reduced to maintain the 'credibility' of the financial markets. Indeed, Labour has itself not contested the government's timescale of reduction of the budget deficit to below 3 per cent by 2014. And, in the north,

while there is a very real danger that the squabbling ethnic parties will not be able to agree a budget—or at least not one beyond a year—in response to the similarly dramatic deflation stemming from London, again the SDLP has challenged the detail on welfare spending rather than the project as a whole.

An emergent alternative has however been apparent in the argument articulated by the Irish Congress of Trade Unions (2009). This has been evident in its Keynesian rejection of the deficit-reduction timetable. The ICTU claim in effect is that after Charlie McCreevy's pro-cyclical budgets inflated the bubble Brian Lenihan's pro-cyclical budgets have burst it, rather than letting the economic balloon cool gently. The task now is to ensure revenue is raised primarily from the wealthy, with a lower propensity to consume than the poor, and to invest in sustainable economic recovery, so as to avoid the 2010s being a Japanese-style 'lost decade'.

More broadly, David Begg of ICTU has seen in the crisis the opportunity to open debate on an alternative social model for Ireland, based on the experience of the Nordic countries (Begg, 2008). If Mary Harney's slogan placing Ireland 'closer to Boston than Berlin' encapsulated the claims for the Celtic Tiger, this not only discounted the key role played by the European-style social-partnership arrangements which resolved the 80s crisis and provided the basis for the macro-economic stability on which expansion was built (Sweeney, 2008: 115-26). It also of course defied geography—and Copenhagen, Stockholm, Oslo and Helsinki are all close European neighbours too.

In developing its 'social solidarity pact' as a route out of the crisis in 2009, ICTU was assisted by an economist who advised the then social-democrat finance minister tackling the early 1990s financial crisis in Sweden. The key lesson he drew was the need for equitable burden-sharing (McGreevy, 2009).

This paper sets out what is meant by the 'Nordic model' in various domains: the welfare state, the society and the economy. It explains why it is superior to the Anglo-American approach implicitly pursued in Ireland, and indeed to other continental European models. It addresses the limits of the model and the need for renovation. And it offers concrete implications throughout for the Irish context, socially, economically and politically.

### **The welfare state: the People's Home**

Twenty years ago, the Swedish expert Gøsta Esping-Andersen (1990) established an enduring typology of welfare states, as responses to the challenge to social cohesion posed by the capitalist mode of production: how could workers be

expected to cope with the insecurities of a market economy in which labour itself had been reduced to a commodity? His three types were:

- 'liberal', exemplified by the US (but also characteristic of the UK and the republic), with means-tested benefits constrained so as not to undermine work incentives and encouragement of private welfare provision;
- 'conservative', exemplified by Germany, with more generous social-insurance schemes, so constructed however as to sustain status hierarchies, including traditional family structures (by excluding non-working female partners); and
- 'social democratic', exemplified by Sweden, with extensive provision of universal benefits funded by progressive taxation systems, favouring a decommodification of labour and the socialisation of family burdens.

The last, Nordic model has been demonstrated to perform better than the Anglo-American and continental European alternatives (Esping-Andersen *et al*, 2002: 13-17; Irvin, 2008: 83-107; Schubert and Martens, 2005), despite claims that it could not withstand the pressures of globalisation (Greve, 2004: 118). As everyone benefits at some point in life, there is a sense of legitimation and common attachment: the phrase 'the People's Home' came to encapsulate the welfare state constructed in the decades of almost unbroken social-democrat rule in Sweden.

A particular benefit of the system is the egalitarian effect of graduated taxation according to income and universal welfare according to need. Thus, whereas market incomes in the Nordic states are if anything rather widely spread by European standards, post-market incomes show a much narrower dispersal (Guio, 2005: 4), as taxes hitting the wealthiest hardest are transferred in benefits benefiting the poorest most (though not exclusively).

There has been retrenchment in Nordic welfare states in since the 1990s, particularly with governments of the right being elected, and re-elected, in Denmark and Sweden. In the latter case, voucher schools have been introduced, inevitably fostering social segregation, greater conditionality has been added to active labour-market schemes and increasing social marginalisation has engendered a population of the socially excluded for which the social-democrat welfare system was not designed (Andersson, 2010). Indeed, in Finland as well as in Sweden, social assistance for the latter group has been significantly reduced in recent times (Kuivalainen and Nelson, 2010).

Having said that, the fundamentals of the Nordic system remain, for the present at least. As one political scientist in Sweden said after the 2010 electoral victory for the centre-right (Ward, 2010), *'The Social Democrats' greatest triumph was to*

*persuade the Moderates that it was impossible to win elections in Sweden if you are perceived as threatening the welfare state.'*

Income dispersal in Ireland widened during the Celtic Tiger years (O'Donoghue and McDonough, 2006: 57). As other European societies became wealthier, they tended to devote increasing shares of GDP to public provision rather than private consumption, yet the republic's 'welfare effort' fell proportionately as the economic grew (Smith, 2005: 200).

Because of the republic's comparatively poor fiscal effort in terms of taxation (NESC, 2005: 14) and its weak expenditure on social protection relative to gross domestic product (Petrášová, 2008), even though it has less stretched market-income scales than the Nordics, it is among the most unequal European states when it comes to 'real', post-market incomes (Guio, 2005: 4). A similar story applies to the UK, and so Northern Ireland.

This has left both jurisdictions very ill-equipped to have a sensible debate about how the social costs of the recession should be spread, and how (relatedly) revenues are as critical as expenditures to the budget equation. In particular, in the absence of a clear alternative, further 'liberalisation' has been the order of the day, with the stress on stricter means-testing and meaner benefits. It is notable how this has seen universal child benefit—a cornerstone of modern welfare with key gender and child-development aspects—sacrificed in the UK under the Conservative-Liberal coalition, with an echoing debate taking place in the republic.

Recent research on inequalities in health (Marmot, 2004; Wilkinson, 2005) and more generally with regard to a range of social pathologies (Wilkinson and Pickett, 2009) finds the Nordic countries consistently dominating the desirable end of the graphs and tables. It also indicates that the conventional emphasis in the republic on reducing 'absolute poverty' (or in the north on 'targeting social need') is not only out of line with international standards (Timonen, 2005: 22) but is intellectually outmoded. For it is *the scale of social hierarchy* which we now know is key to well-being and so initiatives focused on the poor in isolation will at best increase 'churning' at the bottom of the social gradient—but they will not affect at all the steepness of the gradient itself.

This research explains the markedly egalitarian shift in public attitudes in the republic in recent times, which TASC has demonstrated through surveys it has commissioned. In 2009 it found that fully 91 per cent of respondents agreed that 'government should take active steps to reduce the gap between high and low earners' (TASC, 2010). Equality is in the broad public interest. This is not only because almost every individual is better off and social mobility is

correspondingly higher if the social gradient eases, though that is true. It is also because overall social performance—for example in education, where Finland is the best European performer—is also superior in countries where a low gradient lifts the average.

Finland's success is reflected in the international standard PISA data on performance by schoolchildren. There, school starts only in the year a child turns seven, classes are small and lunch is free. Teachers move with their classes, so they can develop pastoral relationships with their pupils. They all have a masters qualification and they are trusted with considerable autonomy on how they teach the curriculum. There are almost no competing private schools and there are no inspections. There are no national examinations until students leave at 18. While there is a separation between academic and vocational strands at 16, each can lead to a university place—that, too, is free (Vasagar, 2010). The latest glowing PISA report stresses the importance of a common school system and a belief that all children can achieve high standards (OECD, 2010).

Labour's most resonant political campaign in recent years has been in favour of universal health insurance, to replace the two-tier system favouring private patients and stigmatising those holding medical cards. And of course in the north the SDLP emerged out of the movement for civil rights, abandoning the ethnic discourse of the Nationalist Party in favour of the universal norm of non-discrimination—though it has rested too long on those laurels (McGrattan, 2010). The key lesson of the Nordic model is that when egalitarianism is couched in the language of universalism it not only attracts legitimacy but also appeals to broad self-interest.

### **Civil society: voluntary activism**

Between the state and the economy is the domain of civil society, best conceived of as the 'public square' where non-governmental organisations organise and advocate and norms of the 'good society' are advanced (Edwards, 2004). The former taoiseach, Bertie Ahern, appeared to be concerned about the adequacy of civil society in Ireland, engaging the 'social capital' guru Robert Putnam and establishing in 2006 the Taskforce on Active Citizenship.

At one level, the third sector looks strong in the republic, measured by its size on a European scale. But this is largely because of the influence of faith-based organisations in public services since independence from Britain, rather than reflecting a strong movement for social justice. Moreover, on a narrower definition of the voluntary sector and adjusted for population, the number of organisations, their staff, financial and research support and volunteering are all

lower in the south than in the north. The earlier development of the welfare state north of the border and the relative largesse shown to third-sector organisations during the ‘troubles’ favoured a stronger infrastructure there (Acheson *et al*, 2004).

The communitarian thinking so strongly rooted in Ireland—and not just in the north—stands in the way of the *social* solidarity at the heart of the Nordic model, where individual and collective advancement can be seen as linked by the pursuit of the common good (Andersson, 2010: 106). On the wider European canvas, Sweden’s third sector thus stands out for its activism and volunteering and, as a subordinate element, its social enterprises. This has been described as the ‘popular mass movement model’ (Olsson *et al*, 2009: 159) of civic society.

The ‘movements’ embrace the traditional labour movement, which played a formative role in the emergence of Sweden’s post-war, universal welfare system, and the new social movements of the 60s—the women’s, environmental and peace movements—as well as consumer co-operatives, sporting and educational bodies. Indeed, the Swedish word for popular mass movements (*folkrörelser*) is much more commonly used than the phrase ‘third sector’. Key aspects are open and active memberships, transparency in the operation of the huge associations, a high degree of formal internal democracy and fairness, and generous funding (Wijkström, 2004: 11).

Relatively speaking, in the Nordic model, and here Denmark is as good an example as Sweden, voluntary organisations working in welfare provision—such as social care—play a minor role, because of the commitment to the welfare state. And the paid third-sector workforce is relatively small, because of the strong commitment to volunteering (Henriksen and Bundesen, 2004: 621). The tradition of the third sector in Denmark and Sweden, unlike the philanthropic UK model operative in Northern Ireland and the subsidiarity-based version in the republic, is of a civic commitment to equality and democracy (Defourny and Pestoff, 2008: 3-4).

The Swedish word for ‘charity’ (*välgörenhet*) acquired a negative connotation during the 20<sup>th</sup> century, with welfare coming to be understood as a matter of civil or social rights. And even the non-movement aspect of the third sector in Sweden predominantly comprises a member-based mutual or co-operative social economy, rather than Anglo-American style welfare providers.

The Nordic model shows why it is wrong to pit the strong society against the strong state, as if the latter worked against the former—quite the contrary (Trägårdh, 2007a). In Denmark, voluntary organisations have been promoted by the state, partly as places for learning basic democratic skills (Kaspersen and

Laila Ottesen, 2006: 118). In Sweden, citizens are on average members of around three associations (Grassman and Svedberg, 2007: 134).

Moreover, Swedish associations operate on the premise of the 'active' member—rather than one, say, sending off a payment to Greenpeace as a conscience-salver. Volunteering then becomes a dimension—even a duty—of membership rather than merely unpaid employment. Around half the population between 16 and 74 years volunteers and, of those, seven out of ten are also members of the organisation concerned (Olsson *et al*, 2009: 163).

This is not to say that everything is rosy for the Swedish third sector. Membership activism, though still very high in comparative terms, has actually fallen since the 1990s (Wijkström, 2004: 16), indicative of an erosion of older organisations and the emergence of new bodies to which members may merely pay for services or make donations (Trägårdh, 2007b: 268).

Denmark has exhibited a marked growth of voluntary activism in recent decades. Half of Danish third-sector organisations were created after 1975, one quarter after 1990. And between 1993 and 2004 the proportion of the adult population engaging in voluntary work rose from one in four to one in three. There are trends, though, here too towards a more instrumental relationship between members and associations (Defourny and Pestoff, 2008: 13-14).

The 'popular mass movement' model, distant from the paternalistic philosophy which dominates civil society in Ireland with its faith-based traditions, corresponds to an engaged relationship with the state. This is similarly at variance with the clientelistic culture pervading Irish society—in which the first northern unionist premier James Craig once referred to politics as 'distributing bones' and a current senior FF minister once cynically described to the author how he ran his local surgery as a vote-gathering exercise *vis-à-vis* his party competitor in the constituency.

In Sweden a Popular Mass Movement Council (*Folkrörelserådet*) was established in 1989 to promote these organisations' collective policy agenda. In 2002 a Forum for Popular Mass Movements (*Folkrörelseforum*) followed, to foster dialogue between the government and public authorities on the one hand and the movements on the other. This supplemented an Intergovernmental Working Group on popular mass movement policy formed the previous year (Olsson *et al*, 2009: 170).

A sense of participation and having a stake is more broadly promoted in Sweden by involving the institutions of civil society in policy-making. The mechanism is provided by governmental commissions (*statliga utredningar*)—of which at any

one time fully 200-300 are in operation—focused on a particular issue, with a view to preparing major legislation. This not only allows ministries to have very small permanent staff. It also provides the institutional linchpin in a system of democratic governance involving a mix of civil servants, politicians, academics, experts and representatives of relevant civil-society organisations.

When such commissions produce their report, there is a consultation process (*remiss*), where the document is issued to all affected organisations. Their responses—indeed, those of any interested individual—are all included in the final version of the report, which is the basis for government to draft a bill for the parliament to consider. So serious is this process of engagement that it thus may take up to six or eight years, or even longer, from the appointment of the commission to the law being enacted. By the conclusion, however, a substantial social consensus behind the law tends to have been gathered (Trägårdh, 2007b).

Perhaps inevitably, a recent governmental commission has focused on ‘popular movement politics’ itself. And on top of the commissions there are specific avenues for influence which allow the ethos of the third sector to permeate the state, in the manner of a ‘marinade’ developed through close collaboration between the popular movement organisations and a friendly state apparatus (Wijkström, 2004: 12-13).

The moral for Ireland is clear. If there is a concern about a weakening of the social fabric, it will not be addressed through a vague desire for more civic responsibility. The route to a vibrant civil society lies in NGOs investing in membership activism, involvement and democratic control, with support and assistance from public authority. Yet, as of now, we do not even have an umbrella body for the third sector in the republic, while there is the Northern Ireland Council for Voluntary Action in the north.

In particular, the Swedish governmental commission approach, and in particular its participatory and painstaking character, offers an interesting model for how Ireland’s political structures should be rethought for a new era. Labour has suggested a citizens’ assembly to address the challenge for the republic, but this has a populist ring to it of dismissal of the ‘political class’ and would be likely to lead to no more coherent outcome than the disparate articles in the *Irish Times* since the crisis broke offering a *smorgasbord* of individual solutions. Less publicly evident is the grinding inertia of the institutions in the north, designed in just one night of negotiations in the run-up to the Good Friday agreement and subsequently tweaked to appease this or that political faction in a manner which made them even less serviceable (Wilson, 2010).

TASC's Democracy Commission (Harris, 2005) was an independent effort with limited time and resources, convened in advance of the onset of the crisis, which nevertheless began this process. A governmental commission, or commissions, to explore the constitutional re-engineering Ireland needs to have a more fit-for-purpose political architecture, would be the most reliable way ahead.

### **The economy: human capital**

In the orthodox capitalist economic model, labour is reduced to a commodity and the focus of public policy at national or regional level is on creating a 'business-friendly' environment, with a view to attracting mobile capital. In Ireland north and south, grants and tax breaks respectively have provided the incentive. But there is an economic argument that this view should be stood on its head in today's economic context.

The transition from a conventional industrial capitalism to an 'informational' variant (Castells, 1996), in the age of the computer and the satellite, has been associated with a remarkable reprise of the 'labour theory of value'. While often seen as originated by Marx, in fact he drew it from the English classical economists (Lippi, 1979), living as they were in a literal age of 'manu-facture' and before the full 'subsumption' of labour, following the industrial revolution, of which Marx spoke in *Capital*.

When the labour process was dissected and reaggreated by Taylorism and Fordism in the 20<sup>th</sup> century, it was hard to argue that value reflected embodied labour, given the conditions of existence of that labour were critical and yet were not under the labourer's control. Yet the transition to a post-Fordist 'knowledge economy', where mass production and competition by price were transcended by customer responsiveness and competition by quality, once more elevated the contribution, and the competences, of individual employees and work teams.

Every significant firm nowadays has a 'human resource director', who can be guaranteed to plagiarise Marx by declaring that the biggest asset of the company is its staff. But if this is indeed so, then capital—hardware and software, buildings and equipment—should be deployed by labour to greatest effect, rather than the other way around.

This is the insight behind the Nordic economic paradox. In orthodox terms, the Nordic countries should be basket-cases. Their high-tax regimes and partial decommodification of labour through expensive welfare states should deter capital to more 'competitive' environments. Yet, on the contrary, in all the relevant international league tables the Nordics consistently emerge at or close to

the top. This is true of the World Economic Forum's Global Competitiveness Report (WEF, 2010), the Economist Intelligence Unit business environment rankings (Whyte, 2005: 40), Richard Florida's index of economic creativity or Deloitte's ranking on the basis of innovation, enterprise and macroeconomic data (Färm *et al*, 2006).

The Nordics have proved so successful in attracting foreign direct investment because of the educational standards of their workforces, their developed infrastructures, their commitment to research and development, and their probity and transparency (Whyte, 2005). Innovation is seen as being facilitated by the security provided by the welfare state, rather than being driven by fear of failure in highly competitive markets (Andersson, 2010). In particular, the Danish welfare variant of 'flexicurity', where weak employment-protection legislation is matched by high levels of replacement income and retraining support for those who lose their jobs, is seen as favouring a willingness on the part of employees to risk job moves in a globalised context of change, rather than workers seeking collectively to defend perhaps outmoded jobs at all costs. Interviewed by the *Financial Times*, the chair of Nokia and Royal Dutch Shell, rhetorically asked (Milne, 2009): 'What is the future of capitalism? In one way or other the answer is to solve these issues that the Nordic model does well.'

Debate in both parts of Ireland about incentivising investment has been heavily skewed by the low corporation tax rate applying in the republic and the supposed desirability of its extension to the north. Yet a 2002 survey by Forfás found that 57 per cent of foreign enterprises ranked appropriate skills as the most important advantage of their location in the state (Smith, 2005: 76). And in 2008 the US ambassador told an Institute of Directors meeting in Dublin that low corporation tax was 'not critical' for American businesses in Ireland and a hike in the rate would not itself lead US multinationals to pull or defer investment plans (Stirling, 2008).

Had low corporation tax been decisive in the Celtic Tiger phenomenon, it is hard to explain why three and half decades elapsed between the state's opening up to foreign capital and the spurt of growth which began in the early to mid-1990s. Clearly a number of factors laid the ground in the meantime, including compulsory secondary education in the 60s, access to a tariff-free EU market in the 70s, macroeconomic stabilisation in the 80s, implementation of a 'liberal agenda' in the 90s and — last but by no means least — at that time the emergence of a stream of qualified workers from the institutes of technology, contrasting to the overwhelmingly academic focus of advanced tertiary education in the north.

The foregoing discussion indicates a degree of deadweight subsidy in the low corporation tax regime. While the volume of tax itself was raised by the incentive

to multinational firms to allocate profits to Irish divisions, this came at the expense of intangible loss of goodwill in mainland Europe. In 2007, the German finance minister, Peer Steinbrück, accused the republic of subsidising its public services with EU funding while engaging in unfair tax competition (Smyth, 2007).

It is time to end this costly exercise in beggar-my-neighbour economic policy. Raising the corporation tax rate and introducing a property tax in the republic (the north does not have significant tax-varying powers) would strike a chord with the widespread sense of unfair burden-sharing experienced by PAYE workers since the crisis. And it would militate against a renewed property bubble and thus favour diversion of capital towards more productive investment. Labour has certainly been right to stress at this time that cutting educational expenditure as part of the hasty deficit reduction plan is a very false economy indeed.

The deference to capital in the Irish political establishment lay behind the disastrous decision in September 2008 to guarantee all banking deposits. This transferred risk to the taxpayer at an ultimate cost of some tens of billions of euro. By contrast, in the early 1990s, the social-democrat Swedish government stepped into the financial crisis with equity stakes to recapitalise the banks — stakes subsequently sold at a modest surplus.

Jenny Andersson (2010: 150, 46) argues, however, that the loss of momentum of Swedish social democracy in recent times can be put down to the lack of a 'critique of capitalism', since capital successfully resisted the radical 1970s 'wage-earner funds' idea to transfer ownership of firms progressively to their employees. Yet modern management theory focuses not on an alignment of executives with shareholder interests, as in the 'shareholder value' orthodoxy whose perverse incentives led to the Enron disaster, but on an alignment of autonomous employees with consumer demands (Hamel, 2007). This is because, in today's post-Fordist times, such demands are individualised, complex and volatile, and cannot be met by top-down directions, as if executives were omniscient and omniscient, but rather require individual staff teams to be flexible and responsive.

This chimes with the Wilkinson and Pickett (2009) focus on flattening social hierarchies, which leads them to call for employee ownership. If robust welfare states decommodify labour to an extent, by regulating the labour market, employee ownership represents the ultimate decommodification, by turning the labourer from a commodity into a *citizen*, equal in social status to his or her fellows. This can tap productive potential which the 'mere' labourer will not freely release, as this would simply be captured by their employer. Hence what in capitalist terms seems the counter-intuitive practice of Google in allowing its

employees to spend up to one fifth of their time on their own projects—from which, of course, many if not most company initiatives originate (Hamel, 2007: 112-3).

The success of John Lewis in the highly competitive UK retail market shows the edge which employee ownership can provide. In sharp contrast with the bonus culture of the City of London—which has allowed gross rent-seeking by top individual players in the capitalist casino, including gaining vast bonuses even when profitability has been poor—at John Lewis annual profits are subsequently distributed to all ‘partners’ (staff) as an identical bonus, calculated as a percentage of their salary. The company has a constitution, which states its ultimate purpose as ‘the happiness of its members’. David Begg of ICTU has always had a personal interest in employee share-ownership programmes and Labour in Ireland should take up this theme and run with it.

### **Conclusion: the cry for security**

If a spectre is haunting Europe in 2010, it is not of communism but the xenophobic populism of the 1930s. The deportations of Roma from France, the querulous debate in Germany about the management of diversity, the criminalisation of immigrants in Italy and the electoral successes of radical right parties in the Netherlands and Sweden all highlight how an atmosphere of widespread insecurity can be exploited by those who would undermine social solidarity by setting the ‘community’ against the stereotyped ‘alien’, rendered scapegoat for all ills.

The Nordic welfare states were established to offer a genuine, rather than illusory, security. In that sense, social democracy represented the key 20<sup>th</sup>-century competitor with fascism for the affiliation of the popular classes, a competition from which it emerged in the post-war period triumphant (Berman, 2006). Nordic universalism in particular engendered social trust, as reflected in international public-attitudes surveys, whereas selective systems favoured prejudice towards benefit claimants which could so easily be given an ethnic inflection in fractured societies (Rothstein, 2005).

The breakthrough of the Sweden Democrats in the 2010 Swedish elections crystallised the fear that welfare retrenchment and populist advance were going together across Europe. The expulsion of more than 100 Romanian Roma from Belfast in 2009 and the revelation in 2010 that the republic had now the lowest rate of acceptance of asylum claims in the EU (Smyth, 2010) indicate that post-crisis Ireland is not immune from these xenophobic trends.

But ‘pessimism of the intelligence’, in the face of such trends, should be matched by ‘optimism of the will’. The Norwegian Labour Party’s experience in recent years is quite a different one (Biermann and Kallset, 2010). In 2001, when the media portrayed its leader as Norway’s ‘Tony Blair’ and some ‘modernising’ initiatives had disturbed its supporters, the party suffered its worst election defeat in 77 years. Yet, it regained power in 2005, and retained it in 2009, leading a ‘red-red-green’ coalition with other progressive parties. It pursued close co-operation with the trade unions and other civil-society organisations, articulated a popular case for ‘collective solutions’ rather than privatisation, and secured disproportionate support from women—reflecting, for instance, its action in government to make 40 per cent female quotas mandatory on company boards. Its integrationist slogan was ‘Everyone on Board’ (*Alle skal med*).

The Nordic experience is not a hand-me-down toolkit for Ireland. The model itself clearly needs renovation and renewal. But the swirling insecurities that beset the island, north and south, can only be met by a politics which offers a clear vision of what the state, society and economy should become. And there is no better foundation on which that vision can be constructed than the Nordic model.

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