



Ola Larsmo

A struggle for modernity

What does Sweden's rejection of the euro really mean?

Sweden, or so it is often claimed, rejected the euro in the recent referendum out of sense of isolationism and a perceived superiority towards its European neighbours. Far from it, argues Ola Larsmo: what was at stake for those who voted against the euro was not Europe itself but a certain concept of modernity and progress.

It was September 23, 2003 and I was listening to a debate on the radio while riding the train. This was five days before Sweden's EMU referendum. The right-wing spokesman, Conservative Party leader Bo Lundgren, spoke in vague terms. He described Swedish EMU membership as a peace initiative, a step forward – goals that would be difficult for anyone to oppose. Jonas Sjöstedt, a member of the European Parliament, was more forthright. Not that he was easier to understand – he spoke uneasily about "supranationality" and "federalism" as if hinting at dangers too frightening to require explanation. However interested I might have been in the issue itself, their ritual stances exhausted me to the point that I simply tuned out to what they were saying. When I closed my eyes, I imagined two little turtles wrestling clumsily in a bowl. I turned off the radio.

It was also the day before the assassination of Foreign Minister Anna Lindh.

A few images stick in my mind from the evening of September 14, as the results of the referendum began to take shape. A big map of Sweden appeared on my TV screen, the areas that voted against EMU membership to be shaded in yellow and the areas that voted in favour to be shaded in blue. "The time has come for the first reliable forecast," said the public television anchor. The colours on the map slowly emerged. All of Sweden turned yellow, with two exceptions – Stockholm and Malmö. "This can't be right," said the anchor and fell into a nervous silence. A moment later she regained her composure, "I've just received confirmation that the map accurately reflects the current vote count."

What's the significance of the fact that a decisive majority of Swedes rejected EMU membership, a key ingredient of the Maastricht Treaty? Disappointed EMU advocates would have us believe that Swedes are increasingly isolationist, that they don't feel as though they are part of Europe, that they perceive themselves as a cut above their neighbours. But is that really the case?

An article in *Dagens Nyheter* (Sweden's biggest daily paper) by Göran Rosenberg, a respected journalist and social critic, took that tack just a few days before the referendum.

We never crossed swords during this campaign about our image of Sweden. We never wrangled over the concept of national self-sufficiency vs. that of supranational dependence. Or the idea that we can take care of ourselves vs. the assertion that we are best served by cooperation with others. Or between a homogeneous and diverse society. Or between the narrative of the welfare state and that of Europe as a people.

In other words, there is a subterranean conflict in Sweden about the kind of society we are or imagine ourselves to be. Cutting across all the major parties, the conflict is so entrenched that nobody dares call it by its real name or bring it out into the open. Our referendums have served to avoid rather than to manage or resolve the conflict. At bottom are two irreconcilable views of Sweden's place in the world. The long and short of it is that we were given the option of voting either for or against Sweden's remaining what it has always been.

Rosenberg wasn't alone among EMU supporters who saw things that way. But is it really true that the outcome of the vote stemmed from a Swedish sense of self-sufficiency and isolationism?

The answer is both yes and no. There are multiple layers of meaning hidden in the rejection of EMU. Among them is certainly fear of bigness, a desire to turn inward and repress various aspects of the globalization process – a spectre that the small but shrill extreme right did its best to exploit. More serious, however, is the tendency of many influential observers to dismiss the outcome as either reactionary or uncomprehending of what is at stake in the political integration of Europe. Anyone who is content with such an explanation is being devastatingly short sighted. The entire issue of European modernity, the shape it is to take and the way that it is to be constructed gets lost in that kind of analysis. If there's one thing I'm sure of, it's that those who voted for EMU membership were doing so in the defence of modernity. And those who voted against it had exactly the same motives.

Once you've weeded out the people who voted along strict party lines and those who fear any kind of change whatsoever, the results of the referendum reveal an intriguing conflict about modernity and its meaning. Both during and immediately preceding the campaign, key issues arose about the future of democracy, both in Sweden and throughout Europe. For better or for worse, both supporters and opponents of EMU saw the country's fate as intertwined with that of the entire continent.

In retrospect, the campaign can be divided into a number of stages. The first stage involved the same tactics as previous Swedish referendums, such as those on nuclear power in 1980 and EU membership in 1994 (a slight majority voted in favour each time). Last spring, before the campaign got off the ground, leading politicians portrayed the issue as a technicality to be disposed of as quickly as possible. They got together and agreed on the wording that was to appear on the ballot: "Do you think Sweden should adopt the euro as its official currency?" In other words, get rid of the Swedish krona and be done with it. And that's how the issue was formulated during most of the summer and the campaign itself. But until the autumn rolled around, there was little to indicate that it would turn out to be one of the most poisonous and dismal elections in a long time.

Dagens Nyheter featured an op-ed piece by a group of well-known leftwing commentators in early June. Entitled "EMU Opponents Sell Out Global Solidarity," the article argued that EMU is a step in the evolution of democracy in Europe and of economic democracy everywhere. Central to their thinking was the belief that a common currency and financial institutions would allow politics to revitalize democracy by recapturing the initiative from the market.

Unfortunately, the article was more or less one of a kind in Sweden. Sweden's political left – the Left Party, Greens and the liberal wing of the Social Democrats – has been highly critical of the EU ever since the 1980s. The article broke with that tradition. The April issue of *Arena*, a leftwing magazine, was on the same wavelength when it praised federalism and supranationality, Sjöstedt's bugaboos in the radio debate, as the open sesame to a pan-European welfare state.

Here was a fascinating development, a rupture within the Swedish left about the nature of modernity. What is the most reasonable vision if you want to construct a society based on the institutions of the welfare state: free education and public healthcare, as well as taxes and appropriations that narrow the income gap rather than widen it?

Should Sweden stick to the kind of welfare state that emerged after WWII despite its growing fragility?

Or should it set its sights on a more grandiose version covering all of Europe?

Is the threat to such a welfare state coming from the outside, or from within?

The Swedish left can no longer close its eyes to such questions.

Sweden has a particular image of itself that must be flushed out if we want to understand its rejection of EMU membership. The image is no doubt highly naive and narcissistic. But don't countries normally have self-righteous images of themselves, often as not stemming from profound self-contempt?

Sweden's loss of Finland in its 1809 war with Russia was the final nail in the coffin of a northern European power that had started to disintegrate the moment it emerged during the religious wars of the 17th century. A sparsely populated country on the outskirts of Europe fought for two hundred years to hold together a doomed and bloated empire. Its downfall was inevitable.

Early 19th century Sweden plunged into decadence and discord. Prior to the 1809 *coup d'état*, the country was reminiscent of the last days of the Soviet Empire: alcoholism was the most common cause of death among men, disease was rampant, the mortality rate exceeded the birth rate, the economy ground to a halt, the cities dwindled away. A capricious, demented king sat on the throne. The loss of Finland eliminated half of Sweden's territory in one fell swoop.

The coup was the start of something new. It is little coincidence that the roots of the current Swedish constitution go back to that of 1809. The ethic that began to emerge at that point marked a clear departure from the discredited dreams of power and conquest. An 1810 nationalist epic (composed in perfect alexandrine verse) entitled "Svea" by romantic poet Esaias Tegnér called upon his countrymen to "win Finland back within the borders of Sweden." The poem goes on to make clear that Sweden's re-emergent power was to be based on a new form of government rather than territorial conquest: "To the

commonwealth's new temple march/Not separate estates, but one people united in brotherhood." This lofty exercise of power was to be based on modernity, replacing the old apparitions with practical innovations. The poem exalts the Göta Canal, the country's first major infrastructure project (the work on which began in 1809), as the passageway to a "new Sweden." What's most interesting is that Tegnér turned out to be absolutely right. Modernity was the means by which Sweden would abandon its dissolute ways, seize the day and lay claim to the future.

At mid-century, Tegnér (by then a bishop) ascribed the rapid acceleration of Sweden's demographic growth to "peace, the vaccine and potatoes." Around the same time, the country reformed its school system with the goal of affording equal education to all citizens. Construction on a nationwide railway began. Emigration to the United States disposed of most problems occasioned by the excess population.

Conservative Swedish economists often miss the point when they wonder about the source of the country's economic and industrial breakthroughs at the turn of the 20th century. To my knowledge, none of them have ever referred to the educational reform and the resulting pool of skilled labour (despite the fact that Ireland is currently going through the same process).

Such developments are quite revealing in terms of how Swedes view their history. The price that the country has paid for modernization has been a hot topic of discussion in recent years – from guilt about Sweden's servility toward Germany during two world wars to the European debate about forced sterilization practices not long ago. But there is a special strain in Swedish writing, often reflected in the family histories of people living today – the story of Exodus, the flight not from slavery, but from destitution.

Strictly speaking, there have been two periods during which Swedes were able to climb the social ladder from modest circumstances to relative affluence. The emergence of an enormous structure to administer the expanding empire of the 17th century was incompatible with fastidiousness and conventional approaches, and the rulers had no choice but to exploit the military and fiscal resources that were already in place. During the 20th century, many Swedes could switch from agricultural and manufacturing jobs to teaching, nursing and white-collar positions in the rapidly expanding public sector. The growth of publicly financed services long appeared to parallel the flourishing manufacturing sector, which often was closely linked with the state and with government supported activities. The rise of the Swedish General Electric Co. (ASEA/ABB). went hand in hand with hydroelectric power and railway construction. From the very first, Ericsson & Co. had a symbiotic relationship with the Swedish National Telecommunications Administration (even back then, Sweden was among the countries with the highest number of phones per capita). Key pharmaceutical companies worked intimately with both the evolving public health system and the academic world. The strong support that the public sector has enjoyed in Sweden is not only a pocketbook issue – the desire for good, inexpensive education and medical care – but the tendency to view it as an engine of modernization. Social progress and scientific advances have long been two sides of the same coin. Technological innovations such as the telephone, radio, television and automobile were dynamos of social mobility and equality by virtue of their universal affordability.

The same is true of many other countries as well. That's important to keep in mind – not many Swedes have seen themselves as the exclusive torchbearers

of modernity. But for a period of time they had rather arrogant pretensions of representing the avant garde, albeit in sync with the thrust of modernity, whether its origins were the United States, the renascent Germany or the Third World and its longing for democracy. For instance, the Swedish Social Democrats and the ANC were closely allied as early as the 1960s. Politicians and writers, whether at home or abroad, were quick to encourage that perception of Sweden. A *Reader's Digest* article of the early 1960s portrayed Sweden as kind of stainless steel country afloat in the polar regions, where everyone could read, had their own bathtub and spoke in toneless, measured cadences despite their ominous proximity to the Soviet Union.

And it is exactly that smug gospel of modernity that the leftwing was so anxious to disparage at the time. They pointed to global menaces such as the war in Vietnam, environmental threats in the dark recesses of the welfare state (mercury in bird eggs and fish) and Sweden's failure to resist Nazi Germany. They argued that this was a false modernity, but that there was also another kind in which everyone, everywhere participated.

In the early 1990s, that ostensibly straightforward concept of modernity crumbled, or at least lost its sense of invincibility. For melodramatic reasons, many people single out the assassination of Prime Minister Olof Palme in 1986 as the juncture between the old and new Sweden. But the globalization of capital, combined with the oil crisis of the 1970s, had begun to erode the foundations of the welfare state long earlier. Other building blocks of post-war Sweden held up a bit longer.

But the financial crisis of 1991 changed all that. At a series of international forums, the 1991–94 rightwing administration of Carl Bildt claimed that the country's finances were in wretched condition. As a result, the Swedish krona was subject to intense speculation. With the support of the Social Democrats, the administration tenaciously defended the currency's fixed rate of exchange. Central bank rates jumped to 500 percent for several days – shades of the Weimar Republic!

The true sources of the crisis were more complex than met the eye. The preceding Social Democratic administration had adopted fiscal reform measures that substantially undermined the country's tax base. In addition, the financial and currency markets had undergone rapid deregulation without a trace of public discussion. As a result, Sweden was saddled with a runaway banking system intoxicated by the absence of all obstacles and regulations, wholly disassociated from reality. With unbridled enthusiasm, the banks invested in high-risk property, both in Sweden and London. The result was widespread collapse, after which the government had to go in and rescue a number of banks that were on the verge of bankruptcy. One of them (Nordbanken) was even nationalized for a while. Swedish taxpayers are still footing the bill. A 2003 book entitled *Så tänkte jag: politik & dramatik (The Way I Thought: Politics and Drama)* by Ingvar Carlsson, the Social Democratic prime minister at the time, describes the promoters of deregulation – ministers of finance and presidents of the central bank – as intent on avoiding any public discussion of its social implications. Things were just as quiet when the central bank became an independent institution in 1998.

The vacillations of the Social Democrats during the Carlsson era stemmed just as much from events in France as on Wall Street. The Mitterand administration of the 1980s doggedly urged the kind of Social Democratic policies that had once been so successful in Scandinavia. The failure of this enterprise, despite

Mitterrand's personal popularity, spawned a sense of mute helplessness from which the democratic left in Europe was not to recover for at least two decades. If the national welfare state was unworkable, what was the alternative?

In the autumn of 1991, well before the election loss that it had already foreseen, the Swedish Social Democrats did an about face and applied for EU membership. They had begun to sketch the outlines of a new model, if not a new utopia. But they had still not managed to convince the majority of their supporters that the model offered a comprehensive vision of modernity compatible with its once-successful forerunner. Call it a European welfare state if you will. But a crucial distinction is that the Social Democrats converted under the sword. The mere concept of a European monetary union had led Palme to abandon all dreams of EEC membership back in the 1970s. Now they felt as though they had come to the end of the road.

How realistic is the idea of a welfare state based on a common currency? The answer is that it's a matter of faith. The leftist authors of the op-ed piece cited above are determined to believe in it. A growing number of liberal Swedes agree with them. Just recently, the Left Party – whose support among the electorate is slipping rapidly despite the victory for its position in the EMU referendum – has decided to tone down or strike from its platform the demand that Sweden withdraw from the EU. The issue has great symbolic value and is far from settled. But there is little doubt that much of the Swedish left – from the Left Party to the Greens to the liberal wing of the Social Democrats – have started to reassess its attitude toward the EU. Cautiously and painstakingly, they are subscribing to the utopia under the sword that the Social Democrats conceived during the financial crisis of the 1990s.

Then what is the explanation for the rabid rejection of the EU that has often characterized not only the left but the majority of Swedish voters as well? There are two things to consider here. In the first place, Sweden prepared for and joined the EU under the most inauspicious conceivable circumstances. In the second place, the EU has changed significantly during the ten years since Sweden joined. In the early 1990s, it appeared to threaten everything that many Swedes associate with modernity – equality and the welfare state.

The Social Democrats, who enjoyed the support of a plurality of voters, made a sudden decision to apply for EU membership as part of an emergency package during a major recession. In the years that followed, the beginning of what in many respects turned out to be a politically disastrous decade, the Swedish welfare state was increasingly frayed around the edges. Hospitals were privatized, day-care centres were shut down, libraries were closed. The income gap began to widen for the first time since the Second World War. The decline was precipitous. The whole social infrastructure was shaken to its core, often under heavy ideological bombardment and strife in the media. Op-ed pieces in *Dagens Nyheter* by leading economists maintained that democracy had to be sacrificed for the sake of the economy. They fell back on what turned out to be a fatal argument – that the Swedish central bank had become independent of the government (just as the ECB is today). According to the economists, that model should now be employed to extricate decision-making even further from the pernicious influence of ordinary citizens.

Power must be exercised competently and efficiently. As a result, Sweden has removed the most important ingredient of economic planning (monetary policy) from the democratic

sphere. For the same reason, we should consider separating tax policy from politics. Another legitimate question is whether neglected areas such as energy and traffic policy should not be handled by a group of non-political experts. Our form of democracy appears to have outlived itself... When you pose questions in this manner and think in terms of modern economic policy, the approach of EMU, etc., new and promising options emerge.

(Professor Bo Södersten, *Dagens Nyheter*, December 14, 1997)

No beating around the bush. EMU was presented as an alternative to democracy on the prestigious op-ed page of Scandinavia's biggest newspaper. What did this signify and how did it affect the way in which the average Swede viewed the monetary union?

In retrospect, Swedish politics were in a strange state of disarray throughout the 1990s. An openly racist party made it to the Parliament for the first time, although it lasted for only two administrations. The ideological playing field was unfamiliar in other respects as well. In particular, the language of editorial pages became much more savage. An editorial in *Svenska Dagbladet*, a conservative paper, described parents who demonstrated for more day-care centres as "embodiments of raw egoism and materialistic self-interest." Rightwing members of Parliament weren't shy about comparing the enfeebled Social Democratic ethic with the defunct Communist ideology. Shortly after the conservative parties won the 1991 election, Foreign Ministry officials were startled by an official invitation to a conference in Washington for members of the former Soviet bloc. It turned into a minor diplomatic brouhaha. Such developments showed that a battle was already under way over the meaning of modernity. Inspired by Reagan and Thatcher, the Swedish right adopted rhetoric that redefined progress as the struggle for a deregulated, privatized society with a widening income gap ("incentives"). In a bout of unconscious Hegelianism, the Bildt administration coined the phrase "The Only Way" to describe its deregulation and privatization policies. And they didn't mince their words – the path of the future led toward greater disparities among individuals and fewer government services. The trickle-down theory played a prominent role in rightwing arguments. The more millionaires a country had, the better things would go for everyone.

Political commentator Anders Ehnmark aptly dubbed it the horseshit hypothesis – the more a horse eats, the more undigested oats for the sparrows. And its proponents placed the EU smack dab in the middle of their new vision of modernity.

The upshot was a crystal clear case of negative political conditioning. People were told that they no longer had power over their own lives, the daily infrastructure (healthcare, social services, roads, communications) that is key to their survival. The EU and its "mandatory directives" became the pretext for one cutback after another, not to mention government secrecy and unprecedented restrictions on the Swedish right of public access. Newspapers and TV were bursting with stories about the enormous per diem allowances paid to officials who commuted between Stockholm and Brussels or Strasbourg. In the mid-1990s, the Swedish EU Secretariat formed the backdrop to one of the biggest corruption scandals in the country's recent history.

For a long time, it was very difficult to imagine membership in the EU as a sign of democratic progress – unless you happened to be in Ireland a lot and noticed the gradual waning of poverty, or saw Portugal, the poorest country in Europe, receive more and more appropriations.

What came first, the chicken or the egg? Had the Swedish model given way in an age governed by the free movement of capital and the consequent need for a transnational entity like the EU? Or was the EU itself a manifestation of economic and fiscal theories whose self-proclaimed mission was to ensure a wider income gap and the elimination of government services?

Public discussion of the EU in Sweden began to coalesce on either side of that divide. So far, the second argument has made most headway among the majority of voters. If the road ahead simply leads to a past that we've cheerfully left behind, why go anyplace at all?

Sweden voted by a small majority to join the EU in the 1994 referendum. In retrospect, unexpected implications emerged from the voting patterns. A 1994 issue of *Ordfront magasin*, a cultural and political monthly, featured a cover adorned with a picture of fictional Baltic islands representing Scandinavia's urban growth regions. They had all joined the EU. The rest of Scandinavia remained on the outside. The magazine called the islands the EU Archipelago.

That tendency was even more evident in the EMU referendum. Stockholm and Malmö were the only two cities that voted for membership. Does that mean that Sweden is on its way out of the EU?

The somewhat paradoxical answer is no – it might even be the other way around. The news that the Left Party wants to drop EU withdrawal from its platform is a small but telling indication. The Social Democratic vision of a utopia under the sword appears to be catching on among a growing number of voters. Though Swedes may not know a lot about how the EU works, they are coming to accept its existence. In the wake of an increasingly isolationist and aggressive United States, they have even begun to regard it as a necessity.

When it comes to democracy, the EU's track record is far from impressive. Its indecisiveness and incompetence at the time of the wars in the Balkans were a big strike against it. And voter support fades whenever something happens to reinforce the image of the EU as a neoliberal bureaucracy that fosters inequality. But the Swedish electorate is remarkably capable of ignoring the moments in which the EU turns another face and serves as a platform for democracy and egalitarian appropriations.

Two major *Dagens Nyheter* articles by Maciej Zaremba in the autumn of 2002 about the EU's Convention on the Future of Europe were met in many quarters by renewed interest. The Swedish media had never reported on the convention previously, much less that it had spawned a debate in continental Europe about the implications for democracy. Both the ignorance and the sudden interest were highly symptomatic of Swedish attitudes.

The campaign leading up to the EMU referendum suffered from a serious handicap. Once leading politicians had decided to present EMU in terms of the euro alone, it was difficult to switch tactics and start talking about its role in the evolution of democracy. If they had started at the other end of the stick, the referendum might have turned out differently. They could have discussed the difficulties inherent to the Maastricht Treaty's current wording, which gives the

ECB control over all the fiscal instruments previously associated with Social Democratic or liberal politics. In the mid–18th century, for example, Sweden built railroads, revolutionized its infrastructure and financed the Industrial Revolution by means of budget deficits. The ECB Statutes as now framed prohibit such a strategy. Sweden's EMU proponents could have explained why the ECB prioritizes low inflation ("stability") over employment and why it is necessary to shrink the tax base in favour of stable exchange rates. They could have tried to defend the June 2003 *ECB Newsletter* that presented poorly documented statistics purporting to demonstrate that the battered public sector in Sweden had to be cut back further in deference to "private initiative."

Since I was never vouchsafed an answer to these questions, I had no choice but to vote against EMU membership. It was a reluctant and painful decision. The alternative was to place myself at a juncture where two versions of modernity would short–circuit each other. Personally I don't see any problem with being for a federal Europe and a common currency. But such a stance is inconsistent with a fiscal policy that expressly forbids measures to equalize incomes or public expenditures for long–term infrastructure projects, such as the fibre–optic network that Europe so badly needs but that private interests will never undertake on their own.

I would have liked to see a discussion during the campaign of the ways in which ECB policies can be modified to reflect the economic realities of the biggest EMU countries.

If politicians – such as rhetorically skilful Prime Minister Göran Persson – had tried to reconcile these issues with the Social Democratic social model that continues to garner support in national and local elections, Sweden might be an EMU member today. As it turned out, not only the vast majority of Left and Green Party supporters but most loyal Social Democrats voted no to the euro.

What the party leaders were unable to do was define the EU and its various components in terms of the same version of modernity that had paved the way for prosperity and social equality in post–war Sweden. Instead they tried, as author Lars Gustafsson described the 1980 nuclear power referendum, "to smuggle a locked suitcase past the voters." Not until the very last weeks of the campaign, by which time the two sides were light–years apart, did they start taking such matters seriously.

The post–referendum debate was dominated by disappointed EMU supporters, who after all control most of the media. The urban middle class voted for the euro. Most of the rural population and workers voted against it, an unexpectedly blatant manifestation of class conflict. Some of the islands in the EU Archipelago sunk. EMU supporters have advanced the rather predictable view that their opponents were unmodern, or words to that effect. A TV commentator on the night of the referendum described the euro's naysayers as "poorly educated." Hints have also cropped up that they suffer from latent xenophobia. Nevertheless, the one racist party that ever made it to the Parliament didn't last very long. Such an interpretation of the referendum collides with the fact that nobody in Sweden has protested against the EU's eastward expansion – the only applicant that has aroused any scepticism is Turkey in view of the Kurdish issue. For several weeks after the election, middle–class smugness was the order of the day.

But it was wholly out of place. According to public opinion surveys, very few Swedes are in favour of withdrawing from the EU.

It all seems rather paradoxical. The same people who voted against EMU want to be part of the EU. It's possible that they were misled by the manner in which the referendum was conducted. The very issue that had frightened the Social Democrats away from the EEC in the 1970s (a monetary union and the consequent abandonment of classic welfare politics) was unhitched from the overall question of EU membership. Legal experts are now debating, after the fact, whether the Maastricht Treaty permits such a disjunction.

If we "uneducated" citizens who voted against the euro are "unmodern," the question is what version of modernity you regard as valid.

One of the biggest millstones around the EMU's neck is the economic theory of the 1990s that is built into the Maastricht Treaty and the ECB Statutes but that are increasingly out of touch with the facts on the ground. Can such regulations be changed? Stability may well be fundamental to defending European economies against currency speculation and the unchecked movement of capital. But when none of the big EMU countries can meet the ECB's stability criteria, something needs to be reconsidered. As a report of the Swedish Confederation of Professional Employees argued in the spring of 2003, stability policy may be one of the factors that are retarding growth and preventing an upturn in the business cycle.

When the powers—that—be communicate with the electorate these days, we say that they "send signals," as though great distances were involved. What kind of signals did the Swedish referendum send to the rest of the EU? Was it that Swedes want to pack their bags and go home?

That hardly seems to be the case. A more likely interpretation is as follows. After ten years, most Swedish voters had realized that the EU is not primarily a scheme to enrich the elite or a labyrinthine game to keep bureaucrats busy. They are beginning to glimpse the version of modernity that is associated with social progress, mobility and economic equality.

Following two decades of fierce ideological debate, Swedish voters perceive the Chicago School, along with its influence on the rightwing and many economists, as the biggest threat to any kind of social progress. Leading Swedish economists, like Södersten above, have consistently argued that modernity entails scrapping the welfare state, abandoning the ideal of equality and permitting a greater income gap. Unfortunately, many of the same people also promote EMU and the economic theory inherent to its stability pact as the way of the future. That no doubt affected the outcome of the referendum.

In short, Swedish voters were making a distinction between EMU and the EU. Is it too optimistic to believe that they discerned two versions of modernity in the EU and chose one over the other as the path to the future?

Swedes should be asking another question instead – whether the economic theory that has eroded Swedish welfare to what many regard as crisis proportions really comes from the outside. Or might membership in all of the EU's organizations not be the best long-range strategy for protecting themselves from the plunderers who comprise the elite of their own country?

