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**The Nordic model and British public policy c.1997-2015:
social democratic mythology or free-market supermodel?**

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Declaration

I, Thomas Hocter confirm that the work presented in this thesis is my own. Where information has been derived from other sources, I confirm that this has been indicated in the thesis.

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Abstract

Perry Anderson, one of the founders of the British New Left, remarked that Sweden was ‘not so much a normal object of real knowledge as a didactic political fable’.¹ In 1961, when Anderson wrote ‘Mr Crosland’s Dreamland’ it was self-evident to him that Sweden and the wider Nordic region was a model of social democracy. Today this question is less straightforward. I argue that while there is clear agreement that there is such a thing as a Nordic model, it is much less obvious whose political fable it really is. In this thesis, I will demonstrate that conflict over the meaning of the Nordic model is increasingly transnational and that the Nordic has become an important topic in recent discussions of public policy in the UK for actors from social democrats to free-market liberals. To illustrate this contention the thesis uses three case studies dealing with a range of understandings of a Nordic model of political economy; recent public health discourses about the Nordic countries in England, and a ‘Swedish’ Free School reform which was enacted in England and Wales in 2010. These case studies are structured using a form of discourse analysis and a governance paradigm which theorises the roles and strategies of actors engaged in the creation, implementation and maintenance of public policy. I conclude by arguing that the Nordic model has generally been deployed as a means to neutralise well-established antagonisms in public policy programmes. This is as much a feature of free-market liberal discourse as social democratic discourse.

¹ Perry Anderson, ‘Mr Crosland’s Dreamland’, *New Left Review* 1, no. 7 (1961): 4.

Introduction

0.1 Britain votes leave

On the 23rd June 2016 the United Kingdom of Great Britain and Northern Ireland voted to leave the European Union in a referendum. The British population preferred leave by a margin of 51.9% to 48.1%.² Unlike most of my compatriots, I found out the result of the referendum in a small room overlooking the harbour in Aarhus, in Denmark. It was the summer solstice and the entire town stank of smoke, as the locals celebrated *Sankt Hans*. On Midsummer in Denmark there are generally around eighteen hours of daylight and even after the sun sets, the effect produced is more like a lengthy twilight than true darkness. This is extremely beautiful, and the locals celebrate it by lighting bonfires and staying up all night watching, generally with the assistance of alcohol. Had I not been giving a conference paper early the next morning, I would certainly have joined them. As it was, however, I had barricaded the windows to block out the smoke, the light, and the sound of confused, irritable seagulls.

Having convinced myself that I didn't care about the result of the referendum, I was nonetheless unable to sleep and had compromised by leaving a blog of live updates, which I resolutely pretended to ignore, on my computer on the table.³ At around 4am Danish time, the blog flashed up in bold type 'Britain has voted to leave the European Union'. I promptly fell asleep.

² 'EU Referendum Results', *The Electoral Commission*, accessed 16 September 2016, <http://www.electoralcommission.org.uk/find-information-by-subject/elections-and-referendums/past-elections-and-referendums/eu-referendum/electorate-and-count-information>.

³ Andrew Sparrow and Matthew Weaver, 'EU Referendum Live with Andrew Sparrow', *The Guardian*, 23 June 2016, <http://www.theguardian.com/politics/live/2016/jun/23/eu-referendum-result-live-counting-leave-remain-brain-in-europe?page=with:block-576cbcb2e4b0f430381097e8#liveblog-navigation>.

The following day David Cameron announced that he would step down as Prime Minister and Leader of the Conservative Party, in what was an ignominious end to a campaign which had been fought on the basis of particular articulations of the European Union, Britain, and its relationship with the rest of the world. Given that large parts of this study are about David Cameron and the reform agenda for which he was the figurehead, it was not immediately clear whether the result and his self-immolation made my project more or less relevant.

On balance, I am inclined to think that it has made the project more relevant. The result of the referendum has led to an overdue, though still disappointingly narrow, discussion about contemporary British identity and public policy. And indeed, the EU had for a long time functioned as a pure Other in the Lacanian sense: a blockage of British desire. It transpired, however, that many of the frustrations and grievances which led large sections of the population to vote to leave turned out not to have much to do with European Union policy at all. Rather, it was domestic political agendas, such as those examined in this study and others like it, which were chiefly to blame for the political and economic crises which had rocked Britain since 2008.

A further reason to think that this study retains its relevance, even as many of the most senior members of the last government exit stage left, is that the campaign was also a triumph of economic and political modelling. During the campaign, models as diverse as Canada, Albania, Norway, and Iceland were used to further or dispute particular claims about a British future outside the European Union.

Many of these claims were fanciful. It was argued that Britain could remain part of the European Free Trade Area (EFTA), while simultaneously imposing limits on European migration to Britain and reducing its contributions to the EU budget. This was the so-called ‘Norway option’, even though it bears no relation to Norway’s actual relationship with the EU, which includes free movement of labour, virtually all EU rules, and a reasonable contribution to the EU budget. And yet, the Norwegian model of ‘Brexit’ was widely quoted. Why? What does this tell us about British views of the Nordic countries? And what does it tell us about the operation of political and economic modelling more generally?

0.2 Models, identity, branding

Culturally, politically and economically, the Nordic countries punch far above their weight. Whether it is *haute cuisine*, television crime dramas or knitted jumpers, the Nordics have proved particularly adept at branding and marketing desirable aspects of their culture.⁴ In the UK, for example, Danish culture is increasingly prestigious as a result of its emphasis on high quality, usually expensive, and generally tasteful consumer exports. It is impossible to resist here the urge to cite Pierre Bourdieu’s classic text *Distinction: A Social Critique of the Judgement of Taste*. Indeed, the ever-growing popularity of Danish/Nordic consumer products and experiences could be read in Bourdieu’s terms as part of a ‘dream of social flying’ among the British middle-classes.⁵ An interesting sociological research question for another day might be the extent to which Noma, the ‘best restaurant in the world’, and

⁴ Fiona Sims, ‘How Copenhagen Became the Foodie Capital of Europe’, *The Times*, 7 August 2010; Merope Mills, ‘Scene Stealer: Copenhagen Glows in the TV Drama *The Killing*, but It’s a Friendly City with Great Food and Architecture’, *The Guardian*, 3 September 2011; Lucy Siegle, ‘Gripping Yarns: Famously Worn by TV Detective Sarah Lund, the Jumper Is Now the Faroe Islands’ Best-Known Export’, *The Observer*, 17 November 2013.

⁵ Pierre Bourdieu, *Distinction: A Social Critique of the Judgement of Taste*, ed. Richard Nice (Cambridge, MA: Harvard University Press, 1984), quotation 370, 365–71.

'Nordic Noir' are replacing IKEA as a stereotype of the Nordic region among Britain's *Guardian* readers. Perhaps the attraction lies in the complex and introspective fashion after which the Nordics have branded themselves, especially when contrasted with the more superficially aesthetic style of branding associated with the USA, or Britain's conservative branding of itself, associated so strongly as it is with images of people wearing crowns.

And, contrary to the way that branding works in, say, the UK, it seems clear that the popularity of Norden as a brand has much to do with the way that its cultural exports are embedded into a social system, or, at least, a perception of a social system. The success of *Borgen*, a Danish political drama, or *The Bridge*, a Danish-Swedish crime drama, is about much more than their quality, but also the longstanding appeal of the societies in which they are set.

This is not a recent development, nor is it a coincidence. Historically, Sweden and Denmark used the Swedish Institute and the Danish Cultural Institute respectively as vehicles for creating particular identities for themselves internationally.⁶ By the latter half of the 1960s major changes to the welfare state had created an internationally recognised discourse, which was apprehended outside the Nordic area, and increasingly within it, as 'the Swedish Model', and later, from the 1970s, 'the Nordic Model'.⁷ This discourse has not only provided fertile ground for the export of television programmes and knitted jumpers, but has also acted as a framework for the establishment of political projects inside and outside the Nordic countries.

⁶ Nikolas Glover, *National Relations: Public Diplomacy, National Identity and the Swedish Institute 1945-1970* (Lund: Nordic Academic Press, 2011).

⁷ *Ibid.*, 194; Kazimierz Musial, *Roots of the Scandinavian Model: Images of Progress in the Era of Modernisation* (Baden-Baden: Nomos Verlagsgesellschaft, 2000), 228.

Indeed, the perceived success of the Nordic social systems has seen them used as a model for public policy reform since at least the 1930s. Perhaps the classic example of this is Marquis Childs' *The Middle Way*, which exercised an important influence on New Deal-era US politics. Later, Sweden, for which the terms Nordic and Scandinavian sometimes stood metonymically, was the example *par excellence* of a successful socialist society in the British Labour politician Anthony Crosland's 1956 book *The Future of Socialism*.⁸ One could even go so far as to say that, for Crosland, Sweden was the future of socialism. Perry Anderson, a founding member of the British New Left, wrote a detailed rebuttal to Crosland in two separate articles in 1961. Anderson remarked that, as it appeared to Crosland, Sweden was 'not so much a normal object of real knowledge as a didactic political fable'.⁹

These ideas about the success of the Nordic countries travelled both as a result of conscious Nordic policies, and as a result of interest on the part of foreign observers like Crosland and Anderson. The legacy of socialist internationalism and the connections between European social democratic and labour parties were also important means by which such ideas were transmitted.

By 1992, the Cold War between the USA and the USSR, in which Sweden had been neutral, was over; the Nordic countries had experienced a series of financial crises, which challenged the basis of their social models; and, for the first time in 61 years, a Moderate Prime Minister, Carl Bildt, led Sweden. Collectively, these changes precipitated a serious crisis in Swedish and Nordic identities. The Nordic countries had been defined historically by their ability to thumb

⁸ C.A.R. Crosland, *The Future of Socialism* (London: Jonathan Cape, 1980).

⁹ Anderson, 'Mr Crosland's Dreamland', 4.

their noses at the rules of capitalism by which everybody else was (supposedly) forced to play. These crises and the changes to the global and national political orders made this identity seem much less stable.

Since the 1990s a series of attempts have been made to create new meaning for the Nordic region. Some of them attempted to understand the core of Swedish and Nordic success as a consequence of long-standing commitment to free trade, open markets and property rights: that is to say, economic liberalism.¹⁰ This has not necessarily had a major impact on popular stereotypes of the Nordic countries. Although social themes, such as homelessness (*The Bridge/Broen*), the treatment of immigrants (*The Killing/Forbrydelsen*), and ethical and social issues more generally (*Borgen*) are common themes in Nordic television programmes, even *Borgen*, which followed the career of a fictional female Danish Prime Minister, did not devote an episode to the nature of purchaser-provider splits in Nordic healthcare regimes. On the other hand, the nature of New Public Management reforms which have been implemented in the Nordic countries have been closely followed by policymakers elsewhere, especially the UK.

In 1961, when Perry Anderson wrote 'Mr Crosland's Dreamland' it was self-evident that Sweden and the wider Nordic region was a prospective model of social democracy. Today this question is less straightforward. While there is clear agreement that there is such a thing as a

¹⁰ Lars Trägårdh, 'Statist Individualism', in *The Cultural Construction of Norden*, ed. Øystein Sørensen and Bo Stråth (Oxford: Scandinavian University Press, 1997), 253–85; Rolf Torstendahl, 'Sweden in a European Perspective - Special Path or Mainstream?', in *The Swedish Success Story?*, ed. Kurt Almqvist and Kay Glans (Stockholm: Axel and Margaret Ax:son Johnson Foundation, 2004), 33–46; Klas Eklund, Henrik Berggren, and Lars Trägårdh, 'The Nordic Way', *Shared Norms for the New Reality* (Davos: World Economic Forum, 2011); Nima Sanandaji, *Scandinavian Unexceptionalism: Culture, Markets and the Failure of Third-Way Socialism* (London: Institute of Economic Affairs, 2015).

Nordic model, it is much less obvious whose political fable it really is. The meaning of the Nordic is therefore a matter of contest not just within the region itself, but also transnationally. In this sense, it is perhaps unlike any other region in the world (although of course individual countries are frequently used as policy models). Given that interest in the Nordic model has been so sustained for so long, it is clearly worth examining the extent to which the meaning of the Nordic has changed, not least because, historically, the Nordic model was almost always considered a social democratic 'political fable'.

Broadly speaking, literature which deals with the meaning of the Nordic model has aimed to explain: why the Nordic countries have been successful; how they are exceptional; how the Nordic model differs from other models (e.g. the 'European Social Model'), and how the meaning of the Nordic model is constructed. The problematic in this thesis will necessarily be informed by these approaches, but it will nonetheless approach the question of the meaning of the Nordic model in a slightly different way. Rather than looking at different imaginings of the Nordic model as primarily Nordic phenomena, it will instead understand them in terms of political imperatives which operate transnationally. It is therefore concerned primarily with the meaning of the Nordic as it is understood in Britain, and, within that, how it is understood by specific groups of actors involved in the creation, implementation and maintenance of public policy. The question therefore becomes: to what extent is the Nordic model an important and relevant concept in the creation and development of public policy in the UK? Why is it important? And for whom is it useful?

0.3 This study and its aims

The overarching aim of this thesis is to examine exactly how and why the Nordic model became an effective tool in UK public policy debates. To achieve this I will pose three subsidiary questions, which the thesis will answer:

1. How is the Nordic model articulated in British governance networks today? How has it developed and changed over time?
2. Which actors have articulated these discourses and why have they done so?
3. What effects, if any, has this process had on UK public policy?

In order to answer the questions generated in the course of my research, this thesis has adopted a case study approach. I have selected three key areas: political economy, healthcare, and education; to conduct discourse analyses of the development of particular ideas about the Nordic model. These discourse analyses will use a range of sources produced in the process of public policy creation, implementation and maintenance. This includes, but is not limited to: think-tank policy documents, government white papers, newspaper articles, ministerial speeches and legislation.

Although each case study contributes to answering each of the three questions given above, each also focuses most heavily on one question. That is to say, chapter four (political economy) focuses most intensively on question one by setting out a broad argument about the available articulations of the Nordic model in British governance networks. In doing so, it indicates development and change in line with a mixture of British and Nordic political imperatives. Chapter five (healthcare) is more actor-centred – thereby contributing to answering question two – and explains the engagement between actors as well as suggesting their reasons for

interacting with one another. It necessarily also makes significant contributions to the general argument about current articulations of the Nordic model in the field of healthcare. Chapter six (education) is concerned not just with the discourses which emerged, but also with their concrete impacts on public policy in the UK, making a greater contribution than the other two to answering question three.

As noted in the preceding discussion, the Nordic model concept was operative perhaps as early as the 1970s and Sweden/Scandinavia was used as a political model earlier still. It is therefore essential to place the Nordic model concept in a historical perspective in order to meaningfully explain how it changed over time. Chapter one will therefore locate the Nordic model as part of a long tradition of discussion of the Nordic social compacts by actors in the Anglophone world. This chapter will look at the Nordic model from around the 1960s until the end of the Cold War in 1990. It is important to note that this thesis will use a constructivist approach throughout. It is therefore axiomatic that the Nordic model concept is empty, and subject to articulation by actors. Chapter one should be considered genealogical in emphasis. It is therefore not concerned with the empirical qualities of the Nordic model, but rather how it was perceived by actors over time.

The three case studies are primarily concerned with developments occurring from the 1990s onwards. Chapter two will therefore situate policy debates which have taken place inside and outside the Nordic countries within this context. It will open by focusing on the Swedish financial crisis of 1991/2 and developments in Swedish and Nordic politics in the two decades following it. It will also consider a range of academic scholarship on economic and political changes in Sweden and suggest how the approach taken in this thesis differs from traditional

approaches to understanding political change. It will be particularly focused on scholarship using arguments based on 'globalisation' and national electoral politics. Finally, the chapter will set out two political paradigms from the UK, since these provide essential context to the case studies in chapters three, four, and five. The first, the 'Third Way', was associated with 'New Labour', while the second, the 'Big Society', was associated with the Conservative Party. It will explain the basic ideas of these discourses and explain how they structured UK actors' engagements with the Nordic model as a potential source of public policy.

Chapter three will set out the theoretical framework which I will use throughout this thesis. Its function is twofold. Firstly, it will set out a paradigm explaining how actors relate to one another within the field of public policy creation and politics more generally. Given the extent to which this thesis is preoccupied with the specific strategies of political actors, I consider it essential to situate these actors in relation to one another. It is my contention that disagreement about the field in which actors operate is often latent rather than explicit. I therefore hope to put forward a paradigm making my understanding of relationships between actors clear from the outset. A key aim of this thesis is to go beyond the identification and taxonomy of discourses/narratives/images of the Nordic model. Rather, the aim is to explain how discourses become hegemonic and the material consequences of this hegemony. This aim necessitates a constructivist approach, as I noted above. The second purpose of chapter three is to set out the specific tenets of this approach, including explaining concepts such as discourse, hegemony, articulation, signification and so forth, which will be used throughout the three case studies. Chapter three also outlines the key sources which will be used throughout the thesis and explains how they will be used.

The first case study looks at the development of discourses of Nordic political economy since the late 1990s. Chapter four's primary aim is to examine why particular discourses about 'flexicurity' and Nordic political economy more widely became current in UK policy circles and how these discourses were organised. A key question generated by the analysis asks: why was it possible for two conceptions of flexicurity to emerge which were basically inconsistent with one another? And, further, why were Nordic, especially Danish and Swedish, systems such popular models for UK policy discourses? To this end, I will examine two governance networks affiliated to social democratic and free-market liberal ideological positions. The case study will analyse how actors related to one another; how they organised their discourses conceptually, and what this meant for debates about the Nordic countries in UK policy circles.

Chapter five looks at the development of health policy beginning just after the Labour victory in the 1997 General Election. This second case study looks at New Labour's adoption of a Nordic model in healthcare. It places the then Labour government within a network of actors as part of a health governance network which was engaged in health policy steering. It asks how Labour's policy developed and changed and why Labour opted to use a series of Nordic examples in its development and implementation of healthcare. Its aim is to look at the extent to which these changes were affected by distinctively British ideological preoccupations and difficulties encountered in the steering process as reforms were introduced. It also asks how the ideological currents in the health governance network influenced the way Labour structured its discourse, and analyses other available discourses about the Nordic model which existed in the network between 1997 and 2015.

The final case study looks at the long-term development of a 'Free Schools' policy which the Conservative Party adopted as part of its manifesto for the 2010 UK General Election, but which had been a central idea in the education governance network for at least a decade before that. Chapter six will analyse the development of a discourse which used a range of models, but focused initially on Denmark and, later, on Sweden. I will attempt to explain the strategic imperatives and actor interests which led to this move from Denmark to Sweden, while also exploring why this change of model did not fatally undermine the potential for the creation of a Swedish/Nordic school reform. A key objective of chapter six will be to examine the extent to which modelling is sustained by non-empirical propositions about the functioning of social structures, which are supplemented by the introduction of an 'empirical' model, such as Denmark or Sweden.

The thesis will conclude with a summary of key findings and point to some of the implications and future questions generated by the substantive chapters. In particular, this section will draw together the tendency of all of the articulations current in governance networks to view the Nordic countries as a means to neutralise antagonisms (e.g. freedom and equality) which disrupt the smooth functioning of the economy and public welfare systems. It will also comment on the extent to which the Nordic model has become associated with New Public Management (NPM) reforms among both free-market liberals and social democrats. I will summarise some implications of this study for future attempts to understand the production, implementation and maintenance of public policy using a governance framework. Finally, I will allude to the implications of this analysis of the Nordic models for modelling more generally and suggest ways of understanding modelling as a non-empirical, ideological activity.

Chapter One – The Nordic Model: What is it and why does it matter?

1.1 Introduction

What is the Nordic model and why does it matter? For the purposes of this thesis, the Nordic model will be considered as it relates to British public policy debates. However, the concept itself is much older. This chapter will therefore set out a genealogy of the Nordic model, as it was understood in the Nordic countries and the UK, to orientate the thesis in relation to a wider body of literature about the Nordic countries. To do this, I will consider a range of academic, political and popular sources. This chapter will take the concept of the Nordic model from around the 1950s until the end of the Cold War in 1990/1. Chapter two will then continue the discussion beginning with the 1991/2 Swedish financial crisis until more or less the present day.

This study must however begin by questioning its own parameters, since I have begun by asserting that there is such a thing as the ‘Nordic model’. This is a far from straightforward claim. Despite being widely used and understood internationally, the Nordic model is, perhaps unsurprisingly, understood as much with reference to national differences as similarities in Norden itself. Just as Britons or Germans tend to be more aware of their own internal divisions than members of other polities, so too are the members of the Nordic countries, and, ultimately, while there are a great many similarities and cultural commonalities between the Nordic countries, there is simply no mistaking an Icelander for a Finn, for example. It might just as easily be argued that there is no mistaking a Swiss citizen speaker of French with another Swiss citizen speaker of German; however, the shared identity

of these two speakers, importantly for this discussion of the Nordic Model, derives, at least partially, from their common identification with rights and responsibilities within a single political system – i.e. the Swiss Confederation. These conditions obviously do not exist within the Nordic countries, since Norden is not a state, nor has it ever been. Even during the era of the Kalmar Union (1397-1523) the kingdoms of Norway, Sweden and Denmark remained distinct, although they were united by a single monarch. Nor did the union cover all the territory currently under the sovereignty of the five Nordic states and their dependencies. In other words, while the Nordic model is discussed within the Nordic countries, assumptions about unity, which are easily made in international discussions, throw up just as many questions about differences as they expose similarities.

Nevertheless, the linguistic closeness, at least between Norwegian, Swedish and Danish; interlinked cultural heritage, and common assumptions about social mores and norms virtually necessitate some acknowledgement of commonality. As a result, the term Norden (lit. ‘the North’) is used in the Nordic languages to designate the five Nordic countries: Iceland, Norway, Sweden, Denmark and Finland. This recognises the cultural and social commonalities, without the more problematic assertions of political homogeneity which the model appellation implies. It is also important to note that for speakers of Nordic languages, the terms Norden and Scandinavian are importantly distinct. Scandinavian is a linguistic designation which refers only to Norwegian, Swedish and Danish, excluding Icelandic and Finnish. Within this thesis, the designation Scandinavian will rarely be used (by me, it will be quoted where it is used by others), and will only be used (again, by me) in its linguistic sense.

Outside the Nordic countries, however, the term Nordic model is not only established, but also offers an important way of understanding the Nordic countries, something which Nordic actors have not discouraged. Discussion of the relationship between Nordic and non-Nordic articulations of the model will form an important thread to the discussion of the scholarly literature on the Nordic countries which follows below. To some degree, the Nordic model is in the eye of the beholder and, while there are obviously limits to the elasticity of the Nordic model concept, it is virtually impossible to provide a fast definition of the term, even just in its usage among UK public policy actors. That said, it is fair to say that use of the term ‘the Nordic model’ is slightly more common in media discourse than policy discourse.

In the process of creating the three overlapping corpora for the empirical portions of this study, however, a number of commonalities have presented themselves. Policy documents will often avoid using the term ‘the Nordic model’, for the reasons stated above, however, despite this Sweden and Denmark are often treated simultaneously in the policy literature, and particular aspects of Danish policies are fairly frequently used to supplement perceived deficiencies in ‘off the shelf’ Swedish policies. Relatedly, where reports avoid the term ‘the Nordic model’ they occasionally substitute for this the non-separable formulation ‘Sweden and Denmark’. This supports the common suggestion that the Nordic model sometimes stands metonymically for Sweden and Denmark.

It is also not unusual to find the nationalisation of the Nordic Model to the Swedish or Danish model (less commonly, and only with regard to education and certain specific industrial sectors, the Finnish model). As noted above, this often results in a certain sleight of hand, allowing the reinstatement of the broader Nordic policy *smörgåsbord*, but without the

problematic term ‘model’, by the simple means of cherry picking across borders. Another feature of this localization of a broader term is the use of the ‘Stockholm model’ to refer to health policies enacted by Stockholm’s local government. Regardless of the national political climate, Stockholm typically elects a high proportion of free-market representatives from the liberal Moderate Party (*Moderata samlingspartiet*). As a result, the Stockholm model generally refers to measures introduced by free-market liberals in healthcare, although it has also been applied to education reforms.

Finally, one of the key policy debates around public health sets up a distinction between Beveridgian, after William Beveridge, one of the architects of the modern British welfare state, though this category also includes all five Nordic countries; and Bismarckian, after Bismarck, the architect of the German welfare state, though misleadingly this category also includes France, the Netherlands and Switzerland. Though he is not always acknowledged as such, the father of this discourse is the Danish sociologist Gøsta Esping-Andersen, whose influential text *The Three Worlds of Welfare Capitalism* set out a tripartite ideal-type system for understanding welfare systems.¹¹ The chief distinction drawn here is between a state-funded and organised system, and a social health insurance system which is privately funded and organised, though implicitly or explicitly underwritten by the state. The term Nordic model is therefore less widely used in discussions of health policy. On the other hand, the perception of the homogeneity of the various Nordic systems is, if anything, intensified by this umbrella designation, especially since the British National Health Service is typically bracketed from these discussions as the object in need of reform.

¹¹ Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Cambridge: Polity Press, 1990), 26–9.

While this level of variation makes the creation of a taxonomy tricky, and though this thesis happily uses 'the Nordic model' as a gloss, it is partly the difficulty of defining this term with which it is concerned. Indeed, establishing the causes of precisely this difficulty is clearly relevant to the main aims of the thesis. It will be argued here that the Nordic model should be thought of as possessing characteristics which are not susceptible to deconstructive logics or the qualifications given in academic and policy reports. In a way, this identifies one of the key flaws of deconstruction as generally practised. That is to say, for all the qualifications to the effect that the Nordic model is clearly a construct and that the systems of its five constituents are not identical, many policy actors nonetheless *behave* precisely as if it were a concrete thing. The Nordic model will therefore be considered within this thesis as a concept which possesses its own structuring logic – the chief aim will be not to attest to its reality or unreality, but to identify how these structuring logics function.

1.2. What is the Nordic Model: Middle Way, Rehn's liberalism or Meidner's socialism?

1.2.1 The pre-war context: 'the Middle Way'

As has been noted, this thesis is primarily concerned with the Nordic model as it is understood in Britain. It is much more ambivalent about developments in the Nordic countries themselves. To the extent that the empirical portions of this thesis are concerned with concrete developments in the Nordic countries, most of the reform agendas that will be discussed here took place in the 1990s and 2000s. However, the Nordic countries have preoccupied Anglophone scholars and politicians for much longer than that.

There was an important continuum between the kinds of constructions which were popularised in the 1930s before the 1939-45 War and some of those that again became meaningful after 1945 up until the present day. This section will therefore offer a brief summary of the Nordic model before 1939 and then discuss the post-war Rehn-Meidner plan and the development of a self-consciously social democratic Swedish model, which often stood metonymically for the wider Nordic region as a political entity.

One of the first detailed attempts to articulate a meaning for Norden, and certainly the most enduringly successful from the inter-war period, both inside and outside the Nordic countries, was undertaken in Marquis Childs' book, *The Middle Way*. The concept of 'the Middle Way', indicating an alternative to laissez-faire capitalism and Soviet-style Communism, was first used in the 1930s. The publication of Childs' work on Sweden was virtually contemporaneous with an account of Danish social organization by Frederic Howe, which failed to capture public

imagination. Kazimierz Musiał suggests two possible reasons for the success of Childs' work. Firstly, the absence of footnotes in the text and its accessible written style, and, secondly, when compared with Howe's work on Denmark, its reluctance to challenge articles of faith for US readers.¹² An important feature of the 'Middle Way' designation was also its success among Swedes. Childs' book was written at a time when Swedish scholars were already beginning to propagate an image of Sweden as a social laboratory, a discourse that became increasingly influential, especially among social scientists.¹³

Musiał's explanation of the success of the 'Middle Way' can be expanded further. In particular, Childs' neutralisation of the conflict between the concepts 'freedom' and 'equality', allowed for the articulation of Sweden as part of a political project which resolved a potential conflict between notions of individualism current in US thinking and the corporate nature of the 'Scandinavian model-to-be'.¹⁴ For this reason, these images of the Swedish model, in their Childsian articulation, 'were able to enter the American discourse as very strong and convincing arguments'.¹⁵

This emphasis on the 'Middle Way' was further supported by the publicity surrounding the cooperative movement in Sweden and Finland, and Danish dairy production during the 1930s.¹⁶ The idea that Nordic economic modelling had achieved an unusual level of coherence

¹² *Roots of the Scandinavian Model: Images of Progress in the Era of Modernisation* (Baden-Baden: Nomos Verlagsgesellschaft, 2000), 160–2.

¹³ Musiał, *Roots of the Scandinavian Model*; Carl Marklund, 'The Social Laboratory, the Middle Way and the Swedish Model: Three Frames for the Image of Sweden', *Scandinavian Journal of History* 34, no. 3 (2009): 264–85.

¹⁴ Musiał, *Roots of the Scandinavian Model*, 201.

¹⁵ *Ibid.*, 197.

¹⁶ Mary Hilson, 'Consumer Co-operation and Economic Crisis: The 1936 Roosevelt Inquiry on Co-Operative Enterprise and the Emergence of the Nordic "Middle Way"', *Contemporary European History* 22, no. 2 (2013): 181–98.

compared to Anglo-American capitalism by ameliorating the most destructive impulses of the market economy and discouraging monopoly practices by big businesses, which were common in the United States at this time, was already becoming entrenched.¹⁷ This was allied with a construction of the Nordic countries, especially Sweden, as careful currency managers, using price controls to avoid mass rounds of inflation, which had been a widespread consequence of the Great Depression in the rest of the Western world.¹⁸

1.2.2 The Rehn-Meidner model and the wage-earner funds

By the 1970s and 1980s, however, constructions of Scandinavia appealed less broadly than they had done in the '30s and '40s. Whereas the early articulations of the 'Middle Way' had appealed across political groups, later interest was more often the preserve of trade unionists, gradualist socialists, social democrats and former Communists/socialists disenchanted with the Soviet Union. Concomitant with this was a construction, which was dominant among liberals and conservatives, which essentially agreed with the contours of the Nordic Model as set out by socialists, but which simply inverted the value judgement. In other words, the meaning of Norden was not in dispute between Left and Right: both were clear that Scandinavia epitomised a high tax, statist model. The dominant interpretation of this construction was, however, bitterly contested. Among socialists and social democrats, it was seen as an epitome of modernity which freed people from want, whereas on the Right it was seen as a dystopia which took away basic freedoms and created a region of depressed, suicidal, alcoholics.

¹⁷ Musial, *Roots of the Scandinavian Model*, 198–201.

¹⁸ Musial, *Roots of the Scandinavian Model*.

As alluded to above, among socialist intellectuals who studied Scandinavia, there were a plurality of reasons for examining the components of the model which varied from using Sweden as a laboratory to test theoretical hypotheses to attempts to derive exportable policies in response to particular problems.¹⁹ For reformist socialists (i.e. those opposed to violent revolution), the viability of achieving socialism by democratic means (usually referred to as gradualism) had become particularly important by the 1970s. Many former Leninists and Trotskyists had become disenchanted with revolutionary Marxism as a result of the appalling legacy of Stalinism, and the Soviet response to the Hungarian Uprising in 1956 and the Prague Spring in 1968.²⁰ This meant that the viability of parliamentary socialism was of immediate concern for those never or no longer convinced by the idea or likelihood of revolution. As one of very few places to consistently elect a party committed to the advancement of the working class, Sweden became a case study of considerable significance for the gradualist tendency.

The gradualist image of Sweden tended to emphasise a number of characteristics of the Swedish model, which fitted in with their deterministic model of a transition from capitalism to socialism. These focused particularly on the consensual and corporatist aspects of the Swedish system. The rest of this section will first describe the principles and development of the Rehn-Meidner model and then discuss its relevance to gradualism.

Klas Eklund, who held positions in the Swedish Ministry of Finance and Prime Minister's Office from 1982-1990, has noted that the Swedish model has at times been conflated with the

¹⁹ Frederick Hale, 'British Observers of the Swedish Welfare State, 1932-1970', *Scandinavian Studies* 81, no. 4 (2009): 501-28.

²⁰ Andrew Scott, 'Looking to Sweden in Order to Reconstruct Australia', *Scandinavian Journal of History* 34, no. 3 (2009): 330-52.

Rehn-Meidner model, an economic system developed by the Swedish Trade Union Confederation (*Landsorganisationen i Sverige*, henceforth LO) economists Gösta Rehn and Rudolf Meidner in 1951.²¹ The Rehn-Meidner plan is itself a rather interesting model and represents a heterodox approach to the problems of unemployment and inflation compared to classical or Keynesian economics. The first major tenet of the Rehn-Meidner model was that fiscal policy must be tight to prevent inflation, since excessive demand in the economy would lead to over-heating.²² Indeed, Rehn and Meidner became influential in the context of a Swedish economy which had extremely high levels of demand which they argued would be exacerbated by pro-cyclical vulgar Keynesian policies, a characteristic of most post-War Western economies' embrace of Keynes.²³ Rehn-Meidner therefore contradicted the hegemonic Keynesian view of the Golden Age which argued that there was a necessary trade-off between inflation and unemployment; economic policy could control unemployment or inflation, but the other would always rise in inverse proportion.

The second and third tenets of Rehn-Meidner were the employment of labour market policies to fight unemployment. This meant that regions or areas which were particularly affected by unemployment or other social problems would be targeted by government intervention. Selective intervention in struggling areas is related to the third tenet which argued more generally for 'active labour market policies' which would 'both push and pull labour to move

²¹ Klas Eklund, 'Gösta Rehn and the Swedish Model: Did We Follow the Rehn-Meidner Model Too Little rather than Too Much?', in *Gösta Rehn, the Swedish Model and Labour Market Policies: International and National Perspectives*, ed. Henry Milner and Eskil Wadensjö (Aldershot: Ashgate, 2001), 53–72.

²² *Ibid.*, 54 Over-heating is the phenomenon whereby supply exceeds demand causing over-production. This triggers inflation as a result of too few productive outlets for capital causing bottlenecks as too much capital is sunk into unproductive investments.

²³ Tim Tilton, *The Political Theory of Swedish Social Democracy: Through the Welfare State to Socialism* (Oxford: Clarendon Press, 1990), 195.

to new job opportunities'.²⁴ The ability to move labour to where it was most needed was an important strength of Swedish social democracy in the immediate post-war period until the 1980s. Francis Sejersted notes the contrast with Norway, where the opposite policy meant that the workforce was significantly less mobile.²⁵ However, this policy was not always popular, especially as mobility generally entailed moving people southwards towards Stockholm and Gothenburg.²⁶

Finally, the Rehn-Meidner model argued for a solidaristic wage bargaining policy at the national level, generally glossed as 'equal pay for equal work'.²⁷ This statement is less radical than it appears and, although it certainly had socialist implications, Rehn and Meidner imagined it as a means of preventing wage drift, where wages in areas of high demand outstrip those in areas of low demand through, for example, paid overtime, causing price instability and inflation.²⁸ Moreover, this was seen as a source of transformation pressure, in that it prevented uncompetitive firms from depressing wages to compete with more efficient firms.²⁹ Such uncompetitive firms would instead be forced out of business and the unemployed would be found new jobs through the active labour market policy.

²⁴ Eklund, 'Gösta Rehn and the Swedish Model', 54–5.

²⁵ Francis Sejersted, *The Age of Social Democracy*, ed. Madeleine B. Adams, trans. Richard Daly (Woodstock: Princeton University Press, 2011), 223.

²⁶ *Ibid.*, 223–4.

²⁷ Eklund, 'Gösta Rehn and the Swedish Model', 55.

²⁸ Ingemar Lindberg and J. Magnus Ryner, 'Financial Crises and Organized Labour: Sweden 1990-94', *International Journal of Labour Research* 2, no. 1 (2010): 33.

²⁹ Sejersted, *The Age of Social Democracy*, 223–4; Incidentally, one of the major Nordic criticisms of the contemporary European Union is the tendency for major wage disparities between countries to distort or remove transformation pressures, allowing firms importing cheap labour to undercut more productive and competitive firms. See, Roland Berger et al., eds., 'Interview with Poul Nyrup Rasmussen', in *The Inequality Puzzle: European and US Leaders Discuss Rising Income Inequality* (London: Springer, 2010), 93–102.

The solidarity wage policy and its achievement through tripartite bargaining is by far the most famous aspect of the Rehn-Meidner model, but it is significant that the logic behind this policy was motivated not simply by a desire for greater equality, but also by the exigencies of stable macroeconomic policy. Moreover, a key plank of the Rehn-Meidner plan was a consciously regressive taxation policy, since Rehn in particular feared that progressive taxation would distort profits and therefore industrial reproduction. In other words, despite the core of socialist thinking which underpins many of the ideas put forward by Rehn and Meidner, the Rehn-Meidner model is a significantly more complex beast than is sometimes accepted. Indeed, Klas Eklund has attempted to reclaim Gösta Rehn as a liberal, rather than socialist, economist, arguing that his emphasis on supply-side measures, including inflation controls and active labour market policies, represents a sophisticated alternative to free-market or neo-Keynesian policy agendas.³⁰

The Rehn-Meidner plan should certainly be considered an important part of a wider era of consensus politics in Sweden. This broad-based cohesion came about at least partially as a result of the willingness of the Swedish Social Democratic Party (*Sveriges socialdemokratiska arbetareparti*, henceforth SAP) and the LO to work in the interests of society at large; rather than pursuing an aggressively socialist agenda, they were interested in a 'strong society'.³¹ Moreover, both the Trade Unions and business groups were eager to prevent state legislation in the area of wage negotiations. Indeed, the LO's hostility to state corporatism, such as that found in Germany, may even have matched that of business groups. This led to more

³⁰ Eklund, 'Gösta Rehn and the Swedish Model'.

³¹ Eric S Einhorn and John Logue, *Modern Welfare States: Scandinavian Politics and Policy in the Global Age* (London: Praeger, 2003), 335.

consensual forms of bargaining than would have otherwise been the case.³² And, arguably, the actions of the first Palme government (1969-1976) in introducing legislation into the labour market disrupted this process and led to the adoption of far more aggressive negotiating tactics, especially on the employer side.³³

The changing role of the Swedish state is well captured by the wage-earner funds policy, which was advanced in the 1970s and early 1980s. The introduction of the funds altered the balance of traditional bargaining, confounding consensual stereotypes and revealing Sweden to be far more adversarial than most gradualists had imagined.³⁴ The wage-earner fund policy was first put forward in 1975 by Rudolf Meidner. The funds would have set up large reserves of capital which were to be used to slowly buy out the owners of private Swedish firms. The idea was that the profits which were taken would be immediately converted into shares in the company from which the profits had been extracted and placed in the collective ownership of employee representatives, thereby giving employees representation in boardrooms and a measure of control over the process of new capital formation.³⁵ This was not a nationalisation, since the state would not own the shares, but would nonetheless have eventually amounted to wholesale collectivisation of the means of production in Sweden.

As Sejersted puts it, '[T]he reaction [to the wage-earner funds] would be at least as spectacular as the original move',³⁶ in the sense that the proposals aroused enormous

³² Tilton, *The Political Theory of Swedish Social Democracy*, 190.

³³ Sejersted, *The Age of Social Democracy*, 387.

³⁴ Peter Aimer, 'The Strategy of Gradualism and the Swedish Wage-Earner Funds', *West European Politics* 8, no. 3 (1985): 43–55.

³⁵ Tilton, *The Political Theory of Swedish Social Democracy*, 229.

³⁶ Sejersted, *The Age of Social Democracy*, 372.

opposition from business leaders, split the Social Democratic Party, and were not especially popular with the general public. J. Magnus Ryner explains the lack of support within the Social Democratic Party with reference to a widespread acceptance, especially among younger members of the party, of the epistemological basis of 'neoliberalism'. He cites the claim, widely accepted in the SAP at this time, that there is 'an objective compulsion to remove obstacles to a "free" and "clearing" labour market' as an example of the gradual acceptance of 'the neo-liberalization' of social democracy. It is especially noteworthy given that this commitment to a free, clearing labour market conflicts fundamentally with the basic aims of the Rehn-Meidner model and the Meidner plan for wage-earner funds.³⁷

In Britain, the tone for much of the discussion about the merits of Swedish policies was set as early as 1956 by Anthony Crosland's *The Future of Socialism*.³⁸ During a very long Parliamentary career (1950-1955, 1959-1977), Crosland was, among other things, Minister for Education, Foreign Secretary and President of the Board of Trade under various Labour governments. He was also an important intellectual during the so-called 'Golden Age of Capitalism' in Western Europe and North America from around 1950-1973.³⁹ For Crosland, the reforms of successive governments across the West had already met many of the basic subsistence needs which had caused social tension before 1939. For example, he approvingly quoted Clement Attlee's statement that the post-war Labour government had introduced 'a set of measures which "would modify the nature of capitalism to a serious extent", and "must lead to Socialism" in the end'.⁴⁰

³⁷ J. Magnus Ryner, 'Neo-Liberalization of Social Democracy: The Swedish Case', *Comparative European Politics*, no. 2 (2004): 102.

³⁸ *The Future of Socialism*.

³⁹ Eric Hobsbawm, *The Age of Extremes* (London: Abacus, 1995), 263–280.

⁴⁰ Crosland, *The Future of Socialism*, 26.

According to Crosland, the basic aspirations of historical socialism were fourfold. Firstly, the amelioration of 'material poverty and physical squalor'.⁴¹ Secondly, promotion of general 'social welfare' for those oppressed or in need. Thirdly, belief in equality and the 'classless society', as well as 'just' rights for workers. And fourthly, rejection of 'competitive antagonism' and its replacement with the ideals of solidarity and collaboration'.⁴² The first and last of these aims, contended Crosland, had been basically achieved in Britain by the mid-1950s.⁴³ In Sweden, he argued, this had happened even earlier. He quoted Per Albin Hansson, the leader of the SAP (1925-1946), to this effect, saying in 1946: '[W]e have had so many victories that we are in a difficult position. A people with political liberty, full employment, and social security has lost its dream'.⁴⁴

In this view, Sweden had made many of the social advances which gradualists hoped to introduce a full decade earlier than they had been realised in Britain. Moreover, Sweden's appeal was not limited to its apparent modernity. The fact that 'a Socialist Government now seems the natural order of things' was a major attraction for a Labour politician who had spent time in government and opposition during a lengthy career.⁴⁵ Crosland was also convinced that Sweden was a less class riven society than Britain and he argued that Sweden demonstrated the potential for consensual, rather than antagonistic, industrial relations. Finally, and relatedly, Sweden was also held to prove that higher measures of equality could be achieved without direct control of the means of production by labour, a longstanding aim

⁴¹ Ibid., 67.

⁴² Ibid.

⁴³ Ibid., 69.

⁴⁴ Ibid., 64, n.2.

⁴⁵ Ibid., 114.

of revolutionary socialists and Marxists. Crosland therefore hoped to remove mass expropriation of critical industries and wealth from the socialist agenda by arguing that various consensual measures were equally effective at meeting the same goals, broadly conceived.

In proving this point Crosland was evidently impressed by Sweden's move towards comprehensive education; its 'joint enterprise councils' and the role of Swedish (and US American) trade unions more generally; high levels of investment, combined with low levels of private accumulation; and its limits on share dividends, which controlled the extent to which profits could be removed rather than re-invested.⁴⁶ Sweden therefore appeared to Crosland as a possible model for creating greater equality through a range of social measures and careful management of industry, which would also mitigate the tendency to militancy in the labour force and reduce demands for mass expropriation of wealth.

In this view, then, of the four principles Crosland set out defining the aspirations of socialism, Sweden had achieved the first and fourth a full decade before Britain, and was well on its way to achieving the second and third in a harmonious and consensual fashion. It is unclear what Crosland would have made of the wage-earner funds; he died in 1977, after the funds had been mooted, but before they were properly functioning. The funds are consistent with Crosland's arguments against the equivalence of direct ownership with control of the means of production, but they nonetheless aim at collectivisation of production, which it appeared that Crosland basically opposed.

⁴⁶ Ibid., 203–4, 256, 249, 39–40, 309.

Crosland's study aroused significant opposition among revolutionary socialists. Much of this was structured around rejecting the theoretical and empirical logic which supported these claims. In a two-part reply in the first volume of *New Left Review*, Perry Anderson responded to Crosland's arguments about the nature of socialism and Sweden's social system.⁴⁷ Anderson also had many positive things to say about the nature of Swedish society, although from a slightly different perspective. He was particularly impressed by the tendency for Swedish politicians to take an active role in wider decision-making processes. This was contrasted with Britain, where, Anderson argued, the worst consequences of capitalism were the result of decisions which: 'are taken *nowhere*. They are *not taken*' [emphasis in original].⁴⁸

In the second part of his argument, Anderson moved on to consider Sweden more thoroughly, putting forward an understanding of Swedish social democratic society which systematically refuted Crosland's arguments. In 'Sweden: Study in Social Democracy', Anderson built towards this aim, which was to argue that the Swedish model did not preclude the aim of collective ownership of the means of production. He arrived at this conclusion by arguing, contra Crosland, that Sweden was 'at once idiosyncratic and typical', in the sense that, while it had different organisational and industrial structures compared to other Western countries, it was nonetheless characterised by sluggish social mobility and 'lived distances between classes' just as great as in other Western countries.⁴⁹

⁴⁷ 'Mr Crosland's Dreamland'; 'Sweden: Study in Social Democracy', *New Left Review* 1, no. 9 (1961): 34–45.

⁴⁸ Anderson, 'Mr Crosland's Dreamland', 10.

⁴⁹ Anderson, 'Sweden: Study in Social Democracy', 34.

However, for Anderson, Nordic cohesion was fundamentally a feature of the relatively small size of the Nordic countries; it is notable how smoothly this extrapolation from Sweden to Norden occurs. He wrote that: '[P]eople are more likely to be aware of members of an opposite social group as individuals in their own right; this tempers the whole climate of class'.⁵⁰ He was also obliquely critical of the tendency to model more generally, when he argued that intellectuals are 'prone to abstract institutions from the perpetually changing social and economic milieu which alone give them any concrete meaning at all'.⁵¹

The Future of Socialism remains an impressive read sixty years later; Crosland's basic grasp of social and theoretical issues and his vision of their connectedness is highly stimulating. Indeed, given the aims of this thesis, it is worth noting that his appeals to international models, above all Sweden and the United States, more often hinder rather than help his analysis of the basic problematics of a socialist agenda. Much as Anderson observed, Sweden had already by that time become 'not so much a normal object of real knowledge as a didactic political fable'.⁵² At one stage, Crosland almost acknowledged this. He chose a lengthy empirical case study from the United States – the famous Middletown studies, conducted by Robert and Helen Lynd – but noted: 'I should have preferred to take Sweden, which in other ways comes much nearer to a socialist's ideal of the "good" society'.⁵³ However, the very reason for choosing the USA was the lack of available sociological literature on Swedish society! The sense emerges that socialists' fondness for Sweden was based on more than simply its empirical qualities, especially, as in this case, where these were actually not known. The possibility that

⁵⁰ Anderson, 'Mr Crosland's Dreamland', 12; Anderson, 'Sweden: Study in Social Democracy', 34.

⁵¹ Anderson, 'Sweden: Study in Social Democracy', 39.

⁵² Anderson, 'Mr Crosland's Dreamland', 4.

⁵³ Crosland, *The Future of Socialism*, 179.

particular articulations of the Swedish/Nordic model are, to a degree, immune to empirical proof or refutation is one that will recur throughout this thesis.

Nonetheless, the arguments Crosland set out had a lasting impact on the way that Sweden was seen in Britain. His analysis established Sweden, along with the USA, as the epitome of modernity and was instrumental in articulating Sweden as a corporatist, consensual society with high levels of social equality and low levels of conflict. It also intensified an existing connection in the minds of intellectuals and, to a lesser degree, the wider public between reformist socialism and Sweden. The essence of many of the claims that Crosland made about Sweden will appear repeatedly in this thesis at different times and made by different political actors. This is no doubt partly because Crosland's analysis was very thorough (and also partly because the basic dynamics of capitalism have changed significantly less than public discourse generally acknowledges). Likewise, Anderson's arguments survive partly because they were clear and well thought out. But in his refutation of the gradualist argument against collectivisation of the means of production, he also helped established two perennial arguments about the Nordic countries: they are small; and their institutions are specific and, hence, inimitable.

During the period from the mid-1970s to the mid-1980s, gradualists increasingly began to question the extent to which Sweden could be considered consistent with socialist theories of reformism. Peter Aimer used the introduction of the wage-earner funds policy to test specific elements of the revisionist theories of Eduard Bernstein, the intellectual founder of social democracy. Simply put, Bernstein argued that progress towards socialism would entail the gradual transfer of control over the means of production from private to public

management. This was to be achieved by persuading the owners of productive capital that this transition was in the general interest.⁵⁴ The wage-earner funds policy challenged this idea in two ways. Firstly, as argued above, the wage-earner funds did not entail nationalisation, but rather transfer from private ownership to collective, rather than state, ownership. Secondly, the proponents of the funds had failed to convince the private owners of capital that the policy would be generally beneficial. Quite the reverse, there had been huge opposition. This challenged many gradualist assumptions about the nature of Swedish politics (and social democracy). In practice, the strong opposition which the funds elicited demonstrated that the Swedish system was less consensual and more divided than had traditionally been assumed, and, furthermore, the possibility of surmounting opposition to collective ownership was actually receding rather than improving over time.⁵⁵

1.2.3 Nordic dystopia: conservative visions of Norden

Conservative constructions of Scandinavia broadly tended to engage less with specific components of the Nordic policy regimes such as the Rehn-Meidner model. They did, however, articulate a range of discourses about Norden, which were brought together by Roland Huntford in his book *The New Totalitarians*.⁵⁶ The book has become somewhat well known, and the stereotypes Huntford produced have become firmly embedded in the Anglo-American discourse on Norden. Whereas conservatives and liberals had typically been less interested in Scandinavia, by the 1970s the neoliberal turn in political economy led to a renewed interest in the Scandinavian model. Unlike social democrats, who sought to learn from the Nordic model, however, liberal and conservative commentators wanted to put the

⁵⁴ Aimer, 'The Strategy of Gradualism', 45.

⁵⁵ Aimer, 'The Strategy of Gradualism'.

⁵⁶ *The New Totalitarians* (London: Allen Lane, 1971).

model "on trial" for its insistence on equality, high levels of taxation and universal welfare provision. As Frederick Hale argues, *The New Totalitarians* was ultimately an extremely flawed piece of writing, which infuriated most of the high-profile Swedes who had been interviewed by Huntford, several of whom had been quoted from off the record conversations.⁵⁷

Nevertheless, it became an important part of discourse for liberal and conservative commentators both in Britain and Sweden. For those in the UK it confirmed various pre-existing images of Sweden, including Swedes' supposed sexual licentiousness, which had become ingrained in the previous two decades. In Huntford's description, the supposedly deviant sexual mores of the Swedes, promoted in his view by the Social Democratic government, was actually a sophisticated form of mind control. This included the amusing claim that Swedes lived 'in a permanent cloud of *depressio post coitus*'.⁵⁸ Moreover, Huntford made similar claims about various other facets of social provision in Sweden including the system of education, especially sexual education; the state monopoly over broadcasting, described as 'agitprop', and the assertion that the Swedish Church was proselytising on behalf of the Social Democrats.⁵⁹

All of these facets of the Swedish state were fitted into Huntford's extremely schematic framework, which basically amounted to describing a social formation which fitted with his preconceived notion that Sweden was akin to the society envisaged by Aldous Huxley in the novel *Brave New World*. At root, what Huntford did was to invert the common stereotype of

⁵⁷ Frederick Hale, 'Brave New World in Sweden? Roland Huntford's "The New Totalitarians"', *Scandinavian Studies* 78, no. 2 (2006): 167–90.

⁵⁸ *Ibid.*, 179.

⁵⁹ Hale, 'Brave New World in Sweden?'

Norden, which had been established by social democrats, not by disproving it empirically, but by simply reinterpreting Utopia as Dystopia.⁶⁰ Although his book became famous for its shoddy journalism, it nonetheless acted as a rallying call for Swedish opponents of the social democratic hegemony and opponents of social democratic or statist policies in the Anglophone world. It also served a serious function by drawing together the disparate strands of doubt which liberal and conservative commentators had expressed about the Nordic social systems and weaving them into a single, if tendentious, narrative. While central arguments of *The New Totalitarians* were challenged on a variety of grounds, the criticisms it posed about the Swedish model stimulated a debate, which was significant abroad and in Sweden.

Huntford's work marks an important point of departure for this thesis, since most scholars have generally viewed the content of Nordic social formations as unambiguous, but subject to different interpretation. Consider, for example, Klaus Petersen's comment that:

[I]n some countries, the Nordic model has at certain periods been attractive and associated with modern progressive social legislation while at other times and in other places it has represented good intentions that paved the road to hell.⁶¹

While this was broadly true in the period to the end of the 1980s, even as Norden began to slowly reconceptualise itself, the Nordic model became increasingly ambiguous in the early 1990s. This will be discussed in depth in chapter two; however, it is worth noting that the

⁶⁰ For conceptual background to the inversion of Utopia to Dystopia, see: Reinhart Koselleck, 'The Temporalization of Utopia', in *The Practice of Conceptual History: Timing History, Spacing Concepts* (Stanford, CA: Stanford University Press, 2002), 84–99.

⁶¹ Klaus Petersen, 'National, Nordic and Trans-Nordic: Transnational Perspectives on the History of the Nordic Welfare States', in *Beyond Welfare State Models: Transnational Historical Perspectives on Social Policy*, ed. Pauli Kettunen and Klaus Petersen (Cheltenham: Edward Elgar Publishing Ltd., 2011), 57.

content of the conservative and liberal stereotypes of the 1960s and 1970s became increasingly unstable at the same time as the hegemony of the social democratic articulation was challenged, precisely because they were defined by rejection of it.

1.2.4 Conclusions

As might be imagined, given the central importance of the Social Democratic era to Nordic identities, the precise meaning of the Rehn-Meidner model and the wage-earner funds is still a matter of contest. Of these articulations, perhaps the most interesting for the purposes of this study is that advanced by Klas Eklund. He makes a clear attempt to reclaim Gösta Rehn as a liberal economist, distancing him from Rudolf Meidner, who, in Eklund's reading, represented the socialist part of the Swedish social democratic tradition. This is particularly important given Rehn's emphasis on supply-side labour market interventions, something which has increasingly become associated with Danish flexicurity (see chapter four), and his insistence that countering inflation and full employment were not mutually contradictory aims. Given the hegemony of free-market ideas in international policy-making and the emphasis on supply-side, rather than demand-side, policy measures, this carves out a relevance for the Nordic model which it was widely presumed to have lost. It also distances contemporary Swedish social democracy from the perpetually unloved wage-earner funds.

On the other hand, extra-Nordic discourses of the model hardly reflected this complexity, dominated as they were by discussions of gradualist socialism or by a conservatism which broadly agreed with these discourses, but inverted the value judgement to produce a living hell, rather than heaven. The complexity of the Rehn-Meidner model, though, should alert us to the fact that the Nordic model contains the potential for serious ambiguity. Petersen's

opposition of the Nordic heaven and hell captures the discourses up to the late 1980s, but, as the next section and chapter two will argue, the Nordic model concept became increasingly unstable towards the end of the Cold War, as a result of 'Europeanization', and under the pressures of Sweden's financial crisis.

1.3. Norden in the international sphere: The Cold War

1.3.1 The end of the Cold War: neither winner nor loser

The end of the Cold War in the early 1990s necessitated major changes in the way Scandinavia was constructed both internally and externally. Geo-politically, one of the first attempts to formulate a new position for Scandinavia globally was undertaken by Ole Wæver, who argued that the end of the USSR and the global political settlement which characterised the Cold War left Scandinavia without a role and vulnerable to changing global priorities, but especially those of the USA. Or, put slightly more succinctly, that the underlying logics that sustained the meaning of Norden had effectively collapsed.⁶² He identified three areas of meaning in which this collapse was most significant: security, welfare, and 'Third World' diplomacy. Wæver argued that the collapse of meaning had left Scandinavians nostalgic for the Cold War and in a state of 'confusion'.⁶³

It is worth setting out Wæver's elucidation of the problem here, since this offers a useful summary of thinking in Norden about the end of the Cold War. His first major concern was security. The end of the Cold War had left an identity vacuum as well as the more obvious security issues facing the Nordic countries. The disappearance of such concepts as 'Nordic balance' or self-definition through difference using formulations such as 'lower tension than in Central Europe' or 'more detente-oriented than Central Europe' crippled Nordic identity in security matters and meant a total re-formulation was necessary. Norden could no longer define itself through the paradox of being part of the European security complex and

⁶² Ole Waever, 'Nordic Nostalgia : Northern Europe after the Cold War', *International Affairs* 68, no. 1 (1992): 99.

⁶³ *Ibid.*, 78–80.

simultaneously outside it, since that paradigm could not survive the collapse of the USSR. This transition was particularly difficult for Finland and Sweden, since the conventional neutrality position adopted by both countries became essentially devoid of meaning. This was more problematic for the Swedes than the Finns. Even though Finland had been in the Soviet sphere of influence within living memory, they had not sought to make a virtue of the necessity of non-alignment. Sweden, on the other hand, had used its position of neutrality to carve out a diplomatic position which was critical of US foreign policy, although Sweden was nonetheless well integrated into Western markets and diplomatic frameworks.⁶⁴ Diplomatic difficulties arose as a direct result of this: although Sweden had not been on the losing side in the Cold War, nor had it been formally aligned with the winning side.

Outside the realm of diplomacy, Wæver also identified key economic difficulties facing Norden in 1992. He drew a distinction between the Nordic model of welfare as an ideal type and the Swedish model. In Europe at this time the Scandinavian model was not being considered as a sustainable solution to the economic upheaval confronting Eastern Europe.⁶⁵ In this context, the Nordic model had a distinct image problem because of the failure of planning in Eastern Europe, and the ongoing liberal hegemony, in its various, though primarily Thatcherite and Reaganite, varieties in the late 1980s and early 1990s. Norden, the 'planned' society, fitted poorly with the aims of Eastern Europeans and the USA and, due to its prolonged crisis, also compared unfavourably with the German model, which was

⁶⁴ Andrew Scott, 'Social Democracy in Northern Europe: Its Relevance for Australia', *Australian Review of Public Affairs* 7, no. 1 (2006): 6.

⁶⁵ Wæver, 'Nordic Nostalgia : Northern Europe after the Cold War', 85; In this he follows Gosta Esping-Andersen, who divides welfare states into three ideal types: liberal (e.g. UK), conservative (e.g. Germany) and social democratic (e.g. Sweden). Esping-Andersen, *The Three Worlds of Welfare Capitalism*.

characterised by high levels of welfare, but relatively low levels of economic steering.⁶⁶ The bipolarity of the then European Commission (EC) was also seen as a cause of the crisis of Nordic influence on economic policy. The EC privileged French and German positions espousing *dirigisme* and the German economic model respectively. A third position, which equated broadly with free-market liberalism, was held to differing degrees in other parts of Northern Europe. There was thus no room for the Nordic model in this discussion, which precipitated another profound identity crisis at a time when the underlying logic of the Nordic model (i.e. modernity) was being thoroughly questioned.⁶⁷

Finally, Wæver was concerned to look at the ways in which Nordic 'Third World' diplomacy had been affected by the end of the Cold War. He identified this third area as being at least somewhat more successful than the first two; however, he also noted that the success of Nordic diplomacy was contingent upon its perceived successes in security and economic modelling. Although it relates explicitly to non-European relationships, this is a particularly important point for this study in general, since it would hold significance for later interaction between Norden and other European countries.

The policy prescriptions put forward by Wæver in response to the crisis of meaning affecting Norden represent a carefully concerted attempt to reshape a Northern identity in response to the various pressures noted above. They also represent an acute awareness, which had developed primarily as a result of the ever-increasing imperative for nations to compete

⁶⁶ Wæver, 'Nordic Nostalgia : Northern Europe after the Cold War', 85.

⁶⁷ *Ibid.*, 86. Since the Nordic model, at least as articulated by Sweden, had been explicitly constructed as being at the frontiers of modernity, the importance of the metonymic relationship between the Nordic model and modernity should not be underestimated, although it cannot be fully explored here.

internationally in various different measures such as openness, business-friendliness and so forth, that discourse can be consciously and methodically shaped. However, in point of fact, Wæver's solutions were not as good as his problems, in the sense that few of the substantive suggestions he made were implemented as policy. Wæver's primary prescription that Scandinavia needed to pivot towards the Baltic and attempt to create and maintain a Baltic group, based primarily on non-state-actors, has been unsuccessful except in largely superficial ways.⁶⁸

One of the key planks of Wæver's paper was that the Nordic area had epitomised modernity, but that it was necessary for it to recalibrate its model in response to 'post-modernity'. The adjustment to postmodernity effectively meant reconstructing meanings along two axes. The first of these was geographical/regional, the second societal/ideational.⁶⁹ Kazimierz Musiał describes these as referential points, which can provide mutually reinforcing meanings. However, at least to begin with, reorientation followed very different trajectories. The Copenhagen School, of which Ole Wæver was a key member, looked to Norden as a new source of meaning whereas the Swedes, who would have to play a major role in any reconstruction of Nordic identity, were re-orientating towards Europe in response to the perception of a generalised failure of the Social Democratic system. By the late 1990s however, the Nordic Council, which describes itself as 'the official inter-parliamentary body

⁶⁸ Ibid., 97; Indeed, Wæver himself notes that interest in constructing a dynamic Baltic region primarily involved West Baltic actors (i.e. Nordic ones), and that it was primarily a re-branding exercise in which the term Norden was replaced by a similarly empty signifier like Baltic or Hanseatic. To the limited extent that this re-orientation has been successful, it has only been among elite groups of policy makers and academics. See, Kazimierz Musiał, 'Reconstructing Nordic Significance in Europe on the Threshold of the 21st Century', *Scandinavian Journal of History* 34, no. 3 (2009): 37–41.

⁶⁹ Musiał, 'Reconstructing Nordic Significance...'

in the Nordic region',⁷⁰ had re-grouped and began to direct its attention towards the Baltic States and Russia.

Though he was by far the most influential exponent of the liberal constructivist school, Wæver was not alone in his attempts to re-articulate the meaning of Norden. As Pirjö Jukarainen has demonstrated, there were at least five discourses on the possibilities for reshaping Norden going on in one policy journal (*Nord Revy/North*) during the 1990s. These included pro-European, pro-regional, pro-urban, pro-Baltic and environmentalist discourses.⁷¹ There was also a supplementary attempt to argue, probably accurately, that the Nordic model was above all constituted by the universalistic claims made of it by Sweden, and that this was reinforced by the other Nordic states.⁷² As a result, Sweden's geopolitical pivot towards a European rather than a Nordic identity could be seen as the underlying cause of the damage to Norden as a coherent identity.⁷³

Using discourse theory, Musiał terms this new Baltic, consisting of Norden, the three Baltic States and North-West Russia, but excluding North Germany and Poland, a 'floating signifier' which is particularly open to new forms of meaning (For a full discussion of the signifier, see chapter three, section 3.3).⁷⁴ In this regard the Nordic Council has gone some way towards

⁷⁰ 'Nordic Council Home Page', accessed 14 December 2016, <https://www.norden.org/en/om-samarbejdet-1>; The Nordic Council has been instrumental in promoting cooperation in the Nordic region, including on a range of practical, bureaucratic, and strategic measures. See e.g. Thorvald Stoltenberg, 'Nordic Cooperation on Foreign and Security Policy' (Oslo, 2009); For a wider discussion of Nordic cooperation, see also Johan Strang, 'Nordic Communities' (Helsinki: Nordic Council of Ministers, 2012).

⁷¹ Pirjö Jukarainen, 'Norden Is Dead – Long Live the Eastwards Faced Euro-North: Geopolitical Re-Making of Norden in a Nordic Journal', *Cooperation and Conflict* 34, no. 4 (December 1999): 375.

⁷² Iver B. Neumann, 'A Region-Building Approach to Northern Europe', *Review of International Studies* 20, no. 1 (October 1994): 65.

⁷³ Hans Mouritzen, 'The Nordic Model as a Foreign Policy Instrument: Its Rise and Fall', *Journal of Peace Research* 32, no. 1 (February 1995): 11–16 The causes of Sweden's reorientation towards Europe will be considered below.

⁷⁴ Musiał, 'Reconstructing Nordic Significance...', 296.

institutionalizing a new regional identity; first by way of assistance programmes and later through knowledge exchange. Musiał argues that this has created a 'new Norden' in the minds of elite groups, researchers and students who interact with the institutions set up by the Nordic Council.⁷⁵

However, in his assessment of the implementation of Wæver's thesis Musiał notes that the replacement of a common Nordic identity with a Baltic one has been a failure. Instead, the Nordic identity has been reconstructed on terms set by the 'old' Nordic countries to which the Baltic countries can align. The discursive shift towards the Baltic has 'little empirical grounds when considering the whole Baltic Sea region, with northern Germany, northern Poland and parts of Russia included'.⁷⁶ Where the Nordic model has achieved significance again is not through geo-political realignment, but through the growing successes of phenomena of an essentially national character such as Danish 'flexicurity' or Swedish and Finnish technology firms. Nevertheless, Wæver's basic contention: national and international/regional identities can be manipulated; is of enormous importance. This observation has marked an important vein in Nordic thinking since the end of the Cold War (consider, for example, the national branding literature which has emerged in Norden in recent times (see Introduction, above)), even if enthusiasm and appetite for universal solutions to contextual problems has waned.

The extended discussion of Nordic identity entered into by Wæver and critiqued by Musiał, creates a starting point for this thesis. The meanings created for the Nordic countries, and

⁷⁵ Ibid., 297.

⁷⁶ Ibid., 299.

Norden more generally, in the 1990s have developed into established discourses over time. Musiał's critique in particular foreshadows some key changes in the meaning of the Nordic model that will be identified in later chapters. Two features are especially relevant. The first is the increasing tendency for the Nordic countries to be reconstructed around national meanings, which are frequently conflated. The second is the tendency for new discourses about Norden to become hegemonic in different areas of society. Although Musiał was referring only to the meaning of the Baltic region among elite groups of policy makers and academics, a similar trend is observable outside the Nordic countries among policymakers in the UK, especially those in leading think-tanks, the business press and among active politicians. When these two features are combined, a new Norden emerges in policy circles, which combines concrete, but distinct, aspects of policy in the Nordic countries, for example, Swedish free schools and Danish 'flexicurity'.

1.3.2 Conclusions

Although the Cold War will not figure prominently in the rest of this study, which will be far more concerned with domestic politics, the significance of the Cold War for contemporary Nordic identity should not be underestimated. Norden has been particularly aware of its global and regional position, and the necessity of undergoing a traumatic rebuilding process in the aftermath of the Cold War has informed engagement with other countries. Indeed, the basic logic of Nordic engagement in "Third World" diplomacy: that success in economic modelling and institution building gave the Nordic countries a unique relationship with other states; has much in common with the contemporary idea that Nordic success and innovation in public service provision makes it a model for European states, including Britain, to emulate.

1.4 Conclusions

This chapter has argued that the Nordic countries, especially Sweden, were characterised by unusually stable identities in the period from the 1950s onwards, and perhaps even earlier.

The relative stability of Sweden's identity, and the institutional hegemony of the SAP, allowed for the creation of similarly stable identities abroad. Indeed, there was significant consensus about the nature of the Swedish model, which was generally agreed to be characterised by high levels of social welfare; policies designed to stimulate social equality; and high levels of economic steering. Although Sweden was clearly far closer in orientation and values to the Western capitalist nations led by the United States, it was formally non-aligned in the Cold War and was not a member of NATO. This allowed Sweden to build international diplomatic capability because of its non-alignment.

Although the fundamental nature of the Swedish model was not challenged, its interpretation was a source of conflict. Within and without the Nordic countries, there were discussions about the nature of the state. Social democrats were typically impressed by the material and social achievements made in Sweden, which liberals and conservatives tended to see as a nightmarish erosion of personal freedom. However, the end of the Cold War was one source of challenge to this stable Swedish identity both at home and abroad. The next chapter will look at two other challenges to Swedish identity in the early 1990s: the Swedish financial crisis and the SAP's electoral defeat in 1991.

Chapter Two – New Labour, New Moderates, New Norden

2.1 Introduction

The last chapter summarised a range of scholarship which dealt with the Nordic countries, their understandings of internal political economy and relations to the wider world from the 1960s until the 1990s. The aim was to establish what the Nordic model was historically in order to contextualise more recent contests over its nature in Norden and in UK public policy debates in the rest of the thesis. This chapter will therefore pick up the narrative in the 1990s, but with a somewhat different focus. Rather than focusing on general visions of the Nordic countries, it will instead begin to look in greater detail at the immediate political conflicts, stretching back to the 1990s, which create the backdrop for contemporary discussions of a Nordic model of political economy and public services.

I will therefore begin by introducing the Swedish financial crisis of 1991/2, since this was a highly traumatic event for Swedish (and Nordic) identities, leading to a period of intense conflict over the political economic future of Sweden. The next section will cover attempts during the mid-1990s to imagine a new kind of Swedish model. This process was mostly led by the Moderate Party, which hoped to break the Social Democratic Party (SAP)'s political and institutional hegemony in Sweden, by re-imagining Sweden after a fashion more compatible with free-market liberalism. The chapter will then go on to discuss attempts to understand changes in Swedish politics in terms of globalisation.

Conterminously, there were major changes in the political aims and approaches of social democratic parties across Europe. I will summarise these changes and then discuss

developments in British electoral politics from the mid-1990s until around 2015, covering both the Labour and Conservative Party's attempts to reinvigorate themselves during this era through the 'Third Way' and 'Big Society' agendas respectively. Finally, the chapter will conclude by setting out a series of questions generated by the discussions in this chapter and the last.

2.2. Writing a new Swedish Success Story

2.2.1 The Swedish financial crisis 1991/2 and its aftermath

The debate instigated by the Copenhagen School looked at the crisis of meaning from a variety of different perspectives, but was primarily concerned with Nordic foreign policy and creating a meaning for Norden as a result of its global positioning and interactions. However, the crisis, which was precipitated by the Cold War, was not limited purely to foreign policy issues.

The pessimism of the period immediately following the Swedish/Finnish financial crisis and the end of the Cold War gradually gave way to more optimistic visions of a Nordic future. The re-articulation of a meaningful Nordic entity in the aftermath of crisis, which Wæver and the Copenhagen School were attempting to enervate, had resolved itself, although not perhaps along the lines they might have imagined. The Nordic countries were no longer undergoing the existential crisis they were in the early 1990s. While the meaning of Norden is not necessarily settled or uncontroversial it is more so than, say, the European Union. Indeed, in sharp contrast with the early 1990s, there is agreement that we can once again talk about ‘a Nordic model’ even if the content of that concept has altered substantially. Reorientation of the domestic economies and, perhaps more importantly, a transformation in domestic self-perception in the Nordic countries has been at the forefront in creating these new meanings.

As argued above, the end of the Cold War left a huge gulf in Nordic foreign policy and its general engagement with the rest of the world, but also created serious difficulties in domestic politics in the Nordic states. Internationally, the Nordic model of political economy, which articulated itself as a third option in a bipolar economic discourse, was brought into

crisis by the disappearance of one of those poles. This combined with and probably contributed to a second major crisis, which required a drastic alteration of meaning in Norden: the 1991/2 financial crisis in Sweden, which also had serious effects in Finland.

There were a variety of causes and effects of the Swedish financial crisis. A range of explanations of varying sophistication have been offered from the ever-fashionable invocation of 'globalisation' to arguments that Sweden was unprepared for the deregulatory programme which was introduced by the Social Democrats in the late 1980s.⁷⁷ As will be argued below with reference to the 2008 global financial crisis (which incidentally was much less severe in Norden than the rest of the European Union), crises of this kind always accrue a kind of surplus of meaning which hides their traumatic destruction of the symbolic order. Jenny Andersson, for example, argues that the crisis of Swedish social democracy progressed slowly as previously stable concepts were given new meanings.⁷⁸ This is certainly true, but it is also important to note that, due to the traumatic force of the financial crisis, this change in Swedish social democracy is generally located in 1991/2, rather than in the early 1980s where its re-symbolisation began.

It is nonetheless worth sketching some of the most widely repeated discourses about the financial crisis, since, as I have just argued, the contest over its meaning was inextricably linked with contests over the meanings of 'Sweden', 'the Nordic model' and 'Social Democracy'.

⁷⁷ For the former, see Einhorn and Logue, *Modern Welfare States*; For the latter, see Pär Nuder, 'Saving the Swedish Model' (London: Institute for Public Policy Research, 2012).

⁷⁸ Jenny Andersson, 'Growth and Security: Swedish Reformism in the Post-War Period', in *Transitions in Social Democracy: Cultural and Ideological Problems of the Golden Age*, ed. John Callaghan and Ilaria Favretto (Manchester: Manchester University Press, 2006), 118–34.

The narrative of the crisis itself is fairly straightforward. The Social Democratic government had gradually begun to reformulate its policy towards the European Union by the mid-1980s. By 1990, deregulation of capital markets and the removal of currency exchange barriers had already led to significant investment in Europe by Swedish firms.⁷⁹ During this period the Swedish government also pegged the krona to a basket of other currencies, of which the most important was the Deutsche Mark, by entering the European Exchange Rate Mechanism (ERM). The crisis itself began in the real estate sector. As the 1980s boom began to turn, developers started to default on loans, which in turn caused the financial intermediaries behind these deals to default on their bank loans.⁸⁰ Indicative of the role which deregulation in the capital markets played in this situation is the fact that the original losses which sparked the crisis were made by the (Swedish) Beijer Group on a commercial property development at the Elephant and Castle in London.⁸¹

The problem became unmanageable during the 1992 ERM crisis, which also caused runs on the lira in Italy and the pound in Britain. Speculative attacks on the krona led to mass capital flight, which the Swedish *Riksbank* was powerless to prevent due to the abolition of currency exchange barriers. This forced the Swedish government to take over the bad debts of its banks after giving up its fruitless attempts to defend the krona.⁸² The specifics of the Swedish debt

⁷⁹ For a full discussion of the implications of Sweden's move towards Europe, see Dimitris Tsarouhas, *Social Democracy in Sweden: The Threat from a Globalized World* (London: Tauris Academic Studies, 2008), 119–140.

⁸⁰ Lindberg and Ryner, 'Financial Crises and Organized Labour: Sweden 1990-94', 29.

⁸¹ *Ibid.*

⁸² Ryner, 'Neo-Liberalization of Social Democracy: The Swedish Case', 101.

crisis are therefore highly similar to the chains of events leading to the (East) Asian crisis of 1997 and the global financial crisis of 2008.⁸³

The financial crisis ushered in a number of major changes in Sweden's sense of itself and a major re-think in the fundamental basis of its macroeconomic policies, which aligned it not only with the rest of Europe, but also brought it closer to the other Nordic countries. Denmark had undergone a major change in its economic strategy in the 1970s and entered the European Economic Community, forerunner to the European Union, in 1973. This was primarily a result of the necessity of trading with, as it was then, West Germany and the UK, which joined in the same year. Finland, Norway and Iceland, which have so far hardly been mentioned, were all also altering their regulatory frameworks in preparation for entry into the European Union. Of the three, only Finland ultimately joined the European Union, in 1995.

This focus on a nascent European identity in Norden had serious consequences for the idea of 'Nordicness' and precipitated much soul searching amid a general loss of confidence in the Swedish or Nordic model. It was in this context that the Social Democrats were defeated in the 1991 Swedish General Election by a coalition of liberal and conservative parties led by Carl Bildt's Moderate Party. It is however noteworthy that the crisis of the 'Nordic model' as a concept had a great deal to do with the Swedish identity crisis, since Sweden had generally advanced universalistic claims about the Nordic model, which the other four countries assented to, depending on their degree of sympathy with it.⁸⁴ However, given the association of the Swedish or Nordic model with social democracy, this was distinctly problematic for the

⁸³ David Harvey, *A Brief History of Neoliberalism* (Oxford: Blackwell, 2005); David Harvey, *The Enigma of Capital and the Crises of Capitalism* (London: Profile, 2010).

⁸⁴ Mouritzen, 'The Nordic Model as a Foreign Policy Instrument: Its Rise and Fall'.

Bildt government. The crisis therefore offered a chance for a massive re-articulation of the model which was more consistent with a liberal political hegemony.

2.2.2 A New Start for Norden?

In this there was only partial success. The necessity of passing a series of retrenchment budgets, with the support of the Social Democrats, to regain the confidence of financial markets superseded other issues as priorities.⁸⁵ Although the Bildt government did introduce private providers into healthcare (see chapter four), education (see chapter five), and elderly care, a range of radical proposals produced by The Swedish Employers Association (*Svenska Arbetsgivareföreningen*, henceforth SAF), were never implemented. These included the termination of the wage-earner funds, the sale of one million public apartments and the privatisation of libraries, ambulance services and firefighting.⁸⁶ Some were disappointed by this, and Mats Benner, a Swedish sociologist and science policy researcher, lamented the collapse of Bildt's much touted 'New Start for Sweden' (*Ny Start för Sverige*) into a more prosaic attempt to control national debt and unemployment.⁸⁷

Even so, during this era the beginnings of a recognisably new articulation of Sweden and the Nordic Model were laid. There remained, however, serious tensions in the reproduction of a meaningful identity for Norden, which, interestingly, but not all that surprisingly, corresponded quite closely to the same processes of meaning production in Sweden. Using *The Swedish Success Story?* as an example of these tensions, a series of developing discourses

⁸⁵ Lindberg and Ryner, 'Financial Crises and Organized Labour: Sweden 1990-94', 30.

⁸⁶ Tsarouhas, *Social Democracy in Sweden*, 143.

⁸⁷ Mats Benner, 'Success Story Online. Sweden - the Middle Way of the New Economy', in *The Swedish Success Story?*, ed. Kurt Almqvist and Kay Glans (Stockholm: Axel and Margaret Ax:son Johnson Foundation, 2004), 282.

can be picked out. Among these is the desire to identify what made Sweden historically exceptional;⁸⁸ what led to its declining fortunes;⁸⁹ how different Sweden was from the rest of Europe and Norden;⁹⁰ what its current state was, and what its future fortunes were likely to be.⁹¹ By no means were answers to these questions inherently mutually exclusive, but they did show a number of intersecting levels at which Swedish identity (and it can probably be argued Nordic identity also) was undergoing renegotiation during the late 1990s and into the early 2000s. Primarily, the shift took place in economics and the welfare state.

Lars Magnusson and Mats Benner epitomised the new economic thinking that was becoming entrenched in Sweden at the time. Magnusson argued that attempts by the Social Democratic governments of the 1970s and 1980s to retard the effects of the ‘third industrial revolution’ on the Swedish economy were a symptom of Swedish ‘over-confidence’ in the state’s capability. Resistance in the face of the wholesale liberalisation, which was also taking place in much of the rest of the world, was, in this view, futile.⁹²

While Magnusson concerned himself primarily with what had gone wrong: Swedish ‘over-confidence’; Benner was concerned with the ways in which Sweden had recovered from its financial crisis. In Benner’s view, the foundations on which Swedish recovery had rested were multiple. At the forefront was a movement to ‘de-collectivise’ Swedish society, however a more prosaic traditionalism was also in evidence in his assessment that: ‘[m]ore homework

⁸⁸ Torstendahl, ‘Sweden in a European Perspective’.

⁸⁹ Lars Magnusson, ‘Adaptation or over-Confidence? Swedish Economic History in the Twentieth Century’, in *The Swedish Success Story?*, ed. Kurt Almqvist and Kay Glans (Stockholm: Axel and Margaret Ax:son Johnson Foundation, 2004), 21–32.

⁹⁰ Torstendahl, ‘Sweden in a European Perspective’.

⁹¹ Benner, ‘Success Story Online.’

⁹² Magnusson, ‘Adaptation or over-Confidence?’

in schools and better training in social science and economics for journalists were among the changes that were expected to facilitate stable economic development'.⁹³

However, fundamentally, he argued that 'explanations include the technological level and infrastructure, conditions for enterprise and the economic policy pursued during the 1990s' and that by '[c]ombining interest in technology and individualism, Sweden seems to integrate the north European puritan and the Anglo-Saxon hedonist variants of capitalism'.⁹⁴ This formulation of the new Swedish economy bore a striking resemblance to the older formulations used by Social Democratic politicians who described Sweden as a Middle Way between Anglo-American capitalism and Soviet Communism and it was not long before this obvious allusion was made explicit: 'Sweden may perhaps become the "middle way" of the new economy: a balanced compromise between stability and renewal in the dramatic transformation of society, politics and the economy whose contours we are today just beginning to detect'.⁹⁵

This represents an important reformulation of the long-standing concept of the 'Middle Way', which Benner attempted to re-inscribe after a fashion that could be acceptable and relevant inside and outside Sweden, but which also reflected the re-orientation to free-market economic orthodoxy in Swedish and international policy-making. Key to this were the deployment of liberal explanations of the Swedish model, particularly the emphasis on 'conditions for enterprise' and 'technology and individualism' and their association with a project to create a compromise between 'stability and renewal'. This demonstrates an

⁹³ Benner, 'Success Story Online.', 274.

⁹⁴ Benner, 'Success Story Online.'

⁹⁵ Ibid., 290.

attempt to retain the operative concept of the 'Middle Way', but radically alter its associations with other concepts.

This was then a significant moment in Sweden's presentation of itself to the world. No longer was it a place of statist interventionism and collectivism. Instead, it retained the concept of the Middle Way, but rearticulated the concept with a new meaning in which Sweden was uniquely placed to harness *and* ameliorate the flux and uncertainty that had become the norm in global capitalism since the 1970s.

Individualism was a newly recognised virtue. This case was touched upon by Benner, but made with much greater force by Lars Trägårdh who argued that 'a Gesellschaft of atomized, autonomous individuals' underpins the Nordic welfare model.⁹⁶ Trägårdh's expansive argument was that 'statist individualism', as he termed it, was the fundamental precondition of the Nordic welfare states. Accordingly, the welfare state's primary aim was to empower the individual to greater autonomy. His argument offered a historical contrast between Nordic and other European forms of social organisation wherein European liberalism aimed to raise the general population up to the level of aristocratic privilege. In the Nordic countries, however, the peasant was valorised and the basically democratic structures of peasant society were modernised and expanded into a general social ethos.⁹⁷

The emergence of the discourse of statist individualism contemporaneously with the wholesale introduction of liberalising policy reform is significant. The Nordic individual was

⁹⁶ Trägårdh, 'Statist Individualism', 253.

⁹⁷ *Ibid.*, 253–63.

being created just as the tradition of collectivism in Norden was becoming unfashionable within and without. Thus, this school of thought on the welfare state as a force for empowering the individual became particularly useful, since it fitted comfortably with the liberal discourse that it was attempting to accommodate within traditional structures of meaning.

2.2.3 The Nordic Way

Interest in the Nordic model has increased since the 2008 global financial crisis. Not only did Norden seem to emerge from the crisis relatively unscathed, it was also able to retain a high standard of living for its populations at a time when other Organisation for Economic Cooperation and Development (OECD) countries were slashing their budgets. One particularly important attempt to explain (or potentially even sell) the model was *The Nordic Way*, a report submitted to the World Economic Forum at Davos in 2011 by the Swedish Government, at that time led by Fredrik Reinfeldt's Moderate Party.⁹⁸ The report was written by Klas Eklund, Henrik Berggren and Lars Trägårdh and was an attempt to sketch out the meaning of the Nordic model by situating it as a model of political economy which had developed out of the Swedish financial crisis and retrenchment of the early 1990s and which was therefore durable in the face of the 2008 global financial crisis.

The arguments put forward in the report masked a highly contested and rather novel understanding of the Nordic model, which was combined with narrative strands that are common to discussions of the Nordic model. For example, the report began by questioning

⁹⁸ Göran Eriksson, 'Slaget om Norden', *Svenska Dagbladet*, 9 February 2012, <http://www.svd.se/slaget-om-norden>.

the homogeneity of Norden, noting that there are differences between the five Nordic countries. It also expressed scepticism about the efficacy of exporting policy solutions developed in the Nordic countries. However, qualifications aside, the report did a great deal to homogenise the Nordic countries and very little to argue that they should be considered as independent entities.

Three principle claims were put forward in the report, two of which are economic. The first of these was that the Nordic model was not affected by the 2008 financial crisis because of the individually scarring experiences of its constituent states in various crises beginning in the mid-1970s (Denmark), the 1980s (Norway), and into the 1990s (Sweden and Finland). This had created a collectivity of individual responses that had led to iron discipline in budgetary, fiscal and monetary policies, it was argued.⁹⁹ Eklund thereby attempted to portray a form of capitalism in Norden (with the exception of Iceland, which is hardly mentioned in *The Nordic Way*) which is by no means exempt from the effects of the 'economic cycle', but which had, through orthodox measures taken in difficult circumstances, been able to ameliorate the uniformly dire effects of the financial crisis elsewhere in the world. He glossed this using the commonly repeated, and entirely specious, axiom "never let a good crisis go to waste". The second principle economic claim broadly stems from the first: the Nordic economies are open and flexible with limited regulation and an emphasis on consensus; hostile to protectionism and buttressed by strong public welfare systems which socialise the inherent risks of a highly flexible labour market.¹⁰⁰

⁹⁹ Eklund, Berggren, and Trägårdh, 'The Nordic Way', 5–11 The first section of the report is actually subtitled 'Lessons Learned'.

¹⁰⁰ *Ibid.*, 9–11.

The third claim the report made is the same argument about ‘statist individualism’ made elsewhere by Trägårdh, who wrote a portion of the pamphlet. The Nordic welfare systems, he argued, are not a mediation of capitalism and socialism, but proceed from a completely different set of assumptions about what constitutes individual freedom. The essence of this argument was sketched above and will therefore not be repeated here. The discursive trend identified in *The Nordic Way* moved the Nordic economic systems from a peripheral and anomalous status to core status in international policy discourse, dropping claims to a position outside global capitalism. This can be summed up quite neatly by the report’s own argument that ‘Nordic capitalism’ possesses ‘fundamental coherence and vitality’.¹⁰¹

The Nordic Way should also be seen as an important intervention in Nordic, particularly Swedish, politics in its own right. The pamphlet was part of a wider attempt by Fredrik Reinfeldt’s Moderate Party ‘to define the [Nordic] model as a fundamentally liberal and individualistic project’ and, to its critics, ‘an expression of “extreme individualism”’.¹⁰² Writing in the daily newspaper *Svenska Dagbladet*, Göran Eriksson noted that these arguments were met with significant interest, especially in the UK, but also in the US, and were clearly important for Reinfeldt in his campaign to re-define the Nordic model against the traditional claim that it was a fundamentally Social Democratic achievement, built on a tax-financed welfare system.¹⁰³

¹⁰¹ Ibid., 22.

¹⁰² Göran Eriksson, ‘Nyväckt intresse för nordisk modell’, *Svenska Dagbladet*, 6 September 2013, <http://www.svd.se/nyvack-tintresse-for-nordisk-modell>; Eriksson, ‘Slaget om Norden’.

¹⁰³ Eriksson, ‘Nyväckt intresse för nordisk modell’.

This rather audacious attempt to re-interpret the Nordic model reflected a more protracted conflict in Swedish politics over the nature of Swedish society, which, given Sweden's centrality to the concept 'Nordic', had implications for the meaning of the term across the region. In 2011, the SAP initiated proceedings to copyright the term 'the Nordic model'. This move was motivated by the intensifying battle over the concept, and *The Nordic Way* was widely seen as a major provocation of the SAP, which responded by claiming that it wanted to 'build Sweden back to the values which many understand as typically Swedish'.¹⁰⁴ The trademark was granted by the Swedish Patent and Registration Office (*Patent- och Registreringsverket*) which therefore implicitly agreed 'that it is the social democratic Nordic model we are talking about'.¹⁰⁵

The Nordic Council and the Nordic Council of Ministers opposed this development and argued that while the 'Nordic cocktail of welfare state and market economy' was a result of labour movements in the twentieth century, there were practical and principled objections to a national party patenting a concept which could be applied to and claimed by all five of the Nordic countries.¹⁰⁶ The debate about *The Nordic Way* and the SAP's response formed part of a much larger conflict over the Nordic and Swedish model concepts, and the intensity of the battle was suggestive of the declining ability of the SAP to monopolise these concepts as it had generally done until that time. Indeed, attempts to redefine the Swedish model in

¹⁰⁴ Jan Söderström, 'Socialdemokraterna har fått den nordiska modellen varumärkesskyddad', *Aktuellt i politiken*, 20 December 2012, <http://www.aip.nu/default.aspx?page=3&nyhet=41506>.

¹⁰⁵ Ibid.

¹⁰⁶ Michael Funch, 'Strid om den nordiske model skaber international debat', *Nordisk samarbejde*, 14 March 2012, <https://www.norden.org/da/aktuelt/nyheder/strid-om-den-nordiske-model-skaber-international-debat>.

Sweden continued under the SAP-led government which defeated Fredrik Reinfeldt's Moderate-led coalition in 2014.¹⁰⁷

2.2.4 Globalisation and Europeanisation in Norden

The Swedish Success Story and *The Nordic Way* are witness to an important change in the Nordic countries, particularly Sweden. After the end of the Cold War, the concept of globalisation became an increasingly common structuring logic for European and North American politics. Globalisation was widely invoked as a force which necessitated certain kinds of reform to make nation states more 'competitive' and 'flexible', and which could be deployed to discipline demands from labour for greater employment and social protections.¹⁰⁸

Previous generations of politicians and scholars had tended to see Norden as distinct from the wider international order and, in some senses, immune to the pressures of the market. After the end of the Cold War, this idea began to be challenged within and without the Nordic countries and the twin logics of globalisation and Europeanisation were central to this process. This trend has also been reflected in academic literature. Since the 1990s, scholars have increasingly viewed conditions in the Nordic countries as linked to underlying structural conditions to which governments and political parties must respond.

¹⁰⁷ Stefan Löfven, 'Striden om svenska modellen' (Speech, tal på Rågsveds servicehus i Stockholm, Stockholm, 29 February 2016), <http://www.socialdemokraterna.se/Stefan-Lofven/Tal-och-artiklar/2016/Striden-om-den-svenska-modellen/>; Stefan Löfven and Carin Jämtin, 'Nu tar vi strid för svenska modellen', accessed 15 December 2016, <http://www.socialdemokraterna.se/Pressrum/nyheter/Nu-tar-vi-strid-for-svenska-modellen/>.

¹⁰⁸ Pauli Kettunen, 'The Transnational Construction of National Challenges: The Ambiguous Nordic Model of Welfare and Competitiveness', in *Beyond Welfare State Models: Transnational Historical Perspectives on Social Policy*, ed. Pauli Kettunen and Klaus Petersen (Cheltenham: Edward Elgar Publishing Ltd., 2011), 16–40.

A good example of this view is found in Dimitris Tsarouhas' book *Social Democracy in Sweden: The Threat from a Globalized World*.¹⁰⁹ He argues, from an essentially national (i.e. Swedish) perspective, that traditional components of the 'Swedish Model' were threatened by the gradual move towards compatibility with the regulatory framework and goals of the European Economic Area (EEA) and, later, the EU. Tsarouhas challenges the typical argument that EU membership was a means for employers and the Bildt government to enact deregulatory reforms which they were struggling to implement domestically. Rather, he notes, there was a significant push by the Social Democrats and Trade Unions to reformulate their agendas in such a way as to be compatible with membership of the European Union, and that for the unions this was a strategy to avoid direct state intervention in the labour market.¹¹⁰

Much of the ambivalence towards the EU among Swedish social democratic actors, he argues, arose out of the sense that wage negotiations and worker protection, although protected by European law, were pursued for different reasons and under different ideological conditions than they had been up until that point in Sweden. In particular, there was a feeling that legal protection for workers was primarily seen as a means by which to eliminate unfair competition through wage depression and that wage negotiations were pursued on a far more individually-focused basis than was common in Sweden.¹¹¹

While Tsarouhas' argument is clearly valuable and makes a number of sophisticated points about the interrelationship between European and Swedish interests in the European Union, his argument proceeds from the starting point of a transfer from Europe and the rest of the

¹⁰⁹ *Social Democracy in Sweden*.

¹¹⁰ *Ibid.*, 119.

¹¹¹ *Ibid.*, 130, 137.

world to Sweden. It is therefore tempting to argue that Tsarouhas' choice of terms is a strong predictor of his argument. Claus Offe, for example, has noted the grammatical effect produced by the term 'globalization', since it operates in the passive voice.¹¹² That is to say, there is only globalisation; there are no globalists.¹¹³ Pauli Kettunen has made strong arguments against such conceptualisations of the Nordic countries. Kettunen's argument exposes the dialectical relationship between the 'global' and 'national' inherent to 'globalization' discourse, through an exploration of the articulation of the necessity for 'the making of a competitive "us"', which 'reflexively embrace[s] the perspectives of the transnational actors that compare us with others in their search for competitive environments for economic performance'.¹¹⁴

Eric S. Einhorn and John Logue's argument expands the frame to the Scandinavian countries, which I would refer to as Norden, since Iceland and Finland are included. They note that recurring financial and economic crises between 1989 and 1994 had severe impacts on the Nordic economies, which led to a reconsideration of some tenets of the 'Scandinavian model'.¹¹⁵ They argue that 'corporatist channels seem to have been unable to handle the new issues related to globalization', but also note that 'the Scandinavian countries serve as an early-warning system for the problems of advanced industrial societies, they may provide

¹¹² Claus Offe, 'Governance - "Empty Signifier" oder sozialwissenschaftliches Forschungsprogramm?', in *Governance in einer sich wandelnden Welt*, ed. Gunnar Folke Schuppert and Michael Zürn (Wiesbaden: VS Verlag für Sozialwissenschaften, 2008), 61–76; Claus Offe, 'Governance: An "Empty Signifier"?' 16, no. 4 (2009).

¹¹³ This is changing at the time of writing in February 2017, as globalisation is increasingly rejected as an imposition of a 'liberal elite', who are sometimes referred to as globalists, especially in authoritarian and neo-fascist discourses. Rebecca Mansour, 'Alex Jones Melts Globalists over Terror: Mind-Controlled Media Sacrificing the West for Islam', *Breitbart*, 21 September 2016, <http://www.breitbart.com/big-government/2016/09/21/alex-jones-melts-globalists-terror-mind-controlled-media-sacrificing-west-islam/>.

¹¹⁴ Kettunen, 'The Transnational Construction of National Challenges', 32.

¹¹⁵ Einhorn and Logue, *Modern Welfare States*, 328.

some illumination of the route ahead for the rest of us'.¹¹⁶ In other words, the Scandinavian countries are passively affected by globalisation, but simultaneously offer a means to deal with these inevitabilities.

Despite being a common observation about the nature of the nation state in the era of 'globalization', there are a series of potential objections to this analytical framework. Firstly, as Klaus Petersen argues, notwithstanding the appearance of homogeneity in the Nordic countries, a 'closer look at the political processes leading to Nordic mutuality agreements and cooperation often reveals practical problems, national interests and political disagreements'.¹¹⁷ And secondly, 'the transnational perspective differs from general studies of globalization or internationalization by also including questions regarding intention or agency'.¹¹⁸ In other words, there is a more complex history of the Nordic model available which sees the Nordic countries neither as homogeneous nor passive reactors to global forces, but as actively engaged with one another and transnationally as part of a range of different communities.

2.2.5 Conclusions

The Swedish/Finnish financial crisis had a major impact on the sense of a shared Nordic identity and precipitated a re-symbolisation of the Nordic model and, in particular, Sweden's place within it. The discourses considered in this section show a trend which articulated the Nordic model as broadly consistent with liberal, free-market norms in international policy-making. While this movement began in the aftermath of the 1991/2 financial crisis, it is an

¹¹⁶ Ibid., 343, 345.

¹¹⁷ Petersen, 'National, Nordic and Trans-Nordic', 52.

¹¹⁸ Ibid., 44.

ongoing process. The *Nordic Way* pamphlet presented at the 2011 World Economic Forum shows that the impetus to establish a meaning for the Nordic model empty signifier has, if anything, intensified since the 1990s. Moreover, despite the common assumption that the Nordic countries are unambiguously socially democratic, the discourses which have developed since 1991 suggest this may need to be revised.

In the same period a related discourse developed which argued that the Nordic countries were increasingly being amalgamated into the international order through the twin processes of globalisation and Europeanisation. For all their uniqueness, it was claimed, the Nordic countries were subject to the same forces as other major economies. Within this framework, however, the Nordic countries offered the potential for an alternative way of dealing with these international forces. While this view is reminiscent of earlier ideas about Nordic exceptionalism, it locates the Nordic countries firmly within a capitalist framework of assumptions about political economy.

Magnus Ryner notes that, 'for those concerned with the question of whether the Nordic countries can provide effective mythologies for politics elsewhere, grounded theory certainly makes the issue of transposition more complicated'.¹¹⁹ This argument rests on the assumption that these mythologies are socially democratic and that the Nordic model increasingly represents a problematic model of *social democracy*. But perhaps the question should increasingly be: can the Nordic countries provide effective mythologies for *non-socially democratic* politics elsewhere?

¹¹⁹ J. Magnus Ryner, 'The Nordic Model : Does It Exist? Can It Survive?', *New Political Economy* 12, no. 1 (2007): 68.

2.3. The Swedish Social Democrats, Labour's Third Way, the Swedish Moderates, and Cameron's Big Society

2.3.1 Changing Social Democracy in Sweden and the UK

The last section considered ideas about the Nordic countries which have circulated since the 1991/2 Swedish financial crisis. It identified a trend to re-interpret the Nordic countries as increasingly economically liberal and subject to the forces of 'globalisation' in much the same way as other western countries. Another trend in analysis of politics in the Nordic countries and Britain has seen developments as symptomatic of attempts by political parties to appeal to their electorates. To conduct this research, scholars have often adopted comparative approaches to assess the success of national political movements or the consequences of governmental programmes. These studies have made important contributions to understandings of national political movements and the differences between such movements in different places. On the other hand, this thesis hopes to complicate the implicit assumption that national political projects can be considered discretely by placing them into a direct, actor-centred relationship.

In common with portions of the scholarship on the impact of globalisation, this literature tends to imagine political projects as responding primarily to specific ideological and/or material conditions. Jonas Hinnfors, for example, looks in detail at UK Labour Party and Swedish Social Democratic Party sources from c.1950-1994 and examines the extent to which the parties' attitudes towards capitalism and markets changed over time.¹²⁰ He argues that, even during the 1980s in the UK – during which the UK Labour Party was split between a

¹²⁰ Jonas Hinnfors, *Reinterpreting Social Democracy: A History of Stability in the British Labour Party and Swedish Social Democratic Party* (Manchester: Manchester University Press, 2006).

socialist faction led by Tony Benn, the Trotskyist 'Militant Tendency', and the moderate social democratic party leadership – and the radicalism of the 1960s and 1970s in Sweden, culminating with the wage-earner funds policy, there was always an underlying acceptance of capitalism. Moreover, in the current 'neo-liberal' era, Hinnfors finds little evidence to suggest that the SAP have embraced the free market. However, he adds the caveat that, '[A]nti-capitalist the Party may be but a clear indicator of its basic acknowledgement of the market's merits is the trend towards using market mechanisms as a tool in several sectors of the economy including the welfare state'.¹²¹ Hinnfors therefore notes that there is a gap between rhetoric and action in the policy programmes of the Swedish Social Democrats and the UK Labour Party. But this is precisely the criticism levelled at the Social Democrats in Sweden and, even more so, New Labour in the UK: they whistled a nice social democratic tune, but in the end the dance itself was 'neo-liberal'.

This might be described as representing the broad views of Jenny Andersson and John Callaghan. Andersson argues that despite the fact that the Swedish Social Democrats had dismissed the work of Friedrich von Hayek and Milton Friedman as 'bourgeois propaganda', they were simultaneously commissioning studies into the effects of liberal policies in Reagan's USA, Thatcher's Britain and Pinochet's Chile.¹²² She describes this as a slow-burning crisis, which led to the adoption of a policy dubbed the 'Third Way' in Sweden from 1982, indicating a concerted attempt to change the articulation of Social Democratic policy. Moreover, this came at a time when there was a meaningful split emerging between the traditional economists of the Trade Union movement and a younger group, led by Klas Eklund, which

¹²¹ Ibid., 82.

¹²² Andersson, 'Swedish Reformism in the Post-War Period', 126.

was pushing for ideological renewal and which saw cost-cutting and savings in the public budget as a means to achieve this.¹²³ Andersson concludes that the tension between older articulations of social democracy and the new 'Third Way' 'was resolved through a break with the party's historic articulations and the introduction of an articulation where "security" was fundamentally subordinated to "growth"'.¹²⁴

Elsewhere, Andersson analysed the disjunctures between New Labour and SAP discourses. Her approach isolates 'signifiers' (for a full discussion of the signifier, see 3.3 below) which illustrate these splits between the two projects. She notes that while New Labour's discourse of Britain was generally articulated around concepts like 'renewal' and the 'electronic workshop', harking back to an industrial past, the SAP adopted the defensive, but less nostalgic, 'safeguarding' and talked about the creation of an 'electronic library'.¹²⁵ She argues that this can be seen as a major contrast between a British discourse which enthusiastically commodified individual knowledge and learning as 'social capital', and a Swedish discourse which saw education as a means to promote social solidarity and retard the individualising effects of market-based social policies.¹²⁶ This approach contributes importantly to scholarship on the Nordic model by foregrounding the importance of discourse. However, it retains the split between rhetoric and material effects, and treats the SAP and New Labour as discrete entities.

¹²³ Ibid., 127.

¹²⁴ Ibid., 130.

¹²⁵ Jenny Andersson, 'The People's Library and the Electronic Workshop: Comparing Swedish and British Social Democracy', *Politics & Society* 34, no. 3 (September 2006): 431–60.

¹²⁶ Ibid., 441–50.

Callaghan argues that the ideological positions adopted by New Labour rested on a false argument that Western societies had entered a post-materialist phase, something that necessitated a move away from the traditional materialist politics of social democracy.¹²⁷ In contrast to the German and Swedish Social Democratic parties (and to a lesser extent those of Denmark, Norway and Austria), 'The British Labour Party...emerged from the 1970s and 1980s as preoccupied with conventional economic thinking as it had been twenty years earlier, though the journey had taken it from "an alternative economic strategy" to reconciliation with "the market" and even neo-liberalism'.¹²⁸ Indeed, given the demands for an increased emphasis on environmentalist and feminist politics following the 1968 social movements other Social Democratic parties made calls for state interventions in the economy and society, 'only New Labour expected to find [an environmentalist politics] compatible with "enhancing the dynamism of the market"'.¹²⁹

If anything, therefore, what Hinnfors sees as a defence of the Social Democrats and New Labour is what Callaghan considers the most damning evidence against them. Callaghan even makes this explicit:

It might be objected that the adaptations referred to are only verbal-rhetorical and programmatic and...it is one thing to assert the centrality of environmentalism in a party programme, quite another to act upon this precept'.¹³⁰

¹²⁷ John Callaghan, 'Old Social Democracy, New Social Movements and Social Democratic Programmatic Renewal, 1968-2000', in *Transitions in Social Democracy: Cultural and Ideological Problems of the Golden Age*, ed. John Callaghan and Ilaria Favretto (Manchester: Manchester University Press, 2006), 177–9.

¹²⁸ *Ibid.*, 185; cf. Hinnfors, *Reinterpreting Social Democracy*.

¹²⁹ Callaghan, 'Social Democracy, 1968-2000', 192.

¹³⁰ *Ibid.*, 188.

This reveals a common split between rhetoric and material effects in both Hinnfors and Callaghan, but also demonstrates the problem with such a split, since rhetoric is seen as either totally meaningful or totally cynical. In the latter materialist fashion, the outcomes are the yardstick against which the rhetoric can be measured. In the former quasi-idealist analysis, rhetoric is the primary measure against which *intention* should be judged. That is to say, both sides agree that there is a split between rhetoric and action, though they disagree on its significance – since in practice one believes completely in rhetoric and the other disbelieves completely. The aim of this thesis will be to offer an analysis which argues that rhetoric and action should not be considered separate, but rather interdependent: without ‘articulation’ by social actors, action has no meaning.¹³¹

2.3.2 ‘Far above ideology, but not beyond ideals’: Labour’s Third Way

While the period before the 1990s forms an essential context to the rest of the thesis, the ‘Third Way’ and the ‘Big Society’ form the immediate context to the three case studies which make up the bulk of this study. The next section will therefore set out some of the core ideas of both political projects, explaining their similarities and divergences and setting out how they relate to the broader question of what constitutes the Nordic model.

The concept of a ‘Third Way’ has a long history among socialists and social democrats. As noted above, the term was used by the SAP in the 1980s to describe a reorientation away from security towards growth and flexibility. Outside Norden, the term was sometimes used as a synonym for ‘the Middle Way’ to describe the Nordic political settlements. It was also

¹³¹ For full discussion see chapter three.

used to describe other incarnations of socialism, including inter-war Austro-Marxism and evolutionary socialist programmes more generally.¹³² Broadly speaking, the Third Way moniker referred to an alternative between ‘actually existing socialism’ – i.e. what was practised in the Soviet Union – and capitalism.

In the 1990s, the Third Way became primarily associated with the New Labour project, led by Tony Blair and a coterie of other senior figures in the UK Labour Party. This was buttressed intellectually by the work of Anthony Giddens and Ulrich Beck, two scholars who elaborated the idea of ‘reflexive modernization’ and whose work was mutually influencing. In this section, two works, *The Third Way and its Critics* (Giddens) and *World Risk Society* (Beck), will be considered to elaborate the intellectual foundations of the Third Way. In essence, however, Blair and Giddens’ Third Way differed from earlier gradualism because of its attempt to find ‘a third way between the old social-democratic model and neo-liberalism’.¹³³

As an intellectual project, the Third Way can best be understood through a series of statements which formed the core of its rationale. These will be given here and then explained in greater depth below. Firstly, the Third Way was elaborated as a pragmatic response to changed global conditions, which cut a course between the orthodox ideology of left and right. Secondly, the project was deemed uniquely adaptable to the processes of ‘modernization’, which were a pressing issue for social democratic parties across Europe. Thirdly, it was claimed that social democracy should embrace the power of markets, which should be regulated in such a way that they efficiently distributed social ‘goods’ and ‘risks’.

¹³² Ilaria Favretto, *The Long Search for a Third Way: The British Labour Party and the Italian Left since 1945* (Basingstoke: Palgrave Macmillan, 2003), 1–14.

¹³³ *Ibid.*, 112.

Fourthly and finally, in order to win elections, the Third Way should orientate itself away from emancipatory politics, towards a notional political 'centre'.

A key thesis of the Third Way as it was developed by Ulrich Beck and Anthony Giddens was an emphasis on the absence of adversarial politics in post-traditional societies. Whereas previously, in materialist societies, identities had been constructed based on a sense of us and them (i.e. workers and managers), these distinctions had become irrelevant, partly as a result of the annihilation of space by the de-territorialisation of global capital.¹³⁴ In arguing this, Beck claimed that there were 'dangers produced by civilization which could not be socially delimited in either space or time' and that the result of this was that 'the basic conditions and principles of the first, industrial modernity ... are circumvented and annulled'.¹³⁵ Like a number of Beck's other theoretical arguments, this is difficult to sustain, since by removing risk from space and time, he simultaneously removed it from processes of production, distribution and consumption. Such processes cannot be anything other than spatial and temporal phenomena.¹³⁶

Clearly some forms of risk are (to some degree) outside the accumulative practices of capitalism: volcanic eruptions, for example, are not conditioned by capital (although the severity of their human consequences almost always are). However, given the extent to which the physical environment is shaped by capital flows, it is odd to argue that that such risks 'cannot be socially delimited in space or time'; the risks to a development built on a flood plain, whether it be in Boscombe or Bangladesh, clearly can be apprehended within the social,

¹³⁴ Ulrich Beck, *World Risk Society* (Cambridge: Polity, 1999), 2.

¹³⁵ *Ibid.*, 19.

¹³⁶ David Harvey, *The Condition of Postmodernity* (Oxford: Blackwell, 1990); Harvey, *The Enigma of Capital*.

and hence delimited in space and time. Moreover, with this argument, Beck subtly moved the frontier of social analysis away from the capital-labour relation and towards a problematic focused heavily on ecological and 'post-materialist' issues.

According to Beck and Giddens, the collapse of the first industrial modernity revealed a plurality of demands, including ecological and feminist interests, which could not be resolved within traditional structures.¹³⁷ This radical decentring of dangers removed the potential to simply 'get rid of the bad guys', which Giddens claimed had characterised social democratic and conservative thinking up until that point.¹³⁸ Rather, the Third Way 'must also leave behind the idea that left and right is the sole and sovereign dividing-line in politics'.¹³⁹

This chimed with a desire to reject the old left and replace it with a new politics which was structured around ecological risks and 'individualization and globalization processes'.¹⁴⁰ The implications of this argument were reflected in the political agenda of New Labour, which proposed a radical shift towards individualism and liberal civil rights causes and away from collectivism. Indeed, as Ilaria Favretto has noted, this triggered a major re-alignment in British politics in which Labour occupied the centrist territory which had previously been occupied by the Liberal Democrats.¹⁴¹ The shift towards ecological, feminist and civil rights issues was marked by a rejection of the ideological preoccupations of left and right. This is nicely

¹³⁷ Beck, *World Risk Society*, 92.

¹³⁸ Anthony Giddens, *The Third Way and Its Critics* (Cambridge: Polity, 2000), 38.

¹³⁹ Ibid.

¹⁴⁰ Beck, *World Risk Society*, 39.

¹⁴¹ Favretto, *The Long Search for a Third Way*, 118–122.

captured by Tony Blair's statement to the annual Labour Party conference in 1996 that the party was part of 'a tradition far above ideology, but not beyond ideals'.¹⁴²

Having radically rewritten the rationale underpinning conventional political systems, Beck and Giddens adopted a sleight of hand to head off the very real danger of a radically constructivist reading of their political thought, in which the public sphere was nothing more than a plurality of interests. In order to do this, Beck argued that:

'[C]onflicts are possible, but these must be able to be settled predictably in the designated arenas and with the designated procedures. This reliability includes the social acceptance of administrative agencies that interpret the scope of action in the arena of conflict between opposing values and possible legal interpretations with a fundamental priority for calculable, inherently dynamic modernization.'¹⁴³

To offer a translation, Beck aims to limit conflict to a small number of areas, despite the implications of his concept of 'subpolitics', pointing in the opposite direction, by arguing that rather than political solutions, there can be 'correct' answers to political questions that can be identified by 'administrative agencies'. The logic of the Third Way was therefore post-political in the sense that while it was legitimate to pursue political ends, this had to occur in a limited sphere and subject to the technical identification of a 'right' answer.

¹⁴² Tony Blair, 'Leader's Speech' (Labour Party Conference, Blackpool, 1996), <http://www.britishpoliticalspeech.org/speech-archive.htm?speech=202>.

¹⁴³ Beck, *World Risk Society*, 100.

The concept of modernisation dovetailed with the post-ideological or post-political elements of the Third Way project. Despite having radically rejected ‘old’ ideologies based around ‘we/they’ identities, Beck and Giddens were nonetheless forced to reopen just such a split between those who embraced ‘reflexive modernization’ and those who rejected it.¹⁴⁴ In other words, there were those who conceded the basic terms of the Third Way vision of post-ideological politics and those who did not, with society constituted by the ‘modernisers’ and the outside constituted by those ideologues, conservatives and fundamentalists who opposed it.¹⁴⁵

Indeed, Laclau and Mouffe have argued consistently that antagonism, conceived of as we/they identities, is constitutive of the political, explaining why the abolition of antagonism failed and its reintroduction (by stealth) was immediately necessary.¹⁴⁶ Modernisation was however a core concept of the Third Way project and the importance of its sense of progress should not be underestimated as a means to eliminate politics. As Giddens put it:

These questions...are about “life politics”, rather than the “emancipatory politics” of the left. Life politics is about how we should respond to a world in which tradition and custom are losing their hold over our lives, and where science and technology have altered much of what used to be “nature”.¹⁴⁷

In theory, therefore, the Third Way was hostile to assertions of the ‘natural order of things’, but nonetheless re-established just such an order through its claims that science and

¹⁴⁴ Ibid., 39.

¹⁴⁵ Chantal Mouffe, *On the Political*, 2nd ed. (London: Verso, 2007), 48–63.

¹⁴⁶ Chantal Mouffe, *The Return of the Political*, 2nd ed. (London: Verso, 1993); Mouffe, *On the Political*; Ernesto Laclau, *New Reflections on the Revolution of Our Time* (London: Verso, 1990).

¹⁴⁷ Giddens, *The Third Way and Its Critics*, 40.

technology had fundamentally altered the social order, which could therefore only be apprehended by those who have accepted the case of modernisation.¹⁴⁸

While the emphasis on pragmatic, post-ideological politics and a programme of modernisation were core components of the Third Way understanding of politics, a key plank of its economic policy was an acceptance of markets and market mechanisms as a means by which to organise society and to distribute social goods and risks. In keeping with the post-political and modernising elements of the project, there was a serious attempt to argue that the 'old' value judgements which opposed markets and the state should be abandoned. As Nicholas Barr, a former economist for the World Bank, now based at the London School of Economics (LSE), had it: '[M]arkets are neither good nor bad; they are enormously useful in well-known and widely applicable circumstances, less useful in others'.¹⁴⁹ In other words, acceptance of markets was a key plank of the modernising agenda, with the proviso that markets must be regulated. Giddens in particular made the case for the acceptance of markets in a way which directly echoed the public choice logic previously put forward exclusively by the Conservative Party in the UK.¹⁵⁰ In contrast to Hinnfors' revisionist argument that Labour's commitment to the market remained broadly consistent from the 1950s to the 1990s, the Third Way did mark a qualitative shift from grudging to enthusiastic acceptance of the power of markets. Writes Giddens:

¹⁴⁸ J. Magnus Ryner, *Capitalist Restructuring, Globalisation and the Third Way: Lessons from the Swedish Model* (London: Routledge, 2002), 1.

¹⁴⁹ Nicholas A. Barr, 'Towards a "Third Way": Rebalancing the Role of the State', *New Economy*, 1998, 76.

¹⁵⁰ Ian Greener, 'Towards a History of Choice in UK Health Policy', *Sociology of Health and Illness* 31, no. 3 (2009): 309–24.

[M]arket relations allow free choices to be made by consumers, at least where there is competition between multiple producers ... such choice is real ... since the decisions the individual makes aren't given by authoritarian command or by bureaucracy.¹⁵¹

Moreover, the Third Way embraced the 'New Public Management' (NPM) agenda which had been popularised across the Western world, to differing degrees, in the 1980s. NPM exponents argued that markets are not only the most efficient way of organising the distribution of private goods, but that this logic can also be extended into the public sphere. In other words, markets, or close approximations of them, can be used as a means of supplying not only bananas or IT services, but also public healthcare and education. In this they were heavily influenced by the work of Milton Friedman and, later, Albert O. Hirschmann, who set out a wide-ranging intellectual vision of a public sector run through participation in markets in his now classic book *Exit, Voice and Loyalty*.¹⁵² This necessitated a pronounced shift away from traditional social democratic conceptions of equality, since, according to Giddens, '[S]ocial diversity is not compatible with a strongly defined egalitarianism of outcome', rather 'Third Way politics looks instead to maximize equality of opportunity'.¹⁵³ Having shifted to this standpoint, it became possible for Giddens to argue that:

'Markets do not always increase inequality, but can sometimes be the means of overcoming it. Moreover, while active government is needed to promote egalitarian policies, the left has to learn to recognize that the state itself can

¹⁵¹ Giddens, *The Third Way and Its Critics*, 35.

¹⁵² Albert O. Hirschmann, *Exit, Voice, and Loyalty* (London: Harvard University Press, 1970).

¹⁵³ Giddens, *The Third Way and Its Critics*, 53.

produce inequality ... even when it is recognizably democratic and motivated by good intentions.¹⁵⁴

If equality of opportunity is the primary aim of social democracy, then markets can certainly form part of the solution to social problems, as, according to public choice theory, the distributive logic of markets means that 'no specific assumptions concerning the extent of equality or inequality in the external characteristics of individuals in the social group' is necessary.¹⁵⁵

Perhaps for this reason above all others, European social democrats were sceptical of the Third Way and saw it as at best ambiguously socially democratic, at worst opposed to social democrat aims.¹⁵⁶ Compare, for example, the commitment of the Nordic welfare states to decommodification of labour and the reduction of the demands of the labour market on the population with the argument of sociologists and proponents of the Third Way John Myles and Jill Quadagno, who contended that support services and education would allow people to 'commodify themselves', thereby reducing their dependence on the state for services.¹⁵⁷

Electorally speaking, the Third Way was a strategy for the Labour Party to win elections from the 'radical centre'.¹⁵⁸ Giddens defined this as a 'politics of compromise', which implicitly confirms that the Third Way was not necessarily concerned with re-articulating meanings, but rather attempting to make existing meanings compatible with one another. Ironically,

¹⁵⁴ Ibid., 33.

¹⁵⁵ James Buchanan and Gordon Tullock, *The Collected Works of James M. Buchanan, Vol 3: The Calculus of Consent* (Indianapolis: Liberty Fund, 1999), 19.

¹⁵⁶ Callaghan, 'Social Democracy, 1968-2000', 184–185.

¹⁵⁷ 'Envisioning a Third Way: The Welfare State in the Twenty-First Century', *Contemporary Sociology* 29, no. 1 (2000): 158.

¹⁵⁸ Giddens, *The Third Way and Its Critics*, 43.

therefore, Giddens' attempt to rid politics of an outside limits the Third Way, by definition, to the lesser of Gramsci's two forms of hegemony. The Third Way could never aspire to more than a transformist hegemony because its delineation of (reified) interest coalitions as the totality of the social field prohibited the establishment of an expansive hegemony. An expansive hegemony would imagine a Third Way programme not just as a neutralisation of the antagonisms between particular interests, e.g. finance and small businesses, but as representing the broad interests of society as a whole.¹⁵⁹

Significantly, but perhaps not surprisingly, given that the Swedish Social Democrats had adopted a strategy referred to as the Third Way as early as 1982, Giddens saw the Scandinavian countries as having been historically concerned with issues that the Third Way had identified, but also more recently successful at adapting to the pressures of 'reflexive modernization'. To give two examples, which will be highly relevant to the rest of this study, Giddens noted that 'the Nordic welfare states have long since concentrated upon active labour market policies'.¹⁶⁰ As more recent examples, Giddens identified that, then contemporary, 'welfare-to-work' policies, such as those introduced by New Labour were 'based...as much on Swedish policies as upon those coming from the US'.¹⁶¹ Furthermore, then recent reforms in Denmark (and the Netherlands), notably the 'negotiated economy', were 'of direct relevance to third way politics'.¹⁶² Giddens was therefore impressed by the nascent 'flexicurity' agenda (see chapter four). While social democrats in Europe were

¹⁵⁹ Chantal Mouffe, 'Hegemony and Ideology in Gramsci', in *Gramsci and Marxist Theory*, ed. Chantal Mouffe (London: Routledge, 1979), 168–204; Ryner, *Capitalist Restructuring, Globalisation and the Third Way: Lessons from the Swedish Model*, 11.

¹⁶⁰ Giddens, *The Third Way and Its Critics*, 17.

¹⁶¹ *Ibid.*, 30.

¹⁶² *Ibid.*, 31.

sceptical of the Third Way, then, Giddens, and as will be demonstrated in the body of the thesis, New Labour, were interested in the reforms of Social Democratic parties throughout Europe as potential models for ‘modernization’.

Critically, however, Giddens claimed that ‘Nordic social democracy has been characterized by a willingness to introduce reforms on a pragmatic basis with the aim of finding solutions that are effective’.¹⁶³ Nordic social democrats were therefore positioned as having been modernisers, before modernisation had even been thought about in Britain. This designation of Nordic social democracy as a pragmatic solution-orientated system to be emulated sets an important direction for this study’s analysis of the re-articulation of the Nordic model as a significant concept in British politics.

2.3.3 Triangulating towards an empty centre: Cameron’s Big Society

Much analysis of the Third Way, including that given here, has looked at the formulation of the Third Way as an ideological position distinct from traditional social democracy and ‘neoliberalism’, and argued that ideological concerns conditioned the character of subsequent reforms. Although there is a pronounced tendency, as discussed above with reference to the split between rhetoric and action, to try to pinpoint the split between rhetoric and reform, the neo-Gramscian critique advanced by Mouffe and many others has argued persuasively that Third Way ideology and its policy programme are relatively consistent. In the case of the Conservative ‘Big Society’ the situation is rather different, especially given that this is a more recent phenomenon, and therefore less has been written

¹⁶³ Ibid., 17.

about it. To address this, I will offer some context, set out the Big Society's central themes and offer an analysis of what has so far been written on the subject, before setting out its relevance to this study.

It has become something of a truism, especially since the result of the 2016 European referendum, that David Cameron's term as Prime Minister was characterised by a constant pirouetting from crisis to crisis. Cameron won the Conservative leadership election in 2005 on a platform of moving the Conservative Party towards the 'radical centre' and much of his personal appeal to the electorate was modelled on Tony Blair. This approach had its roots in the Conservatives' response to Labour's landslide election victory in 1997.

Under William Hague (1997-2001) the party moved towards increasingly free-market policies, opposition to the European Union, and criticism of Labour's immigration policies. In the 2001 General Election, Labour increased its majority and the Conservative Party elected Iain Duncan Smith as its leader following Hague's resignation as leader. Duncan Smith's tenure was widely considered a failure and he was removed in 2003, two years before the next General Election. His replacement, Michael Howard, did respectably in the 2005 election, but at the cost of a number of stances which entrenched the suspicion that the Conservatives were the 'nasty party'. This is often summed up by a now infamous advertising campaign in which the tagline 'are you thinking what we're thinking?' appeared underneath slogans such as 'it's not racist to impose limits on immigration'.¹⁶⁴ This strategy was relatively effective, arguably influencing the strategy for Conservative general election victories in 2010, 2015 and

¹⁶⁴ Martin Kettle, 'Are You Thinking What I'm Thinking about the Election?', *The Guardian*, 8 March 2005.

Vote Leave in the European Union referendum of 2016. However, it alienated many liberal voters, especially in cities and university towns.

Cameron therefore looked to address areas of perceived Conservative weakness. This entailed a rejection of issues which preoccupied the Conservative Party, but alienated voters. This strategy was often glossed by his statement to the Conservative Party Conference in 2006 that: '[W]hile parents worried about childcare, getting the kids to school, balancing work and family life - we were banging on about Europe'.¹⁶⁵ This ushered in a much greater emphasis on ecological and social issues, epitomised by the so-called 'hug a huskie' and 'hug a hoodie' campaigns.¹⁶⁶ The Big Society campaign itself appeared rather late in this process, but its basic contours took shape as early as 2006. During his leadership, Cameron also tried (and generally failed, with spectacular consequences) to suppress issues which occupied the Conservative Party, but were unpopular with wider society. Britain's membership of the European Union is perhaps the most obvious example of this.

The results of this strategy were, at best, mixed. The impacts of the 2008 financial crisis meant that the Big Society programme, which Cameron had begun working on in opposition, was effectively stillborn. It was greeted with scepticism by the media amid questioning as to how such a policy, which was, at its heart, communitarian, could be pursued alongside massive fiscal retrenchment. While few commentators make this argument even now, it should have been obvious that triangulation had been superseded by events and that the uneasy pre-crisis

¹⁶⁵ David Cameron, 'Leader's Speech' (Speech, Conservative Party Conference, Bournemouth, 2006), <http://www.britishpoliticalspeech.org/speech-archive.htm?speech=314>.

¹⁶⁶ George Jones, 'Cameron Turns Blue to Prove Green Credentials', *The Daily Telegraph*, 21 April 2006; Gaby Hinsliff, 'Cameron Softens Crime Image in "Hug a Hoodie" Call', *The Observer*, 9 July 2006.

interest coalitions which New Labour had managed to yoke together, were now themselves unstable and in some cases in a state of traumatic identity crisis.

New Labour, for example, was fond of claiming that it had ended 'Tory boom and bust'.¹⁶⁷

Economists and public figures dissenting from this view were easily dismissed as the 'awkward squad' (failed to modernise!), because the consensus among mainstream economists, business figures, the media and the political parties was overwhelmingly in favour of the broad economic model which Labour had inherited in 1997. By 2010, when the Conservatives and Liberal Democrats entered government, this precarious coalition had splintered in the aftermath of the financial crisis. In the field of economics alone a series of fierce, and, at the time of writing in February 2017, unresolved, pitched battles were being fought between orthodox economists favouring retrenchment (the Institute of Economic Affairs and Centre for Policy Studies);¹⁶⁸ neo-Keynesians arguing for greater public borrowing (Paul Krugman and Joseph Stiglitz),¹⁶⁹ and a vocal Marxian and neo-Gramscian minority favouring a range of measures including debt write-downs,¹⁷⁰ financial re-regulation, and non-market forms of exchange (Paul Mason).¹⁷¹ In this climate, attempts to neutralise antagonisms through triangulation towards a 'radical centre' were doomed to failure, for the simple reason that the antagonisms themselves had been radically emptied of their meaning and the centre itself

¹⁶⁷ Tony Blair, 'Leader's Speech' (Labour Party Conference, Brighton, 1997), <http://www.britishpoliticalspeech.org/speech-archive.htm?speech=203>; Tony Blair, 'Leader's Speech' (Labour Party Conference, Brighton, 2005), <http://www.britishpoliticalspeech.org/speech-archive.htm?speech=182>.

¹⁶⁸ Kent Matthews, 'No Case for Plan B - Lessons for the Great Recession from the Great Depression', IEA Current Controversies (London: Institute of Economic Affairs, December 2011); George Trefgarne, *Metroboom: Lessons from Britain's Recovery in the 1930s* (Surrey: Centre for Policy Studies, 2012).

¹⁶⁹ Paul Krugman, 'The Case for Cuts Was a Lie. Why Does Britain Still Believe It? The Austerity Delusion', *The Guardian*, 29 April 2015; Joseph Stiglitz, 'Austerity Has Been an Utter Disaster for the Eurozone', *The Guardian*, 1 October 2014.

¹⁷⁰ Costas Douzinas et al., 'All We Are Saying Is Give Greece a Chance', *The Guardian*, 17 February 2015.

¹⁷¹ Paul Mason, 'The End of Capitalism Has Begun', *The Guardian*, 17 July 2015.

had collapsed into non-meaning. This was, to use a Lacanian term, the irruption of the traumatic Real, which demands re-symbolization, and re-totalization of the social field. Put simply, the particular coalition of interests which Tony Blair and New Labour had managed to negotiate relatively successfully between 1997 and 2007 had been destroyed by the financial crisis, something which Cameron's Conservatives, and most commentators on British politics, failed to grasp adequately.

This is clear when one examines some of the founding texts of the Big Society, beginning with Jesse Norman's texts *Compassionate Conservatism*, *Compassionate Economics*, and *The Big Society*.¹⁷² Norman, a Conservative MP, attempted to set out a logic of conservative thought 'with its roots in Adam Smith and Edmund Burke, and its modern flourishing in Oakeshott and Friedrich Hayek'.¹⁷³ Following the financial crisis of 2008, Norman sharpened this critique in a way which explicitly rejected the economic ideas associated with New Labour and, in a more veiled fashion, with Thatcherism. At least part of this was done through the reclamation of Adam Smith, as, first and foremost, a moral philosopher, rather than an economist. This allowed Norman to be highly critical of the economic orthodoxy which had led to a culture of 'rampant materialism'.¹⁷⁴ It also allowed him to carefully put forward a critique of Thatcherism, in particular her (in)famous remark that "there is no such thing as society", which he rejected on the basis that conservatism has a strong tradition of concern with institutions and that the juxtaposition of individual and state commonly found in the liberal

¹⁷² *Compassionate Conservatism* (London: Policy Exchange, 2006); *Compassionate Economics* (London: Policy Exchange, 2008); *The Big Society* (University of Buckingham Press, 2010). Generally speaking, the arguments made in these three texts overlap significantly, including some passages which are repeated verbatim in two of the three. I will not always attribute multiple citations to such passages (which are usually the most important), and this section usually prefers the earlier texts, for the prosaic reason that I read them chronologically.

¹⁷³ Norman, *Compassionate Conservatism*, 57.

¹⁷⁴ Norman, *Compassionate Economics*, 19.

tradition accounts for only half of the conservative philosophical tradition.¹⁷⁵ Instead, argues Norman, society should be seen as ‘a three-way relation, between individuals, institutions and the state’.¹⁷⁶

This is indeed a drastic split with the hegemonic individualism of Thatcherism and the Third Way. When formulated as ‘a three-way relation’, it is even reminiscent of the problematic which informs Lars Trägårdh’s concept of ‘statist individualism’ (see 2.2.1, above).¹⁷⁷ However, in essence, it was a return to the institutionalism which informed the paternalistic conservatism of Edmund Burke and Otto von Bismarck, something which Norman readily acknowledged. This allowed Norman to address a range of *bêtes noir* of traditional conservatives, including rates of drug abuse, family breakdown and lack of social trust,¹⁷⁸ while also addressing indirectly the legacy of Thatcher’s government on previously strong sections of civil society. In particular, and importantly for this study, Norman was particularly focused on what Phillip Blond terms ‘working-class social institutions’,¹⁷⁹ especially those which provided social services, which, after 1945, were taken over by the welfare state.

Much as the theorists of the Third Way constructed a theoretical edifice which could accommodate the functioning of global markets, Norman also finds a way to bring markets within his schema. He does this rather ingeniously by arguing that it would be wrong to:

¹⁷⁵ Norman, *Compassionate Conservatism*, 37.

¹⁷⁶ *Ibid.*, 47; Norman, *The Big Society*, 87–91.

¹⁷⁷ Trägårdh, ‘Statist Individualism’; Katrine Kielos, ‘Flight of the Swedish Bumblebee’, *Renewal* 117, no. 2 (2009): 62.

¹⁷⁸ Norman, *Compassionate Conservatism*, 2; Norman, *Compassionate Economics*, 19.

¹⁷⁹ Phillip Blond, *Red Tory: How the Left and Right Have Broken Britain and How We Can Fix It* (London: Faber and Faber, 2010), 14; Norman, *Compassionate Conservatism*, 17.

exclude institutions that have no physical presence at all. So we are not talking merely about a particular local church, or rugby club or branch of the Women's Institute; but also about the market, the nation state and the city; and more abstractly still, about the family, marriage, and the rule of law.¹⁸⁰

By this expedient, markets can be integrated into a conservative philosophy which is explicitly anti-individualistic.

Having reclaimed the market as an institution, it was therefore essential to explain how this vision of the market as an institution was different from the actual operation of markets in contemporary capitalism. To do this, Norman drew a distinction between the Chicago School, led by Milton Friedman, which he viewed as driven by an atomistic notion of the subject, and the work of Friedrich Hayek for whom individuals were constituted by 'their existence in society'.¹⁸¹ He later expanded this criticism to include James Buchanan and Gordon Tullock the fathers of 'public choice theory'. He described their ideas damningly, saying: 'Thus was politics logically subordinated to economics, and thus was the theoretical justification laid for centuries of voter disgust, before and afterwards, with politicians and public servants'.¹⁸² This opposition to the central logic of the Chicago School was shared by Phillip Blond, author of *Red Tory*. His criticism of the Thatcher era is worth quoting at some length:

it was decided shortly after Mrs Thatcher's election in 1979 that the interests of the state and the market were synonymous. All her supporters agreed that to further the interests of the latter we had to restrict the former, but in order

¹⁸⁰ Norman, *Compassionate Conservatism*, 46; This critical passage is repeated verbatim in Norman, *The Big Society*, 106.

¹⁸¹ Norman, *Compassionate Conservatism*, 58.

¹⁸² Norman, *Compassionate Economics*, 26; Repeated verbatim in Norman, *The Big Society*, 55–6.

to extend the interests of the market, Thatcher had to increase the power of the state – a logic that was only compounded and increased by New Labour. Both market and state thus accrued power in the name of democracy, and effectively and progressively excluded ordinary citizens from economic and democratic participation.¹⁸³

In other words, both Norman and Blond concluded that a particular form of hegemonic ‘neo-liberalism’ – Blond actually used the term – had taken hold of British public life and that it had damaged the public sphere and many of the institutions which previously characterised British civil society. Both were particularly concerned with the decline of working-class institutions, especially health-insurance schemes, mutuals, and trade unions.¹⁸⁴ The solution, therefore, was in the encouragement of diverse civil institutions to grow and flourish at the expense of a particular form of market, populated by shareholder corporations, and the state. Although the relationship between the market and civil society had been complicated by Norman’s acceptance of markets as ‘a source, not of social breakdown, but of social cohesion’.¹⁸⁵

‘Compassionate Conservatism’ and ‘Red Toryism’ should therefore be seen as essential precursors to the Big Society project. It is clear that the Conservatives were attempting to engage with problematic portions of their ideology, in particular the neglect of civil society, in much the same fashion that Labour had attempted to do through the Third Way. This could

¹⁸³ Blond, *Red Tory*, 4.

¹⁸⁴ Norman, *Compassionate Conservatism*, 17; Blond, *Red Tory*, 14; Conservative MP Robert Halfon has also argued for a rapprochement between trade unions, exemplifying the institutions of the working class, and the Conservative Party. *Stop the Union-Bashing* (London: Demos, 2012).

¹⁸⁵ Norman, *Compassionate Economics*, 64.

be summed up in Theresa May's famous designation of the Conservatives as 'the nasty party'.¹⁸⁶ There are clear electoral implications of this, especially given that David Cameron, then Leader of the Conservative Party, had embarked on a self-consciously modernising project which argued that 'changing your party is just the precursor of changing your country'.¹⁸⁷ This is not to say that there was not scepticism of the Big Society, even among those supportive of the Conservative Party, nor a recognition that portions of the agenda would prove problematic in the aftermath of the financial crisis. Writing in *The Big Society Challenge* both Liz Truss, a Conservative MP, and Anna Coote, of the New Economics Foundation, made exactly this point. Truss argued that 'a series of crises...have shaken public faith in the economy and our political system'.¹⁸⁸ Coote's consideration was extremely thorough and addressed the relationship between 'austerity' and the Big Society programme. Pre-empting some of the academic literature which will be considered shortly, she noted that the Big Society would fundamentally alter the contours of the 'post-war welfare state'.¹⁸⁹ Moreover, she noted that it was unclear to what extent the plurality of institutions which Norman and Blond favoured would be able to flourish 'as big corporates move in', and questioned the coherence of 'shifting functions away from the state to independent organisations if the new "providers" simply replicate the delivery models of the state'.¹⁹⁰ There was, then, scepticism as to the potential of the Big Society to function in conditions of fiscal retrenchment.

¹⁸⁶ Michael White and Anne Perkins, "'Nasty Party" Warning to Tories', *The Guardian*, 8 October 2002.

¹⁸⁷ Fredrik Reinfeldt, *The New Swedish Model: A Reform Agenda for Growth and the Environment* (London: London School of Economics, 2008).

¹⁸⁸ Liz Truss, 'Foreword', in *The Big Society Challenge*, ed. Marina Stott (Cardiff: Keystone Development Trust, 2011), ix.

¹⁸⁹ Anna Coote, 'Big Society and the New Austerity', in *The Big Society Challenge*, ed. Marina Stott (Cardiff: Keystone Development Trust, 2011), 82.

¹⁹⁰ *Ibid.*, 88–9.

However, this pivot from Thatcherism towards a conservative tradition concerned primarily with institutions suggests some of the logic of looking to the Nordic countries as a potential for reform, especially given the incompatibility of Compassionate Conservatism with the libertarianism so characteristic of contemporary Republicanism in the United States. Politically, therefore, David Cameron found much to recommend Fredrik Reinfeldt's 'New Moderates'. Reinfeldt became leader of the Moderate Party in 2003 and, much like Cameron, looked to New Labour as a model for electoral success.¹⁹¹ In 2006, Reinfeldt, as leader of the largest party in the liberal-conservative 'Alliance' (*Alliansen*), became Prime Minister of Sweden.¹⁹² The Moderate Party did even better in the 2010 election, winning almost as high a percentage of the votes as the Social Democrats, although significant portions of this gain appear to have been at the expense of its coalition partners, as the Alliance lost its overall parliamentary majority.¹⁹³

This included a political agenda which had been developed to mediate between conflicting corporatist and liberal instincts, both within the party and in Sweden more generally. A further attraction was the emphasis on ecological issues, which Cameron had aligned with the Big Society agenda. Indeed, it is noteworthy that Cameron and Reinfeldt shared a platform at the London School of Economics in 2008 at which Reinfeldt's lecture was titled 'The New

¹⁹¹ Torbjörn Nilsson, 'Moderaterna vid den tredje vägens slut', *Svensk Tidskrift*, no. 5 (2003): 9–14.

¹⁹² Nicholas Aylott and Niklas Bolin, 'Towards a Two-Party System? The Swedish Parliamentary Election of September 2006', *West European Politics* 30, no. 3 (2007): 621–33.

¹⁹³ Nicholas Aylott and Niklas Bolin, 'Polarising Pluralism: The Swedish Parliamentary Election of September 2014', *West European Politics* 38, no. 3 (2015): 730–40.

Swedish Model: A Reform Agenda for Growth and the Environment'.¹⁹⁴ The connection was eventually formalised as the 'Northern Future Forum'.¹⁹⁵

On the other hand, there were areas of ideological difficulty in the relationship between Cameron's Big Society and Reinfeldt's New Moderates platform. Firstly, for all that Reinfeldt was motivated by a desire to encourage growth and maintain a tight fiscal policy, this came with the caveat that the purpose of this was to create the conditions for full employment. For Cameron, such measures were a means to control inflation.¹⁹⁶ Moreover, given that the work of Norman and Blond had so emphatically rejected Milton Friedman and the Chicago School, it is rather ironic that the UK Conservatives were nonetheless attracted to Swedish voucher reforms, an idea which was taken from Friedman and refined by public choice theorists, whose work had also been rejected as leading to social atomism. Finally, Reinfeldt was insistent on the necessity of active government investment in infrastructure, and the Nordic countries in general have always had developed industrial policies. In common with the Third Way, Cameron's Big Society was unable to see beyond public service reform as the remit of the state, and it is telling that neither Norman, nor Blond, nor the authors of *The Big Society Challenge* put forward meaningful suggestions for an industrial policy.

Parts of the academic literature on the Big Society which has been published thus far have tended to see the Big Society as a cynical attempt cover up an underlying privatisation

¹⁹⁴ Reinfeldt, *The New Swedish Model*.

¹⁹⁵ James Crabtree, 'Downing St's Viking Invasion', *The Financial Times*, 14 January 2011.

¹⁹⁶ Reinfeldt, *The New Swedish Model*.

agenda.¹⁹⁷ Other scholars note that the conditions for a somewhat nostalgic policy had been undermined by decades of deregulation, since the agenda ‘depends on relatively stable work and stable local or work-based communities: social policies from Thatcher on have undermined these material bases of self-organization, resilience and sociality’.¹⁹⁸ Yet others emphasised the extent to which the Big Society was forced to compete with the opposing logics of ‘the shrinking state, marketization and a paternalistic view of personal responsibility’, or that the programme was subject to internal splits, rendering it incoherent: ‘policy announcements linked to public service reform have focused on what might be described as a “thin” rather than “big” conception of citizenship, emphasising the citizen as an individual consumer rather than a community member’.¹⁹⁹

While all of these approaches have identified clear flaws in the Big Society, up to the point of noting that the voluntary and private sectors were unlikely to spontaneously fill the gap left by the state without significant investment, they have generally not made the argument which informs this thesis, that a re-orientation towards institutions and civil society, while potentially appropriate in 2006, had become all but impossible by 2008, as many of these institutions had forfeited their symbolic mandates as a result of their roles in, or responses to, the financial crisis of 2008. This is especially true given the core position of the market-as-

¹⁹⁷ See, for example, Peter North, ‘Geographies and Utopias of Cameron’s Big Society’, *Social & Cultural Geography* 12, no. 8 (2011): 823: ‘Could it be, then, that civil society is being set up to fail? That the real agenda is privatisation?’

¹⁹⁸ R. Levitas, ‘The Just’s Umbrella: Austerity and the Big Society in Coalition Policy and beyond’, *Critical Social Policy* 32, no. 3 (2012): 16.

¹⁹⁹ Daniel Sage, ‘A Challenge to Liberalism? The Communitarianism of the Big Society and Blue Labour’, *Critical Social Policy* 32, no. 3 (2012): 376; Helen Sullivan, ‘DEBATE: A Big Society Needs an Active State’, *Policy & Politics* 40, no. 1 (2012): 147.

institution which underpinned significant parts of the Compassionate Conservative and Red Tory agendas.

Therefore, while the overwhelming majority of scholars of contemporary British politics have been scathing in their cynicism about the 'Big Society' project, I would like to offer a qualification to the argument that the Big Society was a purely cynical marketing exercise. In part, Cameron's adoption of the Big Society was clearly a pragmatic response to the now *cliché* designation of the Conservatives as 'the nasty party', but whether he and his policy wonks *really* believed it or not, the Big Society has in an important way lived on in the Conservative-Liberal Democrat legislative programme. There is certainly a case to be made that some of the most significant failures and unintended consequences that arose during the Conservative-Liberal Democrat coalition (2010-2015) did so as a result of a tripartite tension between the logics of so-called 'austerity', the centralisation of power in British institutions and the utopianism of a pseudo-communitarian ideology around which policy had not only been marketed, but designed.

2.3.4 Conclusions

This section has identified and critiqued several pronounced tendencies in recent British political and public policy debates. It argued that attempts to analyse party politics programmatically has added a great deal to contemporary understandings of society, political parties and social democracy in Europe. However, it noted that such approaches generally treat parties as discrete, national phenomena. There have been relatively few studies about links between political parties which cross national borders. This thesis hopes to show that political developments occurring elsewhere can be, and are, of immediate relevance to

political projects in other states. Its aim is to open a transnational dimension to scholarship on Britain and the Nordic model by identifying concrete discourses and links between political actors. The next chapter will argue that the Interactive Governance Paradigm can assist in creating a framework for this analysis.

The implicit split between rhetoric and action, or the tendency to idealism and materialism, was also identified above. I argued that scholars tend to measure the success of policies and political programmes against either their material consequences or their stated intentions and expressed some scepticism about whether either could be understood independently of the other. For this reason, the next chapter will set out a model of discourse theory which treats discourse as material and, though not always totally successful, sets out a methodology which does not dismiss either the ideological or the material.

The preceding discussion also argued that at both superficial and fundamental levels two British political projects with great relevance for this study, the Third Way and Big Society, have a great deal in common. Both are as much concerned with electoral success and the creation of a political, or at least governmental, hegemony as with transformation of the social field. Both are also characterised by attempts to deal with contentious issues which had previously divided the Labour and Conservative parties respectively. In the case of the Third Way, the perception of the Labour Party's hostility to the private sector and individualistic values; for the Big Society, a perception that the Conservatives had nothing to offer civil society. The similarities do not end there however. Despite the emphasis on electoral politics, both Third Way and Big Society shared a narrow view of politics and the political.

Rather than aspiring to a wide-ranging transformist hegemony, like that of the Thatcher era, both aspired simply to neutralise the potential antagonisms between interest coalitions. This must be regarded not as a feature of the issues which these political projects addressed, but rather as an indicator of things which they did not. New Labour and Cameron's Conservatives both bracketed the issue of industrial policy. The levers over which government had control were fundamentally limited to fiscal policy, creating a regulatory framework for social actors, and funding, but not necessarily providing, public services. Indeed, a further demonstration of this is that one of New Labour's first acts in government was to privatise the Bank of England, thereby removing monetary policy from political control. This fundamentally limited the ability of either project to dissent from or control the political role of markets, whether or not market-based politics was actually consistent with their political visions. For the Big Society in particular, the perception that markets had failed in their distributive functions during the 2008 financial crisis and the ensuing shock to the global political system this engendered, created a climate of extreme scepticism towards a political project which had taken the role of markets essentially for granted.

2.4. Conclusions and further questions

The conclusions to each section in the last two chapters have attempted to sketch out questions thrown up by analyses and arguments about the Nordic model at different time periods. What will this study add?

The most common articulation of the Nordic model today is still related to its Social Democratic nature. It is heavily associated with Swedish claims and policy regimes, although national discourses, especially relating to Danish flexicurity and Finnish schools, are becoming increasingly widespread. Importantly, the balance between a socialist discourse and a conservative and liberal discourse of Norden, in which Norden was a socialist utopia and a liberal dystopia, are increasingly difficult to sustain. This has in part to do with a struggle for political hegemony in the Nordic countries between social democracy and alliances of liberal and conservative parties. This is especially true in Sweden, where the New Moderates under Fredrik Reinfeldt won two general elections, in 2006 and 2010, before losing in 2014. This was the longest period of non-SAP rule in Sweden since 1932. A more detailed outline of the New Moderate agenda will be given in chapter three, but the publication of *The Nordic Way* and recent conflict over the meaning of the 'Nordic model' (see 2.2.1, above), indicate that this remains a live political issue in Sweden (and Norden).

It is also related to a change in the ideology and aims of social democracy in Europe. The discussion of the Third Way above sketched out a sense of this change, which will be examined further in a case study of New Labour's health policy in chapter four.

A key aim of this study will therefore be to offer an answer to the question of what the contemporary Nordic model discourses are, however, this question implies a subsidiary question about whether the assumption that the Nordic model represents a model of Social Democracy is becoming increasingly problematic.

This chapter also outlined several observations about the contemporary literature on the Nordic model. It was argued that many contemporary studies focus on Norden either as a national model subject to change from outside, the 'globalisation' argument, or they see it as constituted by a series of discrete (usually socially democratic) political projects, which can be compared with other discrete political projects. This thesis aims to offer a different approach. Necessarily, this approach will have limits, but it will offer a transnational analysis of the Nordic model and attempt to complicate the (structural) globalisation argument and the (agent-centred) political project argument. To do this, I will use a methodology influenced by the Interactive Governance Paradigm, which will be set out in chapter two.

Finally, this chapter argued that scholars have tended to employ methodologies which split rhetorical and material phenomena, or, as it was described here, rhetoric and action. Scholars have responded with limitless cynicism to political ideology of all varieties, attempting to prove the emptiness of ideology through comparison with material effects or the (in)consistency of ideologies over time. As set out above, I reject this split on the grounds that without ideological articulation the material as such cannot exist. In order to theorise this, and to examine some important theoretical and methodological issues, the next chapter will deal with this question through a discussion of discourse theory as set out by Laclau and Mouffe, which will be employed as an analytical tool throughout this study.

Chapter Three – Governance and Discourse: Approaching the Nordic model as a question of public policy

3.1 Introduction

The previous two chapters questioned the meaning of the Nordic model as a concept, asking how it had changed over time, and pointed towards the contours of the discussion with which this thesis will be concerned. Primarily, the last chapters offered an explication of the different visions of the Nordic model and tried to draw out the implications of these different analyses of what constitutes the Nordic. The majority of approaches considered were concerned with the socialist or social democratic implications of Nordic political projects, however liberal and conservative images of Norden were also considered. In particular, it was argued that the aftermath of the Swedish/Finnish financial crisis of 1991/2 had a significant and lasting effect on Swedish and Nordic identities.

If the previous chapters initiated an argument about ‘what was said?’, this chapter poses the equally vital questions, ‘who said it, and why?’. I argue that by asking this question, and rigorously specifying the field, it is possible to create a much clearer picture of which actors articulate the Nordic model, why doing so is important to them, and to advance much more detailed hypotheses about the discursive effects of the Nordic model as a political project *outside* Norden. The analysis in this thesis will be basically limited to discourses taking place in the United Kingdom.

Chapter two considered *The Nordic Way* pamphlet, which was presented to the 2011 World Economic Forum.²⁰⁰ The discussion focused on the content of the pamphlet: what claims did it make about the Nordic model? However, this only accounts for half of the importance of the pamphlet. Given that the World Economic Forum is a closed meeting for global leaders from politics, business, finance and so forth, it is clearly important that the Swedish government, at that time led by Fredrik Reinfeldt's Moderate Party, felt it necessary and important that such a group should receive a pamphlet about the Nordic countries, their politics, economics and business climates.

Much of the literature which will be considered in this study has a similar provenance. Johan Wennström's short piece, *The Awful Truth About Sweden*, was published by the Institute of Economic Affairs (IEA).²⁰¹ The piece offers a strong rebuttal to an article in *The Guardian*, a British newspaper, which argued that Sweden offered a successful economic and public service model.²⁰² The IEA is a free-market think-tank operating in London, which has important links with Sweden, including the Swedish free-market think-tank Timbro.²⁰³ Wennström himself was a research associate there and later went on to work for Fredrik Reinfeldt's New Moderates during their second government (2010-14). It should therefore not be seen as a coincidence that many of the arguments which Wennström advanced in his article mirror the policy platform on which the Moderates would govern Sweden.²⁰⁴

²⁰⁰ Eklund, Berggren, and Trägårdh, 'The Nordic Way'.

²⁰¹ Johan Wennström, 'The Awful Truth About Sweden', Current Controversies Paper (London: Institute of Economic Affairs, 2005).

²⁰² Polly Toynbee, 'The Most Successful Society the World Has Ever Known', *The Guardian*, 25 October 2005.

²⁰³ These links are longstanding and durable. See, for example, 'Epicenter Press Release', 14 October 2014, <http://www.iea.org.uk/in-the-media/press-release/iea-launches-new-european-policy-initiative>.

²⁰⁴ Reinfeldt, *The New Swedish Model*.

Pär Nuder, a Swedish Social Democratic politician and former finance minister, has had a connection with British think-tanks since the early 2000s, having written pieces for both Policy Network and the Institute for Public Policy Research (IPPR).²⁰⁵ In particular, Nuder's 2012 contribution to the IPPR should be considered a rebuttal to attempts by UK Conservative politicians to use Sweden as a model for fiscal retrenchment and quasi-market service reforms.

In 2011, Per Ledin, then CEO of *Kunskapsskolan*, a chain of Swedish for-profit schools, wrote to *The Observer* newspaper to argue against a piece which was highly critical of the Swedish education system, especially its school chains.²⁰⁶ Given that *The Observer* newspaper had opposed a similar reform in England and *Kunskapsskolan* had begun expanding into English school provision, this was a clear attempt to defend both the core Swedish business and the nascent English portion of *Kunskapsskolan's* operations.²⁰⁷

Should these publications therefore be considered interventions in British or Swedish (or Nordic) politics, or both? How should the various interests and coalitions of different actors be theorised and understood? What is the role of organisations like the IEA and the IPPR in facilitating the creation of new public policy discourse? What is the role of the media, government, NGOs and private companies? Who are these interventions aimed at: politicians, other policy actors, or the general public?

²⁰⁵ 'Challenge of Renewal', in *Progressive Politics*, vol. 1.1 (London: Policy Network, 2002), 40–45; 'Saving the Swedish Model'.

²⁰⁶ Per Ledin, 'Letter: Sweden Is a Truly Class Act', *The Observer*, 25 September 2011; Dispatch Malmö, Sweden, 'In the Land That Pioneered Free Schools, the Education Backlash Is Gathering Pace', *The Observer*, 11 September 2011.

²⁰⁷ Jane Bird, 'Twickenham: Ambitious Swedes Put Academy to the Test', *The Financial Times*, 4 November 2010.

To answer these questions this study will draw on three separate literatures in an attempt to situate actors and their roles with relation to one another. Firstly, I will consider the existing literature on think-tanks and explain in what ways this study will use insights provided by scholars working on think-tanks and in which areas it will attempt to supplement them. Secondly, I will argue that the most relevant frame for the empirical analysis undertaken here is a paradigm of governance. A brief elaboration of the concept of governance will be given and the specific arguments of the theory of governance which will be used here will be laid out. Thirdly and finally, relevant portions of Laclau and Mouffe's discourse theoretical approach will be put forward to explain how the various sources under consideration will be analysed.

Although this study will argue for the necessity of a transnational understanding of governance and social steering, it is worth noting here that it will do so primarily through the analysis of UK-based governance networks. This is primarily a response to the sheer difficulty of conducting a discourse analysis with the vast amount of data which would be generated by analysing policy documents generated in Britain and the Nordic countries. Even when the primary focus is on policy statements made in or about Britain, however, it is still possible to demonstrate the important linkages between British and Nordic actors, as the selection of interventions by Swedish actors above demonstrated.

3.2 Governance: Theorising relations between actors

3.2.1 Think-tanks, government and the media: Is that really it?

This study will use a theory of governance to structure its observations about relations between actors.²⁰⁸ A significant literature already exists about think-tanks, actors with which this study will be concerned in great depth. A think-tank will be defined as a private or independent research institute. This excludes universities and other public research bodies.²⁰⁹

While this thesis will use the think-tank literature as a starting point, its aims are different from scholarship about think-tanks, since its object of study is the Nordic model, rather than think-tanks themselves. Moreover, since I consider that the relationships between think-tanks and other actors are under-theorised in parts of the existing literature, a governance paradigm has been chosen to structure this study's engagement with think-tanks, but it will be helpful to set out the difficulties with the think-tank approach as a means of demonstrating the need to go beyond it.

Much analysis of think-tanks has been focused on their place in the creation of public policy and their role in shaping policy discourse. The desire to provide some sort of empirical measurement of this has therefore generally conditioned approaches to think-tanks. Primarily, the success of think-tanks has been measured in two ways: through the implementation of specific measures championed by think-tanks, and by coverage in the

²⁰⁸ Governance will be understood here as 'the process of steering society and the economy through collective action and in accordance with some common objectives'. Jacob Torfing et al., *Interactive Governance: Advancing the Paradigm* (Oxford: Oxford University Press, 2012), 14. See also 3.2.2 below.

²⁰⁹ Following Diane Stone, *Capturing the Political Imagination: Think Tanks and the Policy Process* (London: Frank Cass & Co., 1996). However, Stone is considering only UK and US think-tanks. It is worth noting that such a distinction might be rather problematic when applied elsewhere. Germany in particular has a long history of independent research institutions which, despite meeting the letter of Stone's definition, would surely be excluded from the spirit of it, since they are not engaged in the kind of political advocacy in which Stone is primarily interested.

media. Neither of these standards is especially satisfactory, or indeed particularly measurable. The behaviours of think-tanks themselves complicate matters further, since think-tanks will frequently attempt to take credit for the implementation of policy which resembles a policy paper, even where the role of the policy paper in shaping the policy is unclear or non-existent.²¹⁰ On the other hand, as Stephen Ball has argued, there are clearly similarities between the policy agenda of political parties and Ministers of State, and think-tank publications.²¹¹

Attempting to measure the success of think-tanks based on their media penetration is just as problematic. The relationship between think-tanks and the media, especially newspapers, television and radio, is symbiotic. Think-tanks can get their positions across to a mass audience, while editors are able to publish or broadcast interesting or provocative items.²¹² Moreover, think-tanks pursue a variety of strategies, with some stressing research-driven agendas and others favouring partisan advocacy, with a host of positions in between.²¹³ The growing role of the internet and the precarious position of print media has no doubt further complicated this relationship, given the downward pressure on newspaper budgets; the growing involvement of public relations actors and sponsors in creating 'news' content, and the different business models (paywall vs. advertising) being pursued by different media groups. This is regrettably outside the scope of this study.

²¹⁰ Johan Wennström, 'The Awful Truth About Sweden', Current Controversies Paper (London: Institute of Economic Affairs, 2005).

²¹¹ Stephen Ball, 'Education, Majorism and "the Curriculum of the Dead"', *Curriculum Studies* 1, no. 2 (1993): 196.

²¹² Denham and Garnett, 'The Nature and Impact of Think Tanks', 55.

²¹³ Diane Stone, 'Non-Governmental Policy Transfer: The Strategies of Independent Policy Institutes', *Governance: An International Journal of Policy and Administration* 13, no. 1 (2000): 46.

This traditional discussion about the best ways to measure the impact of think-tanks therefore places them in a presumptive relationship with government and the media. Although most scholars stress the role of other actors engaged in a wider policy process, which have included a range of institutions, including ‘banks, consultancies and law firms’,²¹⁴ as well as the ‘climate of opinion’,²¹⁵ the presumption that policy processes occur primarily in government permeates these discussions of the effectiveness of think-tanks. This is clearly a result of an attempt to engage empirically with think-tanks without fully theorising the policy field in which they operate, but it also suffers from the assumption that all actors engaged in policy formation seek to influence governments. While this is clearly an important aim for policy actors, it is by no means the only available strategy.

Three examples of interventions by Swedish actors into British politics were given above. Two intervened in a debate in a newspaper and two were published through think-tanks. These represent strategies which were played out in the public sphere, but which were, in line with the strategy employed by think-tanks, designed to influence ‘the views of a small metropolitan media and political elite that shaped policy debate in Britain’.²¹⁶ The political elite should however be conceived of as widely as possible, including business leaders, such as Per Ledin, the CEO of a *Kunskapsskolan*, as well as elected and unelected officials, intellectuals, academics, leaders of NGOs, trade union figures, journalists, legal experts and so forth. This echoes Renate Mayntz’s argument that the target of strategies employed by

²¹⁴ Ibid., 61–2.

²¹⁵ Denham and Garnett, ‘The Nature and Impact of Think Tanks’, 57.

²¹⁶ Ben Jackson, ‘The Think-Tank Archipelago: Thatcherism and Neo-Liberalism’, in *Making Thatcher’s Britain*, ed. Ben Jackson and Robert Saunders (Cambridge: Cambridge University Press, 2012), 52.

networked actors is primarily other networked actors, rather than amorphous publics.²¹⁷ A governance paradigm is more suited to such an analysis than a field constituted around the actions of think-tanks.

Furthermore, the think-tank literature is good at describing and contextualising the role of think-tanks,²¹⁸ but it has so far struggled to find successful methods to empirically analyse the ways that think-tanks shape public policy more generally. Finally, it is worth noting that when the question is widened from specific policy creation to social steering more generally, which, given this study's emphasis on material consequences of Nordic policies in the UK, is an essential part of the question, it is necessary to go beyond the question of government, media and think-tank relations.

For present purposes, therefore, there are good reasons to situate actors as part of governance networks; even if there will inevitably be disagreements about the nature of the field as I will theorise it here, it is surely better to constitute an object of study, rather than assume it.

²¹⁷ Renate Mayntz, 'Policy-Netzwerke und die Logik von Verhandlungssystemen', in *Policy-Analyse: Kritik Und Neuorientierung*, ed. Adrienne Héritier (Opladen: Westdeutscher Verlag, 1993), 39–56; Renate Mayntz, 'Modernization and the Logic of Inter-Organizational Networks', in *Societal Change between Market and Organization*, ed. John Child, Michel Crozier, and Renate Mayntz (Aldershot: Avebury, 1993).

²¹⁸ Denham and Garnett, 'The Nature and Impact of Think Tanks'; Andrew Denham and Mark Garnett, 'Influence without Responsibility? Think-Tanks in Britain', *Parliamentary Affairs* 52, no. 1 (1999): pp. 46–57; Andrew Denham and Mark Garnett, "'What Works'? British Think Tanks and the 'End of Ideology'", *The Political Quarterly* 77, no. 2 (2006): 156–65; Stone, *Capturing the Political Imagination: Think Tanks and the Policy Process*.

3.2.2 The development of governance as a concept

Before a methodology grounding a network-based analysis can be set out, however, it is important to explain the major contours of the debate on governance and outline how a paradigm created to analyse networked systems has developed. R.A.W. Rhodes' *Understanding Governance* outlines the context of the concept of governance and offers various descriptive definitions. His use of the term orients his work in a field which opposes the outmoded, institutionalist perspective of the Westminster Model, which had dominated analysis of political institutions, and therefore also public policy, before then.²¹⁹ He identifies the move towards a governance-based policy terrain as a result of the gradual fragmentation of the executive and its replacement with 'asymmetric interdependence'.²²⁰ Rhodes notes that the proliferation of the term governance has generally occurred in response to 'globalization'; however, he, probably correctly, suggests that the term globalisation has no generally agreed meaning and that its effects are difficult to distinguish from the concomitant force of Europeanization, which does at least have an agreed meaning.²²¹ Moreover, a drawback to both terms is the designation of particular trends as possessing specific, if ill-defined, origins, thereby prejudging an analysis of the origination of forces creating changes in social formations. As a result, unless discussing arguments which explicitly call for their use, this thesis will generally eschew the terms globalisation and Europeanization.

While Rhodes cautiously endorses both terms, his theory of governance counterpoints the 'hollowing out' of the state from the outside with the assertion of a shift in British governance

²¹⁹ R.A.W. Rhodes, *Understanding Governance: Policy Networks, Governance, Reflexivity and Accountability* (Buckingham: Open University Press, 1997), 7–8.

²²⁰ *Ibid.*, 15.

²²¹ *Ibid.*, 18.

during the 1980s and 1990s towards a more fragmented executive, which he calls the 'differentiated polity'. This model argues that the internal logic of action from the centre, in this case Westminster, also played an important role in the establishment of policy networks. Moreover, moves towards the exclusion of historic actors, particularly local councils, but also medical organisations, trade unions and so on, as well as the inclusion of new actors, especially businesses, created a system in which excluded groups were found to be integral to the implementation of policy, whereas new groups were less amenable to pressure from the centre than the old ones had been. The internal logic of the new system design therefore did considerable long-term damage to the centre's ability to engage in policy steering.²²²

Bevir and Rhodes' later work adopted a post-foundationalist approach to governance, which aimed to explore the concept of governance 'by unpacking the relevant beliefs and explaining why they arose'.²²³ This approach generated a significant quantity of descriptive analyses of British and international governance structures, not least on the subject of New Public Management (NPM), good governance (as used by the World Bank), and international interdependence. However, despite producing at least seven descriptive definitions of governance, Bevir and Rhodes failed to produce a concise, workable definition of governance. Therefore, even though there are significant positives to the post-foundational approach – especially its high level of tolerance for ambiguity; a stance which is typically missing in conventional political science epistemologies – it is not a position around which a governance-

²²² Ibid., 13–17.

²²³ Mark Bevir and R.A.W. Rhodes, *Interpreting British Governance* (London: Routledge, 2003), 17–43.

orientated research programme can be organised, since such an open notion of governance means that governance can be seen everywhere, rendering the concept meaningless.²²⁴

Moreover, there are tensions in Rhodes', and Bevir and Rhodes' characterisation of governance, which has led to both theoretical and empirical criticisms of the governance paradigm. Claus Offe asks whether governance should be considered an 'empty signifier' (for broader discussion of this term see 3.3.2 below), a charge which approaches the concept by questioning its conceptual efficacy in actually explaining the structures it seeks to describe. Offe argues that syntactically governance merely fulfils the same function as globalization; since globalization is generally used in the passive voice (e.g. 'textile supply chains have been globalized') it produces the grammatical effect of a process without a subject.²²⁵ The same case can be made for governance, as the effects of decentred governance, rather than executive government, produce effects without an agent who can be held accountable.²²⁶

H.K. Colebatch argues that it has not been empirically verified that governance has emerged since the introduction of liberal reforms in the 1980s. He offers a more thoroughgoing critique than Offe, when he argues for the need to 'cut off the king's head', in the sense of disentangling the term government from a notion of a sentient actor. In other words, governance practitioners assume that non-governmental actors have a significant role in producing the effects of government, however this leaves the signifier 'government' intact as the empty point around which a 'modernist liberal democratic narrative of government'

²²⁴ Jacob Torfing et al., *Interactive Governance: Advancing the Paradigm* (Oxford: Oxford University Press, 2012), 13–14.

²²⁵ Offe, 'Governance - "Empty Signifier" oder sozialwissenschaftliches Forschungsprogramm?'

²²⁶ Ibid.

organises itself.²²⁷ Moreover, he argues, it is unclear whether governance structures are in fact new, as is typically assumed, or whether it is simply the use of the term that is new. The widely-held contention that relationships and networks have diversified, complicated and deepened cannot be verified, because accounts have historically underemphasised the level of negotiation involved in public policy creation and implementation.²²⁸ Furthermore, accounts of governing are integral to the governing process itself, further complicating accounts of change in governmental structures. Part of the process of governing, argues Colebatch, is the enactment of socially constructed concerns through the form of state authority.²²⁹

Jacob Torfing et al. argue that the response to this critique must be to offer a precise, workable definition of governance in order to address the most pressing deficiencies of the concept's classic formulations. This thesis will therefore draw on a definition provided by Torfing et al. in *Interactive Governance: Advancing the Paradigm*. There governance is defined as '*the process of steering society and the economy through collective action and in accordance with some common objectives*' [their emphasis].²³⁰ Governance networks should therefore be seen as a recognition that no single actor can entirely account for the production of public governance.²³¹ Networks are also highly diverse, ranging from clearly formalised

²²⁷ H.K. Colebatch, 'Making Sense of Governance', *Policy and Society* 33, no. 4 (2014): 310.

²²⁸ Offe, 'Governance - "Empty Signifier" Oder Sozialwissenschaftliches Forschungsprogramm?'; Colebatch, 'Making Sense of Governance'.

²²⁹ Colebatch, 'Making Sense of Governance'.

²³⁰ *Interactive Governance: Advancing the Paradigm*, 2012, 14.

²³¹ Jacob Torfing, 'Governance Networks', in *The Oxford Handbook of Governance*, March (Oxford: Oxford University Press, 2012), 99; Torfing et al., *Interactive Governance: Advancing the Paradigm*, 2012, 5.

structures to looser more flexible structures. The former encourages the establishment of normative behaviours, the latter freer decision making.²³²

For present purposes, the key issue is how discourse operates in governance networks. How do actors advancing particular arguments, for example the transition towards a benefit regime structured around workfare, aim to win acceptance of their arguments among other actors? How do particular discourses become hegemonic within networks?²³³ As Torfing and Sørensen note, the governance network paradigm has certain methodological gaps, and section 3.3.5, below, will put forward a method which attempts to deal practically with these related questions.²³⁴ However, this question also opens up important supplementary questions which must be addressed. Renate Mayntz has argued that for organisations engaged in networked behaviours, the most important responses come from other networked actors, rather than from amorphous publics.²³⁵ What are the democratic implications of this observation?

In *Post-democracy* and *Ruling the Void* respectively, Colin Crouch and Peter Mair have put forward the case for a system of social organisation which is dominated by elite actors involved in networks which extensively bypass the democratic process.²³⁶ The level of public disengagement suggested by these two scholars should alert us to the potential for selective blindness – what Torfing et al. describe as a ‘Faustian bargain’ which acknowledges only the

²³² Torfing, ‘Governance Networks’, 102–3, 107.

²³³ Ibid., 109.

²³⁴ Jacob Torfing and Eva Sørensen, ‘The European Debate on Governance Networks: Towards a New and Viable Paradigm?’, *Policy and Society* 33, no. 4 (2014): 341.

²³⁵ Mayntz, ‘Policy-Netzwerke und die Logik von Verhandlungssystemen’, 39–56; Mayntz, ‘Modernization and the Logic of Inter-Organizational Networks’.

²³⁶ Colin Crouch, *Post-Democracy* (Cambridge: Polity, 2004); Peter Mair, *Ruling the Void* (London: Verso, 2013).

positive aspects of network governance. On top of concerns about democratic participation and legitimacy, networks are also at risk of capture ‘by experts, political elites, and public agencies’; a process which can easily precipitate governance failure due to stalemate between actors or poor or biased decision-making.²³⁷ Nevertheless, the pessimistic visions of Crouch and Mair omit the potential for positive outcomes as a result of cooperative networks, and networked systems of governance should not be dismissed out of hand. It is worth noting that in European level discussions of network governance the question of democratic legitimacy has been integral from the outset due to longstanding concerns about the democratic deficit in the European Union (EU). The EU has therefore viewed networks as a way to engage actors in a democratic process rather than as a means to induce cooperation in a fragmented terrain.²³⁸ This demonstrates that despite the potential for network governance to alienate the public from the process of decision-making, network governance can equally offer the means to engage actors if networks are designed in order to provide this accessibility.

In a similar vein to many discussions of markets and NPM (and deliberative democracy), many scholars imagine network governance to be characterised by horizontal relationships devoid of power relations or as depoliticised spaces.²³⁹ This is compounded by the tendency for networked forms of governance to develop in response to the fragmentation which results from the introduction of competitive reforms under NPM. As a result, the tendency for network governance to facilitate cooperation and coordination is often identified as a

²³⁷ Torfing, ‘Governance Networks’, 107–8.

²³⁸ Torfing and Sørensen, ‘The European Debate on Governance Networks: Towards a New and Viable Paradigm?’, 332.

²³⁹ Torfing et al., *Interactive Governance: Advancing the Paradigm*, 2012, 50–2.

characteristic of networks, rather than a condition symptomatic of their development in specific contexts. This entirely misrecognises the political, conflict-ridden nature of network governance.²⁴⁰

For the purposes of this thesis the governance network paradigm will be used to situate actors within a terrain from which they intervene in, are shaped by, and interact with public policy. The definition of governance as the engagement of various actors in collective action to steer policy with reference to some common objectives helps situate groups which might otherwise be seen as possessing divergent interests within a common framework. It also explains theoretically their relationships to one another. This thesis offers three case studies and each of the three chapters will deal with different actors, however while their relationships and objectives will be unique in each case, the governance network paradigm creates the means to theorise their relations to one another.

A further logic behind the choice of a governance paradigm, rather than a policy network rubric, is the potential to offer a more thorough contextualisation of the ongoing nature of involvement by think-tanks, companies and others in social steering. Since chapters four, five and six of this thesis cover different areas of public policy, this framework allows the theorisation of a number of different networks in which the *same* policy actors participate in different capacities. The Institute of Economic Affairs and Centre for Policy Studies (CPS), for example, produce policy publications in all three of the areas which will be considered in this thesis. Likewise, political parties participate across a range of networks. A policy-centred

²⁴⁰ Ibid., 52.

approach would be well able to examine the relationship between think-tanks and political parties, but less able to theorise the involvement of actors, such as independent school or health providers, which, by the nature of their interests participate only in some steering networks, but not in others. The next section will put forward a methodology which will be used throughout the rest of the thesis to analyse the strategies of actors engaged in networked behaviour.

3.3 Discourse Theoretical Approaches

3.3.1 Introduction

Customarily, an ideology or discipline begins with a set of well-defined subjects and objects, with which its investigations are primarily concerned. This is true of liberalism (the individual, the state), Marxism (the working class, capitalism), and economics (producer, consumer, money). But, as Lacan notes, 'what is the value of an operation of this kind, if not that one's bearings are already laid down, the signifying reference points of the problem are already marked in it and the solution will never go beyond them'.²⁴¹ This remark is actually about the Cold War phenomenon of game theory, but it has significantly wider relevance, since it implies not only that theoretical operations have limitations, but that these limitations may in fact explain their usefulness. Lacan, and those using methodologies based on post-structural discourse theory (henceforth: discourse theory), are therefore sceptical of ideologies and disciplines which, by constituting actors and a given field in which they operate, bracket important ontological and epistemological issues from the field of enquiry.

For this reason, this study will adopt an approach which argues that subject and object are constructions and ultimately gain their meaning through their place in discourse. Discourse, it will be argued, is made up of signifiers, and signifiers are open to new meaning through articulation into chains with other signifiers. For present purposes an in-depth discussion of the ontological and epistemological tenets of discourse theory will not be necessary, although some limited explanation of the methodological assumptions of discourse theory will be given to contextualise the role of the signifier in the rest of this study and the reasons for selecting

²⁴¹ Jacques Lacan, *Seminar XI: The Four Fundamental Concepts of Psychoanalysis*, ed. Jacques-Alain Miller (London: W.W. Norton & Company, 1998), 40.

this methodology over others.²⁴² With this in mind, the next four sub-sections will offer a brief discussion of signification and discuss some minor variants in the theory, including the difference between Laclau's 'empty' signifiers and Lacan's 'Master' signifier. It will also consider some common criticisms of discourse theory; explain how a discourse theoretical approach fits with the interactive governance paradigm set out above, and what it will add to the analysis in the rest of the study.

3.3.2 Signification and empty signifiers

The term signifier originated with Fernand de Saussure. In his *Course in General Linguistics* Saussure posited that language was a system in which 'sound images', or signifiers, were arbitrarily paired with 'concepts', or signifieds.²⁴³ The great innovation of Saussurean linguistics was its argument that 'in language there are only differences *without positive terms*'.²⁴⁴ This insight is generally referred to as Saussure's theory of value. Within the system of language, however, this relationship could not be considered arbitrary, since all signs [in Saussure, signifier + signified = sign] referred to all other signs, explaining how a linguistic totality could emerge. These relations of difference between signifiers maintained the stability of language as a system.

²⁴² For the problematics and development of discourse theory, see: Ernesto Laclau and Chantal Mouffe, *Hegemony and Socialist Strategy*, 2nd ed. (London: Verso, 2001); Laclau, *New Reflections on the Revolution of Our Time*; Ernesto Laclau, *Emancipation(s)*, 2nd ed. (London: Verso, 1993); Slavoj Žižek, *The Sublime Object of Ideology* (London: Verso, 2008); The following are helpful readers on the subject: Jacob Torfing, *New Theories of Discourse* (Oxford: Blackwell, 1999); David Howarth, *Poststructuralism and After: Structure, Subjectivity and Power* (New York: Palgrave Macmillan, 2013); David Howarth and Jacob Torfing, *Discourse Theory in European Politics: Identity, Policy and Governance* (Basingstoke: Palgrave Macmillan, 2005).

²⁴³ Fernand de Saussure, *Course in General Linguistics*, ed. Charles Bally, Albert Sechehaye, and Wade Baskin (New York: McGraw-Hill, 1966), 67.

²⁴⁴ *Ibid.*, 120.

Saussure's theory of linguistic value inspired structuralism, especially Roland Barthes, but also Louis Althusser, and post-structuralism, including Derrida, all of whom used many of Saussure's ideas about the dispersion of signifiers within a system in their work.²⁴⁵ Structuralists, as the name suggests, were concerned with structures and their functioning, and tended to analyse structures synchronically as stable, even dispersions. This made it very difficult to theorise change. Derrida argued that the major flaw of structuralism was its retention of the strict identity between signifier and signified within the system. Instead, he argued, it is relations of difference between signifiers, rather than their relationship with signifieds, which sustained systems, since every signifier is constitutively open to new meaning and every system is constituted by its outside.²⁴⁶ Everything is different from everything else, but above all the 'inside', that which is within the system, is defined against the 'outside', that which is not part of the system.²⁴⁷ If the signifier 'democracy' is imagined in this way, it is clear that it is associated with other signifiers which complete its meaning (e.g. parliamentary, adversarial), but it is equally defined by its 'outside' (e.g. authoritarianism, feudalism, etc.).

This was a significant break with structuralism and post-structural discourse theory owes a great deal to Derrida. When Derrida asserted this openness of the social, however, he failed to theorise why systems are experienced and apprehended as closed. The difficult question

²⁴⁵ See, for example, Roland Barthes, *Mythologies* (New York: The Noonday Press, 1972); Louis Althusser, 'Reading Capital', 1970; Jacques Derrida, *Of Grammatology*, ed. Gayatri Chakravorty Spivak (London: John Hopkins University Press, 1997).

²⁴⁶ See, for example Jacques Derrida, *Writing and Difference*, trans. Alan Bass (London: Routledge, 2001), 29 and passim, in which Derrida argues that the crux of all meaning is 'infinite implication, the indefinite referral of signifier to signifier'.

²⁴⁷ On the role and functioning of the outside see Derrida, *Of Grammatology*, 30–64; Derrida, *Writing and Difference*, 36–76.

of how and why change occurs had therefore ultimately not been resolved. The Derridean explanation is ambivalent as to which forces are responsible for closure. Does closure occur because of a structural tendency, or as a result of agency? Indeed, empirical deconstructive operations tend to be rather incoherent on this point, and often this important issue is addressed only implicitly, i.e. the substantive argument itself explains the author's untheorised view of this question. Moreover, this failure has generally allowed deconstructionists (and deconstructive pragmatists, following Richard Rorty) to assume that the constitutive openness of the social leads to greater liberalism. Ernesto Laclau and other post-Marxists have been highly critical of this assumption.²⁴⁸

Laclau and his collaborator and partner Chantal Mouffe have offered answers to this question. They argued that there is no “‘objective” historical tendency’ for a totality to emerge.²⁴⁹ Rather, totalities are forcibly closed by actors engaged in hegemonic struggles. For Laclau and Mouffe, these struggles are constitutive of the political. Since there is no social whole, there is always antagonism between rival groups engaging in struggle to articulate their particular aims as universal. Articulation should be understood first and foremost as an intervention by political actors in discourse, whether as an attempt to define themselves, other parties, processes, objects, or whatever. Above all, articulation is an inherently political act.²⁵⁰

²⁴⁸ Ernesto Laclau, ‘Deconstruction, Pragmatism, Hegemony’, in *Deconstruction and Pragmatism*, ed. Chantal Mouffe, e-library (London: Taylor and Francis, 2005), 49–70.

²⁴⁹ Laclau, *New Reflections on the Revolution of Our Time*, xiv; Laclau and Mouffe, *Hegemony and Socialist Strategy*, 125–29.

²⁵⁰ Laclau and Mouffe, *Hegemony and Socialist Strategy*, x.

This occurs because society cannot be a ‘full presence’ for itself; identities are always prevented from completion by the intervention of the other.²⁵¹ However, the effect of universality produced by articulatory practices is a hegemonic discourse. The social does not consist merely of a single hegemony, indeed, experience suggests this is never the case, rather, ‘[I]n a given social formation there can be a variety of hegemonic nodal points’.²⁵² A nodal point will be understood as a point in discourse at which meaning is partially fixed and thereby achieves ‘a “universal” structuring function’.²⁵³ A key aim of this study will be to identify the role of the Nordic model signifier in relation to these ‘nodal points’.

For this study, then, discourse theory will be used to analyse the process through which signifiers are articulated into hegemonic discourses and the strategies through which this is accomplished. A signifier will be considered a ‘sound image’ in the sense that Saussure understood it. However, as the previous discussion has indicated I do not agree that the relationship between signifier and signified (the concept) is fixed. In my view, the best explanation of the relationship between signifier and signified is the Lacanian one, which argues that the signified is a kind of feeling which is impossible to apprehend (in Lacanian terms, the signified is ‘Real’).²⁵⁴ In other words, the hegemonic articulation of a signifier, e.g. ‘democracy’, serves to obscure the fact that the signifier does not point to an object, but rather to nothing.

²⁵¹ Ibid., 124–29.

²⁵² Ibid., 139.

²⁵³ Ibid., 113, xi.

²⁵⁴ Jacques Lacan, *The Ethics of Psychoanalysis: The Seminar of Jacques Lacan VII*, trans. Dennis Porter (London: W.W. Norton & Company, 1992), 65; I would argue that this is a better account than Derrida, whose immanent phenomenological tendency brackets the signified as an effect of ‘presence’, that is, our inherent Being-in-the-World. This leaves the objective as a spectral presence in his system of thought, rather than accounting for its nature. Derrida, *Of Grammatology*, 10–18; Foucault is still more ambiguous on this point. See Michel Foucault, *The Archaeology of Knowledge* (Abingdon: Routledge, 2002), 25–60.

Laclau and Mouffe argued that signifiers are articulated by particular actors as universal. This argument can be demonstrated using the signifier 'democracy'. For Laclau and Mouffe, the signifier 'democracy' reflects a set of historical conjunctions which have been universalised. It therefore makes sense to imagine that the signifier itself is empty until it is filled with particular content. This content might be 'liberal democracy' in which representatives are elected to a legislative body through elections, and certain freedoms are guaranteed by law, but it could equally be Laclau and Mouffe's own concept of 'Radical Democracy', which includes community organisations, industrial democracy, workers' councils and so forth.²⁵⁵ The empty signifier 'democracy' is filled with particular content and appropriates to itself the overflow of meaning generated by its articulation as part of a set of equivalences and differences.²⁵⁶ The same signifier, for example 'democracy', can therefore be understood totally differently at two different hegemonic nodal points.

3.3.3 Criticism of Laclau and Mouffe

Although this broadly outlines the chief theoretical apparatus which will be used in this study to conduct close textual analysis, it is worth noting some areas of controversy with Laclau and Mouffe's understanding of the functioning of the signifier. Firstly, despite their protestations, at least in their early work, this understanding of discourse is clearly prone to formalism, something which Laclau later acknowledged.²⁵⁷ In other words, despite the claim that hegemony is 'a *form*...of politics; but not a determinable location within a topography of the

²⁵⁵ Laclau and Mouffe, *Hegemony and Socialist Strategy*, 153–181.

²⁵⁶ Laclau, *Emancipation(s)*, 44.

²⁵⁷ Laclau and Mouffe, *Hegemony and Socialist Strategy*, 139; Judith Butler, Ernesto Laclau, and Slavoj Žižek, *Contingency, Hegemony, Universality: Contemporary Dialogues on the Left* (London: Verso, 2000).

social', the relationship between the particular articulation and the universal is clearly understood as purely formal and could therefore be drawn as part of a topography.²⁵⁸

Effectively therefore, all universals must be understood as fundamentally particular in nature.

For Laclau and Mouffe, the process of hegemonization is the movement of a particular, which is not a 'full presence' for itself, to a universal, which obscures the universal's absent fullness.

There are several ways to address this formalist tendency, two of which are particularly productive. Feminist scholars have argued against Laclau and Mouffe's tendency to see the universal as the hegemonization of a particular by noting that a universal claim about an identity must precede the realisation of it in its particularity.²⁵⁹ This is a strong argument, especially when one considers the history of social movements for gender and LGBT rights, from whence these counter arguments originate. These movements articulated women and gay men and women as subjects who should be guaranteed basic freedoms and rights just like any other citizen. Universal identities were articulated before particular identities could be realised in the social field, for example, by the legal system. In other words, the articulation of basic rights necessarily preceded the assumption of these rights. Moreover, Judith Butler notes that this implies that, contrary to Laclau and Mouffe's argument that the signifier itself assumes universality, the universality is inherent and immanent in the signifying chain, in the sense that it is not the signifier itself, but rather its relations to other established empty signifiers which determine the success of its claim to universality.²⁶⁰ While it could be argued

²⁵⁸ Laclau and Mouffe, *Hegemony and Socialist Strategy*, 139; Butler, Laclau, and Žižek, *Contingency, Hegemony, Universality*.

²⁵⁹ Linda M.G. Zerilli, 'This Universalism Which Is Not one', *Diacritics* 28, no. 2 (1998): 34–67.

²⁶⁰ Butler, Laclau, and Žižek, *Contingency, Hegemony, Universality*, 33. A signifying chain should be considered the web of temporarily stable relations established around a particular empty/Master signifier. For example, 'markets', 'freedom', 'democracy' would constitute a signifying chain.

that the notion of nodal points accounts for this, for Laclau and Mouffe it is the signifier which appropriates the overflow of meaning from the chain and is universalised. This is in contrast to Linda Zerilli's and Butler's argument that the universalising moment is in the chain, rather than the signifier itself.

There are a number of reasons for finding this a useful means of conducting analysis, not least because it throws far greater focus onto the relationships *between* signifiers. For example, a typical social democratic understanding of 'democracy' would enchain the signifier with 'equality', understood as equality of outcome, and 'freedom', understood as positive liberty.²⁶¹ 'Democracy' understood by a free-market liberal would be articulated in the opposite order. The signifier would be enchainned with 'freedom', understood as negative liberty, i.e. freedom from coercion. 'Freedom' in this articulation is often associated with the signifier 'markets', and 'equality' follows from 'freedom', since all subjects are articulated as being equally able to realise their needs through participation in markets. In this reading, then, the universal nature of democracy is articulated before its particular character can be realised and the universal effect arises from the enchainment of democracy with other signifiers, rather than the universalisation of the signifier itself.

This effectively reverses the logic of Laclau and Mouffe's argument of the signifier. However, a third alternative argues that the signifier is articulated in both directions simultaneously. This argument rests on a series of Lacanian/Žižekian propositions which are rather abstruse. Slavoj Žižek refers to this simultaneous movement between the universal and the particular

²⁶¹ Isaiah Berlin, 'Two Concepts of Liberty', in *Four Essays on Liberty* (Oxford: Oxford University Press, 1971), 118–72.

as the tautological function of naming. Put as succinctly as possible, he argues that in the first instance a series of properties are abbreviated by a concept. For example, 'social democratic', 'high levels of economic steering', 'social equality' are abbreviated by the 'Nordic model' signifier (particular → universal). In the second movement, the order is reversed and the concepts are used to explicate the 'Nordic model' in the fashion of a question: 'what is the Nordic model?' – 'it is social democratic' etc. etc. (universal → particular). In the final movement, the concept appropriates the properties neither as abbreviation nor as part of an explicating chain. The 'Nordic model' possesses these qualities *because* it is Nordic, not simply as an abbreviation or explication (particular & universal).²⁶² There are echoes of this idea in Klaus Petersen's description of the Nordic model: 'the idea of a Nordic society was developed into a Nordic line in social policy, characterized by...universalism, tax-financing, public responsibility, social rights and prophylactic social policy', and his further argument that '[W]hen similarities were found or established, they "turned" into something Nordic'.²⁶³ It is this "turning into" which I think is critical and generally unaccounted for: the efficacy of the 'Nordic model' empty signifier at "owning" non-Nordic phenomena.

3.3.4 Discourse: Material or ideological?

In chapter two it was argued that scholars very often instigate a split between rhetoric and reality, material and ideological, speech and action. While scholars, especially those working from constructivist perspectives, often reject this split, there is a tendency to fall back into it. Consider, for example, Christopher Browning's disclaimer about his study of national branding:

²⁶² Slavoj Žižek, *The Metastases of Enjoyment* (London: Verso, 1994), 47–50.

²⁶³ Petersen, 'National, Nordic and Trans-Nordic', 52.

The focus on the concept of “brand” here makes it important to distinguish between “rhetoric” (marketing) and “reality” (actual practices). Obviously, from a discursive and constructivist perspective such a distinction is problematic since our discourses are constitutive of social reality. The reason for introducing the distinction, however, is to assert that the article is interested primarily in how a “Nordic brand” has been marketed over time, rather than whether the Nordics have always lived up to the brand.²⁶⁴

Laclau and Mouffe’s theoretical approach to discourse is similar, although rather than being constitutive of social reality, for Laclau and Mouffe, discourse is *itself* material.²⁶⁵ It therefore attempts to resolve the separation between the material and ideological. In the last chapter’s discussion of David Cameron’s Conservative Party, I indicated that in my view the ideological tenets of the ‘Big Society’ persisted in the legislation, and that, despite probably fairly accurate charges of cynicism, the effects of competing ideological positions inhere to the policy architecture which was introduced, even if the discourse itself was never popular and was abandoned altogether by 2015. My understanding of ideology as functioning cynically à la Žižek – in his formulation: ‘they know very well what they are doing, but still they are doing it’ – informs this approach.²⁶⁶

Having said that, however, it is common, especially among Marxist scholars, to criticise discourse theory for a flight from the ‘objective’.²⁶⁷ The arguments put forward by Jules

²⁶⁴ Christopher S. Browning, ‘Branding Nordicity: Models, Identity and the Decline of Exceptionalism’, *Cooperation and Conflict* 42, no. 1 (2007): 31.

²⁶⁵ Laclau, *New Reflections on the Revolution of Our Time*, 111.

²⁶⁶ Žižek, *The Sublime Object of Ideology*, 24–27.

²⁶⁷ See, for example, Jules Townshend, ‘Discourse Theory and Political Analysis: A New Paradigm from the Essex School?’, *British Journal of Politics and International Relations* 5, no. 1 (2000): 129–42 This summarises a number of criticisms levelled at discourse theoretical approaches.

Townshend in a thoughtful critique of discourse theory will be taken here as emblematic of this view. While some of Townshend's points should be rejected, partly as a result of his conflation of two meanings of the term objective (material, in the sense of actually existing, and noumenal, in the Kantian sense of Things-in-themselves),²⁶⁸ his criticism that discourse theory focuses overwhelmingly on political struggles and social movements rather than economic issues is apposite. At least partially, this is a function of the so-called 'normative deficit' in Laclau and Mouffe's work.²⁶⁹ Unlike Butler and Žižek, or Townshend for that matter, Laclau and Mouffe are agnostic about the central antagonism of contemporary social formations. Whereas Butler argues that the constitutive antagonism is the impossibility of a fully gendered subject, and Žižek argues that social relations under capitalism are responsible for the impossibility of the closed social, for Laclau and Mouffe there is no central antagonism and therefore no identity central to change. It is therefore difficult to theorise the relationship between any particular movement and the operation of the global economy.

There is however no good reason to imagine that accumulative systems, such as markets and quasi-markets, are not sites of articulation, nor that economic crises and problematics cannot be approached in this fashion. Indeed, Bob Jessop and Jacob Torfing have produced work using discourse-based approaches to political economy, and the neo-Gramscian school in International Political Economy, which uses the concept of hegemony, is widely studied and respected.²⁷⁰ I also suggest that sustaining a set of heterodox ontological and epistemological

²⁶⁸ Laclau and Mouffe responded to this argument when it was first made by Geras, see Laclau, *New Reflections on the Revolution of Our Time*, 90–120.

²⁶⁹ Townshend, 'Discourse Theory and Political Analysis: A New Paradigm from the Essex School?', 138.

²⁷⁰ Bob Jessop, *The Future of the Capitalist State* (Cambridge: Polity Press, 2002); Jacob Torfing, 'Towards a Schumpeterian Workfare Postnational Regime: Path-Shaping and Path-Dependency in Danish Welfare State Reform', *Economy and Society* 28, no. 3 (1999): 369–402; For a neo-Gramscian approach to the Nordic

propositions, while using concepts with established ontological and epistemological meanings in other schools of thought (compare orthodox liberal notions of discourse as speech), causes issues. However, explaining established concepts from first principles would a) require prohibitively lengthy articles, and b) suffer from what Grayson Perry describes as ‘the wrong kind of unreadability’.²⁷¹ Given that Laclau and Mouffe’s work was designed to escape the negative connotations of the dreaded i-word (ideology) in Marxist theory it is worth questioning whether an ideology-based approach would function better. On the other hand, Laclau and Mouffe’s theoretical work is of far greater functional usefulness than most ideology-centred approaches and for this reason it has been selected here.

3.3.5 Governance and Discourse as methodology

While the Interactive governance paradigm and discourse theory offer structuring logics for empirical study, they should not be considered methodologies in themselves. A few specific methodological remarks are therefore necessary to explain how these two paradigms will be used here.

Discourse theory aims to identify and explain hegemonic discourse. How is discourse created and sustained? What are the strategies through which it is developed? This is an essential but difficult question, especially in the sphere of public policy. While public opinion polling has previously been used as a means of identifying hegemonic discourses in civil society and

economies, see Ryner, *Capitalist Restructuring, Globalisation and the Third Way: Lessons from the Swedish Model* and passim.

²⁷¹ Grayson Perry, ‘Democracy Has Bad Taste’, (Lecture, 2013), <http://downloads.bbc.co.uk/radio4/transcripts/lecture-1-transcript.pdf>.

linking them to their articulation as part of political strategies,²⁷² such an approach would likely be unsuccessful in dealing with the relationship between the Nordic model and public policy issues. This is due to the high level of complexity of such issues and the extent to which networked actors actively and passively exclude the public from engagement with public policy structures. As noted above, the primary audience of the strategies of networked actors is other networked actors, rather than publics.

In terms of its concrete analysis, this study is interested in two key areas. The first of these is rhetorical. It's starting point is to identify and understand the key signifiers attached to the Nordic model in the range of sources set out above and in doing so point out how certain signifiers stand metonymically for one another – e.g. patient choice for freedom – and how this is articulated with reference to, for instance, a public health system. The second portion of this operation is to understand how Nordic signifiers assist the creation of such rhetorical claims.²⁷³ Secondly, given the emphasis in this thesis on relations between subjects, whether they be authors or institutions, there is a clear, though generally implicit, focus on the split between the subject of the utterance and the subject of the enunciation.

The subject of the utterance can be understood as the statement as such, while the subject of the enunciation identifies from whence the statement originates: does it fulfil the formal criteria to be considered an authority in public policy – is it from a government minister, research fellow in a think-tank, broadsheet journalist, etc.? Where this can be understood,

²⁷² Anna Marie Smith, *New Right Discourse on Race and Sexuality* (Cambridge: Cambridge University Press, 1994).

²⁷³ Howarth and Torfing, *Discourse Theory in European Politics: Identity, Policy and Governance*, 342–3.

what was the speaker's intention? Were there unconscious cues to which the statement alluded?²⁷⁴ For example, speeches by former Education Secretary Michael Gove are particularly dense with references to Britain's imperial past and the Victorian era. Are there potentially unintended consequences of such allusions? Is the audience expected to understand them in a particular way and to what extent can the subject control its utterance once it has entered discourse? Identifying these aspects of discourse and the position of subjects in discourse are key methodological priorities for this thesis.

This discussion helps elucidate the reason for choosing the logic of the signifier over realist approaches, such as Critical Discourse Analysis (CDA). It is the potentially interesting implications of the fact that the signifier ultimately points to nothing (as opposed to something) that make this approach interesting. Methodologically, this approach can accommodate meaning creation, the unconscious cues to which signifiers refer and the positions subjects adopt in the creation of these discourses.

To conduct the analysis, I posit a series of indicators which will be used to measure the extent to which a policy position has become hegemonic within a given governance network. Despite the reservations set out above about the potential for media to create a distorted impression of the success of policy positions, they will be used as an indication that a policy has become hegemonic within a governance network. This is due to the likelihood that sustained, rather than isolated, coverage results from general consensus about the benefits of a particular policy within a network. The adoption of a position by a political party through its introduction

²⁷⁴ Ibid., 343–6.

into a manifesto will also be considered grounds to consider a policy hegemonic within a governance network. Finally, the use of particular discourses in ministerial speeches, the introduction of legislation in Parliament and the implementation of a policy will all be considered evidence that a policy is hegemonic in a network.

It is perhaps slightly ironic that, following Lacan, I have been so insistent upon the emptiness of the signifier, but that I have nonetheless posited a series of ‘networked actors’ in such a way that they appear as coherent subjects.²⁷⁵ The Lacanian subject, like the signifier, is empty. The reasons for this are complex and not ultimately relevant to the empirical argument of this thesis, I will therefore not rehearse them here.²⁷⁶ It suffices to say that the governance networks that I analyse in this thesis are constructed – i.e. participants in networks would not necessarily recognise these networks as really existing things. I am also aware that there is a danger of reifying networks in this analysis, even though these are as much constructions – both within this study and in the world as such – as any discourses which networked actors produce.

The discourses produced by governance networks will be analysed using the discourse theoretical approach outlined above. The focus will be on the functioning of the Nordic model as an empty signifier. In particular, the relationship between the Nordic model and the Lacanian Master signifier ‘democracy’ will be examined. As argued above, there is a degree of agnosticism about the primacy of any particular identity in Laclau and Mouffe’s theoretical

²⁷⁵ I would like to thank Titus Hjelm and Magnus Ryner for their comments which helped me to clarify this point.

²⁷⁶ But see Jacques Lacan, ‘The Mirror-Phase as Formative of the Function of the I’, in *Mapping Ideology*, ed. Slavoj Žižek (London: Verso, 1995); Bruce Fink, *The Lacanian Subject: Between Language and Jouissance* (Princeton, NJ: Princeton University Press, 1995), 49–68.

work. For this reason, they have tended to be somewhat ambivalent about the Lacanian idea that there is a signifier which “means everything” insofar as it does not mean anything in particular thereby enabling everyone to recognise himself/herself in it.²⁷⁷ Given that several wars, capital market deregulation, quasi-market public service reform and ethical consumption have all been justified based on appeals to democracy, however, there is good reason to suppose that analysis of a relationship to the Master signifier ‘democracy’ could offer a useful frame of reference for analysis of the Nordic model. This study will therefore supplement Laclau and Mouffe’s discourse theory with the logic of the Lacanian Master signifier.

²⁷⁷ Slavoj Žižek, *Enjoy Your Symptom* (London: Routledge, 1992), 156.

3.4 Sources and Terminology

3.4.1 The primary actors

Thus far, there has been extensive discussion of actors in the abstract, but little discussion of the actors with which this study will be concerned. Given the sheer number of actors engaged in some capacity in contemporary social steering it will prove impossible to provide a definitive account of the actors considered throughout the study in this section. Each of the following case studies will include a discussion of the most relevant actors for each of their policy areas. However, given that some of the actors will appear repeatedly it is worth sketching out a brief history of some of them here.

The majority of texts under consideration in the three case studies below come from think-tanks, defined here as private or independent research institutes.²⁷⁸ This is closely followed by political speeches and newspaper articles. A number of white and green papers are also considered, but these are fewer in number. It is therefore worth asking: what are the major British think-tanks and what do they do?

The first British think-tank was the Fabian Society, founded in 1884, which was instrumental in the creation of the UK Labour Party. The second was Chatham House, an institute set up for the study of international affairs in 1920. Think-tanks appeared earlier and in much greater numbers in the USA, and it was not until the Institute of Economic Affairs and the Centre for Policy Studies were founded, in 1955 and 1974 respectively, that think-tanks began to gain significant influence in UK politics. The IEA was founded by Anthony Fisher, under persuasion

²⁷⁸ Stone, *Capturing the Political Imagination: Think Tanks and the Policy Process*.

from Friedrich von Hayek, but was effectively run by Ralph Harris and Arthur Seldon, two members of the international Mont Pelerin Society (MPS). MPS itself was founded by a group of influential economists and philosophers including Hayek, Ludwig von Mises and Milton Friedman.²⁷⁹ The IEA has therefore long nurtured important international connections and has used the intellectual credibility of its founders as a means to propagate its ideas about free-market economics.

CPS was founded later and, in contrast to the IEA, tended to focus as much on advocacy as on producing theoretical publications.²⁸⁰ The Adam Smith Institute (ASI) focuses very heavily on advocacy and therefore sits at the opposite end of the spectrum from the IEA. The motor behind the foundation of CPS was Keith Joseph, a close friend of Margaret Thatcher, who also had strong links with the think-tank. Later, CPS, far more than the IEA, became a recruitment ground for the Conservative Party. John Redwood, MP for Wokingham (1987-), and David Willets, former MP for Havant (1992-2015), both cut their teeth at CPS.

The emphasis on social and political modelling has an august history in think-tanks, as one of Joseph's original motivations was to study the West German 'social market economy'. Denham and Garnett describe this as 'a ruse to hide his true intention, which was to convert his party to his way of thinking' (i.e. economic liberalism).²⁸¹ This is a fairly instrumentalist view of Joseph's interest in the West German economy, but it is indicative of the somewhat crude materialism common to analyses of think-tanks. Indeed, in contrast to this view, it is

²⁷⁹ Keith Tribe, 'Liberalism and Neoliberalism in Britain, 1930-1980', in *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*, ed. Philip Mirowski and Dieter Plehwe (London: Harvard University Press, 2009), 68–97.

²⁸⁰ Denham and Garnett, 'Influence without Responsibility? Think-Tanks in Britain', 49.

²⁸¹ *Ibid.*, 48.

far more productive to view the strength of think-tanks as owing in large part to their commitment to particular ideals rather than a political party.²⁸² The lack of contradiction which think-tanks experience in working with a range of political parties and subject matters should certainly be attributed to this feature of their identities, even if certain institutions naturally make easier bedfellows with some political parties and organisations than others. This is particularly true of the IEA.

With the exception of the much older, and still active, Fabian Society, most social democratic think-tanks developed later, in response to the perceived success of the IEA, CPS and ASI at influencing the policy agenda. The early 1990s, which ushered in the New Labour era, was a particularly intense period of activity for social democratic think-tanks. Think-tanks had always used the practicality of their research as an advert. The IEA, for example, argued that it did not 'represent a batch of eggheads in the academic clouds'.²⁸³ This intensified in the New Labour period in response to the natural inclination for think-tanks to see themselves as solution-oriented and the influence of 'post-ideological' Third Way ideas (see 2.3.2, above).²⁸⁴ 1988 and 1993 saw the foundation of the Institute for Public Policy Research (IPPR) and Demos respectively, two think-tanks with a broadly social democratic outlook and, at that time, ties to the Labour Party. Later, the number of social democratic think-tanks and affiliated journals multiplied to include groups such as Compass, which was originally a think-tank for Labour Party members, but has since broadened its remit to work with other parties and organisations, Renewal, and Policy Network, which is an international think-tank. The Fabian Society has remained highly active in producing policy papers and influencing the

²⁸² Jackson, 'The Think-Tank Archipelago: Thatcherism and Neo-Liberalism', 56.

²⁸³ Ibid., 48.

²⁸⁴ Denham and Garnett, "'What Works'? British Think Tanks and the 'End of Ideology'".

direction of the UK Labour Party and the British social democratic and labour movement in general.

On top of this there are groups which are more difficult to place in relation to the established political parties. Good examples of organisations such as these are the Social Market Foundation (SMF) and Civitas. These groups describe themselves as non-partisan and engage with a range of actors on different issues. SMF is generally concerned, as its name suggests, with *social* markets, rather than *free* markets. Similarly, Civitas is interested in civil society institutions and organisations. Their positions should therefore be considered liberal conservative and occasionally communitarian, allowing them to engage with factions in all three major political parties and a large range of actors involved in social steering and policy creation.

The actors which will be considered here, and which have engaged with the Nordic model, represent a large spectrum of political positions and have broad and deep networks and relationships with other organisations. One of the key aims of this study will be to explore how these different positions affect their articulation of the Nordic model as an empty signifier, and their positioning within networks is essential to a complex understanding of this.

3.4.2 Sources

As noted above, this thesis draws on a wide range of different material as evidence. Primarily, it takes as its starting point policy reports, documents and working papers produced in think-tanks, research institutes, government ministries, the Cabinet Research Unit and so on. The thesis also makes extensive use of ministerial speeches, White Papers, Acts of Parliament and

any other forms of document generated by government departments and parliamentary business. The study also draws on a range of newspapers, periodicals and magazines, both those with a specific focus (e.g. the business press) and popular publications (e.g. broadsheets, tabloids). I have drawn a distinction between business and popular newspapers due to the differences in their focus and audience. The readership and influence of *The Financial Times (FT)* and *The Daily Telegraph* are clearly distinct: *The FT's* interests in Swedish school chains may have as much to do with their investment potential as their ability to provide adequate schooling. Newspapers, other than *The Economist* and the *FT*, which are international, though based in London, were selected only if they published on the UK mainland. National, i.e. UK-wide, publications were generally preferred, except in cases where no national sources existed. *Private Eye*, *The Morning Star*, the BBC News website and free daily newspapers (e.g. *Metro*) were generally excluded from such searches, since, given their interests and perspectives, they cannot be considered integrated into governance networks.

Articles were selected based on keyword-searching using the Nexis online archive;²⁸⁵ economist.com and ft.com (which are not part of the Nexis archive). I also used the Economist Historical Archive and the Financial Times Historical Archive for pieces published before c.2006. This inevitably involved trial and error to identify relevant source material. When researching media sources for chapter five on the topic of Free Schools, for example, I used a combination of queries based on wide-cast results – e.g. “Michael Gove” AND “Academies Act” – and then gradually narrowed the search from information gathered from policy documents and the articles already collected. This process generated queries for, among

²⁸⁵ <https://www.nexis.com>

other things, “Kunskapsskolan”, the Swedish education chain, and two of its most senior figures “Anders Hultin” and “Per Ledin”.

Howarth notes that the textual material gathered for discourse analysis is usually determined by the problem investigated.²⁸⁶ For this study, it has therefore proved necessary to build three overlapping corpora of documents, with reference to the three different case studies which form the empirical spine of the thesis. These often overlap significantly, as it is fairly common for policy reports to set out recommendations across various different sectors. For example, Norman Blackwell’s rather self-explanatorily titled *Better Schools and Hospitals* sets out a market-orientated programme of reforms for the education and health sectors.²⁸⁷

However, it is also worth bearing in mind that the academic fields, as distinct from the policy debates, are often demarcated along sectoral lines and operate at a high level of specialisation. That is to say, while in policy terms actors may propose similar reforms across a range of public services, in academic debates discussion of health, education and labour market regimes are typically separate. The corpora are therefore necessarily more exhaustive with reference to the policy debates as they occurred in governance networks. While each case study will nonetheless orientate itself with reference to academic arguments in each field, practical necessity places limits on the level of engagement with such a range of specific technical arguments. Furthermore, it is not the purpose of this thesis to prove or disprove particular theories about the running of the welfare state, but rather to examine the process

²⁸⁶ Howarth and Torfing, *Discourse Theory in European Politics: Identity, Policy and Governance*, 337.

²⁸⁷ *Better Schools and Hospitals* (London: Centre for Policy Studies, 2004).

of policy formation and examine how this functions with reference to a specific object: the Nordic model.

3.4.3 Terminology

For a study concerned so explicitly with terminology it is clearly important to set out something of a glossary, in order that the reader can orient him- or herself within a series of easily definable categories. One thing which will generally be avoided is labels which are, or are perceived to be, pejorative. As a result, terms such as left-wing and right-wing will not appear except as part of quotations. I will also tend to avoid the term neoliberalism, not so much because it is pejorative, it is now included in *The Economist* style guide (it should be unhyphenated apparently),²⁸⁸ but because it is opaque. What exactly is neoliberalism and who is a neoliberal? Is Joseph Schumpeter a neoliberal just because intellectuals who are described as neoliberal, generally by others, use his concepts of entrepreneurialism and creative destruction? An answer to this question is outside the scope of this study, but it is difficult to avoid the conclusion, to paraphrase Deleuze and Guatarri, that neoliberalism, rather like capitalism, is quasi cause. That is to say, it is both process of production and product: the process of neoliberalising produces neoliberalism. I consider that any usage of it should therefore be grounded in a clear analysis of how it functions (a discourse analysis, in other words) and as a result it will be avoided here.

The terms liberal and social democrat will both be used in their traditional European senses, rather than the American sense where liberal means, effectively, social democrat. Herein, a

²⁸⁸ The Economist, *Style Guide* (London), accessed 10 December 2016, <http://www.economist.com/style-guide/hyphens>.

liberal is someone who believes in free-markets, individual freedoms set out in law and universal human rights. A social democrat is someone who believes in a mixed economy and social welfare schemes. The term conservative will generally refer to a stance or stances on social issues, as UK conservatives tend to favour liberal economic policies. As in everything, however, the confrontation of these ideal type terms with the actually existing state of party politics in Britain throws up nothing but difficulties. This is especially true when the terms set out refer to or are used by political parties. As is conventional, Conservative with a capital 'C' refers to membership of the UK Conservative Party, but should not be taken to indicate any particular ideological stance, since the Conservative Party embraces views from neoconservative to libertarian and much in between in its ranks. The term conservative with a small 'c' will therefore usually be used in conjunction with some other defining adjective in order to make the distinction clear. Of particular relevance is the term One Nation conservative, which broadly equates to the Compassionate Conservative and Red Tory positions set out by Jesse Norman and Phillip Blond (see 2.3.3, above). This is distinct from the free-market liberalism of the modern Conservative Party.

Similarly, the internal divisions of the Labour Party make it difficult to designate the party as uniformly socially democratic, especially since the term was considered freighted with baggage during Tony Blair's and Gordon Brown's periods as leaders of the Party. And indeed, many social democrats, socialists and so forth would describe the New Labour project which Blair and Brown embarked upon as ultimately liberal in effect, if perhaps not in intention. To avoid confusion, then, the more liberal sections of the Labour Party will be defined based on their association with New Labour – the project's critics within the party as social democrats or socialists by degree of difference. The terms Blairite and Brownite will not be used by me,

but may appear in quotations, especially from newspapers contemporary with the then Labour government.

As was pointed out to me at a conference by several Danish scholars, the term social democrat as employed in this study is rather ambiguous when applied to the Nordic countries. Indeed, the Nordic countries have two Social Democratic parties (Denmark and Finland), one Social Democratic Alliance (Iceland), one Labour Party (Norway) and one Social Democratic Labour Party (Sweden, its official English name omits the Labour portion of its Swedish name). Moreover, given the extensive periods of time during which social democrats have governed in the Nordic countries and the very different platforms which they have adopted at different times, the designation is not straightforward.²⁸⁹ The term social democrat has primarily been chosen to distinguish actors involved in reformist politics in the UK from the Labour party itself, since, as noted in the discussion above, some think-tanks are internal to the Labour party. As a result, any discussion of a 'labour' governance network or similar would be unhelpful and might imply direct affiliation with the party. Although the term is clearly more complex when applied to the Nordic countries, the notion of social democratic governance networks will only be used when referring to the UK, hopefully minimising any potential objection to its use on these grounds.

²⁸⁹ On this, see Tilton, *The Political Theory of Swedish Social Democracy*; Hinnfors, *Reinterpreting Social Democracy*; Sejersted, *The Age of Social Democracy* and chapters one and two, above.

3.5 Conclusions and questions

The last three chapters have set out a number of issues and contexts which will be explored in the rest of this study. Chapters one and two looked at a range of scholarship and issues in Nordic and British politics from approximately 1970 onwards. This chapter has looked at the issue of how actors should be theorised in relation to one another: it is one thing to argue that discourses exist, but even a detailed discourse analysis is incomplete without a properly theorised field in which actors engage in articulatory practices. I have therefore set out the argument that the interactive governance paradigm can be used to structure observations about the relationships between actors. The specific form of discourse analysis which will be used in this study was then elaborated, including a number of minor criticisms and alterations which will be used to conduct the analysis. Finally, the chapter made a couple of methodological remarks which explained what would be considered a hegemonic discourse and how this would be established empirically.

In the introduction, I posed three key questions which would be addressed in three case studies in chapters three, four and five. The key questions posed by the thesis are:

1. How is the Nordic model articulated in British governance networks today? How has it developed and changed over time?
2. Which actors have articulated these discourses and why have they done so?
3. What effects, if any, has this process had on UK public policy?

As has already been suggested, it is likely that there will be no single answer to these questions, nor will any answer provided here be absolutely definitive, however this study will make a contribution to understanding of how the Nordic model functions as an empty

signifier in contemporary policy discourses in Britain. Its aim is therefore to contribute to a body of literature on the Nordic model as well as a literature on British public policy. In chapter four I will survey literature dealing with Nordic political economy from the early 2000s until 2015. This analysis will employ the key concepts set out in this chapter to identify the empty signifiers around which these discourses have been constructed and examine their successes and failures in posited governance networks in British public policy.

Chapter Four – Nordic models of political economy: flexibility or security?

4.1 Introduction

This chapter will examine the Nordic model as an approach to political economy. However, very few Nordic macro-economic policies have been adopted or implemented in the UK. There are a host of reasons for this, some of which will be explored here. As a result, this chapter will function slightly differently to chapters five and six, which deal with the development, adoption and, to a degree, implementation of concrete policies. Firstly, it will identify the networks responsible for articulating discourses about the Nordic countries. Secondly, it will discuss the particular signifiers used to articulate a Nordic model of political economy in the UK, particularly drawing out attempts to understand Nordic economic regimes in terms of the signifier 'freedom'. Thirdly, it will attempt to understand these discourses either as part of wider political projects – e.g. social democracy and free-market liberalism – or programmes for altered regulatory regimes.

The fact that political economic and public service discourses of the Nordic model diverge is interesting in itself, however it nonetheless makes considerable sense that networked actors would consider a model of political economy an important prerequisite to public service discourses, since social welfare systems are almost always envisaged as embedded in contingent economic formations. It is therefore significant that, whereas specific policy reforms have come about as a result of policy discourses in governance networks on health and education, there has been no significant change in the basic circumstances of Britain's economy as a result of nonetheless quite well-developed articulations of the Nordic

economies. This is no doubt at least partly due to the unfashionability of industrial policy in the UK in the last thirty to forty years, but it is probably also a demonstration of the self-imposed focus, shared by New Labour and the Conservative-Liberal Democrat coalition, on public services rather than the functioning of the economy itself.

Moreover, New Labour's healthcare discourse (chapter five) offers a much more systematic demonstration of a re-articulation of the Nordic model as part of a social democratic project, although the Freud Report, which outlined changes to unemployment payment rules in the UK (see 4.2.2, below), is also a good example of this. Similarly, the transposition of a Swedish Free Schools policy to England and Wales (chapter six) is a clear demonstration of a free-market attempt to articulate the Nordic model signifier as part of a liberal-conservative political project. However, this is not to say that there are not specific macroeconomic policies which are considered imitable. The focus of the chapter is still modelling, even if it is more difficult to identify specific policy regime changes associated with these discourses. A key argument will be that 'flexicurity', a policy most closely associated with Denmark, has been identified as a potential model for reform, alongside discourses which aim to account for the macroeconomic 'success' of the Nordic countries. This will be done by identifying the chief signifiers around which such discourses have been articulated with a focus on notions of 'freedom', 'security', and 'democracy'.

The chapter will therefore begin by offering an explanation of what is meant by 'flexicurity' and explain the structuring principles of the policy in Denmark. It will also offer a few remarks about the similarities between Danish and Swedish economic policies. It goes on to construct two governance networks in which these discourses have been articulated, and explain the

relations between the different actors using the Interactive Governance paradigm set out in chapter two. Finally, it will offer an analysis of articulations of Nordic political economy in the two governance networks set out in the opening section and analyse the primary signifiers and signifying chains around which these discourses are organised.

4.2 Why Nordic flexicurity?

4.2.1 Flexicurity: Where did it come from?

The actual meaning of the rather ugly portmanteau ‘flexicurity’ is an ongoing and contested question. This section has been titled ‘Why *Nordic* flexicurity?’ to reflect the fact that the origins and use of the concept flexicurity are more complex than its typical associations with Denmark might suggest. During the 1990s and early 2000s, there were significant similarities between the structures of the Danish and Dutch labour markets, and the term ‘flexicurity’ was first coined by Dutch sociologist Hans Adriaansens in 1995 to describe the Dutch system of social protections.²⁹⁰ Politically, the term became associated with Danish Prime Minister Poul Nyrup Rasmussen, but it was propagated academically by Ton Wilthagen, a Dutch economist.²⁹¹ In Denmark, the system of reforms which came to be termed flexicurity was associated with the Nordic financial crises and Exchange Rate Mechanism (ERM) crisis of the early 1990s. Although the effects of these related crises were far more severe in Sweden and Finland (see 2.2.1, above), Denmark nonetheless experienced significant difficulties, especially rising unemployment and currency devaluation.²⁹²

The next sub-section (4.2.2) will go into greater detail about the macroeconomic logic behind flexicurity policies and will introduce the argument that flexicurity can be seen as a ‘variety of capitalism’, rather than a specific regulatory regime, and give a summary of the most relevant academic literature on the topic.

²⁹⁰ Tor Eriksson, ‘Flexicurity and the Economic Crisis 2008-2009: Evidence from Denmark’ 2012.

²⁹¹ Ton Wilthagen, *Flexicurity: A New Paradigm for Labour Market Policy Reform*, Discussion Paper FS-I (Berlin: Wissenschaftszentrum, Berlin, 1998).

²⁹² Jon Erik Dølvik, Jørgen Goul Andersen, and Juhana Vartiainen, ‘The Nordic Social Models in Turbulent Times: Consolidation and Flexible Adaptation’, in *European Social Models From Crisis to Crisis: Employment and Inequality in the Era of Monetary Integration* (Oxford: Oxford University Press, 2014), 247–304.

As well as part of domestic reform programmes, the term has also been used extensively by the European Commission and in transnational governance networks. The Commission's use of flexicurity has attracted significant scrutiny, and a number of scholars have suggested that far from representing a new direction for EU policy, it should instead be seen as a continuation of prevalent thinking in the Commission. Since the Dutch and Danish labour markets were the best performing in Europe in the late 1990s, it was logical that the Commission should adopt a flexicurity policy wholesale.²⁹³ Indeed, the question was of considerable interest in the mid-2000s, and politicians from all over Europe of different political orientations were asking whether the Nordic model had the potential to be emulated.²⁹⁴ The question of the Dutch and European discussion on flexicurity is outside the scope of this thesis, although how this discussion reflects European attitudes to Denmark and the Nordic countries remains a question of considerable interest for future research.

The supersession of 'Dutch flexicurity' with a primary association with Denmark has generally been understood as a reaction to the wider scope of protection in Denmark. Whereas the Dutch system is primarily concerned to offer security for those engaged in irregular working patterns, in theory the Danish system includes anybody who is integrated into the labour market, broadly conceived. Despite the general agreement in the academic literature about

²⁹³ Maarten Keune and Maria Jepsen, 'Not Balanced and Hardly New: The European Commission's Quest for Flexicurity' (European Trade Union Institute for Research, Education and Health and Safety, 2007); Ton Wilthagen and Frank Tros, 'The Concept of "Flexicurity": A New Approach to Regulating Employment and Labour Markets', *Transfer: European Review of Labour and Research* 10, no. 2 (2004): 166–86.

²⁹⁴ Nick Clegg, 'Too Good a Model to Be Ignored', *European Policy Centre Working Paper* 20 (2005): 29–31.

the closed, and above all, Danish, meaning which should be ascribed to flexicurity, I have intentionally re-opened it under the term 'Nordic flexicurity'.²⁹⁵ This is for two chief reasons.

Firstly, there are significant similarities between the regulatory regimes and assumptions of the Danish and Swedish labour markets. Pär Nuder, a Swedish former Social Democrat member of the *Riksdag*, has described the Rehn-Meidner Model (see 1.2.2, above) as 'Flexicurity – before flexicurity was even a word'.²⁹⁶ Keune and Jepsen broadly agree with this characterisation, describing the European Commission's flexicurity as 'hardly new' and pointing to the Rehn-Meidner model to show that questions of flexibility and security in the labour market have long preoccupied policy-makers.²⁹⁷ This point will be described in greater detail below, but it is worth noting here that many of the changes to the Rehn-Meidner model since 1991 (see 2.2, above) have brought it further into line with the Danish regulatory regime. Specifically, Sweden's abandonment of national level wage bargaining, but retention of tight counter-inflationary and active labour market policies mean that the contemporary Swedish labour market and macroeconomic policies strongly resemble the core tenets of the flexicurity agenda in Denmark (see 4.2.2, below).

Secondly, in policy and strategic literature the Nordic countries are typically integrated and separated haphazardly. This was commented upon in the preceding chapters and will be a running theme throughout this study. As a result, any attempt to distinguish too rigidly

²⁹⁵ For example, Mogens Lykketoft, a Danish Social Democratic politician and former Finance Minister, is explicit in his argument that the flexicurity programme should be considered a Danish phenomenon: *Den Danske Model - en europæisk succeshistorie* (Copenhagen: Arbejderbevægelsens Erhvervsråd, 2010).

²⁹⁶ Nuder, 'Saving the Swedish Model'.

²⁹⁷ Keune and Jepsen, 'Not Balanced and Hardly New: The European Commission's Quest for Flexicurity'.

between the Nordic systems is likely to fall foul of this conflation and require the omission of relevant literature for reasons of pedantry.

4.2.2 The architecture of flexicurity

This section will offer a description of the policy architecture of Danish flexicurity and where necessary point to similarities with other systems, especially the Netherlands and Sweden. The transition towards the labour market arrangement in Denmark, which is today widely referred to as flexicurity, began in 1993. An important feature of flexicurity is that it sits somewhere between a regulatory regime and a set of principles for reforming the labour market. Poul Nyrup Rasmussen, former Prime Minister of Denmark (1993-2001), makes this case in a description of what he sees as the core of flexicurity's success. He describes it as a 'combination of policies and the active participation of the social partners'.²⁹⁸ For this reason, while flexicurity could perhaps be defined by a list of specific regulations, neither Nyrup Rasmussen nor many of the other Danish or Nordic commentators see it as such. Indeed, while Nyrup Rasmussen notes that Denmark has 'the highest mobility in any labour market anywhere in the world',²⁹⁹ he stresses that the Nordic countries 'also offer their citizens the highest economic and social security in the world'.³⁰⁰ Mogens Lykketoft, finance minister during Nyrup Rasmussen's premiership, sets out a more detailed list of policies which could be considered a 'flexicurity' programme. Significantly, he argues that the policy was defined by a combination of 'macroeconomic steering' and deep structural reform of the labour market and tax system.³⁰¹

²⁹⁸ Poul Nyrup Rasmussen, 'Learning from the North - Let's Focus on Best Practice in All of Europe', *European Policy Centre Working Paper* 20 (2005): 51.

²⁹⁹ Berger et al., 'Interview with Poul Nyrup Rasmussen', 98.

³⁰⁰ Rasmussen, 'Learning from the North', 52; See also, Berger et al., 'Interview with Poul Nyrup Rasmussen', 98.

³⁰¹ Lykketoft, *Den Danske Model*, 22.

He argues that the enormous investment in training made during this era in Denmark was complemented by tightened rules about accepting available jobs (i.e. if an appropriate job was available it could not be turned down). Indeed, the active labour market policy elements of flexicurity have been very popular in the UK. Nordic activation policies were of interest to New Labour in their attempt to introduce new criteria for continued receipt of unemployment payments and sanctions for failure to meet them, as well as quasi-markets in the administration of such benefits.³⁰² In 2005-2010, during a period of opposition, Iain Duncan Smith, former leader of the UK Conservative Party and later Work and Pensions Secretary, studied Danish and Swedish unemployment systems, and there are clear echoes of Nordic principles in the ideas behind his Universal Credit scheme.³⁰³ In particular, the principle that accepting work should never lead to loss of income, which has not been effectively implemented at the time of writing, was influenced by the Danish welfare regime. Moreover, there has been significant discussion in recent times about the possibility of outsourcing contracts for providing JobCentre Plus services. The outsourcing of services has been a core part of reforms to the *A-Kasse* system in Denmark and studies on this have been published in British think-tanks.³⁰⁴

³⁰² David Freud, 'Reducing Dependency, Increasing Opportunity: Options for the Future of Welfare to Work (The Freud Report)' (Leeds: Department for Work and Pensions, 2007); Anne Daguerre and David Etherington, 'Active Labour Market Policies in International Context: What Works Best? Lessons for the UK' (Norwich: Department for Work and Pensions, 2009).

³⁰³ Adrian Wooldridge, 'The Vikings Rise Again, but This Time Their Axe Is Aimed at the State', *The Sunday Times*, 16 February 2014; Catherine Haddon, 'Making Policy in Opposition: The Development of Universal Credit, 2005-2010' (London: Institute for Government, 2012).

³⁰⁴ Freud, 'The Freud Report'. See in particular section 7 on the role of JobCentre Plus. Sharon Wright, *Contracting out Employment Services: Lessons from Australia, Denmark, Germany and the Netherlands* (London: Child Poverty Action Group, 2008).

However, the Danish concept of flexicurity goes beyond this. A major part of the logic of the reform was the recognition that unskilled and semi-skilled production jobs could be easily outsourced to China, South East Asia and India, requiring active steering to create a more skilled labour force (*opkvalificering*),³⁰⁵ a focus which was not necessarily mirrored in attempts to import portions of the policy to the UK. However, the failure to maintain this level of investment in skills is Lykketoft's major criticism of the Fogh Rasmussen government (2001-2009), demonstrating a generalised preference among European governments for the reduction of unemployment payments without generating new expenditure on education and training.³⁰⁶ There were also reforms to the system for obtaining credit in the housing market, which had been implicated in some of the problems leading to the crisis of the early 1990s in Denmark. This was combined with a reform to the tax system, which began as a short-term relief programme, but was retained as a structural reduction of income tax.³⁰⁷

Importantly, however, Lykketoft argues that these supply-side reforms were only effective because they were combined with active industrial, environmental and energy policies, alongside infrastructure investments which could be targeted towards the needs of particular industries. A primary focus was on IT and technology.³⁰⁸ In other words, in Lykketoft's understanding, the success of the Danish model between 1993 and 2001 was down to a mixture of supply- and demand-side reform. Although *Den Danske Model* should be considered an active intervention in party politics, it is broadly consistent with a general consensus that Nordic economic success before the 2008 financial crisis was a result of a

³⁰⁵ Lykketoft, *Den Danske Model*, 25.

³⁰⁶ *Ibid.*, 29.

³⁰⁷ *Ibid.*, 23.

³⁰⁸ *Ibid.*, 23–4.

mixture of supply- and demand-side factors; its ability to provide for the needs of IT and technology service businesses; and a not entirely planned elision of Nordic economic structures with the demand growth of the Chinese economy.³⁰⁹ Moreover, Lykketoft's argument about gradual under-investment in skills and training in the Fogh Rasmussen era agrees with a developed criticism of a transition from 'learn-fare' to 'work-fare' in Danish social security policy and the introduction of centralising New Public Management reforms for the provision of these services since 2001.³¹⁰

The key indicator of the change towards flexicurity, at least as it is understood in the academic literature, was that alongside a decrease in unemployment, there was a contemporaneous increase in employment. One might expect increases in employment to automatically accompany decreases in unemployment. However, in practice, this is rarely the case since there are various means by which official statistics can be massaged. The unemployment figure can be reduced through the creation of training or education schemes or through early retirement schemes. What the Danish system had achieved in this period was therefore noteworthy, even if there were suggestions that some of the reduction in unemployment had been achieved at the cost of higher wage dispersions – i.e. new jobs had been created primarily at the lower end of the wage scale.

Most critically, Per Kongshøj Madsen argues that:

³⁰⁹ Dølvik, Andersen, and Vartiainen, 'The Nordic Social Models in Turbulent Times', 265, 254, 264.

³¹⁰ For a cross section of these arguments from several different perspectives, see Henning Jørgensen, 'From a Beautiful Swan to An Ugly Duckling: The Renewal of Danish Activation Policy Since 2003', *European Journal of Social Security* 11, no. 4 (2009): 337–67; Torfing, 'Towards a Schumpeterian Postnational Workfare Regime'; Barbara Vis, 'States of Welfare or States of Workfare? Welfare State Restructuring in 16 Capitalist Democracies, 1985 – 2002', *Policy and Politics* 35, no. 1 (2007): 105–22.

Denmark seems to have created a unique combination of stable economic growth and social welfare since the mid-1990s, at a time when liberals were arguing that the classical Scandinavian model was becoming obsolete and was no longer able to face the demands of flexibility and structural change arising out of technological progress and the growing forces of international competition.³¹¹

Madsen describes this as a “third way”, which combines the flexibility of a liberal market economy with the social safety net of a social democratic welfare state. According to Madsen, the success of this policy rests on a ‘Golden Triangle’, which he argues is characterised by: a flexible labour market, generous unemployment support, and active labour market policies.³¹² Without labouring the point, this triad strongly resembles the contemporary settlement of the Swedish labour market.

Lise Lotte Hansen argued that this Golden Triangle should be modified to a square to take account of the impact of caring services on levels of female participation in the Danish labour market. She therefore re-labels ‘flexicurity’ as ‘flexicarity’,³¹³ and concludes that the Danish labour market is still highly gender-segregated, with 60% of jobs, sections and branches dominated by one sex. Moreover, men and women tend to behave differently once part of the unemployment system, with men re-integrating into the labour force faster as a result of

³¹¹ ‘How Can It Possibly Fly? The Paradox of a Dynamic Labour Market in a Scandinavian Welfare State’, in *National Identity and the Varieties of Capitalism: The Danish Experience*, ed. John L. Campbell, John A. Hall, and Ove K. Pedersen (McGill-Queen’s University Press, 2006), 327.

³¹² Madsen, ‘How Can It Possibly Fly? The Paradox of a Dynamic Labour Market in a Scandinavian Welfare State’.

³¹³ Lise Lotte Hansen, ‘From Flexicurity to FlexicArity: Gendered Perspectives on the Danish Model’, *Journal of Social Sciences* 3, no. 2 (2007): 88–93.

a tendency to favour placements and on-the-job training over education schemes favoured by women.³¹⁴ Despite this, many of its central functions help increase female participation in the labour market, not least its emphasis on the principle of individualism, whereby money is allotted based on individual entitlements rather than based on the family unit.³¹⁵ Furthermore, the widespread acceptance of and public subsidy given to care of children and the elderly disproportionately benefits women, since these, historically unpaid, caring roles are typically performed by women.³¹⁶

Arguably, several features of the wider Danish economy also create conditions of greater security than those in other European labour markets. The first is that the Danish economy is characterised by large number of small and medium-sized enterprises (SMEs), which means it is likely that workers who lose their jobs can find comparable work relatively rapidly. The 1990s saw a general improvement in the conditions in the Danish labour market in general with large number of new jobs created. Finally, Madsen highlights the importance of generous unemployment benefits as a key driver of the high levels of security in the Danish labour market.³¹⁷

Regardless of whether Danish flexicurity is characterised as a Golden Triangle or as a square, it can be said to conform to Ton Wilthagen's definition of the concept as:

³¹⁴ Ibid.

³¹⁵ Ibid.

³¹⁶ Ibid.

³¹⁷ Madsen, 'How Can It Possibly Fly? The Paradox of a Dynamic Labour Market in a Scandinavian Welfare State'.

‘A policy strategy that attempts, synchronically and in a deliberate way, to enhance the flexibility of labour markets, work organisation and labour relations on the one hand, and to enhance security – employment security and social security – notably for weaker groups in and outside the labour market, on the other hand’³¹⁸

What Wilthagen describes as ‘flexibility of ... work organisations and labour relations’ is also a major concern of the Danish variant of flexicurity. The Danish, and arguably also Swedish and Finnish, social compact has always rested upon strong and active trade union engagement with management and state. In contrast to the logic of ‘social partners’ common to much of Western Europe, the Nordic countries have typically generated compromise according to a logic of ‘social parties’, with particular antagonistic interests. Paradoxically, the articulation of capital and labour as possessing different interests has typically led to more durable compromises than the logic of social partners.³¹⁹ The so-called September Compromise of 1899 between employers and trade unions marks the beginning of a general consensus in the Danish labour market that employers should be able to hire and fire at will, on the proviso that social provisions guaranteed a comparable standard of living for employees losing their jobs.³²⁰ Such consensual measures have characterised Danish industrial relations since; in 1987 trade unions agreed to take account of the macro-economic situation in wage negotiations. This meant that Danish trade unions typically suggested wage levels below the level of international wage inflation to keep Danish industry competitive.³²¹

³¹⁸ Wiltthagen and Tros, ‘The Concept of “Flexicurity”’: A New Approach to Regulating Employment and Labour Markets’, 169.

³¹⁹ For a full version of this argument, see Pauli Kettunen, ‘Reinterpreting the Historicity of the Nordic Model’, *Nordic Journal of Working Life Studies* 2, no. 4 (2012): 21–43.

³²⁰ Madsen, ‘How Can It Possibly Fly? The Paradox of a Dynamic Labour Market in a Scandinavian Welfare State’, 346–7.

³²¹ *Ibid.*, 342.

Despite the apparent novelty of ‘flexicurity’, which may be as much a result of the sheer ugliness of the neologism as anything else, it is fair to say that while some features of Danish flexicurity represent recent innovations, others are firmly embedded within the Danish social compact. And, as Keune and Jepsen point out, preoccupations with economic systems which balance flexibility for employers (and employees) and security for workers are not new. Indeed, reconciling them has been a longstanding aim of the Nordic social compacts.³²² In an inversion of the classic (neo-)orthodox economic argument that high wage levels and solidaristic bargaining practices make firms uncompetitive, an explicit aim of the Rehn-Meidner model was to allow uncompetitive firms to be priced out of the market place by guaranteed incremental wage increases and collective bargaining (see 1.2.2, above). This in turn allowed labour to be re-distributed efficiently across more productive firms in the same sector.³²³ Therefore, despite common caricatures of Sweden as ‘the last Soviet state’, it is clear that the Rehn-Meidner Model was actively concerned with macro-economic flexibility.

Another important similarity between contemporary flexicurity policies, both abstract and actual, and the Rehn-Meidner Model is the emphasis on income rather than job security. Intuitively, job security is regulation which makes it difficult for employees to be unilaterally dismissed. Income security is not tied to a particular position. Instead, a state or fund administers support to maintain income levels during a period of unemployment. The most generous, including those offered today in Denmark and Sweden, may even tie unemployment payments to previous rates of income, meaning that sudden or unexpected

³²² Keune and Jepsen, ‘Not Balanced and Hardly New: The European Commission’s Quest for Flexicurity’.

³²³ Dølvik, Andersen, and Vartiainen, ‘The Nordic Social Models in Turbulent Times’.

unemployment does not lead to drastic falls in standards of living. For Wilthagen, this shift from job security to income security is a key plank of flexicurity, and the move from one to the other in the Dutch regulatory regime is the key indicator that a flexicurity policy had been adopted.³²⁴ It is therefore significant that systems based on income security have characterised the Danish, Swedish and Finnish systems for decades, lending some credence to Nuder's claim that Sweden had flexicurity 'before flexicurity was even a word'.

³²⁴ Wilthagen and Tros, 'The Concept of "Flexicurity": A New Approach to Regulating Employment and Labour Markets'.

4.3 A tale of two networks

4.3.1 The 'social democratic' network

Although these networks could be constituted in a number of ways, and this description of the social democratic network is not designed to be definitive, it is nonetheless helpful to theorise the networks in relation to each other. As I noted in chapter three (3.3.5), there is an inherent risk of reifying actors and their relationships by theorising them in this way. It is therefore worth reiterating here that I consider the actors in these networks to be internally split and that their identities and relationships to other actors should be considered interventions in discourse in much the same way as their actual policy proposals.

The social democratic network, as I have termed it, is envisioned here as composed of actors affiliated to various organisations, primarily based in the UK and Sweden. Importantly however, the social democratic network I posit in this chapter should be seen as distinct from other socialist or trade union networks which are not under consideration here. A think-tank such as the Institute of Employment Rights, for example, should not be considered an actor in social democratic governance processes, since it is union-affiliated and did not participate in the creation of policy with the other networked actors under examination in this study.

In the earliest phase of the social democratic network most actors were affiliated to the Labour Party, which was at that time in government. When discussing the period from 1997-2010 the party will be referred to as New Labour. This gave the network significant importance and contributions by Tony Blair, then Prime Minister, and Peter Mandelson, one of the architects of New Labour, will be considered here. Indeed, at the time of writing in January 2017, Mandelson is president of the think-tank Policy Network, from which a number

of publications which form part of this analysis are taken. Policy Network is an international think-tank and has had significant success bringing together major figures from European social democratic and labour parties. As well as New Labour figures, the think-tank has had contributions from Gerhard Schröder, former Chancellor of Germany, Dominique Strauss-Kahn, the now disgraced former head of the International Monetary Fund (IMF), Helle Thorning Schmidt, former Prime Minister of Denmark, and Anthony Giddens, the prominent sociologist. This reflects a significant level of influence at the policy level and an obvious site of transnational policy transfer.

Two further New Labour affiliated think-tanks, Progress and Renewal, also played an important role in the articulation of the Nordic countries, particularly Sweden, as a model for reform of the British economy. Renewal is a journal rather than a think-tank, but it has significant influence within the social democratic governance network and has published contributions on the Nordic model from British and Swedish contributors. Compass, founded in 2003 by Labour politicians dissatisfied with the Party's direction under Tony Blair, has tended to be significantly more critical of the hegemonic discourses in the Labour Party. It is sometimes seen as the counterweight to Progress. Compared to Progress and Renewal, Compass is more concerned with trade union issues. It is nonetheless affiliated with the Labour Party and should therefore be considered a well-integrated actor in the social democratic governance network.

A second complimentary portion of the social democratic network which has outlived the effective end of New Labour as a political force was concerned more generally with the health of British social democracy and its trade unions. Despite its longstanding affiliation with the

Labour Party, the Fabian Society, which was involved in the founding of the party, should be considered less directly engaged with New Labour and perhaps as interested in the Nordic model as a model for reform of the trade union movement, although it is still most closely associated with the liberal wing of the Labour Party. Similarly, the Work Foundation, while generally sympathetic to the Labour Party, should be considered more concerned with labour market and trade union issues rather than with Labour Party strategy.

The Institute for Public Policy Research (IPPR) occupies a somewhat different position within the network. Firstly, it is significantly less concerned with advocacy in general, preferring contract work, generally consisting of thoroughly researched policy publications which are focused on detail and outlining workable solutions to specific problems.³²⁵ Secondly, and partly as a result of its emphasis on contract work, it has published significantly more widely not just on strategic or sectional interests, but has attempted to formulate policy in such a way that it would appeal not only to social democratic groups, but to address widely held concerns about the functioning of capitalism. Its contributions to the social democratic network are therefore more reflective of wider concerns about the relevance of social democratic reforms than those put forward by strategy or advocacy orientated actors.

4.3.2 The 'free-market' network

The free-market network is, in important ways, significantly more influential than its social democratic counterpart. Although it is centred around a smaller number of organisations, primarily the Institute of Economic Affairs (IEA), Centre for Policy Studies (CPS) and the UK

³²⁵ Denham and Garnett, 'Influence without Responsibility? Think-Tanks in Britain', 54; Denham and Garnett, "What Works"? British Think Tanks and the "End of Ideology", 163.

Conservative Party, it also includes actors affiliated with the Swedish Moderate Party and the links between these actors are deep and productive.³²⁶ Indeed, the Northern Future Forum, sometimes referred to as the Nordic-Baltic Summit, founded in 2011, is an indication of the strength of links between the Conservative Party and the Swedish Moderate Party. Moreover, the IEA has developed important links with Timbro, a free-market think-tank based in Stockholm, which has led to the creation of a wider network of institutions as well as fairly regular collaborations between British and Swedish actors.³²⁷ Along with connections to the media, especially *The Economist* which frequently publishes articles citing research about the Nordic countries conducted by the IEA,³²⁸ this makes for a much more effective and coordinated network than anything which has been produced by social democrats.

On top of this, the network functions much more efficiently, given the mixed character of its actors. The IEA and CPS are primarily engaged in the production of research and advocacy for particular policies. This has frequently included studies of Nordic policies, including models of political economy, healthcare and education. A clear strength of the free-market network is the generally high level of integration between actors and the relative consistency of networked actors' discourses and concerns. The content of the discourses will be explored in depth below. However, it is worth noting that the greater levels of consistency, especially between international actors, allows for more effective hegemonization of a basically heterodox articulation of the Nordic model. In this respect, therefore, the Northern Future Forum should be considered an important step in formalising the relationship between the UK Conservatives and the Swedish Moderates, given the already developed personal

³²⁶ Stephen Pollard, 'Has Cameron Fallen for a Swedish Model?', *The Times*, 19 September 2006.

³²⁷ 'Epicenter Press Release'.

³²⁸ 'Founding Vikings', *The Economist*, 18 June 2016.

relationship between David Cameron and Fredrik Reinfeldt. This is mirrored by the presence of (loosely) Moderate-affiliated actors such as Johan Wennström and Nima Sanandaji at the Institute of Economic Affairs (and to a lesser degree, CPS). This demonstrates the existence of a small, but nonetheless well organised, free-market network operating across the UK and Sweden. This network is also able to access the connections and resources of its constituent organisations, including the IEA, the UK Conservative Party and some diplomatic resources through the Northern Future Forum.

Although the literature on flexicurity is not particularly well developed outside the governance networks, there has been some media coverage of flexicurity policies. The coverage itself is frequently inaccurate and error laden. For example, an article in *The Observer* in 2010 mentioned that Poul Nyrup Rasmussen ‘coined the phrase flexicurity’, which is false.³²⁹ An article in *The Sunday Times* in 2012 describes Ton Wilthagen as a Danish economist, he is Dutch.³³⁰ These sorts of inaccuracies are characteristic of the discussion of flexicurity in the British press. This might be charitably attributed to deadline pressures, or less charitably viewed as a demonstration that British journalists have a poor grasp of detail, especially when it comes to complex issues. It is nonetheless noteworthy that a flexicurity or political economic discourse exists in the British press at all, especially given the continued ambiguity and contestation of the term in the governance networks in which most of these discourses have been articulated.

³²⁹ Toby Helm, Anushka Asthana, and Paul Harris, ‘In Focus: How Britain’s New Welfare State Was Born in the USA’, *The Observer*, 7 November 2010.

³³⁰ Jenni Russell, ‘Don’t Argue, Pick a Benefit to Give up’, *The Sunday Times*, 15 January 2012.

4.4 Flexicurity: A new labour market settlement?

4.4.1 Sweden as political paradox

The early 2000s ushered in the beginning of a period of concern that Social Democracy in the UK, France and Germany had slowly lost its dynamism and that a rejuvenation of European Social Democracy was necessary, despite its recent electoral successes, at least in Britain and Germany.³³¹ Given that a real fear was emerging in New Labour circles that, as they saw it, the current 'period of revisionism and enlightenment in the 1990s risks giving way to the familiar chorus of heresy and betrayal', the need to articulate a renewed vision of social democracy was paramount.³³² New Labour's political vision had been badly damaged by the legacy of the Hutton inquiry into the death of Dr David Kelly and the controversial introduction of university tuition fees.³³³

In 2005, Robert Taylor, formerly the Sweden correspondent for *The Financial Times*, published *Sweden's New Social Democratic Model* through Compass,³³⁴ a Labour-affiliated think tank. His pamphlet intersects in important ways with the debate which was taking place in the UK Labour Party at that time. His description of flexicurity as 'crucial to our

³³¹ Peter Mandelson, 'Introduction', in *Where Now for European Social Democracy?* (London: Policy Network, 2004), 5–10; Patrick Diamond, 'Permanent Reformism: The Social Democratic Challenge of the Future?', in *Where Now for European Social Democracy* (London: Policy Network, 2004), 31–41.

³³² Diamond, 'Permanent Reformism', 37.

³³³ Mandelson, 'Introduction'. The Hutton Inquiry investigated the suicide of former UN weapons inspector Dr David Kelly. It was alleged that Dr Kelly had been hounded by the Government and media after he was revealed to have been the source of a leak, alleging that the government had 'sexed up', in the infamous phrase of the time, intelligence documents which made the case for the 2003 invasion of Iraq. The Chilcot Inquiry published its findings on 6 July 2016. Sir John Chilcot argued in his judgement that the case for war, which was based on the claim that the Iraqi government possessed 'Weapons of Mass Destruction' (WMD), was 'presented with a certainty that was not justified'. This effectively vindicated Dr Kelly's original claims; John Chilcot, 'Sir John Chilcot's Public Statement' (the Iraq Inquiry, London, 6 July 2016), <http://www.iraqinquiry.org.uk/the-inquiry/sir-john-chilcots-public-statement/>.

³³⁴ Robert Taylor, *Sweden's New Social Democratic Model: Proof That a Better World Is Possible* (London: Compass, 2005).

understanding of the new model' set an important tone for much of the literature which would come later and foregrounded flexicurity as key to the ongoing appeal of the Nordic Model in UK policy circles.³³⁵ For Taylor, the 'old Swedish Model' was established based on a consensus between ruling and ruled, employer and employee, capital and labour. Above all, 'cohesiveness' and 'solidarity' typified his explanation of the historical success of the Swedish Model in creating a unified and equal society. Characteristically of social democratic discourse on Sweden before 1991 he singled out collective bargaining and 'the social wage' as core elements of the old Model.³³⁶

Taylor's view of the 'old Swedish Model' was basically orthodox (see chapter one). However, in order to establish the content of an emergent discourse on flexicurity, it was essential for him to establish what was meant by the 'new Swedish (or Nordic) Model'. The list of metrics Taylor identified in Sweden's (and the other Nordic countries') favour compared to the UK was impressive: the elusive combination of low unemployment and high employment; high rates of internet penetration and computer ownership; high expenditure in research and development; high scores on the human development index, all combined with high scores for economic competitiveness.³³⁷ Furthermore, he argued, despite a shift towards new forms of industry, in particular technology, Sweden had not abandoned its traditional industrial sectors, such as forestry, paper and paper products, chemicals and so forth.³³⁸

³³⁵ *Ibid.*, 26.

³³⁶ *Ibid.*, 6.

³³⁷ *Ibid.*, 12–16.

³³⁸ *Ibid.*, 17.

In other areas, the 'new model' was still very much characterised by values which Taylor associated with the 1950s and 1960s. In the face of pressures for greater flexibility in terms of wage setting and a societal move towards individualism, these structures had adapted to maintain the basic corporatist, democratic structure of Swedish society. Trade Unions in particular were singled out as a progressive force for modernisation in the workplace, which pushed for industrial modernisation and discipline wage demands. Importantly, however, Swedish employers were also seen as keen to maintain corporate structures and 'do not merely pay lip service to notions of corporate social responsibility'.³³⁹

In other words, the Nordic countries were characterised by high levels of social cohesion, just as they had been historically. According to Taylor, this allowed them to undertake more wide-ranging reform than was possible in Britain where 'spin, manipulation of the facts and an unappealing hyperbole' had conspired to prevent the achievement of meaningful 'popular consent for necessary economic and social change'.³⁴⁰ The contrast between Sweden and Britain under New Labour's stewardship is implicit, but nonetheless evident. For example, Taylor quoted approvingly from a report commissioned by the International Labour Organisation (ILO) which argues that "'mature" companies are not in favour of applying unilateral hire and fire policies towards their own employees that are based on short-term responses to a sudden share price change'.³⁴¹ Since the demand for flexible hiring and firing

³³⁹ Ibid., 20.

³⁴⁰ Ibid., 8.

³⁴¹ Ibid., 21.

is a common injunction from UK policy think tanks and executives of British industry, it is not difficult to infer the likely target of this comment.³⁴²

For Taylor, then, there were important continuities between the ‘new’ model and the ‘old’, not least that they shared an emphasis on ‘those underlying values of freedom and social cohesion, prosperity and solidarity that characterised its original form’.³⁴³ In *Sweden’s New Social Democratic Model*, a discourse of a ‘new Swedish Model’ began to emerge which was articulated around a number of empty signifiers. Key to the underlying discourse of Sweden which Taylor used was the apparent ability of the Swedish Model to neutralise the antagonism between ‘freedom’ and ‘equality’, a distinction which has been central to hegemonic liberal discourse since at least Isaiah Berlin’s essay *Two Concepts of Liberty*.³⁴⁴ There was widespread acceptance of Berlin’s articulation of ‘equality’ with ‘coercion’ and ‘liberty’, or perhaps rather, ‘negative liberty’, with the absence of force.³⁴⁵ This is an inescapable deadlock (in liberal thought) which Taylor tried to neutralise. This question has formed something of a preoccupation for the British Left since the end of the Soviet era in Eastern Europe, if not earlier. Tony Blair even went so far as to write to Berlin about just this question shortly before the latter’s death in 1997.³⁴⁶

³⁴² See, for example, Adrian Beecroft, ‘Report on Employment Law’ (London: Department for Business, Innovation and Skills, 2011) which caused a small furore on publication as a result of its call to significantly reduce the safeguards in UK employment law.

³⁴³ *Sweden’s New Social Democratic Model*, 10.

³⁴⁴ Berlin, ‘Two Concepts of Liberty’; For this argument, see also Trägårdh, ‘Statist Individualism’.

³⁴⁵ See Berlin, ‘Two Concepts of Liberty’, 131–5. Berlin argues that any attempt to alter the fundamental ambitions or goals of individuals inherently requires imposition and relations of power. Within a liberal ontological system (such as social democracy) this criticism is difficult to answer. Its target is Marxism, or more broadly thought systems influenced by Hegelian notions of the self, which argue for the ‘higher self’ which Berlin critiques. More recent neo- and post-Marxist theory tends to view power as constitutive, that is to say, itself ontological, making the ‘negative liberty’ argument redundant on the basis that there can be no relationships which are not constituted by power.

³⁴⁶ Tony Blair, ‘A Letter from Tony Blair’, 23 October 1997, <http://berlin.wolf.ox.ac.uk/letterstoberlin.html>.

To do this, Taylor attempted to assert the classic social democratic order of priority between the signifiers 'liberty' and 'equality'. He argued, for example, that 'the Swedish Model remained an inspiration to those on the democratic left who believed in *'the pursuit of equality in the name of freedom [emphasis added]'*.³⁴⁷ He continued:

While the new Swedish Model continues to seek an accommodation with a more individualistic society in Sweden in its welfare state reforms, it also emphasises that the management of democratic change is best achieved through a clear focus on the need to attain and maintain stability in the widest sense of that word. One of the primary features of the old Model was its determination to protect people from the consequences of adversity, especially those who lacked the material means to fend for themselves in a deeply class divided society.³⁴⁸

For Taylor then, access to schools, social services and health care of the highest quality also formed a core part of the Swedish Social Democratic Party (SAP) programme to resolve this tension between liberty and equality, despite the need to maintain traditional emphases on stability and the amelioration of inequality. Put differently, creating conditions of material and social equality is the logical precursor to any attempt to achieve equality in the social democratic vision, a principle which informs the 'new model' as much as the 'old' in this discourse.

³⁴⁷ *Sweden's New Social Democratic Model*, 26.

³⁴⁸ *Ibid.*

Furthermore, *Sweden's New Social Democratic Model's* approach to corporatism reflected similar preoccupations. As noted above, the compact between trade unions and employers was an important part of the emerging discourse on a 'new Swedish model'. The re-energisation of the British trade union movement was, and remains, a key aim of social democratic thinkers since their precipitous decline during the Thatcher era and the slower, but steady, continuation of the trend in the 1990s and 2000s. As the interests of employers and employees are typically considered to be mutually contradictory in Anglo-American thought, this has generally led to deadlock and militancy on both sides. While Taylor freely noted that there have been periods of trade union ascendancy in Swedish history, notably during the era of the wage-earner funds, his primary objective was to argue that the goals of capital and labour need not be mutually exclusive and that this founding antagonism could be resolved. This had been achieved in Sweden by the self-reinforcing responsible behaviour of employers' groups and trade unions.³⁴⁹

Moreover, this call for the resolution of social antagonism through corporatist strategies was echoed across a range of policy literature which was being produced in social democratic governance networks at this time. In *Raising Lazarus*, David Coats, under the auspices of the Fabian Society, argued that a policy change by unions was needed to arrest the decline of trade unionism across Europe. In Britain, there had been attempts to reconcile the two sides of the movement calling for 'organisation', i.e. the more radical oppositional part of the movement, and 'partnership', i.e. creating a compact with employers.³⁵⁰ Ultimately, Coats

³⁴⁹ Ibid., 13.

³⁵⁰ 'Raising Lazarus: The Future of Organised Labour' (London: Fabian Society, 2005).

was critical of government and union policies which entrenched perceptions of a split between the interests of unions and employers and supported moves to bring 'the UK closer to the "European social model"'.³⁵¹ He noted that the only exception to the generalised decline of trade unionism was in the Nordic countries, since these, along with Belgium, were characterised by union participation in the administration of unemployment benefits.³⁵² Coats therefore identified the integration of trade unions into the systems commonly used by employers and government to support and train workers as an important means by which to reverse the general decline of unionism in the UK and much of Europe.

Taylor and Coats therefore made strikingly similar appeals for greater levels of industrial democracy. Coats even argued that employees were widely convinced of the need for collaboration to solve workplace problems and improve working conditions.³⁵³ The chief difficulty was that they typically saw little connection between those aims and the wider role of trade unionism. Nevertheless, it is clear that both Taylor and Coats saw the creation of a social compact between employers and employees as a key step towards solving the antagonisms of contemporary capitalism, and that Sweden and the Nordic countries offer a model for this process. Although somewhat peripheral, both identified flexicurity as a component of this strategy. Taylor saw flexicurity as a means by which to provide basic levels of security and thereby gain 'consent and co-operation' for 'the process of modernisation'; Coats as a means to arrest the decline of unionism and integrate the major unions into an

³⁵¹ Ibid., 23 This rather gives the lie to the claim that Coats' goals are somehow 'beyond' the 'organisation'- 'partnership' split in the union movement, since this aim can only be considered consistent with the 'partnership' approach.

³⁵² Ibid., 11, 63.

³⁵³ Coats, 'Raising Lazarus: The Future of Organised Labour'.

expanded social compact.³⁵⁴ There was general agreement that if such a compact were to be effective it would articulate corporatist solutions in a way that neutralised the tension between equality and freedom, by articulating unionism and collective organisation as inherently democratic.

Social democratic thinkers in the mid-2000s were therefore looking to a flexicurity-influenced Swedish/Nordic Model as a means to advance a discourse of a 'new economy' using a mixture of 'modernising' and characteristically social democratic chains of signification. This idea intersected not only with debates and anxieties developing in New Labour circles, but also with attempts by the SAP to explain Swedish attitudes towards labour market policy. In an earlier article for Policy Network, Pär Nuder, former Swedish finance minister, contended that 'social democrats must simultaneously combat long-term unemployment and improve the public sector without risking macroeconomic stability' and that 'mistrust in the government's ability to deliver safety and security for all' breeds militancy and populism.³⁵⁵ Given the diagnosis of the issues facing social democracy in the mid-2000s, and the increasing divisions which were emerging in European societies, it is easy to see how a hegemonic discourse began to emerge around a policy which promised to neutralise these antagonistic forces.

In the year before the 2010 UK General Election, Katrine Kielos published *Flight of the Swedish Bumblebee*. In her text, she was explicit about what she described as the 'three political paradoxes' around which the Swedish Model was created and rather poetically argued that European social democrats 'should study the principles behind the flight of the Swedish

³⁵⁴ Taylor, *Sweden's New Social Democratic Model*, 26; Coats, 'Raising Lazarus: The Future of Organised Labour'.

³⁵⁵ Nuder, 'Challenge of Renewal', 41.

bumblebee, not the movement of its wings'.³⁵⁶ That is to say, Kielos, much like Taylor and Coats, viewed the Swedish Model less as a specific regulatory regime to be emulated and more as a source of inspiration for a hegemonic political project. Given that her piece appeared in *Renewal*, a New Labour-affiliated journal, this focus on strategy rather than specific policy frameworks is characteristic.

Kielos summarises her argument as follows:

That individualism requires a large public sector; that change requires security; and that helping the poor requires expanding benefits to include the rich are the three paradoxes that shaped social democracy in Sweden during the twentieth century. Their common feature is: more politics, not less.³⁵⁷

Importantly, all three 'paradoxes' were seen as political, rather than technical or managerial. In this sense, Kielos echoed Nuder's comment that '[I]t is commonly argued that the political paradigm had moved beyond left and right, that there were no differences in values only in methods. This is a right-wing notion'.³⁵⁸ For Kielos and Nuder, then, individual freedom was created not through the absence of the state, but as a result of the state's intervention: what Berggren and Trägårdh refer to as 'statist individualism'.³⁵⁹

Whereas Anglophone political philosophy tends to view society as an opposition between individual and state, and Western and Central Europe has tended to view society as a

³⁵⁶ Kielos, 'Flight of the Swedish Bumblebee', 61.

³⁵⁷ *Ibid.*, 64.

³⁵⁸ Nuder, 'Challenge of Renewal', 41–2.

³⁵⁹ Kielos, 'Flight of the Swedish Bumblebee'; Trägårdh, 'Statist Individualism'.

collection of groups, e.g. family, established faiths, charities etc., Swedish social democrats, argued Kielos, see society as a triangle composed of the state, the individual and families. Just as the individual should not be dependent on the state, he or she, but especially she, should also not be dependent on the family. However, the balance between the three points on the triangle requires a degree of active intervention by the state. Kielos pointed particularly to the greater level of female participation in the labour market as a sign that Swedish 'state feminism' had been effective in granting women important freedoms, though she noted that Swedish women are in no sense equal with, or as free as, Swedish men.³⁶⁰

The two further paradoxes identified by Kielos depend on the first, since the large public sector acting as guarantor of individual freedom also provides security for the individual during times of upheaval: 'if you don't protect workers, workers will soon demand that you protect jobs'.³⁶¹ Though the Rehn-Meidner model had been significantly modified, its basic commitment – to assist workers who lost their jobs by retraining them and relocating them to find new ones – had been maintained even if the means by which security was offered had been substantially changed.³⁶² Significantly, attempts to resolve this fundamental 'paradox' inform the discourse of flexicurity which would gradually begin to emerge in social democratic circles. Kielos' final paradox concerned the necessity of an insistence on universal benefits in a free society. She argued that the antagonism between the rich, who wonder why they should contribute to a system from which they gain little, and the poor, who ask themselves

³⁶⁰ Kielos, 'Flight of the Swedish Bumblebee', 62.

³⁶¹ *Ibid.*, 63.

³⁶² Kielos, 'Flight of the Swedish Bumblebee'.

why they should contribute to a society that holds them back, can be resolved by a political project which gives both a reason to support and maintain universal benefit systems.³⁶³

Linking Taylor and Coats, an English social democrat and a trade unionist, and their Swedish counterparts Nuder and Kielos, was a shared conviction that a social democratic political project could only be successful if it attempted to neutralise antagonisms which had been constructed by a hegemonic liberal ideology and created its own expansive hegemony. Kielos is explicit about this necessity, since her work identifies specific areas in which social democrats were forced to deal with antagonisms, or 'paradoxes' as she terms them. Her first paradox is a clear attempt to articulate a collectivist problematic in which 'equality' is a logical precursor to 'freedom'. Like Taylor and Coats, she links this classic social democratic signifying chain with a further logic of modernisation, by arguing that 'change requires security', and that social protections are necessary for the realisation of freedom.

As argued above, the potential for a social democratic hegemony had been a source of interest, and later anxiety, for those leading the New Labour project, including Tony Blair and Peter Mandelson. The New Labour project foundered intellectually on the question of whether 'freedom' and 'equality' could be reconciled, as demonstrated by Blair's letter to Isaiah Berlin. For all four authors considered above, a 'new Swedish model' points to the potential signifiers which an expansive social democratic hegemony could appropriate to itself and the order of the chain into which they should be articulated. Kielos' frame of the 'three paradoxes' of Swedish society shows a desire, shared by all four publications, to

³⁶³ Ibid., 64.

neutralise these antagonisms in the political sphere, rather than through abstract technical mechanisms – a train of argument which Nuder derided as ‘right-wing’.

Moreover, all four argued that direct policy transfer from Sweden to the UK, or other European countries more generally, would not be effective. In this sense, the social democratic governance network associated with the Labour Party eschewed direct policy fixes taken from the ‘new Swedish model’, but was nonetheless intimately involved with attempts to understand the political function of a developed discourse on the Swedish model and what the changes since the 1990s meant for Swedish social democracy and the future of social democracy across Europe. Significantly however, this differs from attempts by New Labour and, later, Cameron’s Conservatives to import specific Nordic regulations and policy systems.

4.4.2 Flexicurity in a time of austerity

Following the 2008 financial crisis and ensuing global depression, social democracy entered serious decline across Europe. Whereas in the early 2000s Peter Mandelson, Tony Blair, Gerhard Schröder and others had been considering the necessity of social democratic renewal from a position of relative electoral strength and off the back of consecutive victories across Europe, their successors were slowly routed in elections across Europe as Conservative and Christian Democratic parties and coalitions gradually displaced social democratic parties and coalitions. This had important consequences for the policy literature which was being produced on the issue of flexicurity and changes to the structure of the labour market. The first of these was that much of the policy literature was being created in attempts to capture the attention of a UK Labour Party which was straining to hold together factions which had

been, to greater or lesser degrees, disciplined by electoral success and strong central leadership. This discipline had gradually broken down, not least because the central issues and electoral strategies which had been used to such great success by New Labour were now being used, though with important tweaks, by David Cameron's revitalised Conservative Party. Where Blair was 'tough on crime, tough on the causes of crime', Cameron positioned himself as a new progressive. This claim was not taken seriously within the UK Labour Party, which, perhaps in no small part due to its contempt for 'Compassionate Conservatism' (see 2.3.3, above, and 4.5.1, below), did little to actively refute Cameron's assertion of himself as the 'champion of progressive ideals'.³⁶⁴

Upon assuming office as part of a coalition, the Conservatives adopted a stringent programme of public spending cuts which was gradually subsumed under the rubric of 'austerity'. The idea that the European Social Model had to be sustained in the face of, potentially permanent, contractions in levels of public spending and taxation was not new, at least in academic circles.³⁶⁵ However, this created significant difficulties for the Labour Party, and British social democracy more generally, since a chief component of the Conservative strategy was to blame Labour's spending commitments for the size of the public deficit. Governance networks which had previously been producing publications about flexicurity and alternative labour market regimes from a position of institutional strength were now doing so in radically altered circumstances. The title of Robert Tinker's 2015 publication *Making the Case for Public*

³⁶⁴ Ruth Lister and Fran Bennett, 'The New "Champion of Progressive Ideals"', *Renewal* 18, no. 1/2 (2010): 84–109.

³⁶⁵ Paul Pierson, 'Coping With Permanent Austerity: Welfare State Restructuring in Affluent Democracies', in *The New Politics of the Welfare State*, ed. Paul Pierson (Oxford: Oxford University Press, 2001), 410–62.

Spending, produced for the Fabian Society, offers a concise summary of the position in which actors in social democratic governance networks now found themselves.³⁶⁶

A range of issues which had been stubborn but manageable during the period of steady expansion before 2008 (i.e. unemployment), rapidly became matters of significantly greater concern following the financial crisis and the period of contraction and low growth which followed it. Paradoxically, this meant that flexicurity approaches were becoming more attractive to social democrats at exactly the time they were also becoming more attractive to liberal thinkers, but for completely different reasons. The tension between the 'flexibility' and 'security' signifiers in the flexicurity discourse will be considered in greater detail below. It therefore suffices to point out here that while it was the security aspects of the flexicurity discourse which appealed to social democrats, the opposite was the case in the free market governance network, which tended to see flexicurity as a means to eliminate employment regulation without the social drawbacks (rising unemployment, worsening living standards) this usually implies.

Moreover, the nascent relationship between The New Moderates (*De Nya Moderaterna*) under Fredrik Reinfeldt and the UK Conservative Party (see, 2.3.3, above, and 4.5, below) meant that deploying the Swedish or Nordic Model of flexicurity was less straightforwardly social democratic in its implications. Especially since after 2010 Labour offered tepid opposition to Conservative plans to introduce Swedish-style free schools in the UK (see chapter five). Nonetheless, articulations of labour market reforms which bear strong

³⁶⁶ 'Making the Case for Public Spending' (London: Fabian Society, 2015).

resemblances to the flexicurity model appeared with regularity in social democratic governance networks. In a 2012 policy paper, *Governing as Social Democrats*, Patrick Diamond set out a series of structural reforms which he argued could form a basis for a renewed European social democracy.³⁶⁷ His suggestions for structural reform included, effectively, a return to industrial policy and the creation of training or placement schemes for those unable to find jobs.³⁶⁸ Even though he did not call it 'flexicurity', this demonstrates the extent to which the central concerns and signification chains of the flexicurity discourse had already come to dominate the strategies of actors in social democratic governance networks.

Given the political slump which the UK Labour Party entered after its 2010 General Election loss, the calls for political renewal along Swedish or Nordic lines had rapidly dwindled as hopes for an expansive social democratic hegemony receded still further than under New Labour. In this context, Pär Nuder heroically continued to call for a return to a form of social democracy which most other social democrats were gradually abandoning.³⁶⁹ In *Saving the Swedish Model*, Nuder argued that the strategy of deregulation which Sweden had embarked upon in the mid-1980s had caught the economy completely unprepared, leading to a debt crisis in the early 1990s. From there he made a case for the Swedish model in terms which could be viewed as an attempt to rebut claims made about it by the then-Conservative-Liberal Democrat coalition government in the UK. This is especially true of two statements, which almost cannot be read as anything other than veiled criticism of UK government policy since the 2010 General Election: '[F]or a responsible government, a budget consolidation can never be about cutting the deficit at the lowest political cost'; and, '[S]orting out the public finances

³⁶⁷ 'Governing as Social Democrats' (London: Policy Network, 2012).

³⁶⁸ *Ibid.*, 4.

³⁶⁹ Nuder, 'Saving the Swedish Model'.

is just a means: combating unemployment should be the real goal'.³⁷⁰ Tinker echoes this idea when he says that the 'level of public spending should not be totemic – governments should aim for "big solutions" rather than fixating on the size of the state'.³⁷¹

Nuder offered an aggressive defence of active intervention in the labour market as part of his assertion that the Swedish Rehn-Meidner Model had set many of the contours for a contemporary policy which bore significant resemblances to Danish flexicurity. He identified rigid fiscal policy and "social bridges" as tenets of Sweden's former model which had been retained, and which had informed a new approach to the economy.³⁷² Moreover, Nuder asserted that the introduction of active labour market policy had to respond to both technological changes which made industries defunct, and latterly, significant change within industries, requiring significant retraining, typically in IT. By combining clear objectives with structural reforms to encourage growth and significant investment in education and female participation in the workforce, he argued, reiterating his argument from 2002, Sweden had managed to update its model in a fashion which was consistent with the principles of its old model and could therefore offer a political path to genuinely socially democratic reform.³⁷³

Patrick Diamond, who also contributed to earlier New Labour era policy debates, offered a similarly politically focussed critique of labour market policy in 2013. He noted that:

There is a persistent legacy of short-termism, alongside a failure to carry through long-term investment decisions. There is a lack of co-ordination

³⁷⁰ Ibid., 2, 3.

³⁷¹ Tinker, 'Making the Case for Public Spending', 35.

³⁷² Nuder, 'Saving the Swedish Model', 6.

³⁷³ Nuder, 'Saving the Swedish Model'.

between leading economic actors, particularly between employers and educational institutions The adversarial nature of the political system has led to too many short-term fixes and insufficient long-term, strategic decision-making with a clear policy rationale. The civil service in Whitehall generally lacks private sector skills and management experience, having lambasted industrial policy in the past as merely concerned with corporatism and 'picking winners'.³⁷⁴

Diamond approvingly noted that the Nordic countries, especially Sweden and Denmark, invested around three per cent of GDP in activation policies in the labour market, contrasting this with a UK figure of less than 0.6 per cent between 1997 and 2010.³⁷⁵ He went on to make the argument that 'despite obvious institutional difference, British policy-makers have been too pessimistic about replicating the strengths of the skills system in Northern European economies'.³⁷⁶ Using a second model which is certainly worth exploring, Diamond was also clearly impressed by the German *Mittelstand*, the generally small and medium-sized companies which form the backbone of the German economy and which are supported by lending from regional banks (*Sparkassen*), which offer public, regionally-orientated banking and finance.³⁷⁷

Wilson Wong, a researcher at the Work Foundation, writing in 2013 in a collection published by the Fabian Society, offered a summary of Danish flexicurity as a potential means to reverse the emphasis on the signifier 'flexibility' which had been hegemonic in economic policy

³⁷⁴ Patrick Diamond, 'Transforming the Market' (London: Civitas, 2013), 51–2.

³⁷⁵ *Ibid.*, 57.

³⁷⁶ *Ibid.*, 57–8.

³⁷⁷ *Ibid.*, 71.

discourse since the Thatcher era. His contribution 'The New Deal for Britain?', also makes explicit the extent to which social democratic governance networks were beginning to look outside the UK Labour party for a potential solution to labour market issues. Despite their historic connections with the Labour Party, neither Nuder nor Diamond addressed their reports specifically to debates going on within Labour at this time. Wong argued that the introduction of flexicurity in the UK would 're-define the role of trade unions as an integral part of policy setting'.³⁷⁸ This echoed David Coats' publication *Raising Lazarus*, which argued that integrating the trade unions into the administration and setting of social benefits would revitalise unionism in Britain. It also demonstrates that social democratic actors had become pessimistic about parliamentary avenues to reform, preferring instead to address civil society as a site of social democratic revival and reform.

In the same publication, however, Erika Watson argued that 'unions across Europe have resisted flexicurity' on the basis that 'hard-won employment rights once lost will be almost impossible to regain'.³⁷⁹ She claimed that flexicurity makes greater sense when seen as 'security for the flexible' – a more Dutch understanding of the purpose of flexicurity. In contrast, Wong notes that creating ever greater flexibilisation in the workforce at large acts as 'a disincentive at firm level to invest in education and training'.³⁸⁰ He contended that 'at the heart of the Danish (or Scandinavian) model is a deep trust between state and citizens which put the welfare of citizens at the centre of a compact where workers are prepared to forego conventional job security for long-term employability'.³⁸¹ This brings Wong close to

³⁷⁸ Wilson Wong, 'The New Deal for Britain?', in *New Forms of Work* (London: Fabian Society, 2013), 11.

³⁷⁹ Erika Watson, 'Security for the Flexible', in *New Forms of Work* (London: Fabian Society, 2012), 9.

³⁸⁰ Wong, 'The New Deal for Britain?', 10.

³⁸¹ *Ibid.*, 11.

the classic formulation of flexicurity offered by Wilthagen as a potential model for the European labour market. While his argument fitted into an existing tradition which saw the Nordic countries as a potential model for a compact between labour and capital, it was also indicative of a wider attempt to articulate the signifier 'security' as a necessary precursor to 'flexibility' and enchain 'flexicurity' with more traditionally social democratic and corporatist understandings of equality and steering in the labour market.

4.4.3 The IPPR and flexicurity from the employers' perspective

The Institute for Public Policy Research had also been working on a number of research projects which tended to see the Nordic countries as a potential answer not just to the problems of social democracy, or to labour market issues, but also as possessing the potential to solve some of the problems faced by capitalism. This shifted the emphasis from 'security' towards 'flexibility', but with both signifiers understood based on their systemic efficacy in solving labour shortages. These approaches were heavily focussed on the potential benefits of the so-called 'activation' point of Madsen's Golden Triangle, with the aim of drastically reducing youth unemployment and skills shortages in Britain and Europe. Tess Lanning and Kayte Lawton's *No Train, No Gain* focussed particularly on a number of different models to question the efficacy of successive skills and training policies under Labour and Conservative governments.³⁸² They argued that UK employers have systematically externalised their costs to the state, labour and consumers, by way of extensive governmental tax credit programmes. Moreover, in this view, the UK economy was characterised by poor satisfaction levels with low-skilled, repetitive work and the provision of low quality goods and services as a result of

³⁸² 'No Train, No Gain: Beyond Free-Market and State-Led Skills Policy' (London: Institute for Public Policy Research, 2012).

poor training.³⁸³ They noted that this approach creates ‘numerical flexibility’ (a polite euphemism for Marx’s industrial reserve army),³⁸⁴ since deregulation makes it easier to fire people, but that there are a range of other ways to respond to economic crisis, including wage flexibility. This would mean that wages would be raised consummately with macro-economic performance. A further option was functional flexibility, in which workers would be given a range of skills allowing them to be re-deployed within or between firms.³⁸⁵

Lanning and Lawton contended that both wage and functional flexibility, although especially the former, necessitate strong trade unions and good relations between unions and employers. Furthermore, these tend to be areas in which the Nordic countries (and Germany) are particularly strong, with Denmark typically considered first among equals.³⁸⁶ This effectively amounts to a call for diversified skills and training policies along Nordic lines, including measures, which have also been used in the Nordic countries, to offer assistance to firms which wanted to rethink ‘the nature of their work processes, training and job design, and provide more opportunities for staff’.³⁸⁷ Although they conceded that the creation of partnerships between employer and employee groups had historically been unpopular in the UK, Lanning and Lawton noted that this has brought significant benefits to Nordic employers as well as employees, not least because it offered avenues to retain profitability without short-term layoffs.

³⁸³ Ibid., 10–11.

³⁸⁴ Karl Marx, *Capital*, trans. Ben Fowkes, vol. 1 (London: Penguin Classics, 1990), 126.

³⁸⁵ Lanning and Lawton, ‘No Train, No Gain: Beyond Free-Market and State-Led Skills Policy’, 26.

³⁸⁶ Ibid., 31.

³⁸⁷ Ibid., 32.

In *No More NEETs*, Graeme Cooke claimed that Danish approaches to youth unemployment could be effective at reducing rates of young people 'not in employment, education or training' (NEETs).³⁸⁸ Lanning and Lawton offered the implicit argument that greater levels of organisational corporatism would increase levels of flexibility for employers. While this may seem paradoxical to Anglophone liberal ears, this is the explicit argument put forward by Cooke. He noted that in the Danish (and Dutch) welfare system(s) young adults up to the age of twenty-five are kept out of the adult welfare institutions, and are instead given generous support to complete basic education, if they have not already done so, or a job in the community if they have.³⁸⁹ Moreover:

The Netherlands and Denmark combine these active youth transition strategies with high-quality vocational education and apprenticeship systems that provide a clear pathway from learning into work. Employers and unions design courses and accredit qualifications so that young people acquire skills with labour market value and gain important work experience in the process.³⁹⁰

It is significant that Cooke also highlighted the absence of employer organisations, which are common in the Nordic countries, as making it difficult to structure training and skills programmes efficiently in the UK.³⁹¹ This reiterated the chain of signification which places 'security' for employees as a prerequisite for 'flexibility', while simultaneously emphasising the potential systemic benefit to capitalism of such measures.

³⁸⁸ 'No More NEETs' (London: Institute for Public Policy Research, 2013).

³⁸⁹ Ibid.

³⁹⁰ Ibid., 28.

³⁹¹ Ibid., 42.

In *European Jobs and Skills*, Catherine Colebrook et al. identified significant levels of skills mismatching in the UK and the south of the Eurozone compared to the Nordic countries, the Netherlands and Germany.³⁹² They noted that vocational educational systems are available in Denmark for those already in work wishing to improve their skills, as well as significantly greater focus on re-training alongside job search in Denmark, compared to the UK.³⁹³ Prosaically, one reason why UK social democratic governance networks may tend to look towards the Nordic countries, as well as the Netherlands and Germany, for solutions to labour market difficulties is that these countries all outperform the UK in terms of employment rates, not just unemployment rates.³⁹⁴

Colebrook et al.'s approach was basically consistent with Raikes and Davies' view of the question of training and unemployment in *European Employers' Perspectives*.³⁹⁵ They argued that not only are current systems for providing education and training generally ineffective, but that employers 'had a very dim view of employment policy in general'.³⁹⁶ They concluded that governments across Europe have generally failed to incentivise employers to take on those who have experienced long-term unemployment and that interventions on the supply side of the labour market have usually been ineffective.³⁹⁷ Controlling the duration of stints of unemployment and supply side intervention in the labour market, i.e. education, training

³⁹² *European Jobs and Skills* (London: Institute for Public Policy Research, 2015).

³⁹³ *Ibid.*, 37–8.

³⁹⁴ *Ibid.*, 61.

³⁹⁵ Luke Raikes and Bill Davies, 'European Employers' Perspectives' (London: Institute for Public Policy Research, 2015).

³⁹⁶ *Ibid.*, 5.

³⁹⁷ *Ibid.*, 18.

and skills programmes, have been key to flexicurity approaches taken in Denmark and the other Nordic countries.³⁹⁸

The IPPR's emphasis on corporatist solutions to general problems in the labour market put it firmly at odds with several generations of UK employment policy. However, this adoption of the flexicurity agenda, whether it was explicitly called that or not, and the use of the Nordic countries as exemplars demonstrating the extent to which thinking about political economy along Nordic lines had become entrenched in social democratic governance networks in the UK. An increasing emphasis on corporatism as a potential solution to issues of flexibility and security – not just for employees, but also employers – demonstrates important continuities with discussions which were taking place in social democratic circles in the 2000s. In the IPPR discussions the Nordic countries emerge as a potential starting point for significant redesigns to the regulatory regime of the UK labour market. This could, perhaps loosely, be seen as possessing considerable similarities with the corporatist Schumpeterian approach (see 4.6.2, below).

4.4.4 Conclusions

The earliest period of a discourse on flexicurity in social democratic governance networks in the UK did not generally use the term flexicurity. It had however established a signifying logic which was consistent with a flexicurity agenda. In its early phase, social democratic discourse looked to the Nordic model as a means to resolve the tensions between 'freedom' and 'equality' in the wider economy. The basic problematic in Anglophone liberal political theory,

³⁹⁸ Colebrook et al., *European Jobs and Skills*.

that 'positive liberty' – often understood as a precursor to equality – always ended in violence and coercion meant that the only available option was 'negative liberty', understood as the simple absence of coercion. This made a genuinely redistributive social democratic programme anathema to liberal thought. Articulating the signifier 'equality' as consistent with 'freedom' was therefore essential for a social democratic political project to be successful.

This was combined with a modernising logic, which appealed to a 'new Swedish model'. It was argued that while this 'new Swedish model' had undergone significant change, the basic signifiers through which it was apprehended were nonetheless still social democratic and corporatist. This basic chain of signification, in which equality preceded freedom could be, and was, equally well articulated with a Danish-influenced flexicurity model as a 'new Swedish model'. This became important from 2010 onwards when the political efficacy of terms like 'Swedish' or 'Nordic' model became increasingly ambiguous due to their association with the UK Conservative Party's Free School agenda (see chapter six).

In the period between the 2008 financial crisis and 2010, however, the basic logic of flexicurity in social democratic governance networks became hegemonic. Even visions of a new economic settlement which did not explicitly use the term flexicurity generally set out arguments which accepted the fundamental tenets of the policy, especially its rejection of 'numerical flexibility' as a primary, or even desirable, outcome of regulatory changes in the labour market. Active intervention in the supply side of the labour market and structural reforms to skills and training were widely considered essential planks of a future social

democratic political project. Above all, security was articulated as the logical precursor of flexibility and corporatist solutions as the solution to labour market issues.

A series of publications from the IPPR set out the potential for flexicurity style reforms to improve the labour supply from employers' perspectives, and many of them called for unified employers groups which could more actively engage with trade unions and influence future government skills policies. While they were heavily concerned with the Nordic countries and their regulatory regimes and attitudes, they tended to avoid the term Nordic model and flexicurity. While this may simply represent a desire to avoid contentious or mystifying terminology, there is also an emerging sense that by 2015 social democratic governance networks have a more complex relationship with a Swedish or Nordic model discourse than previously.

This is perhaps reflected in the relative lack of success which social democratic actors had propagating a flexicurity discourse outside their network. A social democratic understanding of flexicurity can be found in several articles in *The Guardian* newspaper and its sister paper *The Observer*, which describe flexicurity as characterised by 'high mobility between jobs...low job security and high rates of unemployment benefits'.³⁹⁹ 'Flexicurity', they argue, 'is about providing security for individuals, not jobs, and protects them as they move between employers'.⁴⁰⁰ The generally higher levels of security felt by Danes compared to workers in the UK is also a theme picked up by social democratic commentators. The high unemployment support levels and active measures to return the unemployed to employment are invoked as

³⁹⁹ David Gow, 'Sans Courage', *The Guardian*, 19 January 2006.

⁴⁰⁰ Helm, Asthana, and Harris, 'How Britain's New Welfare State Was Born...'

reasons for these greater feelings of security, even though 'Danish job tenure is around the same as in the UK'. The columnist Will Hutton has been particularly active in the push for the adoption of flexicurity-style policies.⁴⁰¹ Hutton has strong links to the Work Foundation think-tank and the Labour Party and his involvement in articulating a flexicurity policy should be seen as an indication that flexicurity was indeed approaching the status of hegemonic nodal point in social democratic governance networks. Beyond that, however, flexicurity was more often viewed in free-market terms, as the next section will explore further.

⁴⁰¹ Will Hutton, 'The Lessons We Should Learn from the Wreckage of the British Car Industry', *The Observer*, 31 May 2009; Will Hutton, 'Osborne Is Intellectually Broken and the Real Enemy of Business', *The Observer*, 29 April 2012; Will Hutton, 'How to Lift Europe out of Its Unemployment Crisis', *The Guardian*, 30 May 2012; Will Hutton, 'Seize the Moment to Recast Economic Policy', *The Guardian*, 31 May 2012.

4.5 Utopia 2.0: Free-Market Sweden

4.5.1 The New Moderates and 'the Big Society'

When Fredrik Reinfeldt, then Prime Minister of Sweden, gave a talk to the London School of Economics (LSE) in 2008, he set out what could perhaps be seen as the official Moderate Party history of the Swedish twentieth century.⁴⁰² In his telling, Swedish success had been a story of free-markets and an open, liberal regulatory regime which supported generous public services. According to Reinfeldt, the social democratic Sweden of popular imagination was a myth, and a pernicious one, since it was in the period of social democratic hegemony that things really began to go wrong in Sweden. This argument originated in the 1990s during Carl Bildt's premiership (see 2.2.1, above). As Sweden's social democratic international image was strongly associated with the dominant SAP, it is unsurprising that the Moderate Party would be eager to revise this hegemonic discourse of the Swedish model within Sweden and abroad. Comparing publications released by Pär Nuder for Policy Network and the IPPR with those released under the auspices of liberal and free-market think tanks, there is a sense that domestic Swedish arguments were being played out in, and influencing, British public policy debates.

Indeed, in a sense, the opposition between social democratic and free market discourses on the Swedish/Nordic model correspond relatively closely to the contours of a, naturally somewhat different and much wider-ranging, re-examination of Swedish politics in Sweden. Where Pär Nuder presented an essentially social democratic account of Swedish decline and rejuvenation in the period either side of the 1991/2 financial crisis which emphasised the

⁴⁰² Reinfeldt, *The New Swedish Model*.

modernisation and essential continuity of important labour institutions, Reinfeldt articulated Sweden's success, decline and rejuvenation in terms of liberal, free-market signifiers. In his speech, Reinfeldt opened by quipping that he learnt two things in his school history classes: that Sweden is the only world superpower with nine million inhabitants, and that his country is very modest about its achievements.⁴⁰³ Far from being just a self-deprecating opener however, this laid out a direction for Reinfeldt's vision of Sweden. He argued that there had never really been such a thing as a Swedish model, rather a Nordic or Scandinavian model, and, furthermore, even if it did once exist, the relevance of models in general had declined as a result of globalisation.

He added that the most that could be spoken of now were 'distinctive features' and 'institutional features'.⁴⁰⁴ In other words, Reinfeldt argued that the most that can be gained from studying other countries are examples of specific regulations and regulatory regimes, rather than models. A starker contrast with Nuder and Kielos' arguments that specific regulations are meaningless without moral and political leadership, which should be prioritised, would be difficult to find. Further, where Nuder and Kielos discussed the resolution of constitutive class and gender antagonisms as the root of Sweden's economic model, Reinfeldt argued that this was primarily a result of: the market economy; the development of free enterprise; Sweden's legal system and strong property rights; modern banking institutions, and open attitude to international competition.⁴⁰⁵ While he argued that the later development of compacts between the social partners ensured Sweden's success, it

⁴⁰³ Ibid.

⁴⁰⁴ Ibid.

⁴⁰⁵ Ibid.

is clear that in this Moderate discourse Sweden's liberal institutions are primarily responsible for its relative prosperity.

For Reinfeldt, things began to go wrong during what he terms Sweden's 'mad quarter of a century', when the 'vital balance between institutions' disappeared and 'socialism swept over Sweden'.⁴⁰⁶ Moreover, this period coincided with a sharp rise in taxes, combined with high inflation and large budget deficits. During this period, Sweden was also exposed to two oil crises. According to Reinfeldt, the 'mad quarter of a century' effectively ended with the financial crisis of 1991/2. 'What took a hundred years to build was nearly dismantled in twenty-five', he claimed. Sweden's re-emergence from this period, runs the argument, was primarily a result of a wave of privatisations, deregulation of key markets, reform of the *Riksbank*, changes to the pension system, and tax cuts.⁴⁰⁷ Moving forward to 2006, Reinfeldt argued that The New Moderates were 'elected to do the job of putting Sweden back to work'. This was a task which The Moderates articulated as 'a matter of freedom', since it is 'a freedom issue to stand on your own two feet and by your own work decide your future'.⁴⁰⁸

The degree of traction which this new articulation of Swedish success has gained in the UK is noteworthy. It is significant that the discussant of Reinfeldt's speech to the LSE was David Cameron, at that time Leader of the UK Conservative opposition. Cameron's interest in the Swedish Moderates reflected a strategic attempt to reinvigorate the UK Conservatives and, in marketing speak, to 'detoxify' the Conservative Party's brand. Despite its lack of traction with the wider electorate, one of the lasting legacies of the Big Society era – David Cameron's

⁴⁰⁶ Ibid.

⁴⁰⁷ Ibid.

⁴⁰⁸ Ibid.

orientation of the Conservative Party towards civil society issues (see 2.3.3, above) – was a continuing emphasis on Sweden as a potential model for free-market liberal policy making. In his response to Reinfeldt, Cameron made a number of observations which clearly echo portions of his ‘Compassionate Conservatism’ and ‘Big Society’ agendas, and perhaps just as importantly, suggest how this discourse would structure future public policy.

Cameron agreed with Reinfeldt’s classically liberal articulation of labour market and public service issues in terms of ‘freedom’. He argued that Reinfeldt’s “‘new Swedish model” isn’t just change for change’s sake, it is real, bold and lasting change, designed to make a real, bold and lasting change for [Reinfeldt’s] country’. He added that important components of the Moderate programme, including: ‘reforming the welfare system to get more people off benefits and into work, reforming healthcare so the consumer is in control, not the state, getting the education system to respond to the needs of parents and individual children... are all things that we are examining in this country’.⁴⁰⁹

The level of interest in Sweden in the UK Conservative Party began to be reflected more widely in a free-market governance network, which produced (and produces) significant amounts of economic policy. This is demonstrated particularly clearly by policy documents published by the IEA since 2010. The IEA published a number of documents which were consistent with the Nordic model as Fredrik Reinfeldt articulated it in his speech at the LSE, and some go significantly further in their attempts to reimagine Nordic ‘success’ as dependent

⁴⁰⁹ Ibid.

primarily on free enterprise. This section will look in greater detail at the specific articulation of Sweden found in this discourse.

Although earlier than Reinfeldt's election as Prime Minister, Johann Wennström's provocatively titled *The Awful Truth About Sweden*, published through the IEA, pointed to many of the same issues as Reinfeldt's speech.⁴¹⁰ This is perhaps unsurprising, since Wennström was a political adviser in Reinfeldt's second government.⁴¹¹ Nominally his text aimed to respond to an article by Polly Toynbee in *The Guardian* newspaper.⁴¹² Toynbee's article was highly critical of Tony Blair's use of Sweden as a model for NPM service reform (see chapter five), and articulated recent changes to Sweden's economic settlement as purely a feature of the 1991 Bildt government's reform agenda. This is not entirely fair, since the SAP also began to accept the emerging free-market hegemony in the 1980s (see, 2.2, above), but it does reflect an attempt to reclaim the classically social democratic articulation of Sweden discussed above. Wennström's article is relevant because it aimed to refute this by constructing a discourse around a series of signifiers which form the core of the free-market discourse on Sweden.

Not only was he extremely critical of Swedish welfare policies which he claimed had resulted in large numbers of working-age benefit claimants, but his criticism of the Swedish social compact was also acerbic: 'the real significance of the "magic" pact between the state, employers and the workforce...is an order where the state takes away every right from the

⁴¹⁰ Wennström, 'The Awful Truth About Sweden'.

⁴¹¹ https://sv.wikipedia.org/wiki/Johan_Wennström

⁴¹² Toynbee, 'The Most Successful Society the World Has Ever Known'.

employer and gives those rights to his or her employees instead'.⁴¹³ What success Sweden did experience, between 1860-1960, 'sprung from entrepreneurship'.⁴¹⁴ The failure to produce a large company, such as IKEA or Ericsson, since 1970, demonstrated for Wennström that this entrepreneurial Sweden was gone and Sweden's success had been slowly squandered. Not only was Swedish success a feature of its acceptance of liberalism then, but its failures were articulated in terms of social democratic signifiers. The quality of public services organised along equal lines had produced poor services, which could only be rescued by introducing greater 'freedom', and economic dynamism had been destroyed by corporatism and 'security' for workers.

Given Wennström's ties to The New Moderates, it is probably worth seeing this piece as aimed at a Swedish as much as an international audience. While clearly intended as a rebuttal to Toynbee's article, and a similarly laudatory piece in *Le Figaro*, a French newspaper, it is worth noting that this piece was written in the run up to a Swedish General election, which was won by Reinfeldt's New Moderates. It is nonetheless noteworthy that the connection between Swedish free-market thinkers and British governance networks can be traced back as far as 2005. This is broadly consistent with a more general concern to rebut social democratic claims about the nature of welfare services in different parts of Europe and the West.

⁴¹³ Wennström, 'The Awful Truth About Sweden', 2.

⁴¹⁴ *Ibid.*, 2-3.

4.5.2 Conservative victory and the Institute of Economic Affairs

The IEA has been particularly interested in and oriented towards Sweden and the Nordic countries since the Conservative victory in the 2010 UK General Election. A significant quantity of its literature on political economic issues was produced by Nima Sanandaji in collaboration with a number of other writers, including his brother Timo. In two separate publications, Sanandaji advanced broadly the same discourse as that articulated by Fredrik Reinfeldt at the LSE, though he was significantly more concerned to make a moral case, argued with reference to classic free-market signifiers about ‘work’ and ‘growth’, than Reinfeldt.⁴¹⁵ In his longest work, *Scandinavian Unexceptionalism: Culture, Markets and the Failure of Third-Way Socialism*, Sanandaji claimed that ‘Scandinavia’s success story predated the welfare state’ and that the social democratic system of economic steering retarded ‘the core of the free-market model: entrepreneurship’.⁴¹⁶ For Sanandaji, as for Reinfeldt:

The phenomenal national income growth in the Nordic nations occurred before the rise of large welfare states. The rise in living standards was made possible when cultures based on social cohesion, high levels of trust and strong work ethics were combined with free markets and low taxes. ... The period from around the beginning of the 1960s was characterised by popularisation of radical socialist ideas. In the Nordics, previously pragmatic social democrats radicalised and moved sharply to the left.⁴¹⁷

Sanandaji’s aim was to undermine the Swedish/Scandinavian, terms which he used virtually interchangeably, welfare state as a viable political project. He argued instead that Sweden’s

⁴¹⁵ *The Surprising Ingredients of Swedish Success – Free Markets and Social Cohesion* (London: The Institute of Economic Affairs, 2012); *Scandinavian Unexceptionalism*.

⁴¹⁶ *Scandinavian Unexceptionalism*, xiii, 21.

⁴¹⁷ *Ibid.*, 20.

initial success should be seen as a result of the introduction of industrialisation and free-markets into a poor agrarian society, resulting in the highest sustained growth in Europe between 1870 and 1936. 1936, which Sanandaji somewhat arbitrarily identifies as the beginning of the social democratic era,⁴¹⁸ represents the beginning of a slowing in Sweden's growth rate, but the maintenance of the majority of liberal institutions which had contributed to Sweden's success. There are clear empirical flaws in this line of argument. The enormous gains experienced by agrarian societies exposed to industrialisation are well understood in development economics, and some development economists would in any case not agree with Sanandaji's claim that free-markets are best placed to stimulate development.⁴¹⁹ Moreover, the implied criticism of social democratic articulations of Sweden has the whiff of the straw man about it. Although UK social democratic actors, including those considered in this study, historically admired Swedish and Nordic public services, none of them argued that the welfare state was primarily or mainly responsible for perceived Swedish success.

Rather than the welfare state, then, culture, religion and climate are articulated as the primary causes of Swedish success. Indeed, a core part of this argument is that the Protestant ethic and Scandinavian culture are sufficiently strong that they have led to even more positive outcomes for people of Nordic origin in the USA, where conditions which favour freer enterprise prevail.⁴²⁰ This is tied to a claim that the Scandinavian work ethic has deteriorated over time as a result of the negative effects of the welfare state, an articulation which echoes

⁴¹⁸ Sanandaji, *The Surprising Ingredients of Swedish Success*, 10. The SAP first entered government in 1932 and achieved a parliamentary majority in 1933. It is therefore slightly unclear why Sanandaji identifies 1936 as the critical year of the beginning of the social democratic hegemony.

⁴¹⁹ Ha-Joon Chang, *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism* (London: Bloomsbury, 2007).

⁴²⁰ Sanandaji, *The Surprising Ingredients of Swedish Success*.

those of Fredrik Reinfeldt and Johan Wennström. Perhaps more stridently than either of the aforementioned, Sanandaji argues ‘in the long run, the large welfare states eroded incentives, and ultimately the social norms that bound Scandinavian societies together’.⁴²¹

Partly as a result of this emphasis on the moral benefits of work, some attention has been given to flexicurity in free-market governance networks in the UK. Free-market discussions of flexicurity were overwhelmingly interested in the flexibility rather than the security element. It was seen as emblematic of the possibility for less regulation alongside the maintenance of a decent level of public welfare, although it tended to vagueness on how levels of public welfare could be maintained.⁴²² However, Sanandaji also saw flexicurity as a means by which ‘the same public choice mechanisms that have encouraged a large public sector can be harnessed, through smart reforms, to foster stakeholders with a vested interest in reducing the size of the state’.⁴²³ In other words, flexicurity policies have been identified as a potential means by which to create a so-called ‘leave us alone’ coalition which would aim to curb state intervention in its interests. This analysis is possible as a result of the articulation of flexicurity as a purely supply side phenomenon. In other words, the state should retreat from all demand side interventions and focus instead on supporting the unemployed while allowing the economy to function in as unregulated a fashion as possible. This would, according to free-market theorists, discourage any tendency to rely on the state to produce or protect jobs.

⁴²¹ Sanandaji, *Scandinavian Unexceptionalism*, 64.

⁴²² Nima Sanandaji, ‘Fostering a European “Leave Us Alone” Coalition’, in *A U-Turn on the Road to Serfdom: Prospects for Reducing the Size of the State*, ed. Grover Norquist et al. (London: The Institute of Economic Affairs, 2014), 100.

⁴²³ *Ibid.*, 94.

In general, this analysis is highly underdeveloped compared with free-market approaches to Swedish healthcare and education reforms, though it is clearly of interest that there is a possibility of a nascent free-market discourse on flexicurity which prioritises flexibility over the security. In this regard, the charge made by Keune and Jepsen of the form of flexicurity adopted by the European Commission, that flexicurity is deregulation by another name, could become applicable to articulations of flexicurity in Britain.

Additionally, one of Sanandaji's key aims was to disprove the widely-held idea that the high levels of female participation in the Nordic economies should be seen as positive. While he acknowledged that female participation in the workforce far exceeded the Western average, he noted that much of this participation was in caring roles and that there were proportionally fewer jobs in the private sector which were filled by women. Perhaps unsurprisingly, he considered this to be a feature of the welfare state since the majority of roles in 'female-dominated sectors such as education and healthcare' are in the public sector.⁴²⁴ Indeed, it is quite clear that as far as Sanandaji is concerned the chief problem is not so much that, for whatever reason, female and male professional aspirations are stubbornly traditional, but that female dominated sectors are in the public sector. The strong impression is created that were these professions simply to be relocated to the private sector the problem would be solved.

The various criticisms of the Nordic social model notwithstanding, its success, in Sanandaji's terms, in the period after the 1991/2 financial crisis is articulated as resulting from a return

⁴²⁴ Sanandaji, *Scandinavian Unexceptionalism*, 103.

to a pre-social democratic social settlement.⁴²⁵ In common with the general discourse advanced by The Moderates, the contemporary Nordic countries are ‘more centrist than their reputation suggests’ in the area of ‘economic freedom and taxation’ and ‘have compensated for a large public sector by increasing economic liberty in other areas’.⁴²⁶ This chimes with significant portions of the Moderate agenda, which is focussed on ‘putting Sweden back to work’.⁴²⁷ In the free-market discourse, what successes there have been since the 1990s have primarily come as a result of changes to the structure of Sweden’s regulatory regime and moves towards liberalisation, including Chicago School-inspired solutions in public health and education provision.⁴²⁸ Moreover, in the post-1990 era rejuvenation has occurred as a result of tax reductions and increases in levels of ‘economic freedom’, with Denmark noted approvingly as having overtaken the UK and US by becoming the 11th freest economy in the world, on a metric which basically measures levels of regulation and size of government.⁴²⁹ This, argued Sanandaji, ‘reinforce[s] the notion that the Nordic nations are tentatively returning to their free-market roots’.⁴³⁰ The articulation of Sweden as a fundamentally liberal nation which is now returning to the values which made it successful agrees very closely with Reinfeldt’s idea of Sweden having had a ‘mad quarter of a century’.

This discourse has also gradually made its way into the press, although it has been far from systematic or consistent. *The Economist* has tended to be closest in orientation and relationship to the free-market governance network set out above. This is in contrast to the

⁴²⁵ Ibid., 110.

⁴²⁶ Ibid., 114.

⁴²⁷ Reinfeldt, *The New Swedish Model*.

⁴²⁸ Sanandaji, ‘Fostering a Leave Us Alone Coalition’, 101–2.

⁴²⁹ Sanandaji, *Scandinavian Unexceptionalism*, 108.

⁴³⁰ Ibid., 110.

relatively ambiguous pseudo-Keynesian approach to political economy adopted as the editorial line of *The Financial Times* since the financial crisis of 2008 (see 4.6.1, below). *The Economist* has recently cited policy papers produced by the IEA on Nordic ancestry in the United States, with the obligatory reference to Vikings,⁴³¹ and has historically been interested in the Nordic countries as models for public choice reform, rather than as a model of political economy. Indeed, where *The Economist* has written about the Nordic countries, it has typically done so with relative hostility to the Nordic model and modelling in general.⁴³² Although it praised the flexicurity model in 2006 for producing ‘exceptional performance on jobs’, it gradually reverted to a more hostile attitude towards the Nordic model and modelling more broadly, which intensified in the lead up to the financial crisis of 2008. In 2006, the paper reported approvingly on the liberalising agenda of the Swedish New Moderates.⁴³³ Denmark and Finland were widely considered the two most successful members of the Nordic area at the time. However, Denmark was criticised for a growing intolerance of immigration, leading to labour shortages, and Finland for over-reliance on a single major firm (Nokia), respectively.⁴³⁴ The article concluded by noting that ‘[T]he truth about the Nordic model is that, whenever it has worked best, it has done so chiefly by embracing liberalisation and freer markets’.⁴³⁵ In 2008, Denmark’s flexicurity model was praised for its ability to push down inflation as a result of its active labour market policy, although it was noted that a housing bust had tipped the Danish economy into recession.⁴³⁶

⁴³¹ ‘Founding Vikings’.

⁴³² ‘All, or Almost All, Change’, *The Economist*, 21 September 1991; ‘Farewell, Nordic Model’, *The Economist*, 16 November 2006; ‘Bring out Your Models’, *The Economist*, 31 July 2008.

⁴³³ ‘Farewell, Nordic Model’.

⁴³⁴ ‘Flexicurity: A Model That Works’, *The Economist*, 7 September 2006.

⁴³⁵ ‘Farewell, Nordic Model’.

⁴³⁶ ‘Bring out Your Models’.

Perhaps the defining contribution *The Economist* made to discourse on the Nordic model came in its 2013 Special Report which described the Nordic countries as ‘the Next Supermodel’. Dølvik et al. even cited this special report as an example of the extent to which the Nordic countries have been embraced by ‘the centre-right’.⁴³⁷ The articulation of the Nordic countries as a political economic model was broadly consistent with the discourse laid out by the free-market network. ‘The streets of Stockholm’, it noted, ‘are awash with the blood of sacred cows’ and the ‘erstwhile champion of the “third way” is now pursuing a far more interesting brand of politics’.⁴³⁸ At the core of this ‘interesting brand of politics’ were reductions in levels of public spending as a percentage of GDP; commitments to fiscal orthodoxy, including running budgetary surpluses; shifts towards a defined-contribution, rather than defined-benefit pension system; and cuts to many of the headline tax rates, including income, wealth and corporate taxes.⁴³⁹ These measures were therefore consistent with the programmes set out by Fredrik Reinfeldt and praised by David Cameron. They also match the articulation of recent Nordic success put forward by Nima Sanandaji. Denmark was praised for its liberal labour market, Finland for its embrace of venture capitalists and investors to promote entrepreneurship, and Norway for orientating itself towards a post-oil future.⁴⁴⁰

Moreover, the Swedish and Danish school systems were praised and the model in general was articulated as having reversed its ‘leftward lurch’: ‘rather than extending the state into

⁴³⁷ Dølvik, Andersen, and Vartiainen, ‘The Nordic Social Models in Turbulent Times’, 246.

⁴³⁸ ‘Northern Lights’, *The Economist*, 2 February 2013 Note: the various sections of the special report on the Nordic countries are treated as separate articles in the 2nd February 2013 edition of the newspaper. I will therefore cite them accordingly.

⁴³⁹ Ibid.

⁴⁴⁰ Ibid.

the market, the Nordics are extending the market into the state'.⁴⁴¹ Nordic success was therefore seen not as a function of its social policies, but as a result of the region's 'determination to reduce government spending and set entrepreneurs free'.⁴⁴² Finland was particularly praised in this regard, although it was noted that technology start-ups proliferate across the Nordic region, especially in Finland and Norway.

Moreover, the success of the Nordic economies was put down to their openness to trade in global markets and willingness to innovate. Oticon (hearing aids), Mærsk (freight), Lego (toys) and Carlsberg (drinks) were given as examples of globally competitive companies founded and based in Denmark.⁴⁴³ Sweden got the obligatory mention of IKEA and H&M; Finland, Kone (lifts) and Rovio (developer of Angry Birds); and Norway was described as a world leader in oil services, although Statoil is not mentioned by name (because it is in public ownership?).⁴⁴⁴ Although some of these companies are noted as being subject to difficulties as a result of competitors abroad, they are also considered examples of how the Nordic countries have succeeded as a result of openness to international trade.

Finally, the Nordic countries were characterised as bastions of fiscal rectitude. All five Nordic countries had, at differing rates, reduced government expenditure as a percentage of GDP. The introduction of private firms into public service provision was singled out for particular praise, especially in Sweden. It was noted that Sweden 'more than anyone else in the world' had embraced 'Milton Friedman's idea of educational vouchers' and that the majority of

⁴⁴¹ Ibid.

⁴⁴² 'The Secret of Their Success', *The Economist*, 2 February 2013.

⁴⁴³ 'Global Niche Players', *The Economist*, 2 February 2013.

⁴⁴⁴ Ibid.

health care centres and nurseries were now built by private companies (see chapters four and five).⁴⁴⁵ This success in reducing public spending is a result of Nordic ‘willingness to focus on results rather than on ideologies’.⁴⁴⁶ In its final movement, then, this articulation returned to familiar ground when it appealed to pragmatism as the motivator of change in the Nordic countries explaining why social systems there ‘can often seem to be amalgams of left-and right-wing policies’.⁴⁴⁷ While *The Economist* noted that ‘[T]his special report has supported some of the free-marketers’ arguments’,⁴⁴⁸ it is significant that it does so by deploying a range of familiar signifiers with reference to the Nordic countries, most of which are enchainned with new meanings: pragmatism and policies beyond left and right are therefore understood in terms of free-market signifiers such as ‘deregulation’, ‘economic freedom’ and ‘entrepreneurship’.

Characteristically, the popular press discourse on flexicurity has been significantly more fragmented than the discussion in the business press. There have been a number of interventions about the benefits of the Nordic model of political economy, but these have typically been fairly superficial and more dependent on clichés than those in the business press. Adrian Wooldridge, who incidentally was also the author of ‘The Next Supermodel’ special report, writing in *The Sunday Times* in 2014, noted the broadening appeal of the Nordic countries. ‘Socialists have always praised the Nordic world’s generous welfare state’, he wrote, ‘[N]ow everyone is getting in on the act’.⁴⁴⁹ Swedish Free Schools are noted as an inspiration for Michael Gove, then UK Conservative Minister for Education (see chapter six),

⁴⁴⁵ ‘More for Less’, *The Economist*, 2 February 2013.

⁴⁴⁶ Ibid.

⁴⁴⁷ ‘The Secret of Their Success’.

⁴⁴⁸ Ibid.

⁴⁴⁹ Wooldridge, ‘The Vikings Rise Again’.

and flexicurity as a potential model for the pension reforms of then work and pensions secretary Iain Duncan Smith.⁴⁵⁰ As well as their impressive record on ‘international league tables’ the Nordic countries were also admired as ‘ruthless capitalists’ and the reconciliation of decent quality of life and competitiveness was given as the reason why ‘both left and right are obsessed with them’.⁴⁵¹ The fact that the Nordic countries have ‘transcended some of the simple-minded dualities that dominate British politics’ re-emerges as a chief reason for their success.⁴⁵² This should be seen as reflecting the extent to which Anglophone modelling discourses have tended to articulate the Nordic countries as capable of neutralising the antagonisms between ‘freedom’ and ‘equality’, rather than empirical Nordic successes.

Similarly, a 2014 piece on *MailOnline*, the website affiliated to *The Daily Mail*, published a piece on flexicurity, noting that the ‘solid safety net’ meant that the government could ‘persuade...unions to accept a flexible labour market...companies can quickly lay off staffers during downturns. Laid-off workers, in turn, receive training and guidance in pursuing new careers’.⁴⁵³ Significantly, the dominant interpretation of flexicurity in this article, along with those in the business press, is on the hire-and-fire aspects of flexicurity, the ‘numerical flexibility’ which tends to be emphasised in Anglophone labour markets. As noted above, this is only part of flexibility as understood by Nordic firms, which also re-deploy and re-train workers, but it is noteworthy that free-market orientated journalists tended to articulate ‘flexibility’ as synonymous with ‘hire-and-fire’, numerical flexibility. This theme runs through

⁴⁵⁰ Ibid.

⁴⁵¹ Ibid.

⁴⁵² Ibid.

⁴⁵³ Associated Press, ‘What Wealth Gap? Danish Welfare Narrows Disparity’, *MailOnline*, 24 June 2014, <http://www.dailymail.co.uk/wires/ap/article-2666755/What-wealth-gap-Danish-welfare-narrows-disparity.html>.

another article in *The Sunday Times*, which suggests flexicurity would be a useful system given that ‘redundancy payments are banned but unemployment pay is far higher for longer, and comes with automatic retraining for jobs’.⁴⁵⁴

4.5.3 Conclusions

The discourse of the free-market governance network modified and expanded upon the discourse adopted by Fredrik Reinfeldt during his first period as Prime Minister in Sweden, but also shows the extent to which these ideas have become important to articulations being advanced by free-market governance networks in Britain. Robert Taylor prefaced his social democratic account of Sweden by saying that ‘there is an alternative – it’s called Sweden’, in response to Margaret Thatcher’s famous argument that ‘there is no alternative’ to liberal reform.⁴⁵⁵ The discourse which emerges from Reinfeldt, Sanandaji and Wennström, however, not only re-articulated contemporary Sweden, post-financial crisis, with free-market signifiers, but also characterised Sweden’s ‘old’ model as primarily a function of the very free-market liberalism which Taylor rejected. As noted above, it is clear why the Moderates found it necessary to advance an alternative discourse which would explain contemporary Sweden. Indeed, the very discourse of the Swedish model emerged from the political and social hegemony of the SAP. Nevertheless, the extent to which this has informed British public policy debates is interesting and should not be underestimated.

A significant portion of David Cameron’s ‘Big Society’ and ‘Compassionate Conservatism’ agendas were structured around similar signifiers to those used by Fredrik Reinfeldt’s

⁴⁵⁴ Russell, ‘Don’t Argue...’

⁴⁵⁵ Taylor, *Sweden’s New Social Democratic Model*, 4.

Moderates. It is certainly no coincidence that Reinfeldt was particularly concerned to discuss environmental issues and even noted that he and Cameron had both visited Svalbard to see the extent of ice-cap melting there. Reinfeldt and Cameron, in common with Sanandaji and Wennström, articulate work as a fundamental moral virtue. Reinfeldt describes work as ‘a matter of freedom’; Cameron as ‘an issue of freedom, of people power, of responsibility, of choice and of local control’.⁴⁵⁶

The general aim of the free-market governance network was to advance liberal policies, but also, as has been demonstrated above, to nix attempts to articulate a socially democratic political project in areas of perceived strength. This is clearly one motivation for publications dealing with issues of governmental size, equality and happiness. In the case of Sweden, the free-market governance network has consistently and concertedly promoted publications which articulate Sweden as a liberal, rather than socially democratic, success story. Emphasis on re-articulating those features of Swedish and Scandinavian societies which are typical parts of social democratic discourse on the Nordic countries, including gender equality and generous benefit systems, as well as the role of the social compact in Swedish success, have characterised many of the publications coming from the IEA and CPS since David Cameron’s Conservative Party began to show interest in Sweden in the late 2000s. This sustained attempt to re-articulate the meaning of Sweden in the free-market governance network should therefore almost certainly be seen as an attempt to influence the contemporary Conservative Party to retain its emphasis on economically liberal reforms, even as it attempts to ‘learn from the Swedish Moderates’.⁴⁵⁷

⁴⁵⁶ Reinfeldt, *The New Swedish Model*.

⁴⁵⁷ Ibid.

4.6 Schumpeterians and neo-Schumpeterians

4.6.1 The liberal Schumpeter

Entrepreneurs, and the best regulatory regimes to encourage them, form a core part of contemporary free-market discourse. As noted above, this arose from a particular reading of Schumpeter's *Capitalism, Socialism and Democracy* and effectively understands the entrepreneur as the agent of creative destruction.⁴⁵⁸ Indeed, perhaps the most interesting part of an extended discussion of entrepreneurialism in *SuperEntrepreneurs*, a 2014 text published through CPS by Nima and Timo Sanandaji, was its attempt to establish a definition of entrepreneurs.⁴⁵⁹ These were distinguished from the self-employed because they were agents of 'creative destruction'. This meant that examples of entrepreneurs included: Steve Jobs, founder and later CEO of Apple; the creator of micro-loans to development projects; the US Treasury Official who designed the policy architecture of the IMF and the World Bank; and, without irony, Michael Milken, the inventor of securitised bonds, also known as junk bonds, who was famously indicted for insider trading, fraud and embezzlement on markets for the very products he had invented.⁴⁶⁰ While Sanandaji and Sanandaji were not particularly interested in Scandinavia as a model for entrepreneurial activity – indeed, elsewhere Nima Sanandaji described the Swedish system as an attempt to create 'a market economy without individual capitalists and entrepreneurs [quoting Henrekson]' – their view of the entrepreneur informs their vision of contemporary Scandinavia.⁴⁶¹

⁴⁵⁸ Joseph Schumpeter, *Capitalism, Socialism and Democracy* (London: Routledge, 2003).

⁴⁵⁹ Tino Sanandaji and Nima Sanandaji, *SuperEntrepreneurs* (London: Centre for Policy Studies, 2014).

⁴⁶⁰ *Ibid.*, 3, 6, 61.

⁴⁶¹ Sanandaji, *Scandinavian Unexceptionalism*, 23.

Sanandaji and Sanandaji saw Schumpeter's 'creative destruction' in the orthodox free-market fashion. Criticism of the Swedish welfare state was therefore structured around its supposed inability to foster entrepreneurship, especially given that the largest and most profitable Swedish companies, including IKEA, Ericsson, H&M and Volvo started as entrepreneurial ventures.⁴⁶² For Sanandaji, the Swedish welfare state has created major disincentives for this kind of behaviour, resulting in a decline in social morals leading to a situation 'in which ethics relating to work and responsibility are not strongly encouraged by the economic systems. Individuals with low skills and education have limited gains from working'.⁴⁶³

Perhaps as a result of the difficulty of defining the nature of entrepreneurs and the optimum field for entrepreneurial activity, Sanandaji made few concrete prescriptions for fostering greater dynamism. Virtually the only firm conclusion about the structure of a regulatory regime to foster entrepreneurship was that it should include strong property rights, including intellectual property rights. This was because 'if property rights are strong, talented individuals are...more likely to find it attractive to engage in activities that create social value'.⁴⁶⁴ Characteristically, it is argued that high tax rates on profits deter entrepreneurship and that tax reform, especially reductions in capital gains taxes, can stimulate economic development.⁴⁶⁵ Sanandaji argued that this would be particularly beneficial for the Nordic countries (and the UK and Ireland) on the basis that capital gains taxes are higher in these countries than elsewhere in Europe.⁴⁶⁶ These articulations of the best way to stimulate entrepreneurship strongly mirror claims about the best means to stimulate growth and work

⁴⁶² Sanandaji, *The Surprising Ingredients of Swedish Success*.

⁴⁶³ *Scandinavian Unexceptionalism*, 76.

⁴⁶⁴ Sanandaji and Sanandaji, *SuperEntrepreneurs*, 28.

⁴⁶⁵ *Ibid.*, 30–32.

⁴⁶⁶ *Ibid.*, 36.

generally. The Schumpeterian agenda was therefore articulated as consistent with free-market arguments for reform of the Nordic economies more generally and clearly informed the discourse on Nordic political economy.

4.6.2 The corporatist Schumpeter

Many recent academic approaches to Schumpeter have looked at the issue from a perspective which hoped to create the conditions for creative destruction within a corporatist social structure. Peter Flaschel and Alfred Greiner analysed the potential for the creation of what they call 'flexicurity capitalism' on the basis of just such a Schumpeterian critique of contemporary capitalism.⁴⁶⁷ They argued that the form of flexicurity that they aimed to develop was 'in its essence, comparable to the flexicurity models developed for the Nordic welfare states, Denmark in particular'.⁴⁶⁸ In this imagining, and throughout the policy literature, flexicurity therefore sat awkwardly between being a replicable, actually-existing system of labour market management, and an abstract variety of capitalism. Indeed, one could argue that some scholars, especially Flaschel and Greiner, considered flexicurity to be an updated version of Sweden's Rehn-Meidner model. The attraction of flexicurity was primarily its theorised ability to create transformation pressures (i.e. creative destruction), without the enormous social and financial risk to the individual, and hence wider society, which entrepreneurial ventures typically entail.

The articulation of flexicurity as a variety of capitalism is well demonstrated by Flaschel and Greiner's contention that:

⁴⁶⁷ Peter Flaschel and Alfred Greiner, *Flexicurity Capitalism: Foundations, Problems, and Perspectives* (Oxford: Oxford University Press, 2012).

⁴⁶⁸ *Ibid.*, 68.

this form of socioeconomic reproduction may be organized through large production units and their efficient, though bureaucratic, management, a form of management developed out of the principles under capitalism in the efficient conduct of large (internationally oriented) enterprises [emphasis added].⁴⁶⁹

Moreover, Flaschel and Greiner clearly saw education systems as subsidiary to ‘flexicurity capitalism’; they cite the necessity of a well-developed education system as a means to support a flexible economic system and discuss various educational models, including the Finnish school system, as possible inspiration.⁴⁷⁰

Conceptually, *Flexicurity Capitalism* inverted the problematic developed in *Capitalism, Socialism and Democracy*. The thesis is distinctively Schumpeterian, but it reverses Schumpeter’s emphasis on the stultifying character of the structure. Moreover, Flaschel and Greiner developed a thesis which established a firm, though occasionally porous, distinction between actually-existing flexicurity and an abstract variety of ‘flexicurity capitalism’. I have introduced these distinctions here on the basis that they will form an important, though not always acknowledged, part of the articulation of flexicurity in this sub-section.

As well as the academic discourse of Flaschel and Greiner, a movement in social democratic governance networks also treated the Nordic societies and flexicurity as a variety of capitalism and explained their ‘success’ with reference to mechanistic concepts. These approaches differed from the political focus of other social democratic literature by focussing

⁴⁶⁹ Ibid., 113.

⁴⁷⁰ Flaschel and Greiner, *Flexicurity Capitalism: Foundations, Problems, and Perspectives*.

to a significantly greater degree on the regulatory structure of flexicurity systems and attempting to understand the Nordic Model less as a consequence of a contingent political settlement and more as a self-contained system, or series of systems, which amounted to a variety of capitalism. The question of the Nordic societies as models for sustainable development in this respect was one which was, explicitly or implicitly, concerned with the structural implications of change, but which saw change differently from the more politically focussed publications considered above.

A 2008 Policy Network paper by Måns Lönnroth entitled *The EU and the Management of Sustainable Development* looked at the implications of Schumpeterian theories of creative destruction for environmental policy in Europe.⁴⁷¹ Lönnroth argued that environmental, social and employment policy should be considered as essential, intersecting components of the European Social Model leading to 'an accelerated cycle of obsolescence'.⁴⁷² While his focus is on the European Social Model (ESM), he further broke the ESM down into devolved models, of which he considered the Nordic models 'the most successful'.⁴⁷³ While the frame for his argument differs radically from those discussed above, his conclusions - that the Nordic countries are active in modifying their education, employment and social policies to stimulate the growth of high productivity jobs, as well as avoiding tying social support schemes to jobs which may later become obsolete – were social democratic orthodoxy.⁴⁷⁴

⁴⁷¹ Måns Lönnroth, 'The European Union and the Management of Sustainable Development : The Role of the Nordics' (London: Policy Network, 2008).

⁴⁷² *Ibid.*, 5.

⁴⁷³ *Ibid.*, 10.

⁴⁷⁴ Lönnroth, 'The European Union and the Management of Sustainable Development : The Role of the Nordics'.

Such Schumpeterian influenced analyses of ‘varieties of capitalism’ and welfare regimes tended to look to the Nordic countries as a model of social sustainability. The seemingly paradoxical conclusion that they drew, however, was that this occurred primarily through accepting the need for change, generally with a strong emphasis on the creation of a mixed economy with proactive social support organised along individualised, rather than familial, lines and strong incentives for female labour force participation.⁴⁷⁵ Joakim Palme, for example, argued that this process ensures that ‘the old, inefficient forms of production are destroyed and replaced by more efficient systems’,⁴⁷⁶ but that the forces of creative destruction should be matched with well-developed public private partnerships (PPPs), which should be targeted to resolve underlying structural issues with pension and healthcare systems. Moreover, he claimed that general economic conditions in the European economies point to significantly lower levels of poverty in those states which have generally preferred an individualised form of welfare delivery leading to larger numbers of ‘dual-earner’ families, as opposed to ‘male-breadwinner’ or ‘market-oriented’ family structures.⁴⁷⁷

The macroeconomic structures set out by Lönnroth and Palme are broadly consistent with the actual priorities and regimes used in the Nordic countries, in particular the emphasis on ‘creative destruction’, which informs the transformation pressures of the Rehn-Meidner model and flexicurity, and the aim to stimulate high levels of female participation in the workforce. It is therefore unsurprising that both tended to see the Nordic countries as characterised by greater sustainability than those states with more market-oriented or

⁴⁷⁵ Ibid.; Joakim Palme, ‘Sustainable Social Policies in an Era of Globalisation: Lessons from the Swedish Case’, *Social Policy Journal of New Zealand*, no. 32 (2007): 1–16.

⁴⁷⁶ Palme, ‘Sustainable Social Policies...’, 2–3.

⁴⁷⁷ Palme, ‘Sustainable Social Policies...’

conservative social models. Both also emphasise the quality of Nordic institutions and sustainable public finances. This is consistent with other publications which have seen the Nordic countries as international development models. The mixture of regulation and protection usually associated with Nordic capitalism formed the basis for what Jacobs, Lent and Watkins term 'progressive globalization' in their eponymous publication for the Fabian Society.⁴⁷⁸ They espoused a vision of a basically mixed global economy constructed along lines which are recognisably Nordic, and noted that the success of South Korea, Malaysia and Singapore has been driven by high levels of spending in education and healthcare – a model which they explicitly liken to the Nordic countries.⁴⁷⁹

What I have glossed as the 'Schumpeterian' or 'varieties of capitalism' approach to a social democratic rejuvenation is an interesting counterpoint to the politically focussed social democratic approaches considered above. This discourse focuses heavily on structural factors which produce best outcomes. In other words, it is mechanistic: there are best and worst outcomes which follow necessarily from particular structural choices. Much like Flaschel and Greiner's work on 'flexicurity capitalism', however, these texts invert the logic of Schumpeterian economics in order to design a system which allows 'creative destruction' to continue without unbearable consequences for individual workers in particular industries. This differentiates them from orthodox free-market articulations of Schumpeterian creative destruction. Moreover, there are also considerable similarities between the basic conclusions of the neo-Schumpeterians and more conventionally socially democratic groups, despite fundamental differences of approach. Palme, for example, concludes his article on Swedish

⁴⁷⁸ 'Progressive Globalisation: Towards an International Social Democracy' (London: Fabian Society, 2003).

⁴⁷⁹ *Ibid.*, 20–3, 49.

social policy with the question: 'The rhetoric [of neoliberalism] appears to have lost steam, but when will employers view co-operation as a possible strategy again?'.⁴⁸⁰ Similarly, Lönnroth sees sustainability in European environmental and industrial policy as emerging from a movement towards typically Nordic structures in social and employment policy, including higher levels of negotiation between actors. 'Creative destruction', in this view, requires a re-emphasis on the importance of the social compact. In this sense, it is analogous with the 'new economy' put forward by Taylor, Coats and Kielos above.

To the limited extent that a neo-Schumpeterian discourse has emerged outside the networks in which it has been developed, the closest approximation of it has, perhaps surprisingly, been in *The Financial Times (FT)*. From 2007 onwards the *FT* published a string of articles which praised the Nordic social model for its apparent resolution of the desire for greater flexibility for employers and security for employees.⁴⁸¹ After the 2008 global financial crisis, the *FT*, along with other commentators, argued that labour shortage issues in Denmark should be dealt with primarily through tax cuts to encourage the unemployed and underemployed back into work, noting that strains were emerging which the flexicurity model was unable to resolve without alteration.⁴⁸² Parts of the *FT*'s coverage therefore echoed the neo-Schumpeterian argument set out above, reflecting the cautiously pseudo-Keynesian line the paper adopted after the 2008 financial crisis. An article from 2009 most closely approximated the articulations of neo-Schumpeterians when it argued that Nordic achievements in retaining a comparatively compressed wage structure 'force[d] unproductive companies out of business by raising the wage floor, favouring more productive and capital-intensive

⁴⁸⁰ Palme, 'Sustainable Social Policies...', 15.

⁴⁸¹ Richard Dorkin, 'We All Seek the Perfect Job: Flexible and Secure', *The Financial Times*, 15 February 2007.

⁴⁸² Robert Anderson, 'Labour Shortage Dims Denmark's Vision', *The Financial Times*, 19 November 2008.

methods’, also echoing the arguments set out by Rehn and Meidner (see 1.2.2, above). Moreover, this system is described as the ‘handmaiden of creative destruction’.⁴⁸³ It went on to note, however, that the system was gradually declining and that the Danish and Swedish governments were looking to jettison some of the more corporatist elements of their model.

4.6.3 Conclusions

This section has argued that it is possible to read Schumpeter in one of two ways: either as he intended himself to be read – as a voice arguing in favour of capitalist dynamism – or, as a guide for how to bring about a balanced quasi-corporate form of socialism, which retains a controlled dynamism – the inversion of Schumpeter’s intention.⁴⁸⁴ The free-market and social democratic governance networks have both produced articulations of the Nordic model as possessing Schumpeterian characteristics, although the former tends to emphasise the need for regulatory reform of tax and property rights to create greater dynamism, while the latter aims to revive Rehn and Meidner’s transformation pressures under a new guise.

An increasing emphasis on Schumpeterian economics is therefore important to any understanding of flexicurity as a system. For all that his concept of ‘creative destruction’ has come to epitomise the wastefulness of capitalism for many, it is fair to say that Joseph Schumpeter was actually a sophisticated thinker, who was profoundly aware of the interrelatedness of social, political and economic forces. Perhaps ironically, this distinguishes

⁴⁸³ ‘Editorial: Nordic Lessons for the Rest of the World’, *The Financial Times*, 30 July 2009.

⁴⁸⁴ It is interesting to note that this same inversion is possible in a reading of Marx, since in a number of important respects as a critic of capitalism Marx grasped its radical potential more readily than did some of its proponents. For example, it is not widely known that Marx was in favour of the introduction of Limited Liability Companies on the basis that it would greatly expand the potential circulation of capital. Conversely, Adam Smith opposed this innovation on moral grounds. Ha-Joon Chang, *23 Things They Don’t Tell You About Capitalism* (London: Bloomsbury, 2010); Chang, *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*.

him from many of his most ardent admirers, especially those influenced by public choice theory. Schumpeter's basic thesis was that in the long-term capitalism would stultify, creating the conditions for a form of corporatism akin to socialism as the impulse to change was gradually reduced by the influence of intellectuals and public and private monopolies. The figure which would alter this was the entrepreneur, who was fundamentally the agent of historical change.⁴⁸⁵ There is no doubt that this thesis possesses enduring relevance, and some have argued that Schumpeter's vision of capitalism has already happened.⁴⁸⁶

Schumpeterian economics is heavily reliant on a Marxian conception of a structure which is disrupted by the pre-ordained role of an agent. This is perhaps one of the reasons why there has been such difficulty defining the role of the entrepreneur. Much as Laclau argues of the Marxian working class, the Schumpeterian entrepreneur, as agent of creative destruction, is an intuitive category the holder of which identifies with a structural role. The entrepreneur does not possess particular empirical qualities.⁴⁸⁷ The potential to read Schumpeterian creative destruction as a procedure which is realised primarily through the incentivisation of particular behaviours by agents or, in mutually exclusive fashion, as a feature which can be embedded within the structure of a political economic system is an important, though arguably more marginal, discourse on the Nordic model in contemporary governance networks in Britain. Perhaps the chief difference between a Schumpeterian discourse on the Nordic model and more orthodox social democratic and free-market articulations is that

⁴⁸⁵ Schumpeter, *Capitalism, Socialism and Democracy*. Schumpeter's understanding of the entrepreneur (agent) who would disrupt the teleological passage from capitalism to bureaucracy (structure) strongly echoes Marx, in which the working-class (agent), disrupts capitalism (structure). This is unsurprising given the admiration Schumpeter had for Marx.

⁴⁸⁶ Peter F. Drucker, 'Schumpeter And Keynes', *Forbes*, 23 May 1983.

⁴⁸⁷ Butler, Laclau, and Žižek, *Contingency, Hegemony, Universality*, 296–8.

Schumpeterian discourse is basically ambivalent on the question of the signifier 'democracy'. Whereas the two latter articulations enchain the Nordic model signifier in different orders of priority with reference to the democratic Master signifier, Schumpeterian economists are less concerned with democracy, instead organising their discourse as a technical or managerial issue.

4.8 Conclusions

This chapter has looked at the emergence and development of particular articulations of the Nordic model of political economy, understood either as political projects or regulatory regimes. It began by positing two identifiable networks of actors, one primarily concerned with advancing social democratic articulations and one with promoting free-market discourses. It was argued that both of these networks had developed particular notions about the Nordic model focusing in the most part on the Swedish economy since 1990 and the Danish regulatory regime known as flexicurity.

The social democratic network tended to see the Nordic model as a political model for social democratic hegemony, especially during the New Labour era in the 2000s when this seemed to be a genuine possibility in European politics. During this era, the Nordic model was articulated as a means for social democrats to reconcile the tension between freedom and equality which had been a central part of liberal discourses since the Cold War, especially after Isaiah Berlin's famous essay *Two Concepts of Liberty* articulated equality as fundamentally coercive and therefore impossible to realise in a free society. A second strain of social democratic thinking saw the Nordic model as a potential means to resurrect the British trade union movement, which had never recovered from its defeats at the hands of the Thatcher government in the 1980s. This was more interested in specific policy regulations than many of those articulating the Nordic model as part of a Third Way discourse.

In the aftermath of the Moderate-led Alliance victory in the 2006 Swedish General Election; the 2008 financial crisis and Labour's defeat in the 2010 UK General Election, the Conservative Party became increasingly interested in Sweden as a potential model for public service reform.

While in opposition, the Conservative leader, David Cameron, had begun to establish links with the Swedish Prime Minister and leader of the New Moderates, Fredrik Reinfeldt. Combined with the development of free-market Swedish and Nordic models of public services, this made Sweden a much more problematic model for social democratic reformers. As a result, there was a gradual move away from seeing Sweden as a potential source of discourses from which to build a social democratic hegemony during this period. It was replaced by articulations of Nordic political economy which were much more consistent with Danish flexicurity. The potential for a resurgence of unions and the foundation of employer associations was a major part of this discourse.

The free-market network had developed a range of links with the Nordic countries, but especially Sweden, and these intensified after the Moderate Party's victory in the 2006 Swedish General Election. Researchers affiliated with the Moderate Party spent time at the Institute of Economic Affairs and published policy documents about the Nordic countries under their auspices. There were also attempts to formalise the relationship between the UK and the Nordic countries through the creation of a summit in January 2011, called the Northern Future Forum. The articulations of the Nordic countries which the free-market network put forward aimed to rearticulate the conventional discourse of Sweden as a model of a successful economy with a large welfare state and replace it with a vision of Sweden and the Nordic countries as primarily successful as a result of their liberal characteristics, arguing that the welfare state was an aberration, and not responsible for Nordic success. Reinfeldt even referred to the period from the middle of the 1970s until around 1990 as Sweden's 'mad quarter of a century'. The re-emergence of the Nordic model from the mid-1990s was seen

as a feature of deregulatory and liberalising measures, including reductions in tax rates and public spending.

A third pair of discourses looked to Schumpeter. With reference to the Nordic countries, Schumpeterian economics was invoked both as an indictment of Nordic regulatory policies which supposedly discourage entrepreneurship and as its obverse, an argument for the reintroduction of a more corporate system of transformation pressures, 'creative destruction', highly reminiscent of the Rehn-Meidner model of the 1960s and 1970s. The former tended to articulate the Nordic countries as failing to encourage entrepreneurship and adopting a model in which they had 'capitalism without individual capitalists', something which was clearly implied as negative. The latter discourse saw this as a broadly positive development. It hoped to emulate flexicurity policies and by doing so manage the destructive tendencies of the market economy with minimal negative consequences for the individual worker.

These articulations of the Nordic model have been relatively consistent within their respective networks, and have created hegemonic nodal points which have been articulated sporadically in the business and popular press in Britain. Notions of flexicurity were particularly developed in *The Financial Times* and *The Economist*, both of which published significantly larger numbers of pieces than the popular press. In the popular press, pieces on flexicurity were concentrated in *The Sunday Times*, *The Guardian* and *The Observer*. Articles in *The Times* tended to mirror free-market discourses, while those in *The Guardian* and *Observer* typically adopted social democratic discourses.

The Nordic model of political economy which emerges from these discourses should be considered basically ambiguous. While most discourses which emerged contrasted 'old' and 'new' models in some fashion, the nature of the 'new' model in particular is highly contested. The Nordic countries are seen as broadly corporatist in orientation by the social democratic network and as highly liberal by the free-market network. The articulation of the Nordic signifier into chains with 'freedom' and 'equality' effectively differed along classically ideological lines. Social democratic actors tended to view the Nordic countries as possessing strong redistributive states and institutions, including trade unions and employers' associations, which guaranteed material equality, allowing Nordic citizens to realise themselves as free agents. Free-market actors saw the opposite. Recent developments in the Nordic countries were articulated in terms of greater economic freedom and incentives to create 'social value' through work and entrepreneurialism. Where equality was considered important, it was generally argued that equality of opportunity could only be realised through people's right to choose services, jobs, and so forth for themselves. Attempts to articulate Nordic political economic regimes in terms of 'freedom' implicitly made claims about social democratic and free-market actors' understandings of the Master signifier 'democracy'. For the former, democracy would be achieved through the realisation of relative economic equality between citizens and through participation in corporate structures, such as trade unions. For the latter, it was fundamentally asserted through the right to work and participate in open deregulated markets.

The study posited that the very emergence of a free-market discourse had a destabilising effect on the consistency of the social democratic articulation, which was forced to reconsider its unproblematised social democratic articulation of Sweden in the face of a growing network

consisting of free-market actors in the UK and Sweden. These articulations of the Nordic model will be further explored in the coming chapters through case studies of healthcare and education policies respectively. This chapter has demonstrated however the extent to which it was essential for both social democratic and free-market actors to base their discourses of Nordic public service reform within a developed discourse of Nordic political economy.

Chapter Five – Taxation or insurance? A Nordic model of choice in healthcare

5.1 Introduction

The previous chapter set out three distinct hegemonic nodal points around which discourses on a posited Nordic model of political economy have been organised in governance networks in Britain, beginning in the early 2000s. This chapter will cover the same chronological period, and some of the same actors, but with the difference that these actors will be theorised as part of a single governance network. Whereas the previous chapter concluded that there were basically distinct networks which, to the extent that they interacted at all, challenged and destabilised each other's articulations of the Nordic empty signifier, this chapter will examine conditions in a governance network in which basic antagonisms between articulations had to co-exist and be neutralised by a meta-governor, in this case, the Department of Health.

It was argued in chapter three that Schumpeterian discourses had an ambiguous relationship with the Master signifier 'democracy'. In this chapter, articulations of particular healthcare models as 'democratic' or 'undemocratic' condition the contours of the discourse fundamentally. The order in which these discourses lock their signifiers, generally 'choice', 'freedom', and 'equality', into a relationship with 'democracy' makes an important statement about the direction of policy reform and had concrete implications for the National Health Service (NHS) in England.

The chapter will therefore pose and answer a series of questions which run throughout the study: who are the key actors in the health governance network? How have they articulated the Nordic countries as a model of healthcare? What strategies were used to make particular discourses hegemonic? And, finally, what has this meant for public policy in the English NHS?

This chapter will therefore begin by setting out the policy architecture with which networked actors engaged as a means to acquaint the reader with the primary imperatives and systems of the NHS at the time New Labour entered government in 1997. I will then theorise particular actors as part of a health governance network in order to constitute a field in which actors engaged with one another. The bulk of the chapter will take the form of a case study analysis, which will examine the most important articulations of healthcare reform and the role of the Nordic countries and other national models in informing this discourse. This section will span a period of approximately eighteen years, from the publication of New Labour's first White Paper in 1997, until the passage of the Health and Social Care Act 2012 and its immediate aftermath, bringing the chapter to an end in around 2015.

5.2 Healthcare Systems: an overview of the UK, Norden and Europe

5.2.1 The Internal Market 1989-97

New Labour's 1997 inheritance was a mixed one. The Conservative governments which had preceded Labour had instituted two distinctive phases of reform. Perhaps surprisingly, given the emphasis on privatization and market reform under Margaret Thatcher's governments, the first major turn was towards managerialism. The 1983 Griffiths Report argued that professionals, in particular doctors, should be made responsible for care. Under this system accountability would be stimulated by a move towards collectivism in which doctors served the local community. As Greener notes, this is quite distinct from a consumerist model of healthcare.⁴⁸⁸ This reform recognised the indispensability of professionals to the system of healthcare, something which has broadly been retained in subsequent reforms, especially since patients are typically not well equipped to understand when they require referral or specialist care.⁴⁸⁹

The first serious attempt at a choice reform in the UK began in 1989 during Kenneth Clarke's tenure as Health Secretary. To some extent this signalled a move away from the findings of the Griffiths Report. Whereas the Griffiths report was ultimately collectivist in orientation, Clarke's internal market reforms first asserted the 'image of the consumer' identified by Newman and Vidler as central to reforms throughout the New Labour period.⁴⁹⁰ Greener notes that the logic of any policy decision typically positions actors 'in particular roles in relation to one another' and that the internal market reform was significant for its

⁴⁸⁸ Greener, 'Towards a History of Choice in UK Health Policy', 315.

⁴⁸⁹ Ståle Opedal and Hilmar Rommetvedt, 'From Politics to Management – or More Politics?', *Public Management Review* 12, no. 2 (2010): 191–212.

⁴⁹⁰ Janet Newman and Elizabeth Vidler, 'Discriminating Customers, Responsible Patients, Empowered Care Users: Consumerism and the Modernisation of Health Care', *Journal of Social Policy* 35, no. 2 (2006): 193.

introduction of the 'rational actor' as a key role in healthcare.⁴⁹¹ It is possible to take Greener's argument to its logical conclusion and contend that the internal market reforms introduced a distinctively free-market liberal notion of the subject. The subject's role is to arbitrate the information produced by the system, which should be as close to perfect as possible, and make decisions on this basis. Without this notion of the subject the possibility of a market (and hence policy or society) ordered along rational lines by market forces disappears. In other words, the introduction of the rational actor must underpin all attempts at market reforms of public services.

The internal market was typical of the New Public Management (NPM) style of organising public services. In the Nordic countries this was also sometimes referred to as the 'American Way'.⁴⁹² NPM focuses on 'administrative decentralization and delegation of authority, managerial autonomy and flexibility and performance measurement'.⁴⁹³ In the case of the internal market in the NHS, the aim was to achieve this through a series of measures which separated purchasing and provision.⁴⁹⁴ Providers became independent, at least nominally, and managed their own budgets, while purchasers were funded by the state. Although it was hoped that this would stimulate efficiency through the potential for providers to compete, in reality 'purchasers and providers still had their freedom severely limited by the central government'.⁴⁹⁵ There were a number of reasons for this, the most important of which were probably the architecture of the new system, political imperatives, and institutional culture.

⁴⁹¹ Greener, 'Towards a History of Choice in UK Health Policy', 309, 311–12.

⁴⁹² Monica Andersson, 'Liberalisation, Privatisation and Regulation in the Swedish Healthcare Sector/hospitals' (Göteborg: Department of Work Science, Göteborg University, 2006), 4.

⁴⁹³ Opedal and Rommetvedt, 'From Politics to Management', 192.

⁴⁹⁴ Julian Le Grand, 'Competition, Cooperation, Or Control? Tales From the British National Health Service', *Health Affairs* 18, no. 3 (1999): 28–9.

⁴⁹⁵ *Ibid.*, 29.

Failings in the architecture of the internal market are demonstrated by the relative success of General Practitioner (GP) fundholding compared to traditional health authorities and trusts. GP fundholding groups were comparable to not-for-profit Health Maintenance Organizations in the USA or German *Krankenkassen* (health insurance funds) in that they were relatively small and purchased care only for their members. Health authorities were much larger and had purchasing responsibility for the entire population of a designated catchment area. For example, Thames Valley health authority was responsible for Oxfordshire, Berkshire and Buckinghamshire. Trusts operated as providers of care and were typically designed around notional geographical catchment areas of particular hospitals or other services (e.g. ambulance services).

The architecture of the internal market allowed both GP fundholders and health authorities to change providers. However, due to the much larger size of health authorities relative to fundholders the difficulties which this would have caused to a trust losing the business of a health authority would have been severe, likely requiring a bailout. As a result, the political pressure on health authorities not to switch providers was high.⁴⁹⁶ Moreover, neither health authorities nor trusts were able to keep any surpluses that they managed to produce; these were returned to the Department of Health (DoH), and because of their critical importance to their local area, trusts or health authorities which failed were bailed out.⁴⁹⁷ This acted as a disincentive for competition or serious attempts to increase efficiency. Finally, both the new purchasing and provision organisation were treated as decentralized agents of central

⁴⁹⁶ Ibid., 33–4.

⁴⁹⁷ Ibid., 33.

government; in no sense were they able to act autonomously in the way liberal market theory suggested.

This is in stark contrast to GP fundholding groups which, while still centrally funded, were allowed to retain surpluses in order to improve their facilities, were small enough to change provider without causing serious systemic instability and were effective at reducing waiting times for patients. Despite this, however, it was not typical for fundholding groups to switch providers, although Julian Le Grand argues that a gradual cultural shift did take place as a result of the new powers granted to fundholders. Professionals were increasingly sensitive to issues of cost effectiveness and more information was made available regarding purchaser-provider deals than had historically been the case.⁴⁹⁸ The architecture of the internal market, then, was a major impediment to the realisation of the competition which the Conservative government had hoped to introduce in the system.

5.2.2 Nordic healthcare systems

The question of whether there exists such a thing as a Nordic Model of healthcare is just as vexed as the question of whether there is a Nordic Model in general. While the Nordic countries share considerable similarities, a case could certainly be made that they also have considerable differences. The Norwegian health system, in some respects, more closely resembles the New Labour-era NHS than it does the locally funded Swedish system or the significantly more decentralised Finnish system.⁴⁹⁹ On the other hand, when the question of

⁴⁹⁸ Ibid., 33–4, 32.

⁴⁹⁹ Jon Magnussen et al., 'Introduction: The Nordic Model of Health Care', in *Nordic Health Care Systems*, ed. Jon Magnussen, Karsten Vrangbæk, and Richard B. Saltman (Maidenhead: McGraw-Hill, 2009), 11–12; Opedal and Rommetvedt, 'From Politics to Management', 195.

values is considered, the conceptual existence of a Nordic Model of healthcare becomes more sustainable. Therefore, perhaps not coincidentally, Jon Magnussen et al.'s definition, of the Nordic welfare systems as 'intended to promote an equality of the highest standards rather than an equality of minimal needs' distinguishes the Nordic systems from the English welfare system more widely. Their definition is based on Gøsta Esping-Andersen's argument that there are three distinct forms of welfare capitalism: conservative, liberal and social democratic.⁵⁰⁰ While the Nordic countries are considered social democratic, and the UK is considered liberal, the NHS fits notoriously poorly into this schema, since it was explicitly social democratic in conception and origin.⁵⁰¹

This suggests significant commonality between the NHS and the Nordic systems, which is demonstrated by the tendency to describe the Nordic and UK systems as 'Beveridgian'. This asserts a commonality between the systems based on their general taxation funded model and the moniker refers to William Beveridge, the founding thinker behind the UK NHS. It also contrasts them with the two other models which are found in Western Europe and North America: universal social health insurance models, and private health insurance models. Social Health Insurance (SHI) models are found across much of Europe, including paradigmatically Germany, France, and the Netherlands. These systems are often described as 'Bismarckian', denoting their original development and association with the German politician Otto von Bismarck. The only countries in Europe and North America practising private health insurance models are Switzerland and the USA. These systems are not universal – i.e. it is not mandatory to purchase health insurance. This is in contrast to SHI systems, in

⁵⁰⁰ Esping-Andersen, *The Three Worlds of Welfare Capitalism*.

⁵⁰¹ Ibid.

which it is generally illegal to reside in the country above a minimum period without first purchasing some form of health insurance. Non-universal healthcare systems are generally excluded from UK policy discourses, given the overwhelming preference of citizens, politicians and most other actors involved in health provision for universal coverage.

The term Beveridgian, therefore, establishes a unity between the Nordic systems which is arguably more homogenising even than the 'Nordic model' signifier. This is intensified by the fact that British governance networks are typically concerned primarily with the NHS, with the result that the UK or English healthcare system is usually bracketed from discussion as the object in need of reform. There is also a pronounced tendency to homogenise the Nordic countries by establishing national or regional models – e.g. Swedish model, Stockholm model – while simultaneously eliding national differences. This is particularly true of Sweden and Denmark, which often stand metonymically for the Nordic countries in general. This tends to obscure fairly significant differences between the Danish and Swedish systems (see below), and adds to the impression that these two systems are a metonym which could be just as easily glossed by the 'Nordic model' signifier.

When considered in these terms, it is clear that the Nordic countries do possess significant similarities. In contrast to Central Europe, all of the Nordic countries have health systems which are funded through general taxation. Moreover, their relatedness is also suggested by the influence of similar difficulties and trends in their health systems. The Nordic systems display a strong preference for equality of access, and this leads to similar challenges across all five states, most pressingly: efficiency, changes in lifestyle (e.g. rising obesity rates), and

geographical and socio-economic equality.⁵⁰² A further strain in Nordic approaches to healthcare is a strong emphasis on participation through decision-making at all levels, especially as ‘the welfare state model runs the danger of turning individuals into passive recipients rather than active consumers or co-producers of services’.⁵⁰³

As a result of a number of factors, including the increasing pressure to enact budgetary constraints, as well as a desire for greater efficiency and responsiveness to patients, all of the Nordic countries turned, to differing extents, to NPM systems in the 1990s.⁵⁰⁴ For a variety of reasons, each system responded differently to the tenets of NPM. The purchaser-provider split, one of the key planks of quasi-market agendas in health reform, was embraced most enthusiastically in Sweden. The results were similar to those experienced by the NHS: purchasers and the public were generally loyal to historic providers; the split was weak and underperformers were always offered a route back to public ownership. Competition was therefore also weak, though pressures to reduce costs and boost efficiency were intense.⁵⁰⁵ Although Magnussen et al argue that in theory Finland should have been most amenable to a purchaser-provider split, due to its historically high level of decentralisation (a legacy of its subordination to Sweden and then Russia), in practice the legal requirement for cooperation among health purchasers and providers effectively recentralised the system to a degree.⁵⁰⁶

⁵⁰² Magnussen et al., ‘Introduction: The Nordic Model of Health Care’, 5, 10.

⁵⁰³ Ibid., quotation 4, 11.

⁵⁰⁴ Ibid., 4; Michael I. Harrison and Johan Calltorp, ‘The Reorientation of Market-Oriented Reforms in Swedish Health-Care’, *Health Policy* 50, no. 3 (January 2000): 220–21.

⁵⁰⁵ Pål E. Martinussen and Jon Magnussen, ‘Health Care Reform: The Nordic Experience’, in *Nordic Health Care Systems*, ed. Jon Magnussen, Karsten Vrangbæk, and Richard B. Saltman (Maidenhead: McGraw-Hill, 2009), 23–4.

⁵⁰⁶ Ibid., 26; Magnussen et al., ‘Introduction: The Nordic Model of Health Care’, 12.

Norway instituted a purchaser-provider split in nursing and care services in the early 1990s, which did generate efficiency and offered greater legal protection for the service's clients. However, characteristically, the split was difficult to maintain as a result of historic links between purchaser and provider.⁵⁰⁷ In Norway, the decentralisation phase is effectively over. The system more and more resembles the pre-2010 NHS in structure with large regional bodies responsible for purchasing healthcare under a collaborative regime.⁵⁰⁸ Danish enthusiasm for a purchaser-provider split model was and remains extremely limited. The extent of reform in Denmark was contracting between municipalities and municipally-owned hospitals.⁵⁰⁹

Choice reforms also vary significantly. Sweden and Denmark organise their systems around GPs as the gatekeepers to the wider system, and it is possible to choose your GP, although, as in the English system, choice of doctor in hospital is not considered desirable by politicians or public.⁵¹⁰ In Sweden, patient choice was not universally popular. As scepticism about the efficacy of competitive reforms as a cost-controlling measure grew in the 2000s, some municipalities began to oppose it on the basis that choice prevented regionalisation and other cost-saving policies.⁵¹¹ In Norway and Finland patient choice has generally taken the form of declarations of rights. Norwegians are entitled to free choice of hospital as well as access to medical records; information and participation in treatment decision; and specific rights for

⁵⁰⁷ Martinussen and Magnussen, 'Health Care Reform: The Nordic Experience', 25.

⁵⁰⁸ Ibid., 32; Opedal and Rommetvedt, 'From Politics to Management', 195.

⁵⁰⁹ Martinussen and Magnussen, 'Health Care Reform: The Nordic Experience', 26.

⁵¹⁰ Zeynep Or et al., 'Are Health Problems Systemic? Politics of Access and Choice under Beveridge and Bismarck Systems', *Health Economics, Policy and Law*, 2010, 279; Magnussen et al., 'Introduction: The Nordic Model of Health Care', 5.

⁵¹¹ Harrison and Calltorp, 'The Reorientation of Market-Oriented Reforms in Swedish Health-Care', 233.

children and young people.⁵¹² A Finnish Reform of 1993, the first of its kind in Europe, guaranteed access to information and medical records; informed consent to treatment; the right to complain and autonomy. However, despite this, choice is relatively restricted.⁵¹³

Following on from this brief summary, for our purposes the most significant aspects of Nordic healthcare policy are as follows:

1. the turn to NPM in the early 1990s
2. decentralisation of funding and provision
3. emphasis on patient choice in a largely tax-funded system

Although the above sketch of the Nordic health systems has stressed difference as much as similarity, the emergence of a policy discourse around the Nordic systems and their applicability, or lack thereof, to the NHS concerns this thesis, rather than the actual functioning of the Nordic, or English, systems of health care. It is not the aim of this chapter to attempt to systematically confirm or refute particular discourses, but rather to examine the construction of discourses and their material effects.

5.2.3 Convergence in European healthcare models

A distinction between Beveridgian and Bismarckian systems was established above. Both terms are commonly used in academic research and in the discourse produced by think-tanks. Although politicians rarely use the terms explicitly, probably on the grounds that they would prove confusing to the uninitiated, the contours of this distinction between Beveridgian and

⁵¹² Martinussen and Magnussen, 'Health Care Reform: The Nordic Experience', 37.

⁵¹³ *Ibid.*, 36–7.

Bismarckian systems are clearly identifiable in the speeches of various Health secretaries.⁵¹⁴

This distinction will therefore be used widely in this chapter, since it is helpful in following particular articulations of the Nordic health systems in the health governance network theorised here.

On the other hand, the strong distinction made between the two forms of organisation masks a porous boundary, especially given that general imperatives (e.g. fiscal contraction) and management fashions are not isolated to national systems: lean management ideas used in Sweden may also be used in France and vice versa, leading to similar logics underpinning developments in differently organised systems. Zeynep Or et al. have therefore remarked on significant levels of convergence between Beveridgian and Bismarckian systems in recent times. A brief summary of some of these developments will be given here to contextualise further discussions which draw distinctions between the two forms of policy architecture.

Cost containment, choice measures and equity have been the chief imperatives which have led to convergence.⁵¹⁵ Although there are no great variations between overall costs, which are typically between 7 and 9 percent of GDP across Europe, reducing costs has been a key aim of reforms in Beveridgian and Bismarckian systems in the last two decades.⁵¹⁶ In general, Beveridgian systems are typically better at restraining costs, whereas Bismarckian systems

⁵¹⁴ Alan Milburn, *The Contribution of a Modern NHS*, 2000, http://webarchive.nationalarchives.gov.uk/20130107105354/http://www.dh.gov.uk/en/MediaCentre/Speeches/Speecheslist/DH_4000761; John Reid, 'Choice Speech to the New Health Network', (Speech, 2003), http://collection.europarchive.org/tna/20040722012352/http://dh.gov.uk/en/News/Speeches/Speecheslist/DH_4071487.

⁵¹⁵ Or et al., 'Are Health Problems Systemic? Politics of Access and Choice under Beveridge and Bismarck Systems', 270.

⁵¹⁶ *Ibid.*, 271.

generally offer better access to care.⁵¹⁷ This clearly reflects the underlying principles of the different systems: Beveridgian systems aim to provide universal affordable coverage; Bismarckian systems emphasise ‘plurality, solidarity and freedom’.⁵¹⁸ However, in the last two decades Beveridgian systems have been active in implementing choice reforms with the aim of improving accessibility. Contemporaneously, Bismarckian systems have been attempting to introduce ‘gatekeeping’ measures, which are common to the UK, Sweden and Denmark, which position GPs as the route into the rest of the system through referral to specialist care.⁵¹⁹ The adoption of a changed role for GPs is a means to cut costs and prevent the misuse of referral and specialist care systems.⁵²⁰

Moreover, in infrastructural terms, the introduction of purchaser-provider splits into Beveridgian systems, most observable in Sweden and the UK, has brought those systems significantly closer to Bismarckian systems, since the function of the purchaser strongly resembles the role of health insurance groups, whose primary role is to purchase services from a provider. German *Krankenkassen* are considered the archetypal models of this. Le Grand notes that the GP fundholding groups created under the Major-era internal market reform of the NHS functioned similarly to *Krankenkassen* in this respect.⁵²¹ On the other hand, the major difference between Beveridgian and Bismarckian systems remains the ultimate source of their funding. Beveridgian systems are primarily funded through general taxation, but may include some user charges at the point of use. Bismarckian systems are funded through individual contributions, although in France and Germany these are deducted

⁵¹⁷ Ibid., 276.

⁵¹⁸ Ibid., 278–9.

⁵¹⁹ Ibid., 281–2.

⁵²⁰ Ibid., 286.

⁵²¹ Le Grand, ‘Competition, Cooperation, Or Control? Tales From the British National Health Service’, 30–1.

directly from wages, functioning, in effect, like a payroll tax. This is not the case in the Netherlands.⁵²²

The distinctions between the Beveridgian and Bismarckian systems should therefore not be overstated, given the extent to which their basic objectives and infrastructures have converged. Nonetheless, the distinction is still meaningful and for present purposes it is essential to understand articulations of the Nordic countries as ‘Beveridgian’.

⁵²² James Gubb and Oliver Meller-Herbert, *Markets in Health Care: The Theory behind the Policy*, December (London: Civitas, 2009), 48–9.

5.3 Constructing a health governance network

A wide range of actors are involved in the production and implementation of health policy. Some of these have been mentioned already in the foregoing discussion, in particular the governmental and party political actors which had been involved in the design and implementation of previous healthcare reforms. This study is only interested in the health governance network from 1997 onwards, after the UK general election of that year which returned a Labour government. Two of the most important actors in this chapter will therefore be the Department of Health, which should also be considered the meta-governor of the network, and the UK Labour Party. The incumbent Ministers for Health during the period 1997-2010 were all from the Labour Party, though, as was argued in chapter two, the interest of political parties, ministers and the ministries of state they run should not be considered identical: there are important power differentials and conflicts of interests inherent in these relationships.

2010 marked the effective end of New Labour as a political project, after the emergence of the Conservatives as the largest party in the UK Parliament and the formation of a governing coalition with the Liberal Democrats. The Minister for Health from 2010 was Andrew Lansley, a Conservative, but there was a Liberal Democrat presence among the junior ministers and departmental special advisers. This structure was replicated across all government departments for the lifespan of the coalition until 2015. Although this might imply greater fractiousness within and between departments than was the case under the previous Labour government, this is not necessarily a given. The Conservative-Liberal Democrat coalition resolved the potential for conflict across government by centralising decision-making wherever possible. Many decisions were therefore taken either in Downing Street at the

Cabinet Office, i.e. by the Prime Minister, or at the Treasury, where the relationship between the Conservative Chancellor, George Osborne, and the Liberal Democrat Chief Secretary to the Treasury, Danny Alexander, was very close. New Labour was also notoriously prone to infighting, with the split between factions led by the Prime Minister, Tony Blair, and the Chancellor, Gordon Brown, worsening significantly between 1997 and 2007, when Blair left office and Brown became Prime Minister.⁵²³

Outside the government itself, many of the actors remained relatively consistent. The King's Fund, a healthcare think-tank, is a permanent presence in healthcare debates in the UK. It is a highly research-orientated think-tank which tends to remain outside party political strategic discussions. It is primarily interested in the state of the NHS and interventions into it. At times, the King's Fund has therefore been highly critical of reforms enacted from 1997 onwards. Despite the highly-specialised nature of its research, however, it should be considered a networked actor, as, although it is generally not engaged in advocacy, its interventions are well respected and can have meaningful impacts on the political strategies of other networked actors. Other actors which should be considered as engaged in a posited health governance network remain fairly consistent over time. For example, the Institute of Economic Affairs (IEA) and Centre for Policy Studies (CPS) produced a large number of policy documents on the issue of healthcare between the late 1990s and 2015. Combined, they produced eleven policy publications during this period, which is particularly impressive, given that the corpus I have assembled only includes publications which talk explicitly about the Nordic countries.

⁵²³ Andrew Rawnsley, *The End of the Party: The Rise and Fall of New Labour* (London: Penguin, 2010).

The majority of IEA and CPS proposals consider either the introduction of quasi-market reforms into the NHS or the replacement of the current taxation-funded model with a single-payer insurance funded scheme. These positions are the most free-market orientated of any actor in the network and although they are considered to some degree fringe, they are nonetheless highly influential. Policy Exchange, which has been described as the most influential think-tank in Britain,⁵²⁴ is another important actor in the health governance network. Although the quantity of literature produced by Policy Exchange is smaller than the IEA and CPS, it developed broad and deep connections with New Labour, including Alan Milburn, who was health secretary between 1999 until 2003, although their relationship was strongest after his tenure had ended. In contrast to the IEA and CPS, Policy Exchange should be seen as more moderately liberal. Whereas the strategies of the IEA and CPS are articulated virtually exclusively using free-market ideology, Policy Exchange is significantly more eclectic and the primary policy publication which will be considered in this chapter is closer to a One Nation conservative discourse on the Nordic countries. It therefore shares some commonalities with the Compassionate Conservative and Big Society discourses, pre-empting these strands of thought within the Conservative Party by several years.

Civitas and the Social Market Foundation (SMF) are also well integrated into the health governance network. Much like Policy Exchange, they are liberal, but with a more ambiguous relationship to free-markets. Civitas in particular tends towards institutional solutions, demonstrating a far less atomised vision of civil society than that generally found among

⁵²⁴ 'The Right's 100 Most Influential', *The Daily Telegraph*, 2 October 2007, <http://www.telegraph.co.uk/news/uknews/1564854/The-Rights-100-Most-Influential-50-26.html>.

members of the IEA and CPS. The SMF is not affiliated to any political party, and is generally not interested in free-market solutions. Rather, it focuses on the potential for markets, including in public services, to produce positive results for wider society. It should therefore be considered liberal in its orientation. For this reason, it was also able to create productive links with New Labour and has retained some of those connections since Labour left government. It has also had speakers from a range of other backgrounds, including Jesse Norman, one of the chief driving forces behind the Big Society agenda and Matthew D'Ancona, a journalist (*The Telegraph* (formerly) and *The Guardian*) with close connections to David Cameron and George Osborne, is on the board.

This chapter will also consider the roles of a number of international and national newspapers, both the business and popular press (for a discussion of the selection of sources, see also 2.4.2 above). Key among these are *The Financial Times (FT)*, *The Economist*, *the Guardian*, *The Daily Telegraph*, *The Times* and their various sister papers. A further key actor, which will be analysed here primarily through its engagement with the press, is Capio, a for-profit Swedish healthcare provider. Capio runs a large hospital called St Göran's in Stockholm and became involved in the NHS in competitive tendering for contracts to manage hospitals and parts of hospitals. Capio was involved in the production of particular articulations of Swedish healthcare and is therefore an important part of the health governance network, in terms of explaining the discourses which prepared the way for a Swedish and Nordic model discourse in healthcare provision in the UK NHS.

As noted in previous discussions of networked actors, these actors should be considered split and inconsistent and the network itself should not be considered reified. Instead, it should be

seen as a specific historical conjunction in which the particular, fluid interests of various actors were temporarily articulated as consistent with one another.

5.4 What comes first, freedom or equality? The New Labour era

5.4.1 A new NHS and how to deliver it, 1997-2002

A major priority in the early period after New Labour took office was to reform the NHS, which was widely considered to have been suffering from significant under-investment during the Conservative era. It was also a perceived necessity to respond to the internal market reform, which had been controversial and not especially popular. Given that the internal market had been articulated primarily with reference to public choice principles and aimed to introduce market-like structures into healthcare provision in the UK (see 4.2.1 above), Labour's attempt to break from this logic required serious engagement with the hegemonic discourse of consumer choice.

In *The New NHS*, published in 1997, New Labour set out a discourse which broke from the previous logic of the internal market. In the foreword, Tony Blair invoked the institutional character of the NHS and guaranteed national standardisation of care. The body of the white paper contrasted the 'fragmentation' of the internal market with New Labour's plan for 'integrated care'.⁵²⁵ This represented a major shift from equality of access, which was the core principle of the internal market, towards equality of outcome. In other words, whereas the previous system had articulated 'equality' primarily as a question of accessibility, which assumed that service users, as consumers, were best placed to decide what constituted an optimal outcome, *The New NHS* was concerned to articulate 'equality' as equality of outcome.

⁵²⁵ Department of Health, 'The New NHS' (London, 1997), sec. 1.3 and passim.

Moreover, New Labour's initial reform to the NHS was set out in terms of collectivism and collaboration. *The New NHS* argued for a "Third Way" of running the NHS' avoiding the pitfalls of command-and-control management and the atomism of the internal market. This would be 'a system based on partnership and driven by performance'.⁵²⁶ In 1997, the logic of a "Third Way" was primarily articulated as a means of creating a steering process for the health system which was not based in central government. The creation of local and regional commissioning groups was designed to remove steering responsibilities from Whitehall without the need for the introduction of a competitive market.⁵²⁷ This marked a significant break with the logic of the internal market which was designed to increase efficiency through competition; indeed, the Department of Health's white paper rejects the logic of competition as a source of efficiency completely: 'Fragmentation in decision-making has lost the NHS the cost advantages that collaboration can bring. Cooperation and efficiency go hand in glove'.⁵²⁸ The articulation of Labour's direction for healthcare reform in *The New NHS* therefore engages directly with the choice- and market-based logic of the internal market discourse and rejects these articulations as incompatible with the principles of equality of outcome and collectivism.

By 2000, the programme set out in *The New NHS* was already being revised. *The NHS Plan 2000* white paper was still critical of the internal market reform and used many of the same articulations of the failures of the quasi-market in healthcare, including that it led to 'more fragmentation, a lottery in provision and excess bureaucracy'.⁵²⁹ The struggle over the

⁵²⁶ Ibid., 4.15, 1.3.

⁵²⁷ Ibid., secs 3.16–3.21, 4, 5, 6.

⁵²⁸ Ibid., 1.22.

⁵²⁹ Department of Health, *The NHS Plan*, 2000, 57, <http://pns.dgs.pt/files/2010/03/pnsuk1.pdf>.

meaning of the signifier 'equality' therefore persists from *The New NHS*, as the 'lottery in provision' identified by Milburn reflects a concern that standardisation of service across the NHS had been undermined by the 'fragmentation' of the service in response to market reform. The attempt to defend a general taxation funded model was therefore articulated as the best possible means to control this tendency towards a 'lottery in provision'. To do this, Milburn cited research about healthcare funding with reference to other systems. Notably, majority tax-financed systems (i.e. British and Nordic) are articulated as least regressive in terms of social equality and are contrasted with SHI systems (e.g. German and Dutch), which are slightly more regressive, and private insurance systems (i.e. the US and Swiss), which are the most regressive.⁵³⁰ A key imperative of Milburn's articulation was to defend the NHS in terms of its progressive and equal character, and, as early as 2000, the Nordic countries were already forming an important signifier with which this discourse could be articulated.

Comparing *The New NHS* and *The NHS Plan* therefore reveals a number of areas in which the critique of the internal market had become significantly more circumspect by 2000. Although the latter appeared to offer a muscular critique of the Thatcher and Major era NHS policies, what was actually criticised was not the introduction of a quasi-market *per se*, but rather the introduction of a 'false market'. New Labour's reform measures were already being re-articulated as consistent with a return to the logic of choice and, eventually, competition and markets. This articulation of the signifier 'choice' as consistent with 'equality' was clearly influenced by the Nordic healthcare systems, although it did not explicitly identify these systems as a model. The shift in emphasis away from command and control towards a 'leaner

⁵³⁰ Ibid., 36.

and more focused centre', which would be responsible for setting priorities, monitoring outcomes, and scaling back intervention, suggests significant influence from Nordic healthcare models, which were and are often associated with the use of 'lean management' techniques.⁵³¹

Nonetheless, *The NHS Plan* clearly envisages a system in which care would be designed around the needs of the patient, although the patient would not actually choose or decide what constituted his or her needs. In this respect, the white paper acknowledged the failure of an attempt to break with the logic of the internal market, which Labour had rejected in *The New NHS* shortly after taking office. Indeed, given the turn New Labour's reform would later take, re-articulation of Beveridgian healthcare systems in terms of a 'leaner and more focused centre' marked a significant shift away from the rejection of the internal market which characterised New Labour's original plans for health reform.

Despite this turn towards choice reforms, the defence of the tax-funded health model was still a major concern for New Labour. However, by 2002 there had been a marked shift in the strategy for retaining a tax-funded model of the NHS. *Delivering the NHS Plan* was explicit in its appeal to the Nordic health systems, again, as a defence against the charge that 'a tax funded national system of health care can never deliver choice for patients'. It went on: '[I]n Sweden and Denmark patients have access to information on waiting times and options for treatment, and patients who have been waiting for treatment have the choice of an alternative provider'.⁵³² Although limited in its operation at that time, the situation of the

⁵³¹ Ibid., 56; 'A Hospital Case', *The Economist*, May 2013.

⁵³² Department of Health, *Delivering the NHS Plan: Next Steps on Investment Next Steps on Reform*, April, 2002, 22.

patient within a system of potential choices was the first step in a return to the articulation of patient as a consumer in the liberal sense: as a rational actor making optimal choices in a free market.⁵³³ This is a significant change from *The NHS Plan 2000* which effectively envisaged the NHS as a system made up of groups (doctors, patients, etc.), towards a discourse in which relationships between actors were articulated based on market principles, using concepts such as purchaser, provider, consumer and so on. This is significant because market reform must be underpinned by a rational subject, since if actors cannot fully identify with their own interests then the market does not empower consumers, but rather produces random, indeterminate effects.⁵³⁴ The attempt to enchain ‘choice’ and ‘equality of outcome’ with the Nordic countries, represented an attempt to demonstrate that New Labour’s health agenda was realisable within a taxation-funded model of healthcare.

The shift from collectivism to public choice, which occurred gradually between 1997 and 2002 is also reflected in the speeches of Alan Milburn, Health Secretary from 1999-2003. In a 2000 speech, his aim was to rebut the promotion of a Social Health Insurance system, though, interestingly, not with reference to the success of the Nordic countries at instituting a tax-funded model, but rather by addressing the perceived deficiencies of the French and German insurance systems.⁵³⁵ This mirrored the approach adopted in *The NHS Plan 2000*. Conspicuously absent from the speech in 2000 was any emphasis on the role of the consumer; instead the thrust was collectivist. By the following year in a speech on genetics, however,

⁵³³ Greener, ‘Towards a History of Choice in UK Health Policy’, 311–2.

⁵³⁴ For a discussion of market problematics from a free-market perspective, see Gubb and Meller-Herbert, *Markets in Health Care*. It is interesting to note that information, rather than the subject itself, is identified as the primary barrier to the perfect functioning of markets.

⁵³⁵ Milburn, *The Contribution of a Modern NHS*.

Milburn was already deploying a substantially different articulation of the signifier 'choice' more in line with the changing aims of the NHS Plan:

The role of health professionals will be to help patients choose what is right for them. There will be a greater emphasis on providing clear information to patients so they can make informed choices. Informed consent should be the governing principle here, with a greater sense of partnership between professional and patient.⁵³⁶

It is clear that this shift was not isolated and that the general imperative of introducing greater public choice had filtered through a range of networked actors interested in the area of public health. There was a marked increase in demands for choice-based reform in the media from a range of positions, from broadly socially democratic, such as *The Guardian* to conservative and liberal organs such as *The Times* and *The Independent*.

This shift away from a collectivist discourse, towards an articulation of a tax-funded system consistent with consumer choice between 2000 and 2002 is marked and was also reflected in increased demands for choice in the media.⁵³⁷ In *The Times* the Danish and Swedish systems were described as placing 'enormous weight on empowering doctors and individual patients', despite their tax-based funding mechanism.⁵³⁸ And, in a piece in *The Independent*, the success of the Swedish and Danish systems at reducing so-called 'bed blocking' (by effectively charging the local or county council if patients were ready to be discharged, but had nowhere to be discharged to) was heralded as a means of increasing provision of care outside

⁵³⁶ Alan Milburn, *Speech to the Institute of Human Genetics*, 2001.

⁵³⁷ Malcolm Dean, 'Society: Any Chance of NHS Choice', *The Guardian*, 24 April 2002.

⁵³⁸ Nigel Hawkes, 'Theory and Practice', *The Times*, 19 April 2002.

hospitals.⁵³⁹ The introduction of such measures was, in a sense, a form of marketisation, since its primary means to produce outcomes was the creation of incentives and disincentives – i.e. sanctions for those authorities which failed to produce certain outcomes. It is therefore significant that the reform is explicitly billed as a Nordic innovation, given that the Swedish and Danish systems had been established within New Labour’s discourse as systems which had achieved a great deal in reconciling issues of standardisation, equality of access and consumer empowerment.

This also suggests a significant degree of elasticity in the Nordic empty signifier, even within English health discourse to 2002. New Labour’s healthcare discourse was articulated around three key features: ‘equality of outcome’ and ‘taxation-funding’ remain unchanged, but ‘choice’ gradually replaced ‘collaboration’ as a key aim of the system. English liberalism had long since established a problematic in which ‘freedom’ (i.e. choice) was incompatible with ‘equality of outcome’, which could only result from coercion and therefore reduced personal freedom.⁵⁴⁰ Reconciling freedom and equality is therefore a more profound and urgent priority than it might otherwise appear. The Nordic signifier can comfortably accommodate both collaborative and choice based mechanisms and is therefore a logical choice for Labour’s health secretaries, since it allows the potential antagonism between choice and equality to be neutralised. Its inclusion in New Labour’s healthcare discourse allows Labour to plausibly articulate these antagonisms as resolvable, since they have nominally been resolved in Nordic public services which closely resemble the NHS.

⁵³⁹ Jeremy Laurance, ‘Bed Blocking the Scandinavian Solution’, *The Independent*, 2002; David Charter, ‘Milburn Acts to Ease Bed Blocking’, *The Times*, 14 March 2002.

⁵⁴⁰ Berlin, ‘Two Concepts of Liberty’.

5.4.2 'Competitors, collaborators, suppliers and customers':⁵⁴¹ back to the market 2003-2007

The attempt to neutralise the antagonism between freedom and equality runs through the speeches of successive health secretaries. While explicit references to Norden are generally absent, with the notable exception of the Patricia Hewitt's stint as Health Secretary, an increasingly concrete and consistent discourse emerged from *Delivering the NHS Plan*. For example, in a 2003 speech Milburn argued that:

The Right – in the media and in politics – believe the game's up for services that are collectively funded and provided. In today's consumer world they argue that the only way to get services that are responsive to individual needs is through the market mechanism of patients paying for their treatment.

It is easy to dismiss the Right's policies as the last twitch of the Thatcherite corpse. But if we fail to match high and sustained investment with real and radical reform it will be the Centre-Left's argument that public services can both be modern and fair, consumer-orientated and collectively provided that will face extinction.⁵⁴²

During John Reid's tenure as health secretary, immediately following Alan Milburn's departure in 2003, the focus was on the choice component of New Labour's reforms. Since the health service was still under significant attack from liberal and conservative sources, including a publication by Norman Blackwell under the auspices of CPS and a series of pieces

⁵⁴¹ Patricia Hewitt, 'Investment and Reform: Transforming Health and Healthcare', (Speech, 2007), http://webarchive.nationalarchives.gov.uk/20130107105354/http://www.dh.gov.uk/en/MediaCentre/Speeches/Speecheslist/DH_4124484.

⁵⁴² Alan Milburn, *Speech on Localism*, 2003.

in *The Daily Telegraph* which suggested that private health insurance would be a popular option if incentivised by a tax rebate, Reid clearly felt the need to articulate a reform agenda which could accommodate demands for choice within a nationally funded health system.⁵⁴³ One of his key aims was to ‘turn the NHS from a top down monolith into a responsive service that gives the patient the best possible experience’.⁵⁴⁴ To do this it would be necessary to empower patients ‘both collectively and individually’.⁵⁴⁵ While the issue of whether the NHS actually constitutes a monolithic system as Reid suggests is open to debate,⁵⁴⁶ it is clear that Reid’s chief aim was to efface the tension between choice and equality. His speech is therefore worth quoting at some length:

That is my answer to the question of choice. Lack of power has always been linked to inequity. It is the same in health care. Choice is nothing as long as it remains theoretical. It is mere rhetoric unless it is rooted in reality, practical in its implication and underpinned by the resources, the information and power, in the hands of the person you are offering choice to, to make it meaningful. That is why I believe that empowering patients is directly linked to the issues of inequity. Only if we empower all patients can we realistically aim for the goal of equity.⁵⁴⁷

⁵⁴³ Norman Blackwell, *Towards Smaller Government* (London: Centre for Policy Studies, 2001), 19–20; Benedict Brogan, ‘Voters Would Buy Health Insurance If Tax Is Cut’, *The Daily Telegraph*, 14 July 2003; Janet Daley, ‘The New Britain Wants More Choice’, *The Daily Telegraph*, 16 July 2003. Interestingly, the reforms proposed in these three articles are reminiscent of the structure of Danish private health insurance schemes. See, 5.4.5 below.

⁵⁴⁴ Reid, ‘Choice Speech to the New Health Network’.

⁵⁴⁵ *Ibid.*

⁵⁴⁶ Ian Greener and Martin Powell, ‘The Changing Governance of the NHS: Reform in a Post-Keynesian Health Service’, *Human Relations* 61, no. 5 (2008): 618–9.

⁵⁴⁷ John Reid, ‘Equity, Choice, Capacity and Culture’, (Speech, 2003), http://collection.europarchive.org/tna/20040722012352/http://dh.gov.uk/en/News/Speeches/Speecheslist/DH_4066541.

Strikingly, Reid makes the argument that only by empowering consumers to choose, by granting them freedom within the system, can equality be achieved. He proposes some compelling reasons for assuming the importance of choice, in particular the different needs of patients based on gender, ethnic origin, age, disability, and class, but achieves this re-orientation towards choice by effectively reversing the order of signification generally found in social democratic discourse. Whereas the classically social democratic discourse articulates equality as prior to freedom – only through material equality can citizens be free – Reid argues the opposite. By implementing choice reform, equality can be achieved even if material outcomes differ between patients, localities and so forth. Although scholars have often been critical of this re-orientation away from equality of outcome, it is consistent with ‘Third Way’ principles, since, as Giddens has it, ‘Third Way politics looks ... to maximize equality of opportunity’ and ‘social diversity is not compatible with a strongly defined egalitarianism of outcome’.⁵⁴⁸ The ideological logic of a re-orientation towards a liberal order of signification, in which ‘freedom’ precedes ‘equality’, should therefore not be considered an aberration, since the contours of a public choice discourse had been latent within ‘Third Way’ political theories since before Labour’s 1997 election victory.

The reintroduction of competition reforms was controversial, especially since among healthcare professionals and scholars there was a growing consensus that cooperation, rather than competition, was the best way to treat patients with longer-term health needs spanning more than one service.⁵⁴⁹ There is nonetheless a strong thread of continuity linking the health secretaries from Alan Milburn to Patricia Hewitt. This maintained a strong emphasis on ‘More

⁵⁴⁸ Giddens, *The Third Way and Its Critics*, 53.

⁵⁴⁹ Nicholas Mays and Anna Dixon, ‘Assessing and Explaining the Impact of New Labour’s Market Reforms’, in *Understanding New Labour’s Market Reforms of the English NHS* (London: King’s Fund, 2011), 126.

choice and stronger voice for patients' and the freedom for GPs to innovate as a means to tackle health inequalities.⁵⁵⁰ A particularly good example of this comes in a speech on the introduction of new providers from 2007. Hewitt tells a story about a complaint from a fellow MP, who argued that the commissioning of cytology services from a laboratory at a Foundation Trust 40 miles away was a negative development. Hewitt counters that it was a positive to see 'an NHS Foundation Trust using its independence to expand services and spread best practice, not only in its local community but around its region'.⁵⁵¹

In other words, competition within the NHS leads to higher standards. However, given the controversy and lack of consensus over a return to a competitive market-based system, Hewitt tried to make competition and collaboration compatible by noting that companies are 'often simultaneously ... competitors, collaborators, suppliers and customers of each other'.⁵⁵² This attempted to assuage fears about the return to a market-based system by arguing that the introduction of New Public Management methods modelled on the private sector did not entail the creation of a full market in healthcare.

Hewitt's tenure as health secretary was also marked by a resumption of the use of the Nordic signifier as part of Labour's articulation of healthcare reform, in contrast to John Reid who tended to prefer domestic examples. Hewitt invoked a Swedish social democratic slogan:

⁵⁵⁰ Patricia Hewitt, 'Creating a Patient-Led NHS: The Next Steps Forward', (Speech, 2006), http://webarchive.nationalarchives.gov.uk/20130107105354/http://www.dh.gov.uk/en/MediaCentre/Speeches/Speecheslist/DH_4126499; Hewitt, 'Investment and Reform: Transforming Health and Healthcare'.

⁵⁵¹ Patricia Hewitt, 'Commissioning New Providers', (Speech, 2007), http://webarchive.nationalarchives.gov.uk/20130107105354/http://www.dh.gov.uk/en/MediaCentre/Speeches/DH_074569.

⁵⁵² Hewitt, 'Investment and Reform: Transforming Health and Healthcare'.

‘proud, but not satisfied’ as emblematic of New Labour’s attitude to reform.⁵⁵³ It is significant that the facets of reform which were most frequently associated with Sweden have little to do with competition; probably because such reforms were, and are, locally directed and funded in Sweden. The key facets of the system used in the Nordic countries, especially Sweden, which Hewitt hoped to apply to the NHS were threefold. Firstly, the positioning of GPs as gatekeepers to the wider system, which is now common to Sweden, Denmark and the UK. This is a means to reduce workloads for consultants and other hospital staff.⁵⁵⁴ Secondly, the creation of systems which deal with longer-term public health issues preventing people from re-entering the labour market. And thirdly, the greater emphasis on community-orientated care which have reduced the length of the average stay in Swedish hospitals.⁵⁵⁵ None of these reforms followed competitive logics and probably reflected a growing ambivalence about the effectiveness of competitive reforms in Sweden, and a movement towards greater collaboration between healthcare workers.⁵⁵⁶ It may also be a feature of the difficulty of isolating the specific regulatory measures which led to specific outcomes and improvements.⁵⁵⁷

5.4.3 Competition, choice and equality: what did it mean for other networked actors?

The previous sub-section focused primarily on the development of health policy discourse within the Department of Health and the Labour Party. The question of other actors within

⁵⁵³ Hewitt, ‘Creating a Patient-Led NHS: The Next Steps Forward’.

⁵⁵⁴ Hewitt, ‘Investment and Reform: Transforming Health and Healthcare’.

⁵⁵⁵ Patricia Hewitt, ‘UK Presidency of the EU Summit: Tackling Health Inequalities’, (Speech, 2005), http://webarchive.nationalarchives.gov.uk/20130107105354/http://www.dh.gov.uk/en/MediaCentre/Speeches/Speecheslist/DH_4125537; Hewitt, ‘Investment and Reform: Transforming Health and Healthcare’.

⁵⁵⁶ Harrison and Calltorp, ‘The Reorientation of Market-Oriented Reforms in Swedish Health-Care’, 220–1.

⁵⁵⁷ Mays and Dixon, ‘Assessing and Explaining the Impact of New Labour’s Market Reforms’, 124–5.

the network was examined primarily from this standpoint. Where actors outside the Department of Health and the Labour Party were considered, they were generally seen as exerting particular pressure on New Labour's articulation of their programme for reform. Much of this criticism found expression in the press. However, there were other actors with a stake in Labour's reforms and the shift in emphasis away from collaboration and towards choice and competition created the possibility of an expanded role for other actors. Since Labour had gradually embraced market principles, including positioning the patient in the role of consumer, some contemporary commentators argued that Labour's reform amounted to a 'reinvention' of the internal market in all but name, although there were some differences, including that pricing was set centrally and emergency care was excluded from competition.⁵⁵⁸ Some commentators argued that Labour's reforms went further towards the creation of an internal market than those of the previous Conservative government.⁵⁵⁹

The introduction of greater competition and a split between purchaser and provider was retained, but altered, from the architecture of the internal market. The introduction of Primary Care Trusts (PCTs), which were responsible for purchasing care, primarily from Foundation Trusts, the main providers of healthcare in England, created the conditions for independent providers to enter the system. This was articulated in terms of a similar purchaser-provider split which had been created in Swedish healthcare in the 1990s. From within the broader health governance network, the major criticism of this reform was that the reforms were 'borrowing the language of ... Sweden ... but not the substance', as Liam

⁵⁵⁸ Jeremy Laurance, 'Welcome to the Internal Market, Reinvented by Labour', *The Independent*, 19 April 2002.

⁵⁵⁹ Nicholas Mays, Anna Dixon, and Lorelei Jones, 'Return to the Market: Objectives and Evolution of New Labour's Market Reforms', in *Understanding New Labour's Market Reforms of the English NHS*, ed. Anna Dixon, Nicholas Mays, and Lorelei Jones (London: King's Fund, 2011), 1–15.

Fox, the Conservative Shadow Minister for Health, put it.⁵⁶⁰ The more free-market sections of the health governance network were therefore arguing for the intensification of market reforms. A major point of contention was that in Sweden the equivalents of Foundation Trusts were able to borrow commercially on the open market in order to invest in and improve services. Moreover, the general orientation of the Conservative Party was towards the German SHI model, rather than a taxation-funded model.⁵⁶¹

Although New Labour moved cautiously towards the introduction of independent provisions, it is clear that Health Secretaries from Alan Milburn onwards actively courted private health providers and that the Swedish and Danish introduction of independent care acted as a model for this.⁵⁶² This is significant not just because of the implied change in the policy architecture of the NHS, but because the introduction of independent providers also entailed changes in the structure of the governance network which was concerned with steering Labour's health policy. One of the biggest independent entrants into the NHS during this period was Capio, a Swedish for-profit firm, even if much of the discussion was about Swedish non-profit health providers.⁵⁶³ It provides a range of services and notably runs St. Göran's hospital in Stockholm.⁵⁶⁴ The majority of participants in governance networks in the UK viewed this change positively, noting that the entrance of private providers was the 'spearhead' for a new approach to the provision of healthcare in the NHS.⁵⁶⁵ The preponderance of references to

⁵⁶⁰ David Charter, 'Tories Inspired by German Health Service', *The Times*, 10 July 2002.

⁵⁶¹ Ibid.

⁵⁶² John Carvel, 'Milburn Woos Foreign Health Firms to UK', *The Guardian*, 26 June 2002; Martin Ivens, 'Cross Dressing Could Suit the Tories', *The Sunday Times*, 26 May 2002.

⁵⁶³ John Waples, 'Swedes Lead Race for Community Hospitals', *The Sunday Times*, 22 April 2001; Oliver Wright and Simon Crisp, 'The Chosen Companies', *The Times*, 20 December 2002.

⁵⁶⁴ 'Stockholm Syndrome', *The Economist*, 28 February 2002.

⁵⁶⁵ 'International Hospital Management Firms Have Been Shortlisted to Bid for a Slice of Britain's National Health Service (NHS)', *The Business*, 4 May 2003.

Swedish healthcare in headlines and sub-headlines, may be a feature of the reassuring quality of the 'Swedish model' signifier, but it may equally represent the high level of penetration Capio has in European health markets.⁵⁶⁶

Moreover, in the initial rounds of tendering for contracts, foreign firms performed significantly better than their British counterparts, leading to the formation of a number of joint bids between British firms and Capio.⁵⁶⁷ Even *The Guardian*, a social democratic paper which was nonetheless positive about the potential of NPM reforms to the health service in the early and mid-2000s, was enthusiastic about the 'Stockholm model'. A 2001 article noted that Swedish unions were supportive of the privatisation of St Göran's Hospital in Stockholm as its expansion had allowed staff to stay on who might otherwise have lost their jobs or been downgraded to part-time work.⁵⁶⁸

The general positivity and widespread discussion of the new policy architecture of the introduction of independent providers into the NHS is a demonstration that the logic of choice and competition discourse had been widely accepted in the health governance network. While free-market sections of the network were still focused on the potential for a move towards social health insurance, even in the Conservative Party and the liberal sections of the press there was widespread acceptance of the logic of adopting a Nordic approach. This led to the expansion of the health governance network to include independent providers and the hegemonisation of a discourse articulated around 'choice' and 'competition'.

⁵⁶⁶ Ibid.; Nigel Hawkes, 'Sweden May Give Failing NHS a Shot in the Arm', *The Times*, December 2002.

⁵⁶⁷ 'Public Money, Private Care', *The Economist*, 17 June 2004.

⁵⁶⁸ Audrey Gillan, 'Election 2001: Public Backing for Sweden's Private Success', *The Guardian*, 29 May 2001.

On the other hand, the later extension of the role of private networked actors did cause significant controversy. Capiro's decision to begin to advertise services to GPs in 2006, and canvassing of the idea of advertising to patients, aroused significant opposition.⁵⁶⁹ It also fed into a relatively widespread fear, which was common to both England and Sweden that the governing party (by 2006, Reinfeldt's New Moderates in Sweden, and New Labour in Britain) was, as *The Economist* put it, 'intending to dismantle public health-care', amidst further charges that this was 'motivated by (perish the thought) ideology'.⁵⁷⁰ Accusations of ideological motivation were extremely difficult for New Labour to refute. The Third Way's emphasis on the post-ideological character of its policy positions meant that such challenges had to be refuted with reference to the pragmatic nature of its reform programme. This was demonstrated by Hewitt's presentation of it thus:

Yes, we are giving patients and users more choice. Yes, we are giving providers more freedom to innovate and, where it is appropriate, to compete against each other. And where we mean 'competition', we should say so, instead of pretending that 'contestability' is something different. Yes, money will follow the patient. But why should choice, innovation, competition and financial discipline be confined to private markets? Why should the use of the private sector, when it gives us new hospitals, when it benefits patients and the public, have to mean 'privatisation'?⁵⁷¹

⁵⁶⁹ Nicholas Timmins, 'Healthcare Group Advert Campaign to Target NHS Staff', *The Financial Times*, 16 February 2006.

⁵⁷⁰ 'Stockholm Syndrome'.

⁵⁷¹ Hewitt, 'Investment and Reform: Transforming Health and Healthcare'.

What Hewitt's speech and, indeed, the ironic line from *The Economist* demonstrate is the falsity of the 'Third Way' claim to be post-ideological, or somehow outside ideology. Ian Greener and Martin Powell go some way towards identifying this when they argue that:

New Labour's pragmatism rests upon a common set of assumptions; that private finance and management is better than its public equivalent, and that markets and more choice represents the key to public sector reform.⁵⁷²

As Greener and Powell implicitly observe, the claim to be outside ideology rests on a common set of principles which are highly ideological. The force of the Third Way ideology is in its very obfuscation of its own politico-ideological character, to which *The Economist* teasingly alluded. The introduction of a range of actors into the health governance network, including private health consortiums, while justified in terms of pragmatism, can only be properly understood with reference to the ideological logic by which 'choice', 'equality' and 'competition' were articulated together. Moreover, it is clearly noteworthy that a developed discourse, in which the Nordic health systems, in particular Denmark and Sweden, were used as models for the introduction of independent service providers, became hegemonic within a governance network at the same time as Swedish for-profit healthcare firms were entering the network as strategic actors involved in the implementation and delivery of services.

5.4.4 Localists, free-marketers and the Nordic model

The preceding discussion looked in depth at changes in New Labour's discourse on healthcare and how this was chained to a particular conception of the Nordic countries. I repeatedly alluded to pressure on New Labour's discourse from portions of a health governance network

⁵⁷² Greener and Powell, 'The Changing Governance of the NHS: Reform in a Post-Keynesian Health Service', 629.

which saw the introduction of markets and health insurance as the best direction for the future of the NHS. This school of thought was, and remains, influential within the UK Conservative Party. This sub-section will therefore examine two positions which were held by core actors in the health governance network, which disagreed with important articulations of healthcare policy under New Labour. Linked to this are divergent conceptions of the Nordic healthcare systems which differ from those commonly associated with the Third Way.

An important source of a free-market discourse was the Centre for Policy Studies, which was very active in advocating supply side reform to public services between 2001 and 2003. Notably, CPS also has historic links to the Conservative Party. In total contrast to New Labour's articulation of 'equality' as the most important feature of taxation-funded healthcare systems, CPS reports typically argued that nationalisation of the supply of healthcare provision was the primary cause of inequitable outcomes. In *Better Healthcare for All*, Norman Blackwell and Daniel Kruger argue that the key predictor of improving health outcomes for the poor is economic growth.⁵⁷³ Blackwell and Kruger, following orthodox free-market economics, argued that inequality is a necessary product of growth, and innovation occurs most intensively in times of growth.⁵⁷⁴ This mechanistic articulation of the necessary characteristics of growth allows them to posit the paradoxical argument that rising income inequality leads to greater diffusion of health technology and therefore improved health outcomes for the poor.⁵⁷⁵ Since a further contention of free-market economics is that nationalised systems

⁵⁷³ Norman Blackwell and Daniel Kruger, *Better Healthcare for All* (London: Centre for Policy Studies, 2002), 19–22.

⁵⁷⁴ *Ibid.*

⁵⁷⁵ *Ibid.*, 20.

necessarily stifle innovation, the logical conclusion of this argument is that publicly provided healthcare actually worsens outcomes for the poor.

Within its own highly mechanistic parameters this position can be sustained, since structural arguments in which causes (e.g. growth) and effects (e.g. inequality) *necessarily* follow from one another cannot generally be refuted empirically, since these are not empirical concepts, but structural points in an abstract system. Indeed, the difficulty emerges for Blackwell and Kruger when the abstract mechanism of these concepts confronts empirical phenomena, although structurally there are objections which cannot be accounted for within this argument. For example, it is unclear why nationalisation of health provision should disproportionately affect the poor. Public provision stifling innovation in a universal system should, by definition, create universal effects – i.e. it should create worse outcomes for everyone. The only plausible explanation for this is that extra-systemic factors are responsible for the worse effects experienced by the poor or in certain regions, in which case the necessary causal logic which blames this on a nationalised public health service is called into question.

Nonetheless, for Blackwell and Kruger, the solution to this stasis in health provision is diversification of supply. In the first instance, this would entail a shift in the role of the state from provision to commissioning, allowing the entrance of private suppliers into a regulated market with minimum standards. Within the existing architecture of the NHS the report imagined this role falling to PCTs.⁵⁷⁶ Although the Nordic model was not a core part of this

⁵⁷⁶ Ibid., 52.

discourse, it is nonetheless worth noting the similarities between some of the specific measures for increasing private participation in the NHS proposed by Blackwell and Kruger and systems in the Nordic countries, in particular Sweden and Denmark. Most clearly, Blackwell and Kruger's proposal of a voucher for elective care is clearly influenced by the same intellectual currents which led to the introduction of a range of voucher reforms in Sweden. This system, influenced by Milton Friedman's and Albert O. Hirschmann's theories of voucher and NPM reform, led to the gradual introduction of vouchers in Swedish healthcare, elderly care and education (for the latter, see chapter six).⁵⁷⁷ A further paper authored by Blackwell through CPS argued for the introduction of tax incentives for the purchase of private healthcare, a proposal which gained some attention in *The Daily Telegraph* and which John Reid responded to in a speech in 2003.⁵⁷⁸

A corollary to these arguments about the privatisation of public services was that the distinction itself is 'artificial'.⁵⁷⁹ Given this position, however, it is clear how an increasingly mixed model of public service provision in the Nordic countries appealed to free-market reformers aiming to articulate discourses which hoped to encourage the introduction of independent provision into public services and argued against the 'ineffectiveness of much government intervention' by arguing that 'big government ultimately corrupts the moral basis of society'.⁵⁸⁰ The invocation of a 'moral basis' to free-market reforms was frequently articulated in terms of individual freedom. In the highly polemical *Managing Not to Manage*,

⁵⁷⁷ Ibid., 51.

⁵⁷⁸ See section 4.4.3 above.

⁵⁷⁹ Blackwell, *Towards Smaller Government*, 19–20. A position which, incidentally, seems to undermine many other necessary distinctions made between the efficiency of the private and public sectors which inhere to free-market economics.

⁵⁸⁰ Ibid., 6.

Harriet Sergeant argued that ‘political correctness, the power of the unions and centrally set targets all take precedence over the well-being of patients’.⁵⁸¹ Above all, the report focused on the elimination of ‘a large, self-protected bureaucracy’.⁵⁸² The terms ‘bureaucracy’ and ‘bureaucratic’ appear sixteen times in a ninety-five-page document. The solution to this was the replacement of centrally set targets with large information databases which could be accessed online. This idea was articulated with direct reference to a similar reform enacted in Denmark.⁵⁸³ How the creation of detailed databases could be achieved without bureaucratic implications was not explained, nor regrettably were the negative consequences of ‘political correctness’ for patients.

While the first of these positions was free-market orientated, and originated primarily from CPS, a second position, which was much less popular in the early-2000s, but became increasingly widespread after David Cameron’s election as leader of the Conservative Party and the creation of the Compassionate Conservatism/Big Society agendas. The foremost example of this strand of conservatism from the early to mid-2000s was *Big Bang Localism*, published through Policy Exchange by Simon Jenkins, formerly editor of *The Evening Standard* and *The Times*.⁵⁸⁴ Whereas New Labour and free-market discourses enchained the Nordic model with ‘choice’ and ‘competition’ solutions to public service reform, One Nation conservative discourse was significantly less mechanistic in its operation. Indeed, the position set out by Jenkins was almost entirely incompatible with the logic of the Third Way, and,

⁵⁸¹ Harriet Sergeant, *Managing Not to Manage* (London: Centre for Policy Studies, 2003), 5.

⁵⁸² *Ibid.*, 18.

⁵⁸³ *Ibid.*, 95.

⁵⁸⁴ *Big Bang Localism: A Rescue Plan for British Democracy* (London: Policy Exchange, 2004).

though the report's title alludes to the Thatcherite 'Big Bang' deregulation of the City of London in the 1980s, it sat equally awkwardly alongside structural free-market theories.

Rather than an attempt to enchain the Nordic signifier with particular reform agendas and programmes then, Jenkins' primary interest in the Nordic countries was as a model of localism, and relatedly, for a re-assertion, as he would see it, of local formal democracy. For this reason, his articulation of the Nordic countries diverged significantly from those found in much of the rest of the health governance network. Whereas free-market and Third Way explanations of the decline of the Nordic model in the early 1990s tended to argue that high taxation levels and excessive regulation were the chief causes of Nordic crises, Jenkins argued that the problem was not the *rate* of taxation *per se*, but rather its centralised nature. He writes: '[I]n 1991 Sweden's high-tax system began to crack...the burden of welfare financing passing to local authorities'.⁵⁸⁵ This was contrasted with the reform programme of the then incumbent Labour government, which had increased the tendency towards centralisation with the introduction of targets for nurses, doctors, wards, hospitals and so on. According to Jenkins, the Nordic countries had resisted this tendency and instead a range of different programmes had been introduced across Swedish municipalities ranging from 'traditional social democracy to Thatcherite neo-liberalism'.⁵⁸⁶

Big Bang Localism provided a range of anecdotes which contrasted the stultification of the British system and the narrowness of British politicians with the supposed dynamism and vibrancy of Nordic democracy. For example, Jenkins recalled eliciting the response 'I don't

⁵⁸⁵ Ibid., 26.

⁵⁸⁶ Ibid., 27.

believe you’, when talking to a British government official about the degree of localisation in Danish healthcare.⁵⁸⁷ The report concluded with a lengthy story about the creation of a commission into the state of Norwegian democracy to mark the approach of the millennium:

Norway’s favoured forum of democracy, the municipality, was being railroaded by the state. The media raised public expectations but left local government with too little backing to deliver. Government, increasingly concentrated in Oslo, was falling into the hands of a network of unelected technocrats, lawyers and journalists. Though outside the European Union, Norway was finding itself trammelled by the need to accept European laws and regulations, over which it had no control at all.⁵⁸⁸

From Jenkins’ perspective, this was an indication that Norway was ‘sharing the experience of all Europe in the 1980s and 1990s’.⁵⁸⁹ The chief difference between Norwegian and British politicians, in his view, was that while British politicians attempted to centralise at every opportunity, ‘Scandinavia has shown that even the smallest communities can run a successful and equitable welfare state’.⁵⁹⁰ In doing so, the Nordic countries retained the democratic and accountable character of important institutions.

The emphasis on the quality and nature of institutions was a staple of traditional conservative thought. The focus on institutions contrasted with the aims of Third Way and free-market discourses, which were articulated on the basis that the individual was the primary unit of consumption of public services and that there were *a priori* best outcomes. One Nation

⁵⁸⁷ Ibid., 19.

⁵⁸⁸ Ibid., 131–2.

⁵⁸⁹ Ibid., 132.

⁵⁹⁰ Ibid., 106.

conservative discourse instead focused on the potential for some forms of taxation to be decentralised, administered and spent at local level. This would lead to the retreat of the state, and the empowerment of local governance structures. The Nordic countries were therefore seen as characterised by institutions which had resisted centralisation.

However, the key difference between the two discourses lay in the way in which they try to neutralise the source of social antagonisms in welfare provision by appeal to particular signifiers. Despite the shift in New Labour's articulation between 2000 and 2002, the emphasis on 'equality' persisted despite a reorientation from 'collaboration' to 'choice' and 'competition' and sanctions for hospitals and councils which did not discharge patients quickly enough. The theoretical implications of this shift were the acceptance of a public choice logic of democracy in which consumer choices in markets were just as profound an exercise of democracy as a vote in an election. In this respect, the choice of the Nordic system as a model was apposite, since it suggests that equality and choice, and therefore democratic outcomes conforming to both socialist and liberal principles, could be delivered within the framework of a tax-funded model, without the adoption of a 'regressive' insurance system.

In *Big Bang Localism*, a quite different discourse emerged. Jenkins was concerned with the assertion (or as he would see it, re-assertion) of local democratic traditions in Britain. Generally speaking, his concerns were limited to specific technical measures, rather than the inherent benefits of the changes themselves, a discourse which gained some popularity in more traditionally conservative (i.e. not free-market) organs, such as *The Times*.⁵⁹¹ Put slightly

⁵⁹¹ David Smith and David Cracknell, 'Ministers Will Order NHS to Shift Power to Local Hospitals', *The Times*, 2 December 2001.

differently, Jenkins had no mechanistic sense of cause and effect; for him local empowerment through democratic means was an end in itself. Even so, his articulation of the Nordic countries, especially Sweden and Denmark, was nonetheless structured around the ability of the Nordic signifier to neutralise antagonisms which other European countries had been unable to resolve. Jenkins conceives democracy as a formal process delivering accountability through voting, hence the irrelevance of choice as a signifier. Rather, the Nordic countries represented the potential for a democratisation of British public services.

5.4.5 Conclusions

The period from 1997 to mid- to late-2000s was a period of intense activity in the health governance network. New Labour's reforms from this period moved from a rejection of the internal market, to a collaborative model of health provision to a gradual reintroduction of choice and competition reform. At each stage of these reforms the Nordic signifier was used as a means to defend a taxation-funded healthcare model and as a signifier which suggested the possibility of neutralising the antagonism between 'choice' and 'equality'. While some scholars have suggested that the introduction of competitive market reforms and the introduction of independent providers into the NHS, was fundamentally inconsistent with New Labour's programmatic goals, it was argued here that this was consistent with the political theories of 'Third Way' scholars, such as Anthony Giddens, whose thought underpinned many of the assumptions of New Labour.

The introduction of independent providers and their articulation as consistent with Nordic healthcare programmes entailed changes to the structure of the health governance network. In particular, the introduction of Capio, a Swedish for-profit healthcare provider, led to the

appearance of a number of articles in the business and popular press discussing the implications of private providers entering the health system. More than one article examined Capiro's management of St. Göran's hospital in Stockholm with generally positive conclusions. Whereas the Swedish and Nordic signifiers had been somewhat ambiguous in health governance discourse to that point, the introduction of private actors enchainned the Nordic signifier more strongly with 'choice' and 'collaboration'.

Although the maintenance of a taxation-funded system alongside the introduction of choice reforms should be seen as the hegemonic position of the health governance network from 1997 until the mid- to late-2000s, there were other nodal points around which discourses emerged. A free-market nodal point within the network had a strong influence on the Conservative Party and was sufficiently credible as to require a defence from Labour's health secretaries of that period. The free-market discourse was highly mechanistic in its operation and tended to prefer market solutions and the long-term reorientation towards a health insurance system rather than a tax-funded model. The preference for insurance notwithstanding, the Nordic countries offered a potential model to free-market thinkers who found the introduction of choice and competition reforms consistent with their emphasis on deregulatory agenda and moral arguments for reduction in the size of the state.

A final discourse, which pre-empted the resurgence of a more widespread One Nation conservative discourse in the later 2000s, saw the Nordic countries as a model for the retention of strong democratic institutions. This discourse, which rejected notions of democracy as consumer choices in markets, differs fundamentally from the mechanistic logic of 'Third Way' and free-market articulations of healthcare reform and the Nordic healthcare

systems. This argued for a plurality of positions in which formal, local democracy would be (re-)asserted, including in revenue raising and spending on health services. This logic is incompatible with the other two discourses, since it rejects the idea that there are optimal outcomes, instead arguing that formal democracy, rather than any particular systemic outcome, should be an end in itself. It is somewhat ironic that the most self-consciously conservative articulation of healthcare reform and the Nordic model therefore represents the most radical break with the hegemonic discourses which had underpinned more than three decades of British healthcare reform.

The discourse of the Nordic model which emerges from this suggests the elasticity of the Nordic signifier. In a single governance network, the Nordic model can and has been made consistent with calls for equality of outcome, equality of opportunity, public choice, collaboration, competition, the introduction of private provision into a public system, and a return to formal democracy. It has crossed ideological lines to do this, although it might be argued that 'Third Way' discourse had already set out a liberal logic by which 'equality' and 'choice' could logically be reconciled.

5.5 Bismarck or Beveridge? Towards the Lansley Plan and the Health and Social Care Act

5.5.1 The decline of the New Labour coalition

Following the end of the New Labour-era health reforms, the key nexus in the health governance network remained the opposition between actors favouring the retention of a ‘Beveridgian’, tax-funded system and those favouring a managed transition to a ‘Bismarckian’, social health insurance model. This section will identify the key policy actors in this split from around 2007 onwards and analyse their articulations of healthcare, the Nordic model and alternative models for reforming the NHS. It will focus on articulations of the Nordic model as part of this discourse and contrast that with the signifiers used in policy discourses favouring a health insurance system.

There were significant changes to British politics from 2007. Tony Blair stepped down as Prime Minister and was replaced by Gordon Brown, formerly Chancellor of the Exchequer. There was significant speculation that Brown might call an election before the end of Labour’s term in 2010. This led to an intense period of policy creation in the health governance network designed to influence both the Labour Party, which was in power, but also the resurgent Conservative Party, now led by David Cameron. Under Cameron, the Conservative Party began looking towards older forms of Conservatism, influenced by Edmund Burke and Adam Smith, as potential models for reform. The primary consequence of this was the development of ‘Compassionate Conservatism’ and, later, the ‘Big Society’ agenda. (For a full discussion, see 2.3.3, above.) These strains of thinking argued for a reorientation towards civil society and non-state actors in public services. Furthermore, the 2008 global financial crisis, which

led to a banking crisis followed by a severe recession in the UK, had major consequences for public policy agendas in Britain. The high levels of private debt taken on by British banks and borrowers, especially in property markets, were transferred onto the public balance sheets by a bailout organised by the Labour government. The level of British public debt became a central point of discussion in the health governance network and in the run-up to the general election which was eventually called in 2010.

A characteristic of the 2010 general election was a tendency for a significantly larger number of policies taken from other places and states than has historically been the case in British politics, perhaps reflecting a generalised lack of vision in among UK political actors following the financial crisis. Policies taken from abroad in the Conservative manifesto alone include: New York-style policing reform; Swedish free-school policies (see chapter five); and eco-cities modelled on the German city of Freiburg.⁵⁹² Moreover, the logic of ‘choice’ had become dominant in the health governance network by this time. Calls for quasi-market reforms had expanded beyond the IEA and CPS and now included moderately liberal and conservative institutions like Civitas and the Social Market Foundation (SMF). Although the fundamental logic of choice had become hegemonic, reflected in New Labour’s gradual acceptance of quasi-markets, there still were a number of models available for realising the introduction of choice reform. Commonly, publications advocated supply-side reform, a single-payer insurance model, and greater localisation in decision-making. These aims were not necessarily mutually inconsistent, but were not always articulated together either. Indeed, localism was often seen as a step towards the introduction of markets, even though localism can be

⁵⁹² *The Conservative Manifesto*, 2010, http://media.conservatives.s3.amazonaws.com/manifesto/cpmanifesto2010_lowres.pdf.

imagined as entailing no move towards market reform, or even moves away from markets (see section 5.4.5, above).

William Mason and Jonathan McMahon, in *Freedom for Public Services*, published through CPS, argued for two of these three positions. They argued that central regulation should be removed 'by transferring accountability to the local level'.⁵⁹³ They also stated that the existing architecture of the NHS should be made democratically accountable, and that local residents should be allowed to elect the chairs of Strategic Health Authorities (SHAs) and PCTs.⁵⁹⁴ Such localisation would allow these bodies to set 'locally appropriate wages'.⁵⁹⁵ This mixture of localisation and supply-side reform would liberalise the NHS labour market by allowing for greater downward pressure on wages, undermining the logic of centrally set prices and wages in British healthcare. The localisation agenda therefore introduced the potential for introduction of market structures in areas more diverse than the purchasing and provision of care.

Furness and Gough make a similar argument in their report *From Feast to Famine*. Their approach owed significantly more to Nordic approaches to healthcare delivery than Mason and McMahon's. The report echoes New Labour's general articulation of tax-funded systems as more 'progressive', on the basis that social health insurance systems encounter redistributive limits, due to the cap on individual contributions, something which is

⁵⁹³ William Mason and Jonathan McMahon, *Freedom for Public Services* (Surrey: Centre for Policy Studies, 2008), 6.

⁵⁹⁴ *Ibid.*, 25.

⁵⁹⁵ *Ibid.*, 26.

theoretically limitless in systems funded through taxation.⁵⁹⁶ However, the report considered it necessary to set potential reforms within a context of the perceived need for fiscal retrenchment in response to the global financial crisis, arguing that ‘robust mechanisms for local accountability’ were the only way that contractions in public health spending could be justified.⁵⁹⁷ In this respect, Norway and Sweden were presented as a model, since financing from local sources is significantly more common in the Nordic countries.⁵⁹⁸ Furness and Gough claimed that around 70% of funding was raised locally in Sweden, for example, with the remaining 30% coming from state sources.⁵⁹⁹ More controversially, the report also recommended the introduction of user charging for certain services, which is common in Sweden and Norway.⁶⁰⁰ The report explains that since demand for healthcare was in theory elastic, nominal user charges deterred unnecessary and missed appointments. Given the totemic commitment to maintaining an NHS which is free at the point of use, such a change would be anathema to British politicians. The report attempted to mitigate this in two ways, firstly by suggesting that fees should be for consultation rather than treatment, and secondly by arguing that such fees could be means-tested, preventing people with low incomes from avoiding seeking treatment on the grounds of cost.⁶⁰¹

It was also concerned to establish a path for institutional reform which resembles the Norwegian and Swedish health systems. This would mean that the NHS would operate primarily as a commissioner rather than a provider of services. This would inevitably mean a

⁵⁹⁶ David Furness and Barney Gough, *From Feast to Famine - Reforming the NHS for an Age of Austerity* (London: Social Market Foundation, 2009), 48.

⁵⁹⁷ *Ibid.*, 36.

⁵⁹⁸ *Ibid.*, 89.

⁵⁹⁹ *Ibid.*, 145.

⁶⁰⁰ *Ibid.*, 89.

⁶⁰¹ *Ibid.*, 108.

major retreat from day-to-day operation of services and the entry of private providers rather than state-funded provision. While Furness and Gough eschewed outright calls for an insurance-payer system, it is notable that the total separation of purchasing and provision apes the structure of an insurance system in every way, except revenue raising.

Despite New Labour's articulation of 'choice' and 'equality' as mutually compatible, Furness and Gough demurred on this point, noting that:

Evidence from Finland, Norway and Denmark shows that local control over health sector decision-making has led to increased disparities in services provided, and it has been those individuals from lower socio-economic groups who have been adversely affected.⁶⁰²

The argument that localisation has led to declining standardisation reasserts the antagonism between 'equality' and 'choice' which New Labour hoped to neutralise. *From Feast to Famine* was clear that it preferred a choice model, even one where taxation-funding was maintained, and argued that, since choice necessarily reduces equality of outcome, the NHS must choose a path.⁶⁰³ Significantly, therefore, Furness and Gough attempted to detach the Nordic signifier from its articulation with equality of outcome. Even the Nordic countries, they argued, cannot neutralise the antagonism between freedom and equality, at least not in an era of fiscal retrenchment.

⁶⁰² Ibid., 140.

⁶⁰³ Ibid., 246.

Emphasis on the local character of the Swedish healthcare programme continued in the 2010-2015 period. Eliot Bidgood published *Healthcare Systems: Sweden and Localism*, through Civitas in 2013.⁶⁰⁴ Much like *From Feast to Famine*, this report demonstrated the extent to which healthcare discourse had changed since the New Labour-era and the elasticity of the Swedish/Nordic signifier in the health governance actors' articulation of policy models. Bidgood argued that markets, competition and choice could be compatible with the introduction of greater local accountability. In contrast to Jenkins' *Big Bang Localism*, however, it is unclear exactly how this assertion of local accountability to healthcare was to be achieved. Whereas Jenkins' report argued that only formal democracy could fulfil this function, this was at best implicit in Bidgood's report, since Labour's attempts to regionalise decision-making structures were implemented through Primary Care Trusts which were removed from formal democratic accountability. Moreover, despite supporting the cause of localism, it is clear that Bidgood was pessimistic about the conditions for the introduction of localising reforms. He noted that the inherent tendency for localism to produce variable results would necessitate the renewal of central government's trust in the effectiveness of local government. This would be a very significant culture shift in British politics.⁶⁰⁵

The report is, however, positive about the potential for the creation of competition in the NHS and the transition towards a more mixed public-private health system. In Sweden, Bidgood argues, the split between purchaser and provider had become increasingly entrenched and the desire to use this model for the NHS meant that British politicians had carefully observed the performance of Capió in Sweden. Indeed, demonstrating the tendency

⁶⁰⁴ *Healthcare Systems: Sweden & Localism – an Example for the UK?* (London: Civitas, 2013).

⁶⁰⁵ *Ibid.*, 27.

for networked actors to be mutually influencing, significant portions of the report are based on articles from *The Economist* and *The Guardian* (see 5.4.4, above).⁶⁰⁶

By 2013 then, the Swedish system was no longer seen primarily as a means to defend general taxation funding in the NHS, but rather as a model for a mixture of localism, competition, and choice in a system in which private, not-for-profit and public providers competed for public funding. This was broadly consistent with many of the arguments being made by New Labour and associated health policy actors by around 2007, but had shifted more significantly from articulations of the Swedish healthcare system from 1997 to 2002. The attempt to articulate the Nordic signifier as a potential model for the neutralisation of the antagonism between ‘choice’ and ‘equality’ has been more or less abandoned in favour of an articulation of Sweden, and to a lesser degree, the other Nordic countries, as a model for the introduction of competition reforms.

5.5.2 Theorising the failure of the taxation-funded model

By the late-2000s and the early 2010s a choice-orientated position of healthcare reform had become hegemonic in the health governance network and a range of more theoretical publications began to emerge which set out problematics justifying proposed attempts to move towards intensified market-like structures and an insurance based system on the model of Bismarckian healthcare models. The arguments put forward by Blackwell and Kruger in the early 2000s, arguing that nationalised healthcare was inherently stultifying, were becoming

⁶⁰⁶ Ibid., 19; ‘A Hospital Case’; Randeep Ramesh, ‘Special Report: Health Service: Private Equity Takeover Lauded by the Right as Model for Britain’, *The Guardian*, 19 December 2012.

increasingly established nodal points in their own right, even at more moderate think-tanks such as Civitas.

This position articulated target-oriented single-supplier models as problematic in themselves, both in terms of outcomes and on moral grounds. The only solution, in this discourse, was the introduction of markets or quasi-markets.⁶⁰⁷ This argument was put forward by James Gubb and Oliver Meller-Herbert in *Markets in Healthcare*, published by Civitas. Although they almost entirely ruled out the creation of a functioning, yet politically and socially acceptable, consumer market in public healthcare, they set out the theoretical justification for pursuing just such an agenda. Gubb and Meller-Herbert argued that in healthcare systems ‘consumers’ are ‘underpowered’ for the following reasons:⁶⁰⁸

- the enormous cost of healthcare
- the creation of moral hazard as people no longer bear the full consequences of their decisions
- the tendency for insurers to dump or provide ‘sub-optimal’ cover to high risk individuals
- ‘information is imperfect’, data on outcomes and effectiveness is not widely available or easy to interpret, usually requiring the intervention of a professional.⁶⁰⁹

Not only were consumers ‘not sovereign’ in health markets therefore, but, in addition, monopoly provision (this could also be a private monopoly) might be preferred as a result of

⁶⁰⁷ Gubb and Meller-Herbert, *Markets in Health Care*, 10–23.

⁶⁰⁸ *Ibid.*, 6.

⁶⁰⁹ *Ibid.*, 6–7.

the creation of economies of scale, the potential erosion of the mass benefits of healthcare in non-compulsory systems and on compassionate grounds.⁶¹⁰ However, for a number of important reasons, they claimed this did not limit the possibility of the introduction of a market. The overwhelming majority of transactions, they noted, occur between companies and other organisations, rather than between companies and consumers, a pattern which is mirrored in healthcare systems.⁶¹¹ These drawbacks, which the report argued inhere to all markets, notwithstanding, the benefits of greater efficiency outweigh their limitations in other areas. Indeed, despite questions about the quality of information, Gubb and Meller-Herbert would no doubt agree with Kristian Niemetz, based at the IEA, that due to the complexity of supply-demand structures in healthcare only the market can act as an arbiter of information.⁶¹² This is a proposition heavily influenced by Friedrich von Hayek's theory of markets, and bears a strong resemblance to his classic article 'Knowledge in Society'.⁶¹³

Gubb and Meller-Herbert therefore argue that markets are appropriate for healthcare systems, but that these should be limited primarily to transactions occurring between purchasers and providers of healthcare.⁶¹⁴ This proposed move towards a market which is insulated from the consumer informs a summary of a number of different healthcare systems later in the report. Key to this discussion is the distinction between Nordic and Bismarckian systems. Since the Nordic countries acted as a model for earlier UK health reforms, the

⁶¹⁰ Ibid., 8.

⁶¹¹ Ibid.; This also strongly resembles the argument set out in Hewitt, 'Creating a Patient-Led NHS: The Next Steps Forward'.

⁶¹² Kristian Niemetz, 'Health Check: The NHS and Market Reforms' (London, 2014), 48.

⁶¹³ Friedrich A. Hayek, 'Knowledge in Society', *American Economic Review* 35, no. 4 (1945): 519–30.

⁶¹⁴ Gubb and Meller-Herbert, *Markets in Health Care*, 39–40.

similarity between the two systems was noted, although the report stresses the perceived limitations of Northern European schemes:

Possibly the most restrictive use of markets is in the NHS in England where the government largely controls the funding, provision, resource allocation and regulation of health care. the market, instead, is 'mimicked' through a split between organisations that purchase care and those that provide it Interestingly, Nordic countries such as Sweden and Denmark have followed a similar path, although the major difference here is that funds are largely raised through local taxes and health care is the responsibility of local authorities.⁶¹⁵

This was contrasted with the Bismarckian systems (France, Germany, the Netherlands etc.) in which there are much higher levels of non-state provision (around 50%) and greater choice of doctors, specialists, hospitals and so forth. Additionally, given that purchasing is administered by independent health insurance funds, Bismarckian systems were not seen as 'mimicked', but genuine markets. In spite of the inclusion of genuine markets, it was argued, these systems all guarantee universal coverage.⁶¹⁶

Within this articulation, the NHS was contrasted negatively with European systems on a number of counts. Its corporate structure with an artificial quasi-market did not possess the democratic mandate of the Nordic countries; did not allow choice of purchaser, as in Germany,

⁶¹⁵ Ibid., 47. Gubb and Meller-Herbert imply that the Nordic countries followed Britain in adopting an internal quasi-market. Although NPM ideas originated in the UK and US, it is an over-simplification to suggest a straight adoption of the internal market. See; Magnussen et al., 'Introduction: The Nordic Model of Health Care', 11–14; Martinussen and Magnussen, 'Health Care Reform: The Nordic Experience', passim.

⁶¹⁶ Gubb and Meller-Herbert, *Markets in Health Care*, 48–9.

the Netherlands and Switzerland; and did not link customer and insurer directly through financial transfer as in the French system. As a result of this, the NHS was articulated as curtailing patient choice, and limiting the potential for efficiency and innovation, while providing worse outcomes.⁶¹⁷ Elsewhere, Gubb argued that the solution to systemic issues in the health service was a universal model (i.e. precluding the US system) in which the state acted as underwriter and regulator of a ‘social market’, but not as a major funder or provider. This would essentially entail a move towards a Bismarckian model.⁶¹⁸ It was also consistent with the general aim to diversify provision to include independent for-profit, not-for-profit and state providers.⁶¹⁹

This discourse was most clearly articulated in Kristian Niemetz’s *Health Check*, a 2014 working paper released through the IEA.⁶²⁰ In this report, Niemetz outlined the NHS metrics in comparison to other European healthcare systems. He noted that it was below all of the Nordic countries in cancer survival rates, and ranked closer to Eastern than Western European health systems on these measures.⁶²¹ He went on to offer a practical approach which would alter the current infrastructure of the NHS to make it more closely resemble a social health insurance system. Niemetz claimed that Clinical Commissioning Groups (CCGs), which purchase the majority of healthcare in the NHS, could be changed to resemble the structure of German *Krankenkassen*, the chief purchasers of healthcare in Germany.⁶²² Under this model, providers would be paid by results, although as Pauline Allen notes, payment by

⁶¹⁷ Gubb and Meller-Herbert, *Markets in Health Care*.

⁶¹⁸ James Gubb, ‘Why the NHS Is the Sick Man of Europe’, *Civitas Review* 5, no. 1 (2008): 8.

⁶¹⁹ *Ibid.*, 9; Gubb and Meller-Herbert, *Markets in Health Care*.

⁶²⁰ ‘Health Check: The NHS and Market Reforms’.

⁶²¹ *Ibid.*, 13–15.

⁶²² *Ibid.*, 42.

results is something of a misnomer: providers are usually paid by action due to the difficulty of measuring results.⁶²³ In Niemetz's free-market based schema, this would allow hospitals to fail as, were a provider to become insolvent, provision could simply be found elsewhere. An important corollary to this argument was that supply would not contract if a provider were to go bust. Instead, failing providers would be bought out by more successful ones, effectively mirroring the flaw in the original NHS internal market, which always retained a route back to public ownership for failing health providers (see 4.2.1, above).⁶²⁴

If implemented, the systems set out by Gubb and Meller-Herbert and Niemetz would entail profound changes to the functioning of the NHS in England. The elimination of public provision would remove any functional difference between NHS providers and, say BUPA or Capio, British and Swedish independent health providers respectively.⁶²⁵ A major focus of Niemetz's free-market discourse of healthcare systems was an attempt to articulate the entrance of private healthcare suppliers as the only means by which choice, efficiency and improved outcomes could be achieved. The introduction of private providers and market mechanisms was also a normative good: 'the mortal fright of market mechanisms and private initiative in healthcare which characterises British debate is entirely unwarranted'.⁶²⁶ This represents an important free-market nodal point in the health governance network, which has had significant effects on the discourse since the New Labour era. It is also a continuation of historic articulations of New Public Management policies, which argued for the artificiality

⁶²³ Pauline Allen, 'Restructuring the NHS Again: Supply Side Reform in Recent English Health Care Policy', *Financial Accountability and Accountability* 24, no. 4 (2009): 377–8.

⁶²⁴ Niemetz, 'Health Check: The NHS and Market Reforms', 41–2.

⁶²⁵ *Ibid.*, 42.

⁶²⁶ Kristian Niemetz, 'What Are We Afraid Of? Universal Healthcare in Market-Oriented Health Systems' (London, 2015), 36.

of public-private splits in service provision and the potential for the reform of public services along market lines with consumers able to choose in markets. In this respect, free-market actors cleaved to the discourses put forward by Milton Friedman, James Buchanan and Albert O. Hirschmann, although in other important respects, especially theories of information, these are supplemented by the arguments of Hayek.⁶²⁷

From a relatively fringe position, the free-market nodal point became significantly more popular in the health governance network from the mid-2000s. It is therefore interesting to note the crossover between Eliot Bidgood's *Healthcare Systems* and Gubb and Meller-Herbert's and Niemetz's work. Even though Bidgood was interested in the Swedish, Beveridgian, system, and articulated Sweden as a model of localism, the degree to which his use of signifiers mirrors those of free-market actors is striking. Although nominally discussing quite different systems, their articulations of 'choice', 'equality' and 'competition' coincide to a significant degree, and the logic of 'equality of outcome' is virtually entirely replaced by the logic of 'equality of opportunity (access)'. The basic principle of the introduction of a competitive market and the articulation of 'choice', a proxy for 'freedom', as the primary goal of system re-design in the English NHS had become hegemonic. Significantly, this logic was sustained both with reference to the Bismarckian model, which was inherently market-based, and the Swedish and other Nordic countries, which had instituted quasi-market, NPM reforms.

⁶²⁷ Milton Friedman, *Capitalism and Freedom* (Chicago: The University of Chicago Press, 1982); Buchanan and Tullock, *Calculus of Consent*; Hirschmann, *Exit, Voice, and Loyalty*.

5.5.3 'Unintelligible gobbledegook':⁶²⁸ The Health and Social Care Act 2012

The introduction of the Health and Social Care Act in 2012 was understood by all parties as a watershed moment in the history of the NHS. It was introduced with reference to many of the free-market signifiers which had gradually displaced earlier social democratic articulations of the NHS in the health governance network. Although the 2010 Department of Health White Paper *Equity and Excellence: Liberating the NHS* does not make specific reference to any international system, it is clear that the discussion conducted in the health governance network forms the core of much of the so-called Lansley Plan.⁶²⁹ In essence, *Liberating the NHS* articulated the patient as the core of the NHS, placing them firmly in the role of consumer and noting that 'patients will be at the heart of everything we do'.⁶³⁰ The report went on to argue that patients will have 'greater choice and control', and glossed this using the axiom 'no decision about me without me'.⁶³¹

This logic ran through the White Paper, which aimed to abolish PCTs in favour of the creation of GP commissioning groups, in order to 'devolve power and responsibility for commissioning services to the healthcare professionals closest to patients', the aim of which was 'to shift decision-making as close as possible to individual patients'.⁶³² In terms of its structure, this amounted to a move back towards the original internal market as proposed by Kenneth Clarke in the late 1980s. This reinforced the logic of 'choice'. The report noted that '[p]eople want choice, and evidence at home and abroad shows that it improves quality'.⁶³³ While the

⁶²⁸ Chris Smyth, Rachel Sylvester, and Alice Thomson, 'NHS Reforms Our Worst Mistake, Tories Admit', *The Times*, 13 October 2014.

⁶²⁹ 'Equity and Excellence: Liberating the NHS', White Paper (London: Department of Health, July 2010).

⁶³⁰ *Ibid.*, 1.

⁶³¹ *Ibid.*, 3.

⁶³² *Ibid.*, 30, 4, 27.

⁶³³ *Ibid.*, 16.

previous Labour Government was applauded for its introduction of patient choice, it was argued that this was too narrow, since it focused only on choice of provider.⁶³⁴ This perceived deficiency would be rectified by the introduction of choice of provider, but as part of an expanded choice of treatment in most areas of the NHS in England.⁶³⁵

The proposed changes to provision did not end with the introduction of choice for patients. In addition, the structure of the NHS would be altered to abolish NHS trusts and replace them with foundation trusts.⁶³⁶ This would aid the introduction of market structures on the basis that providers would be totally independent of any association with the NHS. This would have two further consequences, both of which had become hegemonic positions within the health governance network. Firstly, it would devolve healthcare workers' contracts from the state, something which is explicitly acknowledged later in the report.⁶³⁷ Healthcare workers would therefore negotiate with their individual employer, rather than with the state. Implicitly, this would reduce the power of the medical unions.⁶³⁸ Furthermore, the reform would create a system in which 'in most sectors of care, any willing provider can provide services, giving patients greater choice and ensuring effective competition stimulates innovation and improvements, and increases productivity within a social market'.⁶³⁹

⁶³⁴ Ibid.

⁶³⁵ Ibid., 18.

⁶³⁶ Ibid., 36.

⁶³⁷ Ibid., 41.

⁶³⁸ The implications of the Health and Social Care Act for medical practitioners' employment conditions remain highly topical at the time of writing in February 2017. In late 2016, junior doctors called five-day strikes in three consecutive months in 2016 in protest at the imposition of new contracts which had earlier been accepted by the British Medical Association, but rejected on a members' ballot. The end of 2016 and beginning of 2017 was marked by a 'crisis' in the NHS, an eventuality which NHS staff, their unions and NHS bosses had warned the government about for several years prior.

⁶³⁹ 'Liberating the NHS', 37.

The introduction of the Health and Social Care Act 2012 was widely considered to have been a total political disaster. It was described as ‘unintelligible gobbledegook’ by one anonymous senior Conservative, and a much more far-ranging report chronicled the political errors which led to its failure in painstaking detail.⁶⁴⁰ Nonetheless, the basic structure of the White Paper, and the Act itself, closely matched the hegemonic discourse which had emerged in the health governance network favouring the introduction of a market characterised by competition and choice. This brought the movement in this direction begun by New Labour to its logical conclusion. The articulation of the Nordic healthcare systems as consistent with these ‘choice’ models facilitated the creation of this discourse, especially given the gradual association of the Nordic signifier with ‘equality of opportunity’, and the decline of a discourse based on the achievement of ‘equality of outcome’. Indeed, it is particularly striking that there is not a single use of the word equality, in either sense, in *Liberating the NHS*.

The period between the publication of the White Paper and the passage of the Health and Social Care Act was also a period of intense activity in the network at large. The deepening of market-based structures and choice reform led to a series of pieces arguing that the Swedish healthcare system was a potential model for these changes. It also saw the re-emergence of pieces identifying Capio and St. Göran’s Hospital as a model for the English NHS to emulate. This was generally referred to either as the ‘Swedish model’ or the ‘Stockholm model’. The entrance of Capio into the NHS market during the New Labour era meant that Swedish firms had an interest in promoting this model as a means for private managerial companies to enter

⁶⁴⁰ Smyth, Sylvester, and Thomson, ‘NHS Reforms Our Worst Mistake, Tories Admit’; Nicholas Timmins, ‘Never Again? The Story of the Health and Social Care Act 2012’ (London: King’s Fund/Institute for Government, 2012).

the health service and they had built productive links with the English media, especially *The Economist*, during this period.

During this period, Nordic actors, not just in healthcare, were frequently articulated in terms which either avoided ideological designation or appealed explicitly to free-market signifiers. In this vein, readers of *The Economist* were bidden '[w]elcome to health care in post-ideological Sweden', while readers of *The Guardian* were warned that '[d]espite its reputation as a leftwing utopia, Sweden is now a laboratory for rightwing radicalism'.⁶⁴¹ The association of Sweden and the Nordic health systems with social democracy had been all but abandoned; rather, the aim was to rearticulate the Swedish model in order to 'change the politics of tomorrow', as Karin Svanborg-Sjövall, CEO of Timbro, the Swedish free-market think-tank, put it.⁶⁴² The engagement of Swedish actors with British public policy debates as a means to advance particular articulations of Sweden, and/or Norden, has been a consistent thread throughout this study. Although this was less sustained in the case of the health governance network, compared with the sustained engagement in the fields of political economy and education (see chapter five), it is nonetheless significant, especially given that these interventions typically occurred at times when public policy which presented opportunities for Swedish firms was being developed or implemented. Despite its enormous unpopularity in England, and the symbolic character which it took on in the devolved nations (Scotland, Wales and Northern Ireland) which have responsibility for their own healthcare systems, the Health and Social Care Act should be seen as the culmination of articulations of healthcare to which models of the Nordic and other European countries, especially Germany, were a key

⁶⁴¹ Ramesh, 'Special Report: Health Service'; 'A Hospital Case'.

⁶⁴² Karin Svanborg-Sjövall, 'Society: Public Manager: Sweden Proves That Private Profit Improves Services and Influences Policy', *The Guardian*, 6 February 2013.

part. The development of hegemonic discourses, which emphasised choice and competition, as well as localism, in the health governance network mirror changes in discourse by political parties and health secretaries.

5.6 Conclusions

The fundamental argument of this chapter was that successive health reforms in England since 1997 have adopted the logic of 'choice' and articulated significant portions of this agenda as consistent with a Nordic model of healthcare, based on funding through general taxation, a split between purchaser and provider and increased choice for the consumer (patient). The chapter also theorised a range of actors as part of a health governance network, concerned with policy steering in the area of public healthcare. These included the Department of Health, various Ministers for Health, the three major political parties in England/the UK, policy think-tanks, and private healthcare providers.

It was argued that from the beginning of the New Labour era, ministerial strategies were conditioned by the discourses current in the health governance network. Although Labour attempted to move away from competition and market-based reform, by 2000 it was already re-articulating previous discourses as consistent with the logic of 'choice' and 'competition'. Labour Health Secretaries of this era were concerned to implement choice reform while defending the basic principles of a taxation-funded system. To do this, they frequently appealed to the 'Beveridgian' tax-funded systems of the Nordic countries, arguing that the perceived success of New Public Management reforms in the Nordic countries vindicated their approach to healthcare policy.

The theme of a Nordic model of healthcare based on 'choice' logics became one of two important hegemonic nodal points in the health governance network. The other nodal point was also structured around the logic of 'choice', but favoured the introduction of an insurance-funded 'Bismarckian' healthcare system, paradigmatically modelled on the

German social health insurance system. For the free-market actors in the network, equality was impossible to achieve within a moral framework which privileged personal freedom. On the other hand, the Nordic countries remained attractive to moderate liberals and New Labour on the basis that it seemed to offer a means to reconcile 'freedom' and 'equality'; an antagonism which appeared otherwise impossible to resolve.

A third position developed around localism and pre-empted the resurgence of One Nation conservative thinking in the UK Conservative Party itself by several years. This represented a challenge to the mechanistic logics of the Third Way and free-market ideas about the democratic logic of consumer choices within markets. The chief exponent of this view was Simon Jenkins, who argued that the primary characteristic of the Nordic countries was their emphasis on the quality and accountability of public and democratic institutions. While a localist discourse did develop in the health governance network, Jenkins' emphasis on formal democracy and accountability as the primary goal of reform was not widely popular, given that it did not promise particular results, and arguably did not engage with other articulations which hoped to resolve the antagonism between 'freedom' and 'equality'.

Labour's accommodation of equality with New Public Management market theories was, however, difficult to sustain. While the articulation of 'choice' with the Nordic countries became hegemonic within the health governance network, the emphasis on defending a tax-funded system was effectively dropped after the return of a Conservative-Liberal Democrat coalition in the 2010 UK General Election. Subsequent reforms were more concerned to move the NHS towards the adoption of 'Bismarckian' structures, and the introduction of private provision into the NHS, intensifying a trend which had been initiated under New Labour.

Nordic actors were also key to the articulation of a particular Nordic model of healthcare. Capio, a Swedish for-profit health provider, entered the network in the mid-2000s and received several contracts during the New Labour era. Its entry into the network led to the development of a discourse which argued for a Nordic, in particular Swedish, model of healthcare emphasising competition, market structures and private provision, although this remained controversial. The expansion of the health governance network to include transitional private firms also made it less amenable to steering, a problem which began under New Labour and has persisted under its Conservative-led successor governments.

This period saw a discourse emerge in which the Nordic countries were enchained with classically liberal, free-market signifiers, such as 'choice' and 'freedom'. This was combined with a particular notion of democracy which was viewed as a right to choose in markets. The Nordic model which emerges from the health governance therefore is characterised by mixed public-private provision, consumer choice and New Public Management structures.

Chapter Six – The ‘c-word’ and the ‘v-word’: Choice and voucher reform in the English school system

6.1 Introduction

The previous chapter looked at a set of reforms introduced in healthcare with reference to a hegemonic policy discourse based on Hayekian problematics. In particular, discussions focused on how information could be produced which allowed for the creation of proper market signals conducive to the introduction of a market in the English NHS. Much of this was articulated with reference to either the Nordic countries or the so-called ‘Bismarckian’ healthcare systems of Western and Central Europe.

This chapter will examine the development – and portions of the implementation – of a policy which was modelled on a school reform introduced in Sweden in 1991, but which was originally envisaged with reference to the Danish education system. The underlying logic of this discourse rests not on Hayek, but rather on New Public Management (NPM) and public choice theories, which originated with the Chicago School and its fellow travellers, a group which was founded around Milton Friedman, who was professor of economics at the University of Chicago for many years.

The aims of this chapter will be threefold. Firstly, it will examine how a Nordic-inspired reform discourse developed in a posited education governance network in England, beginning in the early 2000s until around 2014. To do this, I will sketch out the contours of the network and examine a range of policy documents which put forward Nordic education policies as programmes for an English reform. Secondly, the chapter will link these discourses to the

chief principles of NPM market reform and examine the impact of this on the Nordic signifier. Finally, the chapter will discuss how the hegemonic discourse in the education governance network was transmitted outwards through political speeches, White Papers and the media.

The chapter will be structured along similar lines to chapters three and four. Firstly, it will set out the institutional context to the reform in Sweden and England prior to the passage of the Academies Act 2010. Next, it will set out the primary actors involved in the education governance network, including government departments, political parties, think-tanks and so forth, which have had an impact on the reform. The following two sections will offer a detailed discourse analysis of the texts which have been produced in the network. The chapter will conclude with some summary remarks, which will introduce some broader arguments about the process of signification in modelling and how this case study can help theorise this operation.

6.2 The Swedish Voucher Reform and the English school system

6.2.1 New Public Management and Sweden's voucher reform

The first articulation of a voucher reform as a model for delivering public services was put forward by Milton Friedman in a 1955 essay called 'The Role of Government in Education'.⁶⁴³ Friedman argued that public education should be considered a mandatory public good, but, rather than delivering education through public supply, education could be delivered through the creation of a market in which vouchers for the value of schooling could be used. He writes:

Governments could require a minimum level of schooling financed by giving parents vouchers redeemable for a specified maximum sum per child per year if spent on "approved" educational services. Parents would then be free to spend this sum and any additional sum they themselves provided on purchasing educational services from an "approved" institution of their own choice.⁶⁴⁴

This position was widely considered attractive in free-market circles, but it became practically influential when it was adapted by Albert O. Hirschmann in his 1970 book *Exit, Voice and Loyalty*. Hirschmann attempted to carve out a practical means by which public choice arguments, such as Friedman's, could be introduced as a practical programme of reform.⁶⁴⁵

As the title suggests, Hirschmann's concern was to systematically describe the implications of a system such as Friedman's in which exit from public provision was a serious possibility. Although Hirschmann is critical of what he describes as 'the economists' bias in favor of exit

⁶⁴³ See Friedman, *Capitalism and Freedom*, 75–101.

⁶⁴⁴ *Ibid.*, 77–8.

⁶⁴⁵ *Exit, Voice, and Loyalty*.

and against voice', his schema is the first real attempt to imagine a public system in which exit is a theoretical and practical possibility.⁶⁴⁶ Hirschmann is correct to identify that in Friedman's articulation the only option in the case of sub-standard supply is exit. Hirschmann argues that Friedman's assertion that, 'for the rest, [parents] can express their views only through cumbrous political channels', which undervalues the potential for parties to exercise 'voice' as a corrective to sub-standard outcomes.⁶⁴⁷ This is especially true on the basis that 'voice' is 'the only way in which dissatisfied customers or members can react whenever the exit option is unavailable'. In the case of public services, the exit option is fraught with greater difficulties, as not only do the usual costs and penalties of exit apply, but mass withdrawal from public services could cause the deterioration of services resulting in wider social effects which impact the individual.⁶⁴⁸

Hirschmann's work was widely influential in the creation of NPM systems and supplemented many of the perceived deficiencies in Friedman's plan for the introduction of markets structured around state-backed vouchers. It also introduced many concepts which had previously been thought of as primarily economic in application into the sphere of political theory and public policy.

The introduction of the Swedish voucher reform strongly resembles the programme put forward by Hirschmann. Indeed, NPM reforms are sometimes referred to as 'the American Way' in Sweden.⁶⁴⁹ A school voucher reform had been part of the Swedish Moderate Party's

⁶⁴⁶ Ibid., 16–17.

⁶⁴⁷ Friedman, *Capitalism and Freedom*, 91; Hirschmann, *Exit, Voice, and Loyalty*, 16.

⁶⁴⁸ Hirschmann, *Exit, Voice, and Loyalty*, 30–54.

⁶⁴⁹ Andersson, 'Liberalisation, Privatisation and Regulation in the Swedish Healthcare Sector/hospitals', 4.

manifesto for some time before 1991, but became influential in the early 1980s at a time of concerted opposition to Social Democratic Party (SAP) policies, including the wage-earner funds, from a broad coalition of actors, ranging from liberal and conservative parties, employers groups, sections of the SAP itself and the media (see 1.2 and 2.2.1, above).⁶⁵⁰ Although the SAP won the 1985 Swedish general election, there was nonetheless widespread discontent about the state of Swedish public services, and in this climate the government began to introduce deregulatory policies in capital and currency markets and move towards a choice agenda in public provision. This fundamentally repositioned the state as a service provider to a nation of consumers. By the end of the 1980s the Swedish Social Democrats were endorsing quasi-market policies and some of the central controls on schools had already been dismantled before the introduction of the voucher policy by a Moderate-led government in 1992.⁶⁵¹ The voucher reform transformed Sweden's education system from a highly bureaucratic centralised model to one of the most liberal in the world.⁶⁵²

In practical terms, the implementation of the voucher reform occurred in two primary phases. In the first phase, the 1991-94 Moderate-led coalition introduced a reform in which the state funded a voucher to the value of 85% of the cost of a school place, based on the average cost in the student's local area, should parents wish to send their children to a school other than the municipal school.⁶⁵³ Parents wishing to send their children to such a school would have

⁶⁵⁰ Paula Blomqvist, 'The Choice Revolution: Privatization of Swedish Welfare Services in the 1990s', *Social Policy and Administration* 38, no. 2 (2004): 139–55 See also chapter one above.

⁶⁵¹ *Ibid.*, 144–5.

⁶⁵² *Ibid.*, 148.

⁶⁵³ Martin Carnoy, 'National Voucher Plans in Chile and Sweden: Did Privatization Reforms Make for Better Education?', *Comparative Education Review* 42, no. 3 (1998): 331, doi:10.1086/447510.

to invest 15% of the cost of the year themselves.⁶⁵⁴ In this respect, the original reform is reminiscent of a similar programme in Denmark, dating back to the nineteenth-century, in which parents wishing to educate their children outside the public system are granted up to 75% of the cost of a school place and must 'top-up' the difference. The Swedish reform also introduced a new national curriculum and let schools decide how specific goals should be reached.⁶⁵⁵

The reforms were altered significantly after the SAP returned to government in 1994. It was considered unacceptable for private schools to accept money from the state and simultaneously charge fees. To remedy this, the SAP increased the value of the voucher to cover the entire cost of any given school year. Pricing was determined based on the value of a school year in each municipality. This limited the development of a quasi-market with stratified price structuring, but retained the potential for choice and exit, which were central to the original logic of the reform.

6.2.2 Education in England 2000-2010

Underpinning the Conservative school reform of 2010 was a structure which dated back to John Major's second term as Prime Minister (1992-97). In much the same way as the previous chapter contextualised New Labour's healthcare reforms and the Health and Social Care Act 2012 with reference to the internal market which came before it (see chapter four, above), the fundamental education system which the Conservative-Liberal Democrat coalition

⁶⁵⁴ Åsa Ahlin, 'Does School Competition Matter? Effects of Large Scale School Choice Reform on Student Performance' (Uppsala, 2003), 5.

⁶⁵⁵ Carnoy, 'National Voucher Plans in Chile and Sweden: Did Privatization Reforms Make for Better Education?', 331.

inherited was still primarily understood by policy actors through articulations which first became current in the 1990s.

Grant Maintained (GM) schools, which were outside the oversight of local authorities, were first created in 1988. The Education Reform Act of that year provided for the creation of GM schools and City Technology Colleges (CTCs), of which there were far fewer.⁶⁵⁶ Stephen Ball argues that GM schools should be seen as the forerunner of Labour's academies programme and Free Schools, given the shared emphasis of independence from local authorities and direct central funding.⁶⁵⁷ The creation of an autonomous school system rearticulated the relationship between schooling, parents and pupils. Whereas comprehensive schooling had historically been organised along community and geographical lines with limited choice as a result of catchment areas, the GM schools and CTC programme articulated schooling as a process in which education was consumed, and parents and pupils were consumers with choices between local authority run 'controlled schools', and independent maintained schools.⁶⁵⁸ Although an incremental step, this increasingly positioned actors in ways which were consistent with the principles of NPM reforms.

New Labour abolished GM schools in 1998, but the Learning and Skills Act 2000 expanded the basic logic of CTCs. This process continued in the Education Act 2002 and the Education Act 2005; all three pieces of legislation were introduced to modify provisions in the Education Act

⁶⁵⁶ Stephen J. Ball, 'The Reluctant State and the Beginning of the End of State Education', *Journal of Educational Administration and History* 44, no. March 2015 (2012): 94–5.

⁶⁵⁷ *Ibid.*, 94.

⁶⁵⁸ *Education Reform Act*, 1988.

1996, which had in turn updated provisions in the Education Act 1988.⁶⁵⁹ A key feature of the GM and CTC programme was the introduction of specialisms for participating schools, primarily in music, art, drama, and sport for GM schools, and science, technology and mathematics for CTCs. Under Labour's Academy plan this was expanded to include all schools, not just Academies, and a wider range of subjects, including foreign languages.⁶⁶⁰ Despite significant anxiety about the potential for the schools' intakes to segregate, especially along class lines if schools were given control over their own admissions policies, it was argued that the introduction of specialisation would lead middle-class parents to seek out schools which suited their child's interests. It was even argued that such a move could enhance levels of inclusion by disrupting the tendency for middle-class parents to behave in self-selecting fashion by choosing schools with larger numbers of middle-class students.⁶⁶¹

Anne West and Hazel Pennell argue that while the Conservative Major government was motivated by a belief in the power of market forces to organise society and public services in general, New Labour, although still committed to the principles of the quasi-market, was concerned to reduce the potential for stratification and ameliorate some of the impacts of a relatively unregulated quasi-market structure.⁶⁶² This is obvious in the imperative to reduce the impact of middle-class self-selection. However, it is interesting to note that the solution to this problem is located firmly on the supply-side: schools which cater to the needs of middle-class consumers should be created. This is in contrast to demand-side intervention

⁶⁵⁹ *Education Act 2002*, 2002, http://www.legislation.gov.uk/ukpga/2002/32/pdfs/ukpga_20020032_en.pdf; *Education Act 2005*, 2005, http://www.legislation.gov.uk/ukpga/2005/18/pdfs/ukpga_20050018_en.pdf.

⁶⁶⁰ Anne West and Hazel Pennell, *How New Is New Labour? The Quasi-Market and English Schools 1997 to 2001* (London: LSE Research Online, 2002), 6–7, <http://eprints.lse.ac.uk/archive/00000214>.

⁶⁶¹ *Ibid.*, 15–16.

⁶⁶² *Ibid.*, 1–5, 14–15.

which would actively strengthen or dampen demand for school places in particular areas or among certain sections of the population. The logic of comprehensive schooling is also effectively foreign to this discourse. West and Pennell note that this may even represent an intensification of market logic compared to the Conservative reform.⁶⁶³ In this respect, education discourse strongly mirrors the order of signification identified in New Labour's health discourse in chapter four. The most effective means to achieve 'equality' in health outcomes was through 'choice' and 'competition', an articulation which persists in Labour's understanding of education reform.

This move towards an articulation of 'choice' and 'competition' shifted the logic of state intervention in education, and public services in general. The state's role became one of purchaser, entailing a retreat from provision. Rather than being involved in day-to-day running of services, the state was instead primarily charged with setting benchmarks which independent trusts, school federations, or other sponsors were charged with delivering.⁶⁶⁴ This approach relied on the creation of new relationships between actors along similar lines to those considered in the previous chapter on healthcare, and, in general, this means of organising education provision was in line with trends in all areas of public services during periods of NPM reform. These relationships often required high levels of trust, especially between sponsors and schools involved in partnerships, although these relationships were also constituted along lines more familiar in business.⁶⁶⁵

⁶⁶³ Ibid., 15–16.

⁶⁶⁴ Stephen J. Ball, 'Academies in Context: Politics, Business and Philanthropy and Heterarchical Governance', *Management in Education* 23, no. 3 (2009): 103.

⁶⁶⁵ Ibid., 106.

Following the UK General Election of that year, the Academies Act 2010 was one of the first pieces of business to come before Parliament after the formation of the Conservative-Liberal Democrat coalition. The coalition was officially formed on 11th May 2010 and the bill received royal assent and passed into law on 27th July 2010. The main purpose of the act was to expand the powers of schools with Academy status, including Free Schools, which the Bill introduced into the English system. The expansion of the Academy system was seen as a means to expand ‘choice’ and ‘exit’ mechanisms in the school system. Free Schools were key to this, as they would allow parents who were dissatisfied with local schools to found their own, effectively dealing with some of the problems of ‘exit’ identified by Hirschmann in his discussion of public service markets. The government therefore hoped to deal with one of the key limitations of previous markets and competition in education: the difficulty of allowing unsatisfactory suppliers to leave the market. It was therefore logical that academy status should be expanded to include as many schools as possible, which duly happened, altering the policy from its origins under New Labour, in which academy status was only granted to schools failing to meet agreed targets. During Michael Gove’s tenure in the Department for Education (DfE) (2010-14), this was expanded to include schools which were ‘coasting’.⁶⁶⁶ Initial expansion was rapid, with 224 applications submitted and 80 (64 academies and 16 Free Schools) accepted by the end of 2010.⁶⁶⁷

⁶⁶⁶ *Coasting Schools Meeting*, 2012, <https://www.gov.uk/government/news/coasting-schools-meeting>.

⁶⁶⁷ Ball, ‘The Reluctant State and the Beginning of the End of State Education’, 98.

6.3 The education governance network

The education governance network is comprised of a large number of actors, including some which have been considered as part of free-market and health networks in the previous two chapters. The meta-governor of the education governance network is the Department for Education, which proposes and passes policy. During the period considered in this chapter, the DfE was run by New Labour and the Conservatives, although the bulk of the chapter will be concerned with the development and passage of the Free Schools policy outside the DfE itself. Therefore, although chronologically this analysis will begin during New Labour's tenure in the DfE, the chapter will primarily consider actors engaging with the UK Conservative Party in opposition and then later in government. However, it is clear that many policy actors envisaged their interventions more broadly than simply appealing to the Conservative Party; indeed, these policy discourses were clearly intended to apply to a range of actors including New Labour, the DfE, and other networked actors. For this reason, the education governance network will be considered broadly, much like the health governance network in chapter four.

Nonetheless, the development of the Free Schools policy was heavily conditioned by intellectual and strategic issues within the UK Conservative Party. Although portions of the Health and Social Care Act 2012 were articulated with reference to the 'Big Society' agenda, with the *Liberating the NHS* white paper noting that 'the NHS is an integral part of the Big Society',⁶⁶⁸ the development and articulation of the Free Schools policy is a better barometer of ideological change within the UK Conservative Party from the early 2000s until their entry into government. As will be discussed in much greater detail below, there was significant

⁶⁶⁸ 'Liberating the NHS', 7.

tension between articulations of the Free Schools policy as part of a moral 'choice' agenda and nascent articulations of the Swedish model as a means to stimulate civil institutions and enhance local democracy.⁶⁶⁹

David Cameron's election as leader of the Conservative opposition in 2005 initiated a struggle between the free-market tendency which became dominant during the Thatcher era and a more One Nation conservative vision. The growth of the latter led to a re-orientation towards civil society under the Compassionate Conservative and later Big Society agendas (see 2.3.3, above). The Free Schools programme and its development should be seen as an important part of this movement and its development in the education governance network is defined by the struggle between free-market and Compassionate Conservative discourses for hegemony in the network.

As in previous chapters, a range of think-tanks participated in the education governance network during this era. Among the most prolific was the Centre for Policy Studies (CPS). Given the strong historic links between the Conservative Party and CPS, many of its interventions should be considered primarily, but not exclusively, aimed at affecting policy change in the Conservative Party. The Institute of Economic Affairs (IEA) also contributed research into the potential for the introduction of quasi-market reform along Nordic lines into the English school system, as did the Adam Smith Institute (ASI). The Centre for Market Reform in Education (CMRE) also published on the potential benefits of the introduction of the voucher reform, although it is relatively new and small. Think-tank actors' articulations of

⁶⁶⁹ *Neighbourhood Education: The Localist Papers, 2* (London: Centre for Policy Studies, 2007); *Direct Democracy: An Agenda for a New Model Party* (London: direct-democracy.co.uk, 2005).

the Free School reform generally align it with its free-market origins in the thought of Friedman, and, to a lesser extent, Hirschmann.

A range of other think-tanks, with more ambivalent attitudes to the free-market character of school vouchers, also participated in the education governance network. These included think-tanks such as Civitas and Policy Exchange, which tend towards analyses of civil society, but which are widely influential in producing policy for government, Labour and the Conservatives. The Social Market Foundation (SMF) has also published influential pieces about the Swedish voucher reform, discussing the potential for the creation of a 'social market' in education, a stance which is closer to 'Compassionate Conservatism' than most of the arguments put forward by CPS and the other free-market think-tanks. On the other hand, these discourses share important commonalities, which will be discussed below in the body of the chapter.

Reform, a think-tank with links to all three major parties (Conservative, Labour and Liberal Democrat) including longstanding ties to New Labour figures, has argued for education reform along Swedish lines since at least 2004. Indeed, in that year Reform hosted Anders Hultin, founder and at that time CEO of *Kunskapsskolan*, a Swedish for-profit school provider, at a conference in London. It had been arguing for the introduction of 'choice' and deregulation in the English school system for a number of years before that. Reform considers itself 'liberal', and should not be seen as an adopter of the free-market discourses common to other think-tanks. That said, as with Civitas and Policy Exchange, there was significant crossover between Reform's articulation of school reform and those emanating from ideologically free-market think-tanks.

Independent schools and school chains are another important actor in the education governance network. During the New Labour-era a number of large academy chains joined the education governance network, and at the same time, independent chains also entered the growing education market in England. For this study, the most relevant is *Kunskapsskolan*, which engaged actively with think-tanks and newspapers involved in the process of developing education policies in England. *Kunskapsskolan's* engagement with the press was most significant in the period after the passage of the Academies Act 2010, but, as Anders Hultin's engagement with Reform demonstrates, it was already well-integrated into the education governance network from a much earlier stage. *Kunskapsskolan* entered the UK education market as part of the Learning Schools Trust (LST), which manages a number of academies across the country, and which, as of 2014, has been banned from further expansion on the grounds that it was 'not focusing on learning'.⁶⁷⁰ In 2014, Ipswich Academy was rated inadequate by the schools inspectorate, Ofsted, and removed from LST's control.⁶⁷¹

Education, perhaps even more so than health, is a controversial topic and a range of media actors are engaged in the articulation and dissemination of discourses on education reform. These include the major organs of the business and popular press, the latter covering broadsheet and tabloid newspapers. This also includes *The Times Education Supplement (TES)*, which has typically maintained a relatively moderate liberal position on the issue of school reform, but has at times been supportive and critical of education reform under New Labour

⁶⁷⁰ William Stewart, 'Problem Academy Chains "Not Focusing on Learning", as 14 Are Banned from Expansion', *The Times Educational Supplement*, 20 March 2014, <https://www.tes.com/news/school-news/breaking-news/problem-academy-chains-not-focusing-learning-14-are-banned-expansion>.

⁶⁷¹ 'Ipswich Academy', School report (Ofsted, 10 July 2013).

and the Conservative-Liberal Democrat coalition. Additionally, some important media figures were heavily involved with the Conservative Party and with the creation of Free Schools during this period. In particular, Toby Young, a columnist at *The Spectator*, has been supportive of Michael Gove, Conservative Minister for Education 2010-14, and founded the West London Free School in Twickenham. For a fuller discussion of newspaper sources see 2.4.2, above.

6.4 ‘Won’t opponents dismiss this as privatisation?’:⁶⁷² Articulating a politically acceptable ‘school choice’ agenda

6.4.1 We will force you to be free!

Some of the first articulations of Sweden as a model for quasi-market reform of the English education system appeared in the early 2000s. Stephen Pollard’s *A Class Act: World Lessons for UK Education*, published through the ASI in 2001, considered the examples of the USA, New Zealand, Denmark and Sweden as models for ‘choice’ reform in the education system.⁶⁷³ Pollard noted that Denmark had ‘a long tradition of a large, publicly supported independent sector, with vouchers supported by all parties’.⁶⁷⁴ Pollard articulated the Danish system as characterised by ‘the belief that parental authority over education should be paramount’.⁶⁷⁵ Further, he stated that three-quarters of Danish education spending goes to independent schools; that Danes believe a financial contribution to independent schooling is essential, except in cases where this would cause financial hardship, and that competition between schools restrains prices.⁶⁷⁶

Nonetheless, the report noted that the majority of Danish children attended state-run schools, and the majority opting for independent schools do so, not as a result of ‘the usual, British reasons’, which Pollard understood as a desire for a socially affluent peer group or academic approach to education, but for specific pedagogical approaches, teachers or principals or an alternative educational environment.⁶⁷⁷ The report omitted to mention that a major part of

⁶⁷² Blackwell, *Better Schools and Hospitals*, 17.

⁶⁷³ *A Class Act: World Lessons for UK Education* (London: Adam Smith Institute, 2001).

⁶⁷⁴ *Ibid.*, 13.

⁶⁷⁵ *Ibid.*

⁶⁷⁶ *Ibid.*, 14.

⁶⁷⁷ *Ibid.*

the original logic of the reform was to guarantee the right to independent schooling as a means to safeguard religious freedoms. It went on to note that the strength of the independent sector is beneficial to the majority of the population attending state-run schools, because it allows for the possibility of exit: 'Danish municipal schools are successful because, if they are not, they face the threat of a mass exodus'.⁶⁷⁸

The Danish system was also held to have been 'a beneficial influence' on Sweden.⁶⁷⁹ Pollard argued that the transformation in Sweden has been one of the biggest changes in a Western education system: the 1991 voucher reform radically decentralised education to municipalities and localities, giving parents choice of any school in their area, whether municipally run or independent.⁶⁸⁰ In *Power to Parents*, John Redwood, Conservative MP for Wokingham from 1987, described the Swedish school system in similar fashion. Much like Pollard, a key concern was 'liberating demand' as means to 'prompt a great expansion of supply'.⁶⁸¹ Redwood argued for the implementation of demand- and supply-side reform, although this amounted to a call for deregulation of supply, allowing expansion in demand. He and Pollard argued that the Swedish reform had led to major growth in schools 'started by teachers, parents and educators', and both argued that fears about 'profit-driven commercialism' were unfounded.⁶⁸²

⁶⁷⁸ Ibid.

⁶⁷⁹ Ibid., 15.

⁶⁸⁰ Ibid.

⁶⁸¹ John Redwood and Nick Seaton, *Power to Parents and The True Cost of State Education* (London: Centre for Policy Studies, 2002), 9.

⁶⁸² Ibid., 9–10.

Power to Parents also demonstrated Redwood's notion of democracy in public services. While he argued that 'choice' and 'freedom' liberated schools and parents, he noted that the GM school initiative failed partly as a result of the necessity of balloting parents on whether such a change of status should be initiated. He argued that this formal democratic process 'allowed local politicians to scare some parents off, and slowed the process down'.⁶⁸³ Instead of this, he argued, freedom should be mandatory: 'All state schools should be set free by Act of Parliament' and 'reconstituted as public interest, not-for-profit private companies'.⁶⁸⁴ This would make the legal form of state schools virtually identical with those of private fee-paying schools, most of which have charitable status by law. The creation of 'choice' (i.e. 'freedom') was predicated on a very particular notion of democracy, to which formal democracy was considered extraneous. Redwood's argument implicitly considered atomised consumer choices in market transactions the proper expression of democracy, since, for him, formal democracy was subject to irrationality, unlike decisions made in markets.

On the demand-side, Redwood considered it imperative that parents control the money spent on their child's education. The best way to achieve this was through the introduction of a voucher reform. Given the extent to which voucher reform would later be articulated as a Swedish phenomenon, it is notable that Redwood only mentioned voucher reforms in New Zealand, in which vouchers are granted to the parents of poor children, and Denmark, where a parental contribution is required.⁶⁸⁵ He noted that such systems were also used by some independent fee-paying schools in Britain.⁶⁸⁶

⁶⁸³ *Ibid.*, 11.

⁶⁸⁴ *Ibid.*

⁶⁸⁵ *Ibid.*, 22.

⁶⁸⁶ *Ibid.*, 22–3.

6.4.2 'Voters don't seem especially keen on freedom.'⁶⁸⁷

In the period preceding the 2005 UK General Election, two policy publications entered the education governance network, which dealt more explicitly with strategic concerns, rather than the theoretical and empirical merits of choice and voucher reform. Norman Blackwell's 2004 publication *Better Schools, Better Hospitals*, released through CPS, set out a system of single-payer funded schooling and healthcare.⁶⁸⁸ In doing so, it made reference to a number of educational systems in Northern and Western Europe, including Denmark, the Netherlands and Sweden.⁶⁸⁹ Like Pollard and Redwood, Blackwell was as interested in the Danish system as the Swedish. This interest was directed towards the inclusion of top-up fees in the Danish system, which were explicitly prohibited in the Swedish system. The moral tenet that a personal financial contribution increases the level of commitment to a particular independent school was clearly attractive to free-market thinkers. And, considered in terms of Hirschmann's theory of quasi-market structures, the inclusion of a mandatory cost to the consumer created greater likelihood that dissatisfied parents would choose 'voice' rather than 'exit'.

Blackwell was also very concerned about the potential political controversy of a single payer scheme. Indeed, a section of the report poses and answers such questions as 'Won't opponents dismiss this as privatisation?'; and 'Does it work anywhere else, or is it just fancy theory?'.⁶⁹⁰ A key aim was therefore to articulate the policy in a way which was consistent

⁶⁸⁷ *Neighbourhood Education*, 5.

⁶⁸⁸ *Better Schools and Hospitals*.

⁶⁸⁹ *Ibid.*, 17–18.

⁶⁹⁰ *Ibid.*, 17.

with free-market signifiers, but avoided alienating terms such as privatisation. In this vein, he concluded that ‘this is the only policy that can be advocated with conviction by those who believe in small government and in encouraging personal freedom and responsibility’.⁶⁹¹

A second report published in the same year through Policy Exchange had a preface by Stephen Dorrell, formerly Conservative MP for Charnwood (1979-1997) and then for Loughborough (1997-2015) and Shadow Secretary for Education in William Hague’s Shadow Cabinet.⁶⁹²

Dorrell’s introduction noted that ‘others have been bolder in their approach’ and ‘that universal school choice ... is delivering daily benefits to hundreds of thousands of Dutch, American and Swedish children’s lives’.⁶⁹³ The report itself contained two articulations which became hegemonic in later liberal, conservative and free-market discourses on the Swedish, and to a lesser extent, Danish, school system(s). Firstly, that ‘ownership of school groups by profit-making companies is a particular feature of the Swedish system’, and secondly, that ‘independent schools can reinforce quality in state schools, provided that all schools have the necessary freedom of operation’.⁶⁹⁴

The first major articulation of school choice after the 2005 UK General Election came in a policy document produced by the Reform think-tank.⁶⁹⁵ The discourse advanced in this document was clearly intended as a means to pressure New Labour to introduce measures to broaden independent school provision, to which it had committed itself in its 2005

⁶⁹¹ Ibid., 18.

⁶⁹² Tony Hockley and Daniel Nieto, *Hands up for School Choice! Lessons from School Choice Schemes at Home and Abroad* (London: Policy Exchange, 2004).

⁶⁹³ Ibid., 6.

⁶⁹⁴ Ibid., 11–12.

⁶⁹⁵ Reform, *The Potential Benefits of Real Education Reform in England* (London: Reform, 2005).

manifesto.⁶⁹⁶ The report cited a talk given by Anders Hultin, then CEO of Swedish for-profit education chain *Kunskapsskolan*, in which he articulated the possibility of ‘choice’ not only over which school a child should attend, but a tailored education based on the individual needs of students.⁶⁹⁷ The report concluded that there was significant potential for the introduction of such reforms in England and that the removal of restrictions would lead to a massive increase in supply. The report estimated that it would amount to around twenty-five new schools per Local Education Authority (LEA).⁶⁹⁸ Such an expansion of supply is consistent with the aim of creating a market in which ‘exit’ would be a meaningful strategy for parents unhappy with their local schools.

The degree to which the New Labour government was receptive to the discourses current in the education governance network was demonstrated by the appearance the following year of a Cabinet Office document which summarised international experiences of school reform.⁶⁹⁹ The Prime Minister’s Strategy Unit report was, however, significantly more circumspect about the Swedish reform. It noted that ‘choice’ had received limited support in many parts of Sweden; that the opening of new schools had been patchy and generally concentrated in urban areas, and that the competitive pressures introduced by the reform had generally been minor.⁷⁰⁰ Although the basic assumption - that school choice and expansion of school supply is a good in itself - is shared, enthusiasm for the Swedish education model is more muted. And, despite the enthusiasm for Denmark as a model among many of

⁶⁹⁶ *Britain Forward Not Back*, The Labour Party Manifesto, 2005, 33–5.

⁶⁹⁷ Reform, *The Potential Benefits of Real Education Reform in England*, 7.

⁶⁹⁸ *Ibid.*

⁶⁹⁹ Prime Minister’s Strategy Unit, ‘School Reform: A Survey of Recent International Experience’ (London, 2006).

⁷⁰⁰ *Ibid.*, 9, 12–14.

the free-market actors in the education network, the government report was damning of the Danish education system, noting that it performed poorly in international rankings on literacy and numeracy, had low levels of accountability, and that preferences for segregation along ethnic and class lines were strong, especially in urban areas.⁷⁰¹

Although this might have undermined the logic of the creation of Nordic model for education reform, since the Prime Minister's strategy unit was so lukewarm about the empirical qualities of the Swedish and Danish education systems, this was not reflected in substantial changes to the articulations in the education governance network. This is at least partly because the attraction of the Swedish and Danish systems rests on a highly mechanistic form of reasoning, in which single-payer systems on the demand-side and deregulation on the supply-side lead to improved outcomes and enhance freedom, conceived here broadly as the ability to choose and 'exit' substandard providers. The increased supply means that 'exit' does not lead to systemic failure. The introduction of contributory principles would also encourage the use of 'voice', as it was conceived by Hirschmann, since financial costs deter 'exit' strategies, leading to an intermediate option which can also lead to improved outcomes for service consumers.

Although the Prime Minister's Strategy Unit is an important actor in the education governance network, its ambivalence about the potential of the Swedish or Danish systems as models did not have any significant effect on the success of the Nordic signifier in the network at large. Indeed, the discourse of Sweden and Denmark as potential models for public service reform in England had already begun to filter outwards into the media as early

⁷⁰¹ Ibid., 43–47.

as 2005. In that year, Alan Milburn, Labour MP and former Minister for Health, called for the introduction of schools modelled along the lines of Swedish Free Schools, noting that this was ‘a critical test of New Labour’s ability to set the future agenda’.⁷⁰² This discourse began to be echoed in the specialist press, under the influence of actors involved in the think-tanks. An article by Andrew Haldenby, director of the think-tank Reform, in the *Times Education Supplement*, argued that England should be adopting the ‘forward-looking model’ of the Netherlands, Sweden and Denmark, in response to the decline of government’s role in ‘the mass production of services’.⁷⁰³ It echoed free-market arguments calling for the removal of the ‘artificial barrier between public and private provision’, and argued that the success of large school chains such as *Kunskapsskolan* in Sweden demonstrated the obsolescence of a public monopoly in education.⁷⁰⁴ The elevation of the signifier ‘choice’ to a guarantee of universal satisfaction is demonstrated by Haldenby’s formulation that ‘greater parental choice, schools released from central interference and politicians able to concentrate on the big picture – the world of 2025 looks like a happy place’.⁷⁰⁵

Although the Prime Minister’s Policy Unit remained ambivalent about the particular benefits of the Swedish and Danish systems, it was fundamentally convinced of the logic of school choice. The articulation of Sweden and Denmark as reformist models, however, was particularly developed among political actors affiliated with the UK Conservative Party. If there was general agreement that the Nordic countries presented a model for increased

⁷⁰² Alan Milburn, ‘Phew! We Might Face a Battle for the Centre Ground’, *The Independent*, 18 October 2005.

⁷⁰³ Andrew Haldenby, ‘Greater Parental Choice, Schools Released from Central Interference’, *The Times Educational Supplement*, 21 January 2005.

⁷⁰⁴ Ibid.

⁷⁰⁵ Ibid.

choice and the implementation of an NPM-style quasi-market, there was less strategic agreement about how this should be achieved politically.

This strategic disagreement is made particularly clear by a pamphlet produced by a group of Conservative figures, some of whom were, or became, MPs. 'Neighbourhood Education', part of a series titled *The Localist Papers*, was published in 2007 through CPS. Although it accepts the logic of supply-side reform and the introduction of parental 'choice', understood as 'freedom', it is critical of the political positions adopted by Pollard, Redwood and Blackwell. It also situates itself in opposition to a report published through the Adam Smith Institute in the same year which advanced NPM arguments for the adoption of a Swedish 'choice' model.⁷⁰⁶ Their summary of voucher reform programmes is worth quoting at some length:

For a long time, conservatives called this policy "vouchers". Then, finding that voters found the v-word intimidating and wonkish, they shifted their language. Today, they prefer to talk about "choice".

V-word or c-word, the policy has obvious attractions. In every other sphere of life, the removal of government tends to lead to enterprise, diversity and growth...[A]ll these arguments have merit. But the policy of "school choice" has two serious drawbacks, one strategic and one tactical.... The strategic drawback is that is that any national voucher scheme is open to being manipulated, distorted or terminated by an ill disposed government.... The

⁷⁰⁶ James Stanfield et al., *The Right to Choose? - Yes, Prime Minister! Road Map to Reform: Education* (London: Adam Smith Institute, 2006).

tactical objection is, quite simply, that voters don't seem especially keen on freedom when applied to the field of education.⁷⁰⁷

As the Localists see it, the problem is neither the policy itself, nor its basic aims, but its deployment as part of a political strategy by free-market actors.

The Localists were therefore concerned to articulate a 'school choice' policy as part of a political project which embedded independent provision as part of a conservative articulation of civil society institutions. It is therefore not surprising that *Neighbourhood Education* understood British schooling as part of a tradition of 'private initiative of religious and charitable foundations'.⁷⁰⁸ This articulation of schools as linked to civil institutions was further expanded: 'state-funded schools today, even if they are subject to direction from central and local government, are nominally owned and run by independent institutions, including churches, charities and private businesses'.⁷⁰⁹ This is clearly influenced by the 'Compassionate Conservative' agenda (see 2.3.3, above), and it is significant that Jesse Norman, the author of *Compassionate Conservatism*, was a contributor to *Neighbourhood Education*. In common with Norman's articulation of civil society institutions as sites which can help further a traditionally conservative, anti-state political project, the Localists argued that this focus on the traditional communitarian character of institutions could be reconciled with the introduction of NPM reforms. They claimed that schools 'need to be liberated once again – and subjected to the healthy competition of new entrants'.⁷¹⁰ It is interesting that this agenda can reconcile voucher reforms with a more traditional moral conservatism, especially

⁷⁰⁷ *Neighbourhood Education*, 5.

⁷⁰⁸ *Ibid.*, 10.

⁷⁰⁹ *Ibid.*

⁷¹⁰ *Ibid.*

given that Norman had so forcefully rejected Friedman and the Chicago School, and would later expand his critique to include public choice theorists more generally following the 2008 financial crisis.⁷¹¹ In this discourse, then, the communitarian logic of moral conservatism could be reconciled with the atomistic logic of vouchers and choice, through the argument that conservative institutions require competition to retain their dynamism.

The report goes on to cite the experiences of the Swedish and Danish school systems. In common with Redwood and Pollard, the Localists found much to recommend in the Danish school system. In keeping with the argument that many groups providing education were motivated by religious belief, the Danish system was articulated as a feature of late 19th century Lutheranism.⁷¹² Moreover, the Localists were impressed that the scheme had survived long periods of social democratic hegemony in Denmark. They are concerned that any school choice programme be embedded at the local level in order that it not be 'manipulated, distorted or terminated by an ill-disposed [read: social democratic] government'.⁷¹³ The Danish system therefore represented a model both in terms of the reform itself, but also strategically. Not only was the nature of the policy itself, in particular the inclusion of top-up fees, consistent with moral arguments for financial contributions and the introduction of quasi-market structures, but the durability of the reform was part of its appeal, since central government acted purely as regulator of outcomes in an otherwise entirely independently provided system.⁷¹⁴

⁷¹¹ Norman, *Compassionate Conservatism*, 58; Norman, *Compassionate Economics*, 26; Norman, *The Big Society*, 59–77.

⁷¹² *Neighbourhood Education*, 9.

⁷¹³ *Ibid.*, 5.

⁷¹⁴ *Ibid.*, 9.

According to the Localists, as an electoral calculation the Social Democrats could not afford to alienate those parents who use independent schools, explaining their survival. A similar argument was made of the Swedish experience of voucher reform. The report noted that its introduction by Carl Bildt's Moderate-led coalition included top-up fees, but that this aspect of the reform was reversed by the Social Democrats, who increased the value of the voucher from 85% to 100% of the value of school fees. On the other hand, the SAP 'found it politically impractical to scrap [the voucher reform] when in power'.⁷¹⁵ The report therefore revealed anxiety about the potential to implement reforms in conditions of social democratic political hegemony, something which was clearly of concern for a Conservative Party which had been out of office for almost a decade at the time of the report's publication. On the other hand, this articulation of the Nordic countries arguably misrepresented them as primarily characterised by state intervention by Social Democratic governments hostile to civil provision. In the Danish case especially, this is not necessarily true. The importance of civil society organisations such as trade unions and other non-governmental actors is omitted from this discourse. Moreover, the Localists do not countenance the possibility, which many Nordic actors have argued for, that the existence of a strong and interventionist state can actually safeguard local autonomy and high levels of personal freedom.⁷¹⁶ This demonstrates the extent to which the articulation of the Nordic signifier with 'choice' in British governance networks can misrecognise or ignore important features of Nordic discourses about the Nordic social compact, in favour of distinctively British understandings of the relationship between state, institutions and individuals.

⁷¹⁵ Ibid.

⁷¹⁶ See, for example, Trägårdh, 'Statist Individualism'; Kielos, 'Flight of the Swedish Bumblebee'.

The report notes the entrance of ‘chains of profit-making schools’ is a ‘particular feature of the system’ in Sweden.⁷¹⁷ This was something in which the Localists were particularly interested, not least because the extension of independent structures would ‘allow the all-important freedom to fail’.⁷¹⁸ The articulation of schools as institutions, understood in a traditional conservative sense, was nonetheless dependent on a proposed system which was consistent with quasi-market reform. The difficulty for the Localists was therefore that the policy had been poorly packaged, not a rejection of the underlying logic of the policy itself. Rather than using the ‘v- or c-words’ or other such ‘wonkish’ language, the report asserted a ‘moral right to decide’ on the part of parents.⁷¹⁹ It was thus intentionally aligned with traditional Thatcherite discourses, but also with the articulation of the Danish education system as an august, religiously inspired reform.⁷²⁰

Neighbourhood Education should be seen as an attempt to re-articulate free-market ideas as part of a traditionally conservative political project, while retaining, through intellectual sleight of hand, much of the underlying logic of New Public Management reforms. This was consistent with the at that time nascent Compassionate Conservative agenda. The enchainment of both ‘choice’ and the traditional ‘conservative’ signifier with the Nordic countries is therefore an interesting strategic choice, and one which would be much expanded when the Conservatives entered a governing coalition in 2010. This articulation of the Nordic education systems imagined their reforms as fundamentally liberal, but durable in

⁷¹⁷ *Neighbourhood Education*, 10.

⁷¹⁸ Ibid.

⁷¹⁹ Ibid., 11.

⁷²⁰ See, for example, Margaret Thatcher, *The Right Approach (Conservative Policy Statement)* (London, 1976), <http://www.margaretthatcher.org/document/109439>; Margaret Thatcher, *Speech to Conservative Women’s Conference* (London, 1988), <http://www.margaretthatcher.org/document/107248>.

the face of 'ill-disposed' social democratic governing coalitions. Given that the Localists and free-marketers agreed that the primary feature of the Nordic systems which safeguard liberal reform is localism, it is easy to see the attraction of the Nordic signifier as a model for the implementation of liberal conservative reform.

6.4.3 Conclusions

While the education governance network was in relative agreement during this period about the necessity for the introduction of 'choice' into the English school system, there was much more limited agreement about how this should be achieved. CPS had produced a number of policy reports which argued for the creation of a NPM structure and proposed various reforms, including deregulation of supply and demand, as well as the introduction of a voucher and personal financial contribution in order to create conditions for 'exit' and 'voice' along the lines developed by New Public Management theorists. In the early 2000s the focus was on the Danish education system, not least because of the moral and pro-market argument that financial contributions create commitment to a school and financial costs which restrain 'exit' and promote 'voice' as an important strategy. A particular feature of this articulation was its ambiguous relationship with democracy. Proponents of a 'choice' agenda in education tended to implicitly view individual consumer choices as more meaningful expressions of democracy than voting. These arguments are therefore enchained with the Master signifier 'democracy' in a way which re-articulates democracy as a feature of rational choice within markets, rather than in society at large, since irrational forces, such as 'local politicians', can distort the rationality of decision-making outside markets.

Where there was dissent from this view within the network, it was generally on strategic, rather than ideological grounds. In fact, the level of agreement among actors, from New Labour and the Prime Minister's Office to the Conservative Party and the various think-tank actors with which they engaged, is striking. Although the Downing Street Strategy Unit questioned the success of Danish and Swedish reforms, it demurred on the basis that they either did not produce improved outcomes or choice (or both). If anything, this criticism intensified the hegemonic logic of 'choice'. Outside Downing Street there was basic agreement that the Nordic countries represented a good model. However, especially in the UK Conservative Party, Denmark was articulated in a much more conservative institutional fashion, and Sweden was by far the less popular model of the two, although the presence of profit-making school chains was generally considered a particularly attractive feature of the Swedish education system.

6.5 'It's a bit like IKEA: everything is simple and the same.':⁷²¹ Creating standardised bespoke education

6.5.1 From proposal to policy

The attempt to articulate and design a Free Schools policy became more intense after 2008. There was a sharp increase in the volume of work produced by established think-tanks and the level of interest in the business and popular press also rose. Between 2008 and 2010, the think-tank actors in the education governance network published ten separate policy reports, which used the Swedish voucher reform as a model or were otherwise influenced by some aspect of the reform. *The Economist* published five articles devoted to the subject of the Swedish Free School reform, the *FT* a further four, while many liberal and conservative national newspapers began to publish detailed feature pieces about the Swedish education system, including its school chains, particularly *Kunskapsskolan*. This period marks the entry of *Kunskapsskolan* as a more active participant in the education governance network, especially in its interactions with the print media. To a greater or lesser degree, the aim was to elaborate a policy which had become hegemonic in the education governance network and which would be adopted by the Conservative Party in the lead up to the 2010 UK General Election.⁷²²

Generally speaking, the discourse was structured around five primary signifiers which were chained together in a particular order of priority. These were that a Swedish/Nordic model of education comprised:

1. Increased choice for parents

⁷²¹ Hilary Douglas, 'Why We Could Learn from Sweden's IKEA Education', *The Sunday Express*, 22 March 2009.

⁷²² Ibid.

2. the liberation of demand, leading to
3. increased supply and competition, which would
4. push up standards in independent *and* publicly run schools, but would cause
5. no increase in inequality and better outcomes for students

This articulation of the Swedish school system was consistent not only with NPM theories of markets in public services, but also enchained itself with the Master signifier 'democracy'.

NPM theories assume a corporate structure in the provision of public services which stifles individual choices. For free-market theorists these choices *are* democracy, and any attempt to suppress 'choice' not only decreases personal freedom, but is also undemocratic. The introduction of market structures is therefore the only acceptable way to democratise public services. The iconoclastic nature of this extension of 'choice' is emphasised by the refusal 'to tolerate a system that restricts choice to those who can afford private education or a mortgage on an expensive house in the catchment area of a so-called good state school'.⁷²³

The implicit argument, that lack of 'choice' restricts democracy to those who can afford it, is clear. Moreover, this articulation of school choice with 'democracy' creates a discourse in which all parties could potentially be satisfied by the division of responsibilities entailed by market reforms.

In *Swedish Lessons*, published in 2008 through Civitas, Nick Cowen summarised this possibility as follows:

⁷²³ Nick Cowen, *Swedish Lessons* (London: Civitas, 2008), xii; Brian Monteith, 'Sweden's Path to Real Parent Choice', February 2005.

Essentially, different responsibilities are delegated to those in a better position to uphold them. The government has the responsibility to fund schools; teachers and educationalists are responsible for managing schools; and parents are required to choose between the available schools. So long as the system is permitted to be responsive to the choice that parents make, no child need go without a place at a desired school.⁷²⁴

By chaining the signifier Swedish signifier with 'choice' conceived in this way, Cowen positioned Sweden as a guarantee of the utopian possibility of a rational ordering of English schooling along these lines. Sweden also offered the possibility for a reconciliation of egalitarianism and freedom, neutralising the antagonism which is usually implied in liberal thought systems. Significantly, Sweden emerged as a Northern utopia in much the same way as it had been historically understood by social democrats. However, in this case it was a liberal utopia, which has realised a form of democracy, at least in its education system, which positioned actors in particular roles with reference to one another and in doing so allowed for the creation of a democracy of market choices.

Moreover, the common feeling in Sweden that the education system had entered a generalised crisis was acknowledged with disbelief,⁷²⁵ since, at least structurally, the Swedish system appeared to safeguard freedom and equality. This scepticism of market failure demonstrates the mechanistic sense of the relation between signifiers which informs free-market discourses. During this period, articulations of the Swedish school system as a source

⁷²⁴ Cowen, *Swedish Lessons*, 6.

⁷²⁵ Cheryl Lim, Chris Davies, and Sam Freedman, *Helping Public Schools Succeed* (London: Policy Exchange, 2008), 74.

of market-based solutions began to appear in the business press, a sign that it had become hegemonic within the education governance network.

A series of articles in *The Economist* argued that the introduction of a Free School reform in England could 'raise standards for all', 'increase parents' choice', loosen 'the bureaucratic grip on the power to open new [schools]', and 'inform decisions about what to teach'.⁷²⁶ Although the association of 'choice' models with Sweden was a core part of the structure of the signifying chain, it is interesting that, given the mechanistic nature of the operation, Sweden itself is incidental. Its status as an empty signifier could just as easily be assumed by Denmark, or indeed anywhere else. The creation of 'choice' in itself, would achieve these goals, since the introduction of greater freedom through the implementation of market structures is a necessary consequence according to this kind of formal logic.

The signifier 'competition' formed an equally important part of the developing discourse. Not only would competition result necessarily from the introduction of the profit motive, it also generated positive outcomes. The formal logic could be glossed by the cliché 'the rising tide lifts all boats', since as new Free Schools improved so would other schools as a result of the competitive pressures created by the possibility of 'voice' and 'exit'. The introduction of the profit motive had therefore been generally accepted within the education governance network, but was a source of anxiety for networked actors given its controversial nature with the general public.

⁷²⁶ 'Free to Choose, and Learn', *The Economist*, 5 May 2007; 'A Classroom Revolution', *The Economist*, 24 April 2010; 'The Swedish Model', *The Economist*, 14 June 2008; 'Cutting the Knot', *The Economist*, 29 May 2010.

Discussion of the potential for greater efficiency as a result of the introduction of the profit motive formed an important tenet of the argument for reform as a way of justifying profit-making education providers. This was generally confined to the business press, as discussion of the profit motive with regard to public services generally caused alarm and led to resistance among the general population. *The Economist* and the *FT* both published articles about the introduction and implications of for-profit companies in the Swedish school system. The former noted that ‘Big-State Social Democratic Sweden’ is an unusual place to find a ‘free-market revolution’ but was nonetheless interested in the implications for businesses of entering public service markets in these areas, noting that return on investment was generally 5-7% per year.⁷²⁷ Both the *FT* and *The Economist* reported the opening of two not-for-profit academy schools in London (schooling for-profit is illegal in the state sector in England) and the *FT* argued that Sweden demonstrated that the introduction of for-profit providers into the education system need not necessarily entail ‘a rip-off’.⁷²⁸

Given its controversial status, conventional articulations of Sweden as a social democratic and equal society were deployed as a means to defend the introduction of profit into English schooling. This was virtually explicit in *The Economist*, but it was put forward far more subtly in the popular press.⁷²⁹ The second means to defend the profit motive was with reference to a ‘common sense’ proposition of liberal economics. *The Economist*, for example, cited Anders Hultin of *Kunskapsskolan* claiming that ‘[lack of profit motive] will surely mean fewer schools

⁷²⁷ ‘The Swedish Model’.

⁷²⁸ Jane Bird, ‘Commercial Learning: Business Seeks Rewards for Results’, *The Financial Times*, 4 November 2010.

⁷²⁹ ‘A Classroom Revolution’; Catherine Nixey, ‘A Swedish Blueprint for Our Schools’, *The Daily Telegraph*, 6 March 2010; Sonia Exley and Stephen Ball, ‘Something Old, Something New... Understanding Conservative Education Policy’, in *The Conservative Party and Social Policy*, ed. Hugh Bochel, 2011, 105, http://www.social-policy.org.uk/lincoln/ball_exley.pdf advance a similar argument about the use of Swedish schools as a model.

opening'.⁷³⁰ Two articles in the same issue of *The Daily Telegraph* made the same argument, noting that 'the decision to harness the profit motive is expected to boost the programme's chances of success'.⁷³¹ In many ways, this was a logical corollary to the argument that parents should be allowed to choose their child's schooling. If parents needed to be incentivised, through choice and personal contributions to engage with the education market, companies also required similar incentives to expand supply. A further argument given in favour of the introduction of profit-making in school provision was the existing use of large security and estates management firms, such as Serco. The provision of some educational services by private firms was used to demonstrate that the expansion of private provision in teaching was not ideologically inconsistent with existing regimes for the provision of other services in English schools.⁷³²

The strategy here is clear. The association of Sweden and the explicit equation of the profit motive with expansion in supply and improved outcomes allow quasi-market policies to be articulated in such a way that opposition is dismissed as irrational and motivated purely by ideology, especially given the common idea that private-public splits are artificial. This has the additional benefit of making the ideological functioning of the discourse itself transparent due to the 'common sense', necessary nature of its propositions. Moreover, the use of Sweden and the retreat from the use of the Danish system as a model was probably a result of the Swedish provision of a voucher to the full value of a school year, given the unpopularity of user-charging in public services. The use of Sweden avoided this controversy.

⁷³⁰ 'Making Them Happen', *The Economist*, 26 September 2009.

⁷³¹ Isabel Oakeshott, 'I'll Get Every Child Reading - Then I'm Gone', *The Daily Telegraph*, 11 April 2010; Jack Grimston and Isabel Oakeshott, 'Conservatives to Let Firms Run State Schools at a Profit', *The Daily Telegraph*, 11 April 2010.

⁷³² Bird, 'Commercial Learning'.

A common theme in this discourse was the comparison of chain school education with Swedish companies with which casual readers were familiar. This generally meant comparison with the furniture giant IKEA, which appears to have been encouraged by Per Ledin, CEO of *Kunskapsskolan*. In an interview with *The Economist*, Ledin compared his chain's education programme with a McDonald's Big Mac burger.⁷³³ This created a rather contradictory description of a form of schooling tailored to the needs of each individual student,⁷³⁴ which simultaneously provided total standardisation of the curriculum through the introduction of learning via a web portal.⁷³⁵ The emphasis on common standards is further demonstrated by the removal of lesson planning from the remit of individual teachers. Instead, 'all the lesson plans covering the national curriculum are meticulously worked out by the best experts in each subject'.⁷³⁶ This would allow teachers to spend more time in the classroom, 27 hours instead of an average of 17 (also given as 20 in a different article from 2010) in Swedish municipal schools.⁷³⁷ The implications of this are interesting. Rather like the simplification of manual jobs into single monotonous tasks, which began in the 1980s, the *Kunskapsskolan* model suggested that a similar operation might be possible in intellectual professions, at least to some degree.

Furthermore, although the model argued that it was bespoke for the student, the introduction of a rigid curriculum would remove all teacher discretion over how subjects should be taught. In effect, therefore, the expert or experts compiling such a curriculum

⁷³³ 'The Swedish Model'.

⁷³⁴ Douglas, 'Sweden's IKEA Education'; Nixey, 'A Swedish Blueprint for Our Schools'.

⁷³⁵ 'The Swedish Model'.

⁷³⁶ Douglas, 'Sweden's IKEA Education'.

⁷³⁷ Ibid.; Hilary Douglas, 'Tories Take a Peek at Sweden's School Revolution', *The Sunday Express*, 23 May 2010.

would, in theory, have complete control over the content of lessons for all students at chain schools. As early as 1993, Stephen Ball identified a conflict over curriculum contents between ‘cultural restorationists’ and ‘modernisers’ over what should be taught in schools.⁷³⁸ A similar conflict broke out during Michael Gove’s tenure at the DfE over changes to the curriculum in favour of more ‘traditional’ subjects and modes of analysis. Catherine Nixey, writing in *The Daily Telegraph*, argued that *laissez-faire* attitudes to schooling, such as those found in Swedish Free Schools, were alien to the Conservative Party, but given the degree of control which could be gained over the curriculum through the implementation of such a reform, perhaps the interest among ‘cultural restorationists’ is easier to explain.

More generally, the tension between the ability to offer a completely bespoke learning experience, yet totally standardised results, is not really explored, but it suggests an attempt to resolve the antagonism between equality of opportunity and equality of outcome. However, it remained unclear how a system which so rigidly prescribes what students should know could be considered bespoke. Taken together, this exposes the emptiness of the Swedish signifier. Discursively, it functions by helping neutralise the antagonisms between particular signifiers, such as ‘choice’, ‘profit’, and ‘equality’. The presence of *Kunskapsskolan* executives articulating the Swedish model is significant, since it demonstrates that Swedish actors were active in English governance networks and had an important role in creating new meaning for the Swedish model signifier.

⁷³⁸ Ball, ‘Education, Majorism and “the Curriculum of the Dead”’, 197.

6.5.2 The Conservative Manifesto and the Academies Act 2010

The Academies Act 2010 was the third legislative action of the incoming Conservative-Liberal Democrat coalition government. Given the speed with which the Act was passed, much of the process of justifying the Act took place after its passage into law. While there had been significant activity within the education governance network before 2010, therefore, it was necessary for the Conservative Party and the Secretary of State for Education, Conservative MP Michael Gove, to expend considerable energy justifying the introduction of the reform to both the wider public and actors, such as teachers and their unions, who had been excluded from the policy creation process. This effectively continued until 2014, when Gove was removed from his post and the battle which he had been waging against the teachers' unions over the substance of the reform was effectively declared lost by his inner circle and the government at large.

The period from 2010 onwards might be best characterised by the attempt to resolve the tensions between different imperatives embedded within the Free School reform. Although major portions of the reform agenda had been developed with reference to free-market theories arguing for the introduction of choice, competition and the profit motive, there was also the logic of the Big Society/Compassionate Conservatism agenda around which the Conservative Party had developed portions of the logic of its policy. However, this was problematic from a strategic perspective, as, even within the Conservative Party, the logic of the Big Society reform was not universally accepted. This section will therefore compare the hegemonic nodal points found in the 2010 Conservative Manifesto and David Cameron and Michael Gove's speeches from his period with the free-market articulations of the Free School policy set out in the preceding sections. What emerges is a discourse in which the Nordic

countries do not feature strongly, but the work of associating the policy with them, using signifiers such as '[real] choice', 'freedom' and the association of these empty signifiers with the master signifier 'democracy' has already been substantially accomplished.

Articulations of the policy which became commonplace in Prime Ministerial and Ministerial speeches in this era also form a portion of the 2010 Conservative Manifesto. In what will become a theme in the discourse on this policy when articulated by Conservative politicians, this includes ideological signifying chains originating in both the free-market liberal and Compassionate Conservative strains. Ideologically speaking, one of the key points of tension arose between the aims to grant freedom and impose particular values. This should be considered the legacy of the policy's articulation in the education governance network from as early as 2002.

The Conservative Manifesto focused extensively on the potential for improvements to the school system by delivering 'higher productivity and better value for money for taxpayers'.⁷³⁹ This would be achieved by 'increasing diversity of provision, extending payment by results and giving more power to consumers'.⁷⁴⁰ This mirrored the free-market arguments put forward in the education governance network, but was couched in muted terms, probably for fear of alienating voters with alarming 'wonkish' language such as that described by the Localists.

⁷³⁹ *The Conservative Manifesto*, 4–5, 27.

⁷⁴⁰ *Ibid.*, 27.

Despite the developed discourse on school 'choice' found in the Manifesto and the explicit invocation of Sweden's Free Schools, there is only one mention of Sweden in the manifesto. Tellingly, the critical and, to the free-marketers, most attractive component of the reform, the introduction of for-profit firms is oblique in the manifesto. This portion of Sweden's reform is virtually euphemised:

[The Free Schools] have been founded by foundations, charities and others – and they have attracted pupils by offering better discipline and higher standards. Because any parent can take the money the Swedish Government spends on their child's education and choose the school they want, standards have risen across the board as every school does its best to satisfy parents.⁷⁴¹

This articulation of Sweden is consistent with the image created in the preceding discussion of the voucher reform, but important portions are removed, added or euphemised. For example, the claim here that Swedish Free Schools offer 'better discipline' is extraneous to the discourse as elucidated by the policy networks and contradicts some established stereotypes about the positive behaviour of Swedish pupils.⁷⁴² Moreover, in the discussion of groups which have founded Free Schools, the 'others' are a rather significant category, given that they are for-profit educational chains, which had been participating actively in English education governance networks.

Despite this, the Free Schools policy found in the 2010 Conservative Manifesto is not heterodox and there is significant continuity between the manifesto and the Academies

⁷⁴¹ Ibid., 50.

⁷⁴² Nixey, 'A Swedish Blueprint for Our Schools'; Douglas, 'Sweden's School Revolution'.

White Paper which was released in the same year.⁷⁴³ Importantly, given the extent to which the Free Schools policy had been associated with Sweden, and a similar, earlier, policy with Denmark, there is no mention of either in the White Paper. Finland, however, is mentioned, even though it had not appeared before then and had not implemented choice or quasi-market reforms in its education system.⁷⁴⁴ This no doubt reflected Sweden's slide down the OECD's Programme for International Student Assessment (PISA) rankings table. Finland was the highest European (and Nordic) performer, while Shanghai, South Korea and Hong Kong performed best overall.⁷⁴⁵ This was rather inconvenient from the perspective of the education governance network, since Sweden's ranking would continue to fall in the 2012 PISA rankings.⁷⁴⁶ Furthermore, all of the best performing systems were comprehensive, not based on parent choice or NPM structures. The Conservative Party's preference for a Finnish model, arguing for improved teacher training,⁷⁴⁷ rather than a Swedish one which de-emphasised the role of teachers, probably reflected this change.

This strategic change notwithstanding, the Free Schools reform was articulated throughout the 2010 White Paper as an argument in favour of 'freedom' and 'autonomy' for schools. There were several case studies of North American school systems in the USA and Alberta, Canada, as well as studies of voucher-based Charter Schools in Los Angeles and New York.⁷⁴⁸ Sweden was conspicuous by its absence, despite the name of the policy originating in Sweden. There were nonetheless obvious echoes of the Swedish reform in the presentation of the

⁷⁴³ Department for Education, *The Importance of Teaching: The Schools White Paper 2010*, 2010.

⁷⁴⁴ *Ibid.*, 3–7.

⁷⁴⁵ OECD, 'PISA 2009 Results: Executive Summary' (Organisation for Economic Co-operation and Development, 2010), <http://www.oecd.org/pisa/pisaproducts/46619703.pdf>.

⁷⁴⁶ Organisation for Economic Co-operation and Development, 'PISA 2012 Results in Focus', 2014, 1–44.

⁷⁴⁷ Department for Education, *The Importance of Teaching*, 24.

⁷⁴⁸ *Ibid.*, 51, 58.

policy for English schools. In particular, the use of non-purpose built school buildings, a key feature of the Swedish Free Schools model, was included, with assurances of support from the Department for Education where necessary.⁷⁴⁹ Significantly, perhaps to assuage fears that the Academies Act 2010 was likely to introduce entirely new principles into the English education system, articulations of ‘freedom’ and ‘autonomy’ were made wherever possible with reference to existing academies founded during the New Labour era.⁷⁵⁰ Existing English academies were also used to support claims typically associated with Sweden in the education governance network, such as arguments about looser regulation of supply being better able to meet parental demand in certain areas.⁷⁵¹

The pivot from Sweden to Finland and, to a lesser degree, the United States and Canada, exposes an important feature of economic and public service modelling. Given Sweden’s status as an empty signifier surrounded by other signifiers articulated in *necessary* relationships with one another, it could easily be replaced by any other signifier which was elastic enough to receive new ideological content. The fundamental idea of modelling is that by articulating ideological claims with reference to particular signifiers which exist in-the-world, so to speak – such as Sweden, Finland or Norden – these ‘models’ stand as guarantors of the ideological claims, which, by dint of this process, are cleansed of their ideological natures.

⁷⁴⁹ Ibid., 59. Indeed, the Conservatives originally maintained that financial support from the DfE would not be part of the policy, but it was nonetheless included in the White Paper. This elicited serious criticism later when financial support began to be granted to Free Schools in practice.

⁷⁵⁰ Ibid., 54–55.

⁷⁵¹ Ibid., 63.

The elasticity of the Nordic signifier is also evident in a range of speeches by David Cameron and Michael Gove from 2010 onwards. For example, in 2011, David Cameron described the Conservative Party's aims in a speech at a Free School in Norwich thus:

One: ramping up standards, bringing back the values of a good education.

Two: changing the structure of education, allowing new providers in to start schools – providing more choice, more competition, and giving schools greater independence.

And three: confronting educational failure head-on.⁷⁵²

Summarised abstractly in this fashion, it is already possible to sense an implied contradiction between aims one and three, and aim two. How will the policy introduce greater choice *and* bring back specific values? This tension increases when Cameron moves on to give further details about the policy. Although the policy entails freedom for schools, he says, it is also a question of 'the values you bring to the classroom'.⁷⁵³ This referred to an emphasis on basic attainment and core subjects, using prescribed methods such as synthetic phonics,⁷⁵⁴ as well as greater discipline in the classroom. The proposition that the policy would enhance schools' freedom while simultaneously imposing specific teaching methods became rather difficult to sustain,⁷⁵⁵ especially as this was to be introduced alongside shakeups to the structure of assessment and measures to incentivise 'rigorous', 'core academic subjects' such as English, maths and the sciences.

⁷⁵² David Cameron, 'Free School Speech', (Speech, 2011), http://www.huffingtonpost.co.uk/2011/09/09/david-cameron-speech-on-f_n_955264.html.

⁷⁵³ Ibid.

⁷⁵⁴ The merits of synthetic phonics as a means for improving literacy are not as clear as implied by recent Conservative education policy and the method has been accused of lacking a substantial evidential basis. See Exley and Ball, 'Something Old, Something New... Understanding Conservative Education Policy', 103.

⁷⁵⁵ Ibid.; H. Holmlund and S. McNally, 'In Brief ... A Swedish Model for UK Schools?', *CentrePiece* 14 (2010): 21.

Nevertheless, in other ways Cameron's speech was consistent with the ideological framework put in place by the education governance network. This was especially true in his deployment of the signifier 'real choice'.

Everything I've spoken about so far is about driving up standards. But the truth is this: The way we make sure these things happen in every classroom, in every school is by changing the way education is delivered in our country. It's about changing the structure of education – spreading choice, giving schools more independence, recognising the need for competition so we create real and permanent pressure in the system to encourage schools to drive improvements.

That's what we're doing.

Instead of parents having to take what they are given, we are giving them real choice in where their child goes to school and backing that decision with state money, with an extra payment for those from the poorest backgrounds. And to make that choice really meaningful, we are making everything that matters about our education system transparent.⁷⁵⁶

This assertion of 'real choice' echoes the articulation of the signifier used by the education governance network, but does so in a way which is also reminiscent of John Redwood's mandatory freedom (see section 6.4.1 above).

⁷⁵⁶ Cameron, 'Free School Speech'.

The assertion that the introduction of ‘competition’ is the only means by which ‘choice’ can be ‘real’ and that parents should not have to accept ‘what they are given’, radically alters the frame of how English education would be provided under this revised system. In this articulation, freedom could only be achieved through entrance into the market, since only a competitive market could allocate resources efficiently and effectively. While this, in theory, gives parents ‘real choice’, more often the choice appears to be made in some section of the education governance network, whether by the Secretary of State for Education, a trust (or company as part of a trust), its stakeholders, investors or whoever. Despite the supposedly radical nature of this choice, such an articulation narrows the political framework in which choices are made to those acceptable within NPM market theories: the one choice which becomes unavailable in this schema is that of a well-funded comprehensive school run by the Local Education Authority. Indeed, within this discourse only a consumer without appreciation of his or her own best interests would make such a choice, since decisions arrived at through negotiation in a formal democracy are not rational, a position articulated much more explicitly by John Redwood.

It is therefore, in a sense, analogous with Slavoj Žižek’s elaboration of Soviet ‘real democracy’, which he argues is just another name for ‘non-democracy’.⁷⁵⁷ He notes that in Soviet elections candidates were vetted in advance, since the ‘true interests of the People’ may be ‘subjected to all kinds of demagogy and confusion’.⁷⁵⁸ This is an exact corollary of the argument advanced by Redwood, and made implicitly by Cameron. In ‘real democracy’ the Party takes

⁷⁵⁷ Žižek, *The Sublime Object of Ideology*, 166.

⁷⁵⁸ *Ibid.*, 166–67.

such decisions, in an NPM system these decisions are taken by the market (or the actors in the education governance network, which is the next best thing).

Michael Gove's speeches are formally structured along similar lines, although they are replete with distinctive rhetorical flourishes. Gove would comfortably fit the 'cultural restorationist' designation developed by Ball, and his speeches are therefore tinged with nostalgia and tread a line between articulation of education as a moral imperative and appeals to 'choice' based mechanisms, reflecting the tension between Compassionate Conservative and free-market impulses at work in the Free School reform. This comes through clearly in a speech at Cambridge University from 2011. Gove polemicizes 'liberal learning' as a 'civilising mission' and a 'moral duty', which invokes, apparently intentionally, high imperial, paternalistic language.⁷⁵⁹ This is very different from the bland idiom generally adopted by contemporary British politicians. He clearly revelled in this appeal to liberal and conservative statesmen of the nineteenth-century, noting that he admired 'their intellectual and cultural self-confidence, and in particular the great ambitions they harboured for the British people'.⁷⁶⁰ He went on to inveigh against 'structuralism, relativism, and post-modernism' and invoked the pleasures of Wagner.⁷⁶¹

⁷⁵⁹ Michael Gove, *Speech to Cambridge University*, 2011, 2, <http://www.cpp.csap.cam.ac.uk/media/uploads/files/1/gove-lecture-to-cambridge-university-.pdf>.

⁷⁶⁰ Ibid.

⁷⁶¹ Ibid., 3–4. Given the penchant for such invective against 'degenerate intellectuals' among mid-twentieth century European dictators, and their well noted fondness for Wagner, it is unclear why Gove would consciously or unconsciously echo the intellectual positions of fascists and Nazis. On the unrelated, but interesting issue of Romanticism and the 'degenerate art' of Jews such as Schönberg, see Max Horkheimer and Theodor Adorno, *Dialectic of Enlightenment*, ed. Gunzelin Schmid Noerr, trans. Edmund Jephcott (Stanford, CA: Stanford University Press, 2002). Especially chapters on 'The Culture Industry' and 'Elements of Anti-Semitism'.

Returning to the themes of 'liberal learning' as a 'civilizing mission', Gove argued for the power of educational reform through an appeal to Jade Goody, a British celebrity and Big Brother contestant, who died of cervical cancer in 2009. Before her death, Goody set aside the money for her children to receive an elite, private education, a theme which Gove played with in his speech. He used the example of Goody, a long-time single mother from a working-class background, as an argument in favour of the expansion of elite education to all, but implicitly to the English working classes. Perhaps intentionally, this made his articulation of education policy even more reminiscent of the mid- to late nineteenth century bourgeois attempt to 'civilise' the working class. In what became a common theme of Gove speeches, he praised 'innovative approaches to liberal learning'; the 'entitlement to knowledge and cultural capital' and 'rigorous educational achievement'.⁷⁶²

Indeed, in a speech hosted at the Social Market Foundation, a core member of governance networks in health and education, Gove returned to the theme of traditional forms of education in a discussion of the work of the Italian Marxist thinker, Antonio Gramsci.⁷⁶³ Gove summarised Gramsci as an opponent of 'progressive education', noting that Gramsci felt this 'risked depriving the working classes of the tools they needed to emancipate themselves from ignorance'.⁷⁶⁴ In other words, the competitive elitism of traditional education created the necessary conditions for egalitarianism, or, at least, social advancement. The accommodation of Gove's conservative articulation of education reform with the free-market rationale behind

⁷⁶² Michael Gove, *Michael Gove Speech to the National College of Teaching and Leadership*, 2013, <https://www.gov.uk/government/speeches/michael-gove-speech-to-teachers-and-headteachers-at-the-national-college-for-teaching-and-leadership>; Michael Gove, *Speech to the Social Market Foundation*, 2013, <http://www.smf.co.uk/michael-gove-speaks-at-the-smf/>; Michael Gove, *Speech to the RSA*, 2009.

⁷⁶³ Gove, *Speech to the Social Market Foundation*.

⁷⁶⁴ Ibid.

the policy therefore became clear. Just as the actors in the education governance network argued that freedom to choose and competition would improve outcomes, not just for the parents of children in independent schools, but in state-run schools, so Gove claimed that the freedom to enjoy a traditional liberal education is the key to social advancement.

Gove's idiosyncratic idiom aside, the underpinning ideological frame of the discourse still revolved around the signifiers 'freedom', 'choice' and the Master signifier 'democracy'. In the earliest phase of the reform this generally operated with reference to a Nordic signifier, usually either Denmark or Sweden, as a model to demonstrate the concrete qualities and practicability of such a reform. Cameron and Gove's speeches articulate these traditionally free-market signifiers, arguing in favour of 'parental choice' and 'pluralism of supply' as consistent with a traditional conservative notion of educational practices.⁷⁶⁵ They contended that the extension of freedom would lead to the introduction of more effective discipline and 'liberal learning'.

A corollary to this was the argument that such autonomy should not be 'restricted just to those schools which exercise the new freedoms' and that freedom and choice should be extended not just to parents, but also teachers who would be given 'greater control over how they teach' in academy schools.⁷⁶⁶ The strategic movement towards control for teachers probably reflected the extent to which Gove and the DfE found themselves embroiled in conflicts with the teachers' unions, especially the National Union of Teachers (NUT) and the

⁷⁶⁵ Gove, *Speech to the RSA*.

⁷⁶⁶ Michael Gove, *Michael Gove Speech on Strikes and Pensions*, 2011, <http://www.michaelgove.com/news/michael-gove-speech-strikes-and-pensions>.

National Association of Schoolmasters Union of Women Teachers (NASUWT).⁷⁶⁷ Significantly, the conflict between Gove and the DfE and teachers' unions, reflected the structure of the education governance network. Although a 'choice' discourse had become hegemonic in the network, it is notable that teachers and their unions had been almost entirely excluded from the network, which favoured think-tanks, education providers, and members of the national media. The hegemony of the position within the network therefore excluded important stakeholders in the policy architecture itself, leading to significant difficulties and conflicts of interest arising *after* the Academies Act 2010 had been passed. This idea is supported by the fact that most articulations of a Free Schools discourse by Conservative Party and governmental actors, including the majority of speeches cited in this study, occurred from 2011 onwards.

6.5.3 Conclusions

Choice and voucher reform had become hegemonic in the education governance network before its adoption by the Conservative Party. Its inclusion in the 2010 Conservative Manifesto and propagation in the business and popular media should be seen as an indicator of its success. On the other hand, Conservative politicians recognised that portions of the plan were controversial and were therefore eager to minimise the potential for criticism on this basis. Paradoxically, this meant minimising the association with Sweden and de-emphasising the emergence of for-profit schooling there, something which had been a major attraction of the reform in the first place. Sweden's decline in the PISA rankings and the emergence of

⁷⁶⁷ Jaymi McCann, *Nearly Half of All Parents Don't Trust the Coalition with Their Child's Education*, 2013; Dan Milmo and Jeevan Vasagar, 'Teachers' Unions Plan Joint Protest in Autumn: NUT and NASUWT Join Forces against Policies Gove's Inner Circle May Welcome Distraction', May 2012; Toby Young, *Left-Wing Journalist Gets Almost Every Fact Wrong in Hysterical Attack on Michael Gove*, 2012.

Finland, a country with a highly comprehensive system of education, was probably also partly responsible for the shift towards a non-Nordic discourse. The potential for a reform constituted along Danish lines had been dropped entirely by 2010. Despite this, the Free Schools association with the Nordic countries never really disappeared.

Michael Gove's articulation of the Free School policy was notable for its attempt to reconcile the free-market arguments for increased supply to produce the possibility of 'voice' and 'exit' and a conservative discourse which emphasised traditional values and 'liberal learning'. A key strategic failure of Gove's tenure was his articulation of school reform as basically inconsistent with the interests of teachers. As a result, the DfE was forced to fight a number of pitched battles with teachers and their unions, groups which had been basically excluded from the policy creation process in the education governance network. The result was that a choice policy which had been hegemonic in the network since at least 2005 gained little traction among teachers and parents, leading to a difficult period after the passage of the Academies Act 2010. Moreover, Gove's tendency to invoke 'elite education' and inveigh against 'progressive education' only served to alienate teachers and unions further, creating an impasse which may ultimately have been responsible for the failure of the policy. The exclusion of essential stakeholders from the network made the process of achieving hegemony in the network itself more straightforward, since the Government Departments, including Downing Street and the DfE, the major political parties, think-tanks, interested corporate actors and the media all agreed with the fundamental logic of the policy. At the implementation stage, however, the policy met significant resistance from actors who had been excluded from this process, creating conflict and ultimately failure, which intervention from the DfE and the Minister of State were unable to resolve.

6.6 Conclusions: Not Swedish Enough!

It was noted in the preceding section that one of the functions of modelling was a means to establish ideological positions with reference to an external signifier, in this case 'Sweden', which would act as guarantor of a policy, and which would efface the ideological character of the policy discourse. This is well demonstrated by a movement within the education governance network which rejected the government's reform on the basis that it did not go far enough. In particular, the creation of actual Free Schools, including several high-profile schools in West London, one of which was founded by the journalist and Conservative-supporter Toby Young, made the possibility of the introduction of voucher reform and profit-making seem more achievable, leading to a further push from some actors in the education governance network to gain acceptance for it in the network and across the political parties.⁷⁶⁸

This position was well summarised by the report *School Vouchers for England*, published through the ASI in 2012. In this report, James Croft, Gabriel Sahlgren and Anton Howes argued that 'the Free Schools policy, which was borrowed from Sweden, should be more Swedish'.⁷⁶⁹ The reform was therefore accused of introducing a kind of decaffeinated market reform, which failed to introduce the profit motive and other market features. Significantly, this also allowed policy actors who had supported the policy to disavow it, since it was not Swedish enough. This is not the only policy document to have advanced such an argument since the passage of the reform in 2010. A number of such pieces have been published by Gabriel Heller

⁷⁶⁸ Bird, 'Twickenham: Ambitious Swedes Put Academy to the Test'; 'Cutting the Knot'.

⁷⁶⁹ James Croft, Gabriel H. Sahlgren, and Anton Howes, *School Vouchers for England* (London: Adam Smith Institute, 2012).

Sahlgren, in collaboration with a number of other scholars, through various organisations, including the Centre for Market Reform of Education (CMRE), which is effectively a two-person operation. These arguments have tended to focus on the introduction of the profit motive into education, arguing that the failure to do this in England has made the policy a failure. In *Dis-location*, published through CMRE, he argued that profit is essential for the stimulation of expansion in supply. Moreover, Free Schools founded on a for-profit basis, he claimed, have been more successful at reflecting the general social makeup than those which operate on a not-for-profit basis.⁷⁷⁰

Sahlgren advanced similar arguments in a paper for the IEA in 2010, called *Schooling for Money*, in which he summarised and defended the Swedish reform, and argued that ‘without the profit motive, the UK’s reform may fail’.⁷⁷¹ This argument rested on the claim that without the introduction of the profit motive there would be no incentive for increases in supply. According to free-market logic, this would have two related consequences. Firstly, there would be insufficient competition to allow for ‘exit’ and ‘voice’, and secondly, there would be no wider pressure on the state system to improve. He claimed that the Swedish voucher reform had been successful primarily as a result of the introduction of the profit motive, and argued that the introduction of the reform in England had not gone far enough. *School Vouchers for England* advanced the same broad argument in these areas, but hoped for a far wider series of measures. This included: the introduction of for-profit providers; the abolition of geographical catchment areas altogether; the introduction of ‘school performance’ data, which ‘the market should decide how to use’; the extension of the Pupil Premium to benefit

⁷⁷⁰ Gabriel H. Sahlgren, *Dis-Location* (London: The Centre for Market Reform of Education, 2013), 22.

⁷⁷¹ Gabriel H. Sahlgren, ‘Schooling for Money: Swedish Education Reform and the Role of the Profit Motive’, in *IEA Discussion Paper*, vol. 33 (London: Institute of Economic Affairs, 2010), 5.

low-attaining pupils; and the expansion of vouchers into existing independent schools. The report also rehashes classic NPM arguments about the need to deregulate demand as a means of encouraging improvements in supply.

The downside of the modelling operation presents itself here. Sahlgren, in particular, has several times adopted a position which articulates the Swedish Free Schools as basically a success, a view which is not necessarily shared in Sweden or by other organisations.⁷⁷² However, the defence of a somewhat unpopular or declining system on which a model had been created became a strategic necessity. Even in cases where policy actors evaluated reforms positively an appeal to the logic of ‘choice’ and ‘competition’ as mechanistic signifying logics can still be invoked.⁷⁷³ On this basis, Croft et al. therefore claim that:

Research does not always take into account that most systems worldwide suffer from significant flaws; the ability of choice programmes to deliver strong positive competition effects is therefore highly dependent on the rules by which schools must compete with one another. The results of cross-national research therefore most likely represent only the lower-bound positive effects that choice programmes might bring to education.⁷⁷⁴

⁷⁷² Richard Orange, ‘Sweden Urged to Rethink Parents’ Choice over Schools after Education Decline; OECD Recommends Comprehensive Reform Including Revised School Choice Arrangements and More Effective Regulation’, *The Guardian*, 4 May 2015.

⁷⁷³ It is worth noting that other academic studies not cited in these policy publications have been significantly more ambivalent about the positive effects of school choice reform. The form of analysis chosen, and the metrical weight attached to particular indicators can be a strong predictor of the outcomes of studies of school choice reforms. Anders Böhlmark and Mikael Lindahl, ‘Evidence from Sweden’s Voucher Reform: Does School Privatization Improve Educational Achievement?’, *IZA Discussion Paper Series*, no. 3691 (2008): 34; Anders Fredriksson, ‘On the Consequences of the Marketisation of Public Education in Sweden: For-Profit Charter Schools and the Emergence of the “Market-Oriented Teacher”’, *European Educational Research Journal* 8, no. 2 (2009): 299–310; Anne-Lise Arnesen and Lisbeth Lundahl, ‘Still Social and Democratic? Inclusive Education Policies in the Nordic Welfare States’, *Scandinavian Journal of Educational Research* 50, no. 3 (2006): 285–300.

⁷⁷⁴ Croft, Sahlgren, and Howes, *School Vouchers for England*, 14.

In other words, even where choice reforms had been implemented, the potential benefits of 'choice' and 'competition' may have been underestimated, it was argued. Where results had been underwhelming, it was the result of systemic flaws, since, within the structural mechanistic logic of the policy, positive outcomes and improved supply follow *necessarily*.

The Academies Act 2010 was widely considered a failure. Although it did lead to the foundation of a significant number of new academies and Free Schools, it was generally thought to have been flawed in its implementation. It aroused significant opposition from the major teaching unions, local government, schools and parents, and did not provide many of the benefits which it claimed. From the perspective of the education governance network, however, it represented a failure to fight hard enough for the logic of school choice and competition. Indeed, the failure of the policy in practice led to renewed calls for NPM market reforms to broaden supply and arguments in favour of the introduction of vouchers along Swedish lines.

The ideological logic which articulated the Swedish voucher reform as a signifier into a chain with 'choice' and 'competition' was therefore immune to the empirical failure of the reform in England and the questions which were being posed about its efficacy in Sweden. This is because the formal mechanistic logic which informs choice discourse is intuitive. That is to say, it is not possible to go out into the empirical world and identify 'choice' in the sense in which it is commonly understood in NPM theory. The logic of modelling obscures the intuitive nature of the discourse. The very fact that it is possible to trace the formal necessary logics of the discourse in the fashion I have done here is suggestive that the results implied by these

signifying chains do not follow empirically. Returning to the quote from Lacan offered in chapter two, above, it is clear that 'the value of the operation' is clearly in this fact. The introduction of a model, of which the Nordic model is perhaps the best example, allows the formal nature of the reform to be hidden.

Conclusion

7.1 Research questions and main findings

7.1.1 Questions

My thesis has sought to answer three research questions related to the use of the Nordic model in British politics:

1. How is the Nordic model articulated in British governance networks today? How has it developed and changed over time?
2. Which actors have articulated these discourses and why have they done so?
3. What effects, if any, has this process had on UK public policy?

These questions were generated based on an analysis of literature on the Nordic model stretching back to the 1950s. It was argued that while the Nordic model had been relatively stable from the 1950s until the end of the 1980s, the model was shaken by three major events in the 1990s: firstly, the end of the Cold War and its ensuing global political reconfigurations; secondly, the Swedish financial crisis of 1991/2; thirdly and finally, the Social Democratic Party's defeat in the 1991 Swedish General Election and the gradual decline of its institutional and political hegemony in Sweden.

A view developed, which was widespread in the 1990s, that the Nordic model as such was dead. However, it was also noted that, to misquote Mark Twain, reports of the Nordic model's death had been greatly exaggerated. By the 2000s, articulations of the Nordic model bore precious little resemblance to the socialist utopia of the 1950s and 1960s. Rather, Nordic and non-Nordic enthusiasts for the model understood Norden as a place

where New Public Management (NPM), quasi-markets and economic liberalism could be reconciled with social equality and high standards of living.

The perceived success of these reforms in the Nordic countries was watched intently by UK policymakers. It was from this perspective that the thesis set out its problematic with the aim of identifying hegemonic discourses of the contemporary Nordic model in UK governance networks; who the primary actors involved in this process were; and the consequences of this in terms of public policy.

7.1.2 Summary conclusions

The argument presented in this study has been wide-ranging and covered significant bodies of literature. This thesis began by situating itself in relation to academic discussions about the nature of the Nordic countries, some of which stretch back to the 1970s or even earlier. The research questions driving the thesis emerged from a critical analysis of the literature from the 1970s to the 1990s which tended to view the Nordic model as a socially democratic form of organisation and noted that there was consensus on this point between social democrats, socialists and conservatives, although interpretations of whether the Nordic social model constituted utopia or dystopia were contentious.

This articulation of the Nordic model was heavily conditioned by the political hegemony of the Swedish Social Democrats, which began to decline in the 1980s and finally broke in the aftermath of the 1991/2 Swedish financial crisis. The election of a government led by the Moderate Party (*Moderata samlingspartiet*) under the leadership of Carl Bildt, led to the creation of new articulations of the Nordic countries which were in line with liberal

discourses. This intensive period of re-articulation in Sweden was a key factor in the temporary breakdown of the Nordic model more generally.

Altered political circumstances internationally and domestically necessitated a re-formulation of identities for the Nordic model and the individual Nordic countries, especially Sweden. This was examined through consideration of a mixture of academic, popular, and party political literature from that era which examined the currents which underpinned the creation of a new Nordic identity.

What emerged from this analysis of academic interpretations of recent historical and political developments comparing European countries and political parties was that scholars have tended to consider phenomena as nationally discrete or, alternatively, as passively conditioned by outside forces, such as globalisation. I argued that, while these contributions are valuable, they tend to obscure the political agency of actors and the national and transnational steering networks in which they operate. I then set out the 'Third Way' and 'Compassionate Conservative/Big Society' agendas of successive British Labour and Conservative governments respectively. This was informed by the argument that the ideological currents which conditioned these approaches to society were essential to understanding the models of the Nordic countries which successive Labour and Conservative-led governments produced.

The relevance of the ideological articulations of the Nordic model became clear through my analysis of three key policy debates. The first of these analyses looked at the creation of Nordic models of political economy in two theorised networks, one of which was primarily

comprised of social democratic actors and the other of free-market actors. It argued that the social democratic network was concerned with the possibility of the creation of a social democratic hegemony. This tended to focus on the creation of corporate structures in British industrial relations, but eschewed the idea of modelling specific regulations from the Nordic countries in a British context. It was much more interested in the potential for the neutralisation of the antagonistic signifiers 'freedom' and 'equality', arguing that the Nordic countries had resolved this social antagonism through corporatist strategies. The articulation of Sweden as a free-market success from the mid-2000s and the decline of social democracy in Europe and the New Labour political project in the UK meant a redirection of social democratic interest away from Sweden towards Denmark.

The free-market network argued the opposite. Free-marketers generally argued that 'globalisation' made modelling obsolete, and attempted to re-articulate Nordic success as a feature of liberalisation, deregulation and openness to trade. The structure of the Nordic welfare states was a particular site of attack. Free-market actors generally argued that corporate structures amounted to both a moral and democratic hazard, and that the introduction of greater freedom and choice into the Nordic economies since the 1990s had reversed what they saw as an aberrational 'mad quarter of a century', beginning in the 1970s.

Finally, two competing Schumpeterian discourses were examined. One argued for free-market, entrepreneurial regimes which lowered tax rates and incentivised risk-taking, while the other argued for a form of bureaucratic socialism, consistent with many of the tenets put forward by social democratic actors.

The second policy debate under consideration was a Nordic model of reform in the English NHS. It argued that during the New Labour era the Nordic signifier was seen as a means to reconcile the antagonisms between 'choice' (i.e. freedom) and 'equality', which was a key concern of Labour's health reforms. The difficulty of breaking with quasi-market logic necessitated a gradual change in the articulation of health reform back towards, 'choice', 'competition', and 'markets'. However, the use of the Nordic countries, especially Sweden, as a potential model for these reforms persisted.

The hegemonic logic of 'choice' in the health governance network was seen as a primary cause for this. I contended that it also stemmed from New Labour's need to defend a taxation-funded healthcare model which was under increasing attack from Conservative politicians and free-market orientated networked actors, many of whom hoped to introduce a so-called 'Bismarckian' social health insurance system in England. The entrance of new actors, including a Swedish for-profit healthcare company, assisted the articulation of Sweden as a possible model for market reform of the NHS. The logic of 'choice' and the rejection of 'equality' was intensified with the creation of Conservative-Liberal Democrat coalition which deepened competitive market logics in the NHS in England in line with the hegemonic discourse which had developed in the New Labour era.

Finally, I examined the development, propagation and implementation of a Swedish-style Free School reform in England. This theorised the development of a governance network which included the Department for Education, the Minister for Education, political parties,

think-tanks, the media, and *Kunskapsskolan*, a Swedish chain of for-profit education providers. It noted that most calls for reform were structured along the lines of New Public Management market reforms, which aimed to deregulate supply, 'liberate' demand, and create the possibility of 'exit' and 'voice' in public services. While early incarnations of the policy favoured Denmark, because, it was argued, personal financial contributions incentivised commitment, and therefore the use of 'voice' as a strategy, this was later dropped as politically unacceptable. Similarly, while policy actors had initially been most positive about the introduction of for-profit education providers in the Swedish system, these had virtually disappeared by 2010. Strategic disagreements about the free-market or conservative articulation of the policy masked the general consensus that the introduction of markets and competition constituted the proper expression of democracy in public services. The exclusion of important political actors, such as teachers and their unions, from the education governance network was suggested as a reason why the reform was subject to such high levels of resistance during its implementation phase and why it was eventually considered a failure by actors across the governance network.

7.2 Limitations of this study

This empirical portion of this thesis began by identifying several networks and attempting to theorise networked actors' relationships to one another. The majority of the empirical discussion in the previous three chapters analysed various different forms of textual material produced in these networks. There were two significant limitations to this. Firstly, that the thesis limited itself to networks operating primarily, but not exclusively, in the UK. And secondly, that the vast majority of the source material considered here was taken from official publications.

UK governance networks are well developed, adaptable and have a startlingly large range of interests. Part of the limitation was therefore a purely practical one. Given the sheer quantity of material produced in the UK alone, it would have been impractical to include Nordic material as well, notwithstanding the difficulty of collecting, archiving and examining publications produced in five languages, two of which – Finnish and Icelandic – I cannot even read. On the other hand, this means that the thesis probably underestimates the extent of the reach of Nordic actors. For example, three highly significant Swedish actors - *Kunskapsskolan*, the Free School chain, Timbro, a Stockholm-based think-tank, and Capio, the private healthcare provider - appeared in the study only when they engaged with UK-based actors, or operated independently in the UK. However, it is clear that there are deep and productive networks operating in Sweden and that domestic Swedish connections help actors gain influence transnationally. Timbro, for instance, has longstanding connections to the Swedish Employers Association, and the IEA in London.

The substance of the thesis was drawn almost exclusively from material which can be found in the public domain. Given that the aim of the thesis was to identify and examine the creation of hegemonic discourses, this was a logical choice. Necessarily, however, this means that the analysis of political strategies given here does not include private correspondence, internal discussions of aims and the like. Insight into the strategic discussions behind specific articulations, whether in government, think-tanks or in news rooms, to give just three possible examples, would be inherently interesting for any study preoccupied with the creation of political strategies. What were actors' goals for particular articulations? How did actors relate to each other? Did they possess wider systemic goals or narrow sectional interests? Etc. etc.

In essence, however, this is a thesis about the Nordic model in the UK rather than governance and transnational political networks. For this reason, I focused on conducting a discourse analysis which would answer research questions about the Nordic model, instead of focusing on the networks which created those discourses, although naturally these were integral to the study. I am however convinced that conducting a more thorough network analysis focused on links between the UK and the Nordic countries would yield interesting results and further substantiate claims I have made about the nature of transnational political relations, national and transnational governance structures and potentially raise interesting questions about the nature of contemporary democracy in Northern Europe.

7.3 Implications and future directions

7.3.1 The Nordic countries

The Nordic model which emerges from public policy governance networks in Britain is a complex one. It is riven with tensions between liberal, free-market articulations, emphasising deregulation and consumer choice, and social democratic discourses which have attempted to reconcile this deregulatory tendency with notions of equality in public services. A key feature of the Nordic countries as seen in British governance networks is the tendency for Norden, Sweden, Denmark, and to a lesser extent, Norway and Finland, to disappear and reappear haphazardly from discourses. This has little to do with the qualities of their social systems, and much more to do with the potential strategic consequences for networked actors. The politically problematic nature of Denmark's top-up fees in schooling, or Sweden's slide down international attainment rankings, for example, might necessitate the temporary, or permanent, removal of them from public policy articulations in England.

One thing that can be said is that the discourse on the Nordic countries which has developed in English governance networks has tended increasingly to see the Nordic model as a system which is characterised by the neutralisation of particular antagonisms. The Nordic countries have apparently solved the tension between flexibility and security in their labour markets, through a mixture of corporate structures or supply-side reform, depending on which governance network you belong to. The Nordic model has also been seen as proof that the introduction of 'choice' policies can be reconciled with improved outcomes and expanded supply. The mixed public service provision which has been implemented in the Nordic countries, especially Denmark and Sweden, since the early 1990s was seen as proof that the imperatives of public choice, private service provision and equality could be reconciled. Less

widely acknowledged is the enduringly controversial nature of these developments in the Nordic countries.

Where antagonisms and political conflict over NPM in countries in Norden were acknowledged, this was often greeted with disbelief, since, from the perspective of the hegemonic discourse in the governance networks considered here, the necessary character of improvement was considered well provided for by Nordic regulatory regimes. For this reason, I would argue that the Nordic model as such does not exist. That is to say, the Nordic signifier is constitutively empty and appropriates meaning primarily through its enchainment with other signifiers. In the examples considered in this study these were generally 'choice', 'freedom', 'equality', and 'democracy'.

There is a sense in which the re-importation of NPM policies from the Nordic countries represents something of a paradox. As noted in chapter five, market-based public services are sometimes referred to as 'the American Way' in Sweden. Such policies could equally be referred to as the British Way, given the extent to which British actors were instrumental in the propagation of these programmes in the 1980s. It is therefore tempting to point out that British policy actors are using foreign models of policies which they themselves developed in previous decades. However, in my view, this would represent a drastic over-simplification. Nordic actors have been involved in transnational networks propagating free-market ideas since the foundation of the Mont Pelerin Society in 1947. Moreover, Nordic performance on wellbeing and other metrics is clearly a primary motivator of interest for British governance networks. On the other hand, British governance networks are particularly prone to mechanistic understandings of economic and social developments and tend to treat social

systems as discrete, and acted upon by global forces, making it difficult to know the extent to which such ideas about policy transfer would be influential even if they were thinkable within the free-market thought system.

In chapter one, I quoted Magnus Ryner asking whether the Nordic model could 'provide effective mythologies for politics elsewhere'. My answer to this is unequivocally, yes. However, as has been demonstrated in the three case studies given above, the assumption that this be a social democratic model is highly questionable. The Nordic model which emerges from public policy governance networks in Britain is at best ambiguous, but is arguably enchaind more extensively with classically liberal, free-market signifiers such as 'choice' and 'competition'. The Nordic signifier, in Britain at least, is therefore used as a means to reinforce particular notions of market democracy which are consistent with the political philosophical propositions of free-market thinkers such as Milton Friedman and Friedrich von Hayek. In this view, 'democracy' is considered a feature of rational choices in markets. Indeed, some actors in British governance networks, including Members of Parliament, such as John Redwood, have been explicit in their rejection of the possibility that formal democratic structures can produce 'rational' outcomes.

One criticism that I sometimes receive about my work from scholars working on the Nordic countries is that my conclusions about the changes to the Nordic model are already well understood. The move towards NPM reforms and changes to the Nordic economies have been going on since the 1990s, it is argued, and the Nordic model has changed to reflect the higher levels of political disagreement about political economy and public services in the Nordic countries. As I have implicitly argued throughout this thesis, in my view, changes to

the hegemonic discourse of the Nordic model are far more complex than that. Political actors have employed strategies over significant periods of time which have re-articulated previously stable identities in line with policies which, in extreme cases, flatly oppose historical Nordic assumptions about social organisation.

How can such contradictory understandings of the Nordic model co-exist? At some level, this question is rather childish. Clearly, differences in understanding of particular objects occur as a result of political disagreements. So far, so naïve. But if the question is really so straightforward, then it should be simple to theorise these disagreements. What is the field in which such disagreements occur? Who is involved? Why (and where) does it matter? When put in this way, though, the question is surprisingly difficult to answer coherently, although there are several good attempts at doing so.⁷⁷⁵ I would like to conclude this sub-section by noting that my approach to understanding and theorising the relationship between Nordic and extra-Nordic discourses on political economy have led me to make two prosaic, but nonetheless important observations: firstly, political conflict over the content of the Nordic model increasingly occurs on a transnational basis. Secondly, the actors involved in this process may or may not be representative of wider Nordic societies, but, partly as a result of the strength and influence of formal and informal governance networks in contemporary Western politics, the discourses which they articulate have concrete effects within and without Norden.

⁷⁷⁵ Jenny Andersson, 'Growth and Security: Swedish Reformism in the Post-War Period', in *Transitions in Social Democracy: Cultural and Ideological Problems of the Golden Age*, ed. John Callaghan and Ilaria Favretto (Manchester: Manchester University Press, 2006), 118–34; Kazimierz Musiał, 'Reconstructing Nordic Significance in Europe on the Threshold of the 21st Century', *Scandinavian Journal of History* 34, no. 3 (2009): 37–41; J. Magnus Ryner, *Capitalist Restructuring, Globalisation and the Third Way: Lessons from the Swedish Model* (London: Routledge, 2002).

7.3.2 Social steering

This study was concerned to make a number of observations about the operation of social steering in contemporary British/English society. It argued that the production of policy and social steering was generally conducted by well-integrated actors with established relationships to one another. Many of those considered here have been researchers in public policy think-tanks, but there has also been a motley cast of politicians, business leaders, journalists, third sector groups and leaders, and other public figures. The character of British governance networks is heavily conditioned by the nature of its actors and the quality of their relationships.

This study theorised different governance networks in different areas of public policy. This was founded on a criticism of conventional assumptions about the field in which public policy is created. Although this study is by no means definitive, I hope that it has demonstrated some of the possible benefits of adopting such an approach to analyse the production of social and economic steering, especially if the object of study is not the networks themselves but their relationship to other objects, in this case the Nordic model.

Chapter three argued that network analysis is essential to content analysis, although as noted above (see 7.2) there were practical limits to the depth of this analysis. Having conducted such an analysis, I think it is worth making several observations about how the constitution of networks relates to the policy publications and discourses which they produce. The first is that networks have symbiotic relationships with the ideologies which they propagate and sustain. For example, it is only possible to argue for such networks in the first place because

the actors themselves have constituted their actions around the acceptance of public services as discrete phenomena. The ideological position, accepted by successive governments from the Thatcher era onwards, that industrial policy was anathema to the operation of free markets, has created and sustained governance structures which are primarily interested in public services as distributive structures, which they either support, unreservedly or with qualifications, or oppose.

In terms of the networks which were theorised and analysed here, it is therefore not surprising that in the area of political economy there was barely even engagement between actors holding different views. The basic compact which sustained the New Labour era, and which fell apart in the aftermath of the 2008 financial crisis, was that markets should be free, would produce rational outcomes, and should therefore be allowed to operate without interference which risked distorting market signals. There was basic agreement that, since the labour market is also a market, it should be open and clearing, and, at most, intervention should be made to ameliorate the consequences of market forces. As a result, while substantial agreement was possible about the running and operation of public services, discourses which argued for labour market intervention and stimulation of demand in 'unproductive' parts of the country and those which argued for free markets could not be integrated with one another.

To return to the brief discussion of the British vote to leave the European Union, given in the introduction, there has been belated acknowledgement in some quarters that the articulation of parts of the country as inherently unproductive produced anger and appalling social consequences. This found a kind of expression in the European referendum, although it has

not been widely articulated as such in the mainstream at the time of writing in February 2017. Nonetheless, there are clear signs that the consensus is gradually fracturing and the ideological currents which sustained it with reference to, among other things, necessary logics and economic modelling, are beginning to crack in the face of the impotent rage unleashed by the referendum.

Though I am no unqualified cheerleader for the EU as it is currently constituted, it is primarily domestic steering networks which have been responsible for the creation of this hegemonic ideology in Britain, and attempts to blame the Other as the blockage of Britain's realisation of itself as a full identity, whether that Other be the EU or immigrants and refugees, miss their mark. Further analysis into the networks which have developed, sustained and propagated these discourses and effaced their ideological character should be an urgent priority for future research on British governance structures.

7.3.3 Modelling as an ideological operation

What are the implications of this study for modelling operations more generally? Although implicitly this study has offered a critique of the operation of modelling as a formal process, it is worth making this criticism explicit. Throughout this thesis, I have offered the argument that the Nordic model gains its meaning primarily through articulation with other social signifiers. This operation is generally used as a means to empirically support the creation of political economic or public service agendas which are constructed around necessary logics. That is to say, particular inputs require particular outputs: choice and competition lead to expansion of supply; growth leads to inequality; markets are best placed to arbitrate information and/or price signals. These propositions are mechanistic and intuitive. Their

articulation with a model, whether that be Nordic, German or Antipodean, provides these necessary logics a concrete ground in which they have already been empirically realised, even though, within their theoretical formal logic, they have always been true.

Modelling therefore takes ideological propositions, which do not necessarily follow empirically, and cleanses them of this ideological content, asserting them as pragmatic, successful, and empirically realisable. The Nordic model is a particularly good example of this, given that the Nordic countries perform well on most wellbeing metrics and have historically been admired for their social outcomes, in contrast to the USA, or, indeed, Britain.

This is particularly well demonstrated by claims, made in both health and education governance networks in Britain, that NPM reforms modelled on Sweden are not Swedish enough. Indeed, in the case of the English free school reform, many free-market actors in the education governance network concluded that it was the failure to implement a true market which led to the failure of the reform. It was argued that ‘most systems worldwide suffer from significant flaws’: it is reality that is the problem, the theory is fine. Unintended consequences are the result not of the failure of the theoretical framework, but structural flaws in public policy systems.

Formal theoretical frameworks comprised of necessary relations between intuitive concepts are synchronic. Consider the tension between historical (*The Communist Manifesto*) and structural (*Capital: Volume 1*) readings of Marx. As a result, such operations almost always produce static models, which map regulations and imply causation. This compounds a tendency in model-making to design systems which are ‘perfect’.

There is significant room for a larger project concerned with the study of political modelling. Given that one of the founding goals of the Centre for Policy Studies (CPS) in 1974 was to study the West German *Wirtschaftswunder* of the 1960s, it is clear that modelling has an august history. The multiple levels at which models are created and understood also suggests fertile ground for further investigation. Excluding the Nordic model, off the top of my head I can think of: the European Social Model, the German *Mittelstand*, the Dutch ‘polder model’ (of consensual socio-economic decision-making), and the ‘Chilean model’ of public services, sometimes associated with Chile’s rapid deregulation under General Augusto Pinochet. In the field of social policy, the Portuguese model of drug policy could be included. There are presumably more. What are these models and how do they work? Do they function in the same way as the Nordic model? Why do political actors sometimes seem to prefer modelling to the adoption of clear ethico-political positions?

I would argue that this also reveals the futility of operations which are structured around formulations such as, ‘the Nordic countries are commonly thought of as..., but, actually...’. Firstly, such operations misrecognise the empty character of models. Just as Britain is, the Nordic countries are constituted by their antagonisms, their identities and structures are not static. Moreover, attempts to refute intuitive categories with reference to empirical reality cannot be successful. Secondly and relatedly, such attempts risk sustaining the logics which appeal to modelling in the first place. To argue that Swedish voucher reforms have not brought the benefits of choice, or have led to greater inequality for disadvantaged groups, does nothing to challenge the logic of ‘choice’ and vouchers, since the intuitive necessary logics which sustain these positions are immune to empirical criticism. A proper engagement

would therefore seek to disestablish models from a position which exposes their formal character and reveals them as ideological.

My argument is at some level reminiscent of Slavoj Žižek's re-writing of Lacan's famous designation of the 'right-wing intellectual' as a 'knave' and the 'left-wing intellectual' as a 'fool'. For Lacan, the knave is a realist, who accepts the consequences of his or her realism and therefore admits, when necessary, that he is a crook. The 'fool' is foolish in the Shakespearean sense, he or she is naïve, but 'truths issue from his mouth'.⁷⁷⁶ For Žižek:

Today, after the fall of Socialism, the knave is the neoconservative advocate of the free market who cruelly rejects all forms of social solidarity as counterproductive sentimentalism, while the fool is a deconstructionist cultural critic who, by means of his ludic procedures destined to 'subvert' the existing order, actually serves as its supplement.⁷⁷⁷

The proper response to the operation of modelling is therefore neither its refutation on specific empirical grounds, nor its subversion through qualification, or deconstructive operation, but the systematic exposure of its ideological and phantasmatic character. The question becomes then, not 'what is the [Nordic] model today?', but 'why is the [Nordic] model *necessary*'?

⁷⁷⁶ Jacques Lacan, *The Ethics of Psychoanalysis: The Seminar of Jacques Lacan VII*, trans. Dennis Porter (London: W.W. Norton & Company, 1992), 182–3.

⁷⁷⁷ Slavoj Žižek, *The Plague of Fantasies* (London: Verso, 1997), 45–6.

Eight – Backmatter

A – List of Abbreviations

ASI	Adam Smith Institute
CMRE	Centre for Market Reform in Education
CPS	Centre for Policy Studies
CTC	City Technology College
DfE	Department for Education
DoH	Department of Health
EC	European Commission
ERM	European Exchange Rate Mechanism
EU	European Union
EFTA	European Free Trade Area
FT	The Financial Times
GM	Grant Maintained (school)
GP	General Practitioner
IEA	Institute of Economic Affairs
IMF	International Monetary Fund
IPPR	Institute for Public Policy Research
LO	Swedish Trade Union Confederation (<i>Landsorganisationen i Sverige</i>)
LSE	London School of Economics and Political Science

MPS	Mont Pelerin Society
NHS	National Health Service
NPM	New Public Management
OECD	Organisation for Economic Cooperation and Development
PCT	Primary Care Trust
PISA	Programme for International Student Assessment
SAF	Swedish Employers Association (<i>Svenska Arbetsgivareföreningen</i>)
SAP	Swedish Social Democratic Party (<i>Sveriges socialdemokratiska arbetareparti</i>)
SHA	Strategic Health Authority
SHI	Social Health Insurance
SMEs	Small and Medium Enterprises
SMF	Social Market Foundation
TES	Times Education Supplement

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