



# Values and Facts Are on Our Side!

*Jonas Gahr Støre, Leader of the Norwegian Labour Party*

**The test of progressive politics** is our ability to develop and support policies that promote fairness and equity. There are two dimensions to this: one linked to our values, the other linked to external facts. On the one hand, our values help define the good society. On the other hand, research and evidence provide a guide as to how to achieve it. Today, both values and facts are on our side: Fair and equitable societies are better placed to succeed in the knowledge-based economy.

The confluence of values and facts presents the possibility of a win-win scenario for the progressive movement. If we adapt, if we modernize, if we read the changes in the right way, then we can both promote the values that are the hallmark of our movement and create modern, effective, and caring societies.

These lessons mirror my reflections on the Nordic experience during 25 years in political and public life in Norway. During the early 1990s, we frequently heard that the so-called Nordic model was doomed; the state was too big, the unions too strong, the taxes too high, and the elites too few. Then, gradually, the message changed. These grim

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predictions did not stand up to reality. The Nordic countries passed the financial crises with higher employment, lower unemployment, sounder public finances, and higher productivity levels than most other Organisation for Economic Co-operation and Development, or OECD, countries.<sup>1</sup>

A key factor in this performance has been our relative success in pursuing policies that promote fairness and equity. We still have a long list of reforms and improvements that we need to make, but what matters here is the favorable comparison with other political models. Those who opted for sustained neoliberal policies—cutting back on public responsibility through privatization and commercialization, limiting the role of organized labor, and lowering taxes for the rich—ended up with growing inequality, limited trust, and reduced social capital. In short, they prepared themselves poorly for the constant need to adapt in the knowledge-based economy.

Johannes Jansson

The test of effective progressive policies has always been the ability to develop real-world answers to the real-world problems experienced by ordinary people. In the past, our movement was weakened when we proved unable to address the problems and shortcomings linked to a weak economy, rising unemployment, and social tension. When we as a popular movement have been weak, then the road has been opened to more extreme forces, on the right and on the left.

We need a constant focus on the everyday test of our policies: Do they work? Have we been honest enough to challenge our old answers as new questions arise at home and globally? Today, we must help equip a new generation to face a changing economy and labor market and address the great global challenges ranging from global warming to universal human rights and disarmament, to mention but a few.

There are still lessons to learn from history. Historically, the labor movement and social democrats were at the forefront of a broad popular mobilization that shaped the social and economic transformation of Europe toward the modern welfare state in the 20th century.

We did this by reaching out. Active involvement of a great number of civil society organizations, in particular through our close partnership with organized labor, created a network—an organic everyday democracy—able to address and influence issues that affected people’s everyday lives. This strategy of involvement is neither an antique nor old-fashioned, but it does need to be re-energized and adapted to modern realities.

We should seize upon this approach, not only for the purpose of winning elections, but also in order to improve and modernize our own policies. We need a much more open and inclusive approach to people from all walks of life. As political parties, we may be good at writing election manifestos, but we need broad outreach in order to collect the knowledge it takes to fill them with substance that speaks to reality and meets society’s full potential. We need to engage existing party members, but we should dare to go further, listening actively to knowledge, research, and experience from a much more diverse group of citizens. In this way, we can also recruit more members to our movement. We



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must be open to change, listen to new ideas, and engage with new people—particularly the young.

The lingering economic hardship in Europe—with stagnation in wages, high unemployment, and ever-greater disparities in income and wealth—has been accompanied by a political crisis.

We must provide better answers to the people who have lost their jobs or find themselves in difficult economic circumstances. On the road to real recovery, we must reject the notion that a low-wage strategy is the right answer. In most OECD countries, the gap between rich and poor has hit its highest level in 30 years.<sup>2</sup> Researchers at the OECD now find that income inequality has a negative and statistically significant impact on subsequent growth and that policies that help limit or reverse the long-run rise in inequality would not only make societies less unfair, but also richer.<sup>3</sup> Again, we are close to a win-win, policies that are fair and equitable are also likely to be effective.

This is a critical observation, supported by evidence from unexpected corners. The Global Agenda Councils of the World Economic Forum have put deepening income inequalities at the top of the list of all the great challenges that we face today. Again, values and facts meet when it comes to our commitment to fight inequality and promote inclusive societies. If we seize this historic opportunity, we can again provide real-world answers to real-world problems. We need reinforced redistribution policies via taxes and transfers, improved education, and job creation to ensure that the benefits of growth are more broadly distributed and to sustain long-term growth.

Our job is to build our nations for a better future. My home country, Norway, is now facing population growth at record levels. More people are moving to our larger cities. How should we meet these changes? If met passively, market forces will deal with the arbitra-

tion of interests. But we can set democratic standards for how future growth should take place, where houses will be built, and ambitions of public infrastructure, as well as set out who foots the costs.

At the same time, rising life expectancy entails population aging. This trend applies to most other industrialized nations as well and presents us with common challenges regarding sustainability of public finances and care for the elderly in a welfare system. These future prospects require us to maintain a relatively high level of taxation and a high level of labor force participation to bolster public revenues. Policies for promoting employment and higher productivity growth will be a central part of our strategy. The work effort of the population is the foundation of the welfare state.

Globalization ties the world ever more closely together, in both economic and human terms. Migration is rising; people are on the move. In particular, the conflicts ravaging the Middle East have affected Europe directly through a large flow of refugees seeking asylum. This will affect the demographic makeup and labor markets of several European countries in the years to come. Immigration must not forge increasing division in the labor market. In doing our share and showing solidarity, much effort must be put into making the path to employment as short as possible. Work, income, and taxation are key for both integration and a sustainable welfare state.

How can we motivate employees to stay in their jobs and increase productivity? Trust is an essential part of the answer to this and most other questions our societies face. We know that trust is highly important for the success of government policies that depend on cooperation, inclusion, and compliance of citizens. Unfortunately, trust in government is deteriorating in many countries. The OECD's 2013 survey showed that only 4 out of 10 citizens in OECD countries have confidence in their national authorities, and not surprisingly, trust has declined most in the countries hit hardest by the global economic crisis.<sup>4</sup>

In order to build trust in government, political leaders must show that they are worthy of that trust—not only by example, but also by providing realistic solutions to real problems that people face. This can never be done by politicians alone. It is of critical importance that we support and encourage a strong and vigorous civil society, and it is critical that

we foster trust and cooperation in the labor market. A conflict partnership between labor and capital is an investment that benefits all of society.

What does this imply? It means a continuous investment in regular cooperation between the social partners and government. Through trusted dialogue, we can also build consensus on other broad policy orientations, such as the principles for pension reform.

Finally, all our challenges, pressing as they may be, must be met within the limits set by the climate. We may be the first generation to see the large-scale effect of climate change, and we might be the last generation that can do something about it. As progressives, we should not see climate change as yet another issue, but rather a framework around all policies. Climate change and global warming is the starkest example of market failure. We have a tradition for dealing with market failure by helping correct what leads to failure.

Again, to me, the answer is rooted in fairness and equity. We are in this together. The knowledge of all and the effort of all must be mobilized. This is no quick fix. It is about setting our societies on a sustainable course by putting a true cost on carbon and other climate gases, and it is about offering incentives and investments that will produce new technologies and new knowledge. No other political movement should be better placed to lead this transformation. Here again, the values and the facts are on our side!



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## Endnotes

1 Organisation for Economic Co-operation and Development, "Factbook Country Statistical Profiles – 2014 edition," available at [https://stats.oecd.org/Index.aspx?DataSetCode=FACTBOOK2014\\_PUB](https://stats.oecd.org/Index.aspx?DataSetCode=FACTBOOK2014_PUB) (last accessed February 2016).

2 Organisation for Economic Co-operation and Development, "Income Inequality: The Gap between Rich and Poor" (2015), available at <http://www.oecd.org/social/income-inequality-9789264246010-en.htm>.

3 Federico Cingano, "Trends in Income Inequality," Working Paper (Organisation for Economic Co-operation and Development, 2014), available at [http://www.oecd-ilibrary.org/social-issues-migration-health/trends-in-income-inequality-and-its-impact-on-economic-growth\\_sjxrjncwv6j-en](http://www.oecd-ilibrary.org/social-issues-migration-health/trends-in-income-inequality-and-its-impact-on-economic-growth_sjxrjncwv6j-en).

4 Organisation for Economic Co-operation and Development, "Government at a Glance" (2013), available at <http://www.oecd.org/gov/government-at-a-glance-2013.htm>.