

Stockholm syndrome: Europe's new Northern Radicals

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Summary

After only two months in office, the Social Democrats' precarious minority government in Sweden is already facing a crisis over their first budget. The government is likely to prevail, but the fragmented parliament, destabilised by the rise of the insurgent xenophobic Swedish Democrat party, may be a sign of things to come across northern Europe. Their success in flushing out anxieties among voters about the impact of immigration on Swedish culture and disenchantment with the political elite is being replicated by parties such as the Front National and UKIP and is pulling the political mainstream off the political centre ground of pre-2008 Europe. The rising salience of culture and identity politics marks both a serious challenge for the political establishment, and a step-change in political risk for cross-border businesses and investors in Europe.

After only two months in office, the Swedish Social Democrats' precarious minority government with the Green Party - and the informal support of the Left Party - is already facing a potential crisis. A parliament fragmented among eight parties and the rise of the insurgent xenophobic Swedish Democrat party has left even the combined forces of the Social Democrats, Greens and Left Party short of a majority with which to pass their first budget (Fig 1).

Senior figures in the Social Democrats are confident that the Swedish Democrats will abstain and allow the government budget to pass. As such the government is likely to survive, but this fragmented Swedish parliament may be a sign of things to come. September's campaign was fought on issues of inequality, private sector involvement in public service provision and the future

of the Swedish welfare state. However, a combination of the Swedish Democrats' traditionalist and anti-immigration stance and the progressive liberalism of the Green Party, Left Party and the Feminist Initiative brought increasing focus on social and cultural issues which cut across the left-right political divide and significantly eroded mainstream parties' support at the margin on both the left and right.

The situation in Sweden reflects a pattern which has emerged across northern Europe as nationalist and anti-immigration parties have sought to move social, cultural and identity issues - often focussed around immigration - to the heart of the political debate and to position themselves as a channel for suppressed frustrations in the political cultures of North Western Europe. As in Sweden, this has begun to undermine

the cohesion of the political centre's support base in the UK, France, the Netherlands and elsewhere. This note looks at what the rise of culture politics in Sweden, what it might tell us about a growing dilemma for the European political mainstream, and the implications for political risk in Europe.

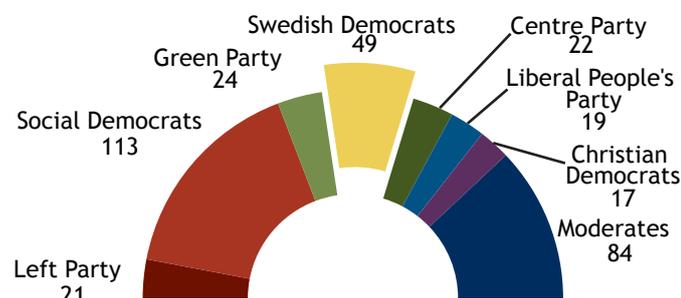


Fig 1: Seats in the Swedish Riksdag

“Sweden’s only opposition party”

The surging Swedish Democrats represent an increasingly familiar northern European type: an anti-immigration and xenophobic party with a provenance in more extreme politics which under a charismatic, younger and moderating leader - in this case 35-year old Jimmie Åkersson - has capitalised on increasing voter apathy, fears over immigration and globalisation, and dissatisfaction with political elites. The Swedish Democrats success in securing 50 seats was by far their biggest triumph, and they now claim to be “Sweden’s only opposition party”.

The Swedish Democrats proved strongest in the traditionally conservative southern regions, in particular Skåne County which surrounds the city of Malmö. The ostensible cause of their success is anxiety over immigration of asylum seekers. In the 11 months of 2014 Sweden has received just over 70,000 applications for asylum - with one third from Syrians refugees - up from around 50,000 at this point in 2013. With a population of 9.6 million this is by far the highest level of per capita ex-EU immigration in Europe. The Swedish Democrats have played on anxieties that immigrants are putting pressure on the famously generous Swedish welfare system. One particularly vivid campaign advert from 2010 saw an old Swedish woman on a Zimmer frame racing women in burqas towards the welfare officer’s desk.

But since then Åkersson has been politically canny in playing down the more overtly racist views of some party members, articulating instead fears around the erosion of Swedish culture. Officially, the objection is not to a multiethnic Sweden,

but to a multicultural Sweden. In practice party policy includes limiting immigrant numbers, but heavily emphasises cultural assimilation for new arrivals. This culture, as it is conceived by the Swedish Democrats, is traditional and relatively socially conservative. However, like the PVV in the Netherlands, Åkersson has also used his country’s social liberalism, for example arguing that immigration from Islamic countries would negatively affect the rights and freedoms of the Swedish LGBT community.

But the Swedish Democrats do not have the monopoly on talking about cultural and social issues in Sweden. The Feminist Initiative party - which has one sitting MEP - threatened to break the 4% threshold for parliamentary representation. The Green Party and the Left Party - both of which describe themselves as feminist parties - have ensured that liberal voices on social and cultural issues as well as on immigration, were heard throughout the campaign.

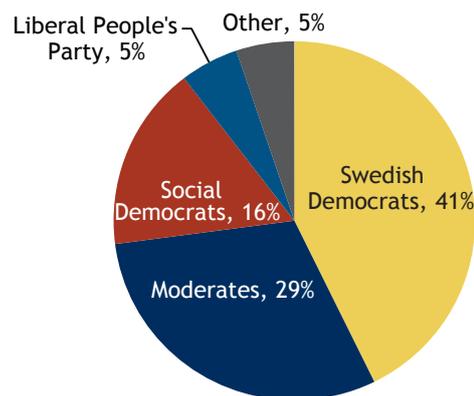


Fig 2: How 2014 Swedish Democrat voters voted in 2010
Source: SVD

The result has been a strategic problem for the centre-left Social Democrats. During the campaign Stefan Löfven and his party sought to focus on the record of the Alliance government, in particular its programme of tax cuts, the introduction of the private sector into the provision of schooling and other public services, and a sense that the Swedish social welfare model was under threat. However the debate on the classic left-right economic axis was supplemented, and at times supplanted, by a set of questions around cultural and social attitudes, pitching the liberal and cosmopolitan against the traditional and nationalist who see membership of a homogenous Swedish culture as the underpinning of the social contract at the heart of the Swedish social welfare state.

For the Social Democrats these debates are deeply uncomfortable. These social issues cut across their support base of liberal metropolitans who are now looking at more overtly progressive parties, and the more conservative working class who increasingly find the Swedish Democrats articulating their fears and resentments and who made up 16% of the Swedish Democrat vote (Fig 2). The Social Democrat dilemma is that whilst losing supporters from both groups at the margins, any attempt to staunch the flow from one risks alienating the other. The parties of the centre-right, which provided almost a third of the Social Democrats votes, know too that attempts to address Swedish Democrat supporters will inevitably have knock-on effects on their ability to appeal to the political centre.

The Northern Radicals

This dilemma is being replicated in various forms across northern Europe. Jimmie Åkersson and the Swedish Democrats have gone on a journey not dissimilar to the Front National under Marine Le Pen, the PVV under Geert Wilders, or the The Finns (also known as the True Finns) under Timo Soini. The party's concern with social and cultural issues - focused on immigration and disillusionment with political elites - find parallels too with the UK Independence Party and even at the margin with the increasing social conservatism of Alternative für Deutschland, although compared to the Sweden Democrats the politics of both are of a far less aggressive strain.

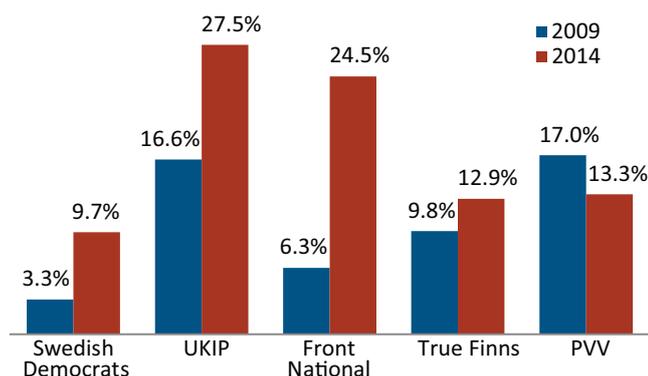


Fig 3: European Parliament results
Source: EP

These parties each reflect their own histories and the history, political economy and social traditions of their respective countries. They are also different to the radical parties of southern Europe in Greece, Italy and Spain which, despite sharing in a deep antagonism towards the political classes, are more concerned with the politics of economic

austerity. But one thing these ‘northern radicals’ do share is a desire to talk about social and cultural issues, contrasting their own nationalist conceptions of identity against those of liberal, globalised metropolitan elites - most often through the prism of attitudes towards immigration. They wear their identity with ordinary ‘put-upon’ citizens as a badge of honour and are eroding the stigma around the sorts of political identity which until recently would have been seen as extreme or at least socially frowned upon.

Most importantly, as the Swedish Democrats have done, they are exposing divisions in the support for mainstream parties on both the right and the left. Many of these parties reject classification on the left-right political axis, claiming to be ‘anti-politics’ or outside the mainstream debate altogether. UKIP is attracting votes from both Eurosceptic former Conservatives and traditional working class Labour supporters. Marine Le Pen is attracting right-wing UMP voters as well as former working class supporters of both the Socialists and indeed the left-wing Parti de Gauche and French Communists.

The critical question is the extent to which the northern radicals, and their cultural preoccupations, are a product of Europe’s economic turmoil. Their rise has coincided with economic crisis, however, the (albeit slower) growth of the Swedish Democrats, the Front National, PVV, UKIP and The Finns in the years before the crisis suggests that economic downturn may have inflamed existing but nascent anxieties rather than caused them. This matters, because it casts doubt over the extent to which the return of economic growth would reverse these parties’ progress, or whether mainstream politicians will be able to use the radicals’ often incoherent economic policy platforms against them. If the success of the northern radicals has been to aggravate voters’ cultural anxieties, the extent to which more pounds, kronas or euros in their pockets would assuage those concerns is unclear. Indeed, if globalisation is ultimately driving a lot of this anxiety, a return to sustained growth may actually intensify some of these complaints.

For now the parties of the mainstream are struggling to find a response. Prime Minister Löfven’s predecessor Fredrik Reinfeldt split opinion with an intervention only weeks before the election, imploring Swedes to “open their hearts” to immigrants from Syria and Iraq despite the costs. Some saw it as naïve, playing into the hands of the Swedish Democrats, whilst others criticised the reference to costs as a betrayal of Swedish commitment to asylum. In the UK and

France the centre-right has tacked hard towards the insurgents, with both Prime Minister Cameron and former president - and possible UMP leader - Nicolas Sarkozy taking increasingly tough lines on immigrants both from within and without the EU, at least until the EU reforms access to benefits for migrants. In neither case has this done much to halt the progress of either UKIP or Front National.

Concretely, polling suggests that these parties have now become a very real obstacle to stable governments of the centre on the model familiar before 2008 in north-western Europe. For businesses this is a worrying development which could undermine the strength of pro-reform politicians. And unlike Sweden - where the Swedish Democrats have been isolated by other parties in a 'cordon sanitaire' - governments elsewhere may be tempted by the lure of political and economic populism, the most egregious example being the UK government's flirtation with exit from the EU. Attempts by business and government alike to tackle UKIP's identity message with economic rationalism have so far failed badly.

For businesses and investors in Europe the northern radicals mark a step-change in European political risk. European free movement and immigration

of skilled staff, as well as future integration of the European single market are increasingly up for debate. For foreign investors, worries over European attitudes towards foreign labour and capital, as well as economic nationalism will continue to grow. For businesses used to engaging in political debate on the relatively steady ground of economic and regulatory policy the battlefield is a new and uncomfortable one: often the defence of the cultural norms of political and market elites against an upswell of 'popular' frustration and anger. Business leaders will be faced with an increasingly rancorous political debate in which the need to engage is ever more pressing, but ever less enticing.

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