

# The electoral victory of the red-green government in Norway ? no clear-cut success

Gunnar Westin Thu, 01/10/2009 - 11:20

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Gunnar Westin reports on the re-election of the Red-green coalition in Norway

The red-green coalition government in Norway (which includes the Labour Party, the Centre Party and the Socialist Left) remains in power after the election on 14th September to the Norwegian parliament. With 86 mandates against 83 (and altogether 47.8 per cent of the 2.7 million voters) continued rule was secured in a vote count that swayed back and forth almost until the very end.

Progressive forces have reasons to be happy about the result. Not only would a purely bourgeois government have meant a tougher policy against workers and youth. It is also clear that the bourgeois populist anti-immigration party the Progress Party, which scored 22.9 per cent in its biggest election result ever, would have taken a leading position in such a government, being the biggest Norwegian right-wing party.

The question is how come the sitting government succeeded remaining in power, given the constant change in governmental alignments in Norwegian politics over the last few years?

One obvious reason is that the Labour Party at least partly broke with the policy of the 'third way', a policy which led to hardship for many social democratic parties in Europe with regards to its relationship to the workers' movement and its ability to mobilise working class support. Instead of coming out as a party in favour of market liberalism, the party, being commanded by the popular leader Jens Stoltenberg, took a turn to the left around the last elections in 2005. It then consciously tried to strengthen the ties to the trade union movement through a series of promised reforms. In this, the Labour Party also had a reliable ally in the Socialist Left, the Norwegian equivalent to the smaller Left parties in other European countries such as the former self-entitled communist parties.

The newly re-elected government also carried through a number of reforms in favour of the working class in the last period. They expanded childcare, they raised the lowest levels in the pension system for those unable to work and they also managed to claw back other gains which had been lost during the previous bourgeois government. The government has made a profile for themselves as one that supports collective bargaining and they have expressed support for the trade unions struggle against the lowering of wages. It also stopped a number of privatisation projects, and recently they started an investigation of the effects resulting from privatisation in the health care sector. Many now hope that this will lead to a stop of further privatisation. Furthermore, the water power system has been partly re-nationalised after new laws were introduced which prevents further privatisation. At the same time outgoing contracts for private companies have not been renewed. The red-green government even withdrew Norwegian troops from Iraq.

Simply put, the fact that this government actually did carry out many of its promises explains why it was re-

elected. The enthusiasm for the success being expressed by the Norwegian TUC and its leader Jan Davidsen underlines the success of Stoltenberg in strengthening the party's relation to the mass organisations of the working class. During the last period, the unions even managed to increase its numbers, a trend clearly going in the opposite direction compared with many other countries under social democratic rule in Europe. The Labour Party also managed to increase its vote in this election, scoring 35.4 per cent (+ 2.7 per cent). In strongholds such as Trondheim, the party gained over 40 per cent of the vote.

This however is not the whole story. With the electoral victory in mind, and the steps taken by the re-elected government in the past, socialists still have many reasons to remain critical of the government. If the leftist turn of the Labour Party and the reforms carried out explains continued support within the workers' movement, the policies carried out in the last period also clearly shows that the red-green government still wishes to work within the framework of the capitalist system. The policies of the re-elected government during the erupting financial crisis is clear evidence of this.

### **The consequences of the financial crisis for Norwegian capitalism and the politics of the red-green government**

The financial crisis, which hit the Norwegian economy with full force during 2008, caused a sharp drop in production, resulting in the GDP going down with 2.7 per cent over the period of the last two quarters of the same year and the first one of 2009. Open unemployment rose with 0.7 per cent during the same period to around 3 per cent now and is expected to reach a peak at around 3.9 per cent (close to 110,000 people) by the end of this year.

As the crisis hit, the Norwegian government went whole-heartedly for the same strategy that was carried out by many other governments in the EU and the USA: it tried to counter the effects of the crisis through the injection of large amounts of money – first and foremost to the benefit of the Norwegian banks and larger companies.

By the end of 2008, the Norwegian parliament decided to prop up the banks with 350 billion kroner (close to €40.5 billion) in the form of bonds. At the same time it softened demands on security, and the repayment time was extended. The purpose for the politicians has been to strengthen the liquidity of Norwegian banks and their will to lend money to the companies. This year, another 100 billion kroner has been injected, and the national rate – which governs the costs for banks when borrowing money from the Norwegian central bank – was going down to the record-low level of 1.25 per cent (in October last year, it remained at 5.7 per cent!).

So far this interventionist policy resulted in preventing the effects of the crisis to some extent. The government however does not have the antidote for the underlying reasons for the crisis. The access to cheap credit has resulted in an increase in household consumption, after a sharp fall in 2008, reflecting the crisis in the car market as well as the tightening of loans from banks. But in parallel to this, despite the billions being pumped into the banking system, investments in production continued to shrink and continues to do so until now. Even though there was an increase of 1.1 per cent during the second quarter compared with the first, the total fall in investments reveals the real situation. During 2009 a 30 per cent decrease in productive investments overall is expected, and next year this is expected to continue with another 20 per cent (the prognosis coming from Norwegian Central Bureau of Statistics). The crisis is most evident in the exporting sector, a result from the global downturn for industrial production and the drop in demand for goods. This has, among other things, led to a sharp drop in demand for raw materials. Most notably, the export of Norwegian oil is expected to fall by 6 per cent this year.

A major problem for capitalist governments in the current period, and this doesn't only hold true for Norway, is that the crisis doesn't have its real cause in the banks unwillingness to lend money to companies. Even though the crisis started in the banking and finance sector, this was in the final analysis a result of the underlying structural crisis of over-accumulation within the core of important productive sectors in the major Western powers. (For more see <http://www.fifthinternational.org/content/publications/-credit-crunch-ma...> [1]) Within these core sectors, such amounts of capital have been invested that the possibility for endlessly increasing profits are being hampered. At the same time, the costs associated with re-investing to maintain the machinery have increased proportionally. Unable to make so much money from production, the capitalists look elsewhere for profits. The resulting trend of capital looks to higher profits through increased investments in the unregulated markets for speculation (such as speculation on the housing-market), but this could only serve to defer the eventual crisis of the system, not abort it.

The function of the current global crisis is to clear away the unprofitable sectors of the economy, wiping out the weaker capitalists and then re-creating the conditions to allow a new round of investments resulting in high-enough profits. The way for this is paved through major attacks on the positions of the working class across the economy. We see this through increased pressure on workers still being employed, in the closing down of production facilities that do not generate enough profits, in mass lay offs and in the resulting pressure on worker's wages. In the USA it takes the form also of give backs, when workers have to hand back a portion of their salary to their boss to 'save the company'.

This is why the current expansive financial policy of the Norwegian government, which was generally designed to save the banks and make them lend money to the companies, in the end, is not a recipe to solve the crisis. The policy of the red-green government furthermore is not designed to prevent attacks from capital on Norwegian workers. On the contrary its aim is to lessen some of the effects and to defer and limit the more extensive attacks in the short term.

### **What does this mean in the here and now for the red-green government?**

Despite the willingness to hand out the money of the taxpayers to the banks, those as well as the companies will adapt its investments to the realities of the shrinking world market and the resulting lack of investment opportunities. It is the conscious understanding of this that made the government determined not to give even one electoral promise during the election campaign.

Furthermore, the expansive financial policy also brings with it some dangers in the short term. At the same time as production keeps falling and unemployment keeps increasing, prices on the housing market have started to increase (prices rose with 4.1 per cent during the first quarter, then another 5.3 per cent during the second). Clearly this shows a risk of this policy resulting in new speculative bubbles on the Norwegian markets.

The access to great reserves of oil and natural gas, and the existence of the national oil fund (with a current value of approximately €285 billion), does however give Norwegian capitalism a crucial stabilising element ? and it also creates a more room for manoeuvre for the Norwegian government. Other government's attempts to save the rich through a policy of increasing state debt will clearly result in major attacks on the working class and the oppressed ? as this will result in massive cuts in welfare in public services. This will likely shape the development of the class struggle in countries such as Germany and France in the coming period.

In Norway however, major cuts have been avoided so far due to the massive reserves in the country's state coffers. The debate have been over whether or not the billions in the national oil fund should be used or not (here, the Labour Party have taken a restrictive line, while the Progress Party have argued that

money should be taken out of these reserves to stimulate the economy even more). The red-green government therefore, against the background characterised by the general financial stability of the Norwegian state, has been able to present itself as a party that can balance the budget. At the same time, the government has been hesitant to carry out measures in order to deal with the situation of the poorest strata of the working class. All in all with regards to last week's election, the government led by the Labour Party have taken a line which was characterised by much less in the form of visionary reform policies compared with the elections of 2005.

The experience of the last years of the red-green government has clearly shown that the Labour Party's turn away from 'the third way' did not result in any deep-going change in Norwegian capitalist politics. The Labour Party remains a [bourgeois workers' party](#) <sup>[2]</sup> that is determined to defend and administrate the interests of Norwegian capitalism. This has also shaped the prerequisites for the Socialist Left.

## **Problems for the Socialist Left**

The change of rhetoric towards being more rightist has made it more difficult for the Socialist Left, the left wing alibi of the red-green government. So have the populist and 'professional', though on concrete reforms rather empty, election campaign. When the Labour Party and Jens Stoltenberg tried to fill the gap with the populist slogan 'Jens we can!' (in an attempt to relate to the widespread sympathies for the American president in Norway), the Socialist Left seem to have gained little.

This development is in itself an expression to the adaptation to Norwegian capitalism on behalf of the red-green government. Asbjørn Wahl, representing the organisation Common Welfare, belongs to those who has openly criticised the politics of the red and greens. He describes the character of the politics that have been carried out as one that lacked any structural change, even though some important reforms were carried out. Many of the existing injustices, such as the striking inequality between women and men when it comes to wages, have remained. For large groups of workers, and especially women workers, the benefits of having a red-green government therefore have not been so clear. This probably explains, at least partially, the historically low participation in last week's elections (74 per cent of those entitled to vote).

Wahl draws the conclusion that the Socialist Left has failed to pressure the right-wing of the Labour Party to the left. The drop of votes for the Socialist Left (they lost 2.6 per cent compared to the 2005 election and 4 mandates, down to 6.2 per cent) is explained by this: as workers and leftist voters have chosen between the Socialist Left and the Labour Party it has been difficult to see what the difference is, and this has meant that most have come to the conclusion that it is just as good to put the vote in the basket of the party that is most clearly associated with the ruling government.

Furthermore, those reforms that were profiled as demands of the Socialist Left in the 2005 election, such as the one saying that no one is to live in poverty in Norway, were never realised. The Labour Party dominated government has also decided not to raise the minimum level of insurance for the sick, which was another one of the Socialist Left demands. This was also the case with the party's demand for the creation of a state norm for family support (the current system means big and unjust differences between different parts of the country). Meanwhile, the reforms carried out have been seen associated with the Labour Party.

The Socialist Left on the other hand got their part of the responsibility for a government policy which were associated with maintaining the budget balance. The Socialist Left's leader Kristin Halvorsen is minister of finance, something which was seen as a proof of the radicalism of the government elected in 2005, has obviously not increased support for the Socialist Left in an electoral campaign lacking any promises for new reforms.

## **Racism on the rise**

One of the more worrying aspects in the Norwegian elections is the harder line against refugees. The Progress Party, which has flirted with racist prejudices since the 1990's, has adopted a more aggressive line. Even though the party doesn't take up the question with the same level of aggressiveness as, for example, the Danish People's Party, the expressions used by the leader Siv Jensen in the electoral campaign shows that she is more than ready to dig deeper in the brown dirt in the hunt for votes. During the campaign she stated among other things that Oslo is witnessing 'a stream of illegal refugees coming to Norway to rape girls and sell drugs', of course without giving any proof whatsoever for this blatant racism. As if this wasn't terrible enough she was held as the victor in the debate in which this comment was being made by the mayor bourgeois newspapers, none of them exposing what she said as a lie. Neither did it cause any great protest when she claimed that the residential area Rosengård in the Swedish city of Malmö was governed by sharia-laws, which is another lie.

The Progress Party has also promised that in power, immigration would be cut down to a ridiculously low 100 refugees being allowed into Norway each year, and this too has gone without being characterised as a controversial statement. Furthermore, she proposed that asylum seekers should be held in prison-like camps and that refugees should be sent to similar camps in Africa while waiting for a decision on whether to be allowed in or not. Only the smaller bourgeois Christian People's Party has taken the position not to support a government led by the Progress Party (which is not without significance, as the support from this party would mean a majority for the bourgeois parties).

Many commentators on the Norwegian left describe a change in the whole climate of society when it comes to attitudes towards immigrants and refugees. The media-friendly treatment of the Progress Party testifies to this. It is not very surprising, since the party has become the favoured party of the Norwegian bourgeoisie. Two out of the ten richest Norwegian capitalists handed out more than 2 million kroner to the electoral campaign of the party and altogether the party received more than 20 million from Norwegian companies. That the Norwegian press and opportunists in all camps have done what they can to whitewash the party's racism is therefore not a coincidence.

The tendency to increased suspicion against immigrants, and especially refugees, is also a phenomenon that can be seen across the whole of the political establishment. As in Denmark and other countries where racist populism is gaining in strength, racism is also to an increasing level coming to the fore in the policies of the traditional workers' parties. The Labour Party led government has recently started to talk about the need for a harder policy on immigration (the Socialist Left have failed to counter this effectively). It is a fact that the parties advocating a harder line on immigration (the Progress Party, the Right party and the Labour Party) made advances in this election.

## **What conclusions can be drawn from the Norwegian election?**

Probably one of the most important conclusions of last weeks Norwegian elections for socialists is that the road taken by the Socialist Left is not a guarantee for success. The radicalism that paved the way for the party in the elections of 2005 has obviously been hampered (the low voter turn out testifies to this). There is little that speaks in favour of the Socialist Left having any clear plan as to how to counter this trend in the coming years. The risk is only too big that the party is seen as an insignificant force, voluntarily kidnapped by the Labour Party and pressured into making evermore concessions to stay in the coalition. If the economic crisis continues to widen the gap between rich and poor, which is not an unlikely scenario, the position of the party will quickly be questioned by those who wanted to see a more radical policy in favour of the working class. This of course also holds true for the Labour Party and its relationship to the Norwegian TUC. It remains to be seen what breathing space Norwegian capitalism can give the reformists.

Within neighbouring Sweden, many leftists have applauded the red-green government as it came to power in 2005. They and other reformists now have great reasons to ask themselves if the shining future one foresaw for the Norwegian reformists wasn't in the end little more than an expression of their own lack of vision. One commentator, Aron Etzler, who wrote a book called 'The Model of Trondheim' in which he referred to the Norwegian government as being the most radical one in the whole of Europe, is now completely silent. Another Swedish leftist commentator, currently living in Oslo, Ali Esbati, who earlier spoke so positively about the Norwegian government, is now saying that 'this will not be the way to victory in another election?.'

Likewise, the Swedish Left Party (a party of the same size as the Socialist Left in Norway), or any other left-reformist political forces, haven't got any great reason for joy after the Norwegian elections. The road taken by the Socialist Left, accepting the position of tailing the social democrats and its mantra about 'responsibility' (that is responsibility for the capitalist system) is ultimately a road which will lead to disaster. This has been evident with the experience of many left-reformist parties recently (the drop in support for the Italian and French Communist parties are the most significant examples).

For communists, the Norwegian elections is a sign that gives witness to the need of a radical anti-capitalist and anti-racist politics in combination of putting demands on the current leadership of the working class. The Norwegian left now must do everything in its power to create pressure on the government sufficient enough for defence and strengthening of the position of the Norwegian working class.

At the same time an offensive against the growth of racism and its reactionary tool in the Progress Party must be carried out. Here, the responsibility of the workers movement cannot be stressed enough. Around 22 per cent of the members of the Norwegian TUC actually voted for this party. The TUC, which recently fought the lowering of wages through the import of cheaper workers from abroad successfully, through the integration of workers from other countries (notably Polish building workers) in the national labour movement, has to come to the front in a campaign in the workplaces that strikes against racist arguments 'arguments that in the end of the day provides the bourgeoisie with cover for its deeply hostile policies against the working class.

As a side note, we notice that the smaller party called 'Red?', founded through a coalition of Norwegian Maoists and other far left forces from the Trotskyist tradition (the Norwegian sections of the International Socialist Tendency and the Fourth International), managed to collect 1.3 per cent of the vote, altogether 35,000 votes. This was not a scandalously low number at all, especially given that this was the first time this party was tested in elections. However, more is needed than a more radical version of nationalist left-reformism than the one assigned to the Socialist Left if Red is going to become a force of significance.

In the final analysis the Norwegian elections does show the need for the creation of a revolutionary alternative to the reformist leadership of the Norwegian workers movement. The Norwegian socialists and communists that already today sees the limits of the politics of the Socialist Left must now, if a real alternative is to be created, use the coming period to take determined steps towards the creation of a revolutionary organisation that takes on the task of fighting for a revolutionary transitional programme within the Norwegian workers movement and left. The future will show that only such a programme, which unites the struggle for reform with the struggle to abolish capitalism, is the only reliable alternative to those who want to realise the vision of deep-going social change, so often pronounced as the goal of the Norwegian left.

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**Links:**

[1] <http://www.fifthinternational.org/content/publications/-credit-crunch-marxist-analysis>

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