CHAPTER VIII : COOPERATIVE DEMOCRACIES IN SCANDINAVIA AND SWITZERLAND

The democratic world is represented to-day by the stalwarts like England, France and the USA. But even democrats have started doubting whether parliamentary government has given real democracy to these countries. Of these, the constitutions of Commonwealth states of Holland and Belgium are but poor copies. But the four Scandinavian states and Switzerland are of different type. The five democracies, allied neither to the capitalist nor to the communist systems, have formed the political basis for a 'third force'. Each of the countries have democratic constitution and have adopted the cabinet form of government. But their difference from the rest of the democratic world is visible in the internal democratic structure where democracy operates from below and in the egalitarian basis of the economic system.

1. Political Democracy

There is considerable decentralization of power along with local self-government and cultural autonomy. Democracy functions from below so that the ruling class emerge from the poorer half of the people. The Swiss democracy operates at three levels—the commune, the canton and the state. The commune is an example of direct democracy of primitive and conservative type. All the citizens except women have right to vote. The executives of the commune, canton and state are composed not on the basis of party but of quality and have to work with constant search for agreement, persuasion and discussion. A striking feature of democracy in Scandinavian states which marks its difference from parliamentary democracy elsewhere is that here the party plays no important role in politics. In Sweden experts and professors in political science occupy more important position than party leaders. Demagogy, party tricks and corruption are not in vogue. Different interests work freely in the open and none of the organizations work under rich pressure groups or class interests. Referenda
and recall are the weapons of the people which hold the ruling class in check. Traditions and institutions make the average man a responsible citizen. The Swiss commune, the Danish cooperative and the Swedish trade union are training centres for tolerance, service, independence and practical common sense. Democratic training is obtained from various institutions and practices, viz.,
(a) Standing committees in parliaments where all popular representatives have to serve.
(b) Proportional representation which gives no party absolute power. Parliamentary tactics and debating skill do not pay and different parties work in cooperation with one another.
(c) Civil service where politicians and members of parliament are tested in service.
(d) Equalitarian educational system which tries to remove those inequalities of opportunity which give rise to inequalities of income as we find in other democratic countries. In the residential folk high schools of Denmark students are made morally prepared to lead the community life.

Thus the whole system of administration is founded upon decentralization, local or functional autonomy and cooperation among the various local and functional limbs. Sense of right grows with sense of responsibility and administrative experience, and the vote remains a minor part of democracy.

2. Economic Democracy

The economy of these states is not founded upon socialist principles. The material resources are not socially owned and nationalization plays no important role in these countries. Yet, the state policy is clearly directed towards equal distribution of wealth and income. To attain this goal different measures are adopted simultaneously from many sides.

First of all, there is the discriminating tax policy. Heavy taxation on unearned income and increased taxation on higher earned
income are the steps taken by the government. The tax income is spent on expanding and improving the social services.

In Sweden, another attack on inequality is made through the adoption of the 'counter-cycle policy,' i.e., a measure meant to avoid the evils of boom and slump, keeping high agricultural prices without raising living costs too much, financing public works through easy loans, reflation of price levels, increasing exports, etc. In slump, the government maintain spending, in boom they reduce spending. The Swedish Socialist Party boldly adopted this method in 1932. By borrowing and unbalancing the budget they started expansion programme of public works and checked the slump. Within three years the deficit was paid back, taxes were restored, and borrowing reduced to the minimum. The budget is balanced not for a year but over a trade cycle as a whole.

The third attack on inequality is made through government spending. Tax income and a large sum of revenue are spent on guaranteeing fair price for farmers and improving social services such as health and services, care of mothers and children, housing, education, schools for the blind, deaf and deformed, old-age pension, poor and unemployment relief. To this category belong also compulsory health and welfare insurance.

To-day a prosperous democratic country with full employment can hardly be imagined in the absence of large-scale industries. But to the credit of these small countries it must be admitted that they have achieved the giant's task of raising their standard of living to the level of England and France without the necessary resources for heavy industries.

3. Cooperation

The prosperity of Scandinavian countries proves the truth of the 'comparative advantage' theory of trade relation. The theory of comparative advantage shows that two countries, one of them inferior in all lines, can trade with each other to mutual advantage provided
that there exists mutual difference in the efficiency of their various industries and provided furthermore that the exported goods of the economically inferior country are produced at a very cheap rate. The Scandinavian countries can fairly compete with other countries due to their small specialization of dairy products, timber and iron, wood pulp and paper, etc. They have been able to reduce the cost of production by adopting a decentralized economy and cooperative methods. There are agricultural cooperatives based upon peasant ownership and industrial cooperatives covering a large field of national enterprise. The agricultural cooperatives are founded for different purposes, viz., (a) for manufacture and sale (b) for purchase, (c) for credit and (d) for scientific research and advice. The industrial cooperatives are founded for farm equipment, electrical appliances, diesel engines, dairy products and for ship-building. Besides these, there are consumers' cooperatives whose function is mainly confined to consuming commodities looking after the interests of consumers so that the producers may not grow into monopoly business.

The progress of the Scandinavian countries has also been facilitated by their small and more or less homogeneous population without any acute minority problem, long peace and economic security, absence of colonies and of large cities where interested pressure groups predominate. Lacking in coal and iron they escaped the problems of slumps and factories. Abundant water power and electricity helped them to build up small industries. The peoples' genius for cooperative organization utilised these advantages so as to compete successfully in the European market.

But these initial advantages are now on the wane. Already their prosperity has suffered a set-back in a ruined continent which refuses to absorb their goods any further. Threat of another war has swelled the arms budget. Substantial American help has had to be taken to rebuild their economy. The problem is now to avoid political strings and to keep away from the two camps of capitalism and communism. The cooperative commonwealth of the little democracies offered a working alternative.
alternative to capitalism and communism. But it is now doubtful whether their experiment will survive the increasing tension between the two camps and its repercussion on domestic economy and foreign market.