Bulwarks of Inter-State Neoliberalism?
The Social Democratic Nordics and the EU Recovery Fund

Johan Ekman, Åbo Akademi,

Rune Møller Stahl, Copenhagen Business School

Magnus Ryner, King's College London

preliminary version, please do not cite

Prepared for Presentation at the 28th Annual Conference of Euromemorandum Group for Alternative Economic Policy in in EuropeMeeting

King's College London, September 3, 2022

Introduction

Declaring a 'Hamiltonian Moment' for Europe, the then German Finance Minister Olaf Scholtz oversaw a dramatic change of German EU policy in the spring of 2020 and seemed to clear the way for developments towards fiscal federalism in the EU. Having previously resisted anything hinting at a 'transfer union' and debt mutualization (Euro-bonds), Germany proposed with France on May 1, 2020, as part of the new Multiannual Financial Framework (MFF), that the European Commission would issue bonds to borrow 500 billion Euro and set up a means-tested Recovery Fund. This Fund would grant assistance to financially stressed member states to support them in dealing with the economic fallout of the COVID 19 pandemic. This was subsequently augmented by an additional 250 Euros in the Commission *Next Generation EU* proposal. The eventual outcome in December 2020 was creation of a mechanism, with a significant loan element (the Recovery and Resilience Facility - RRF), access to which is subject to structural *ex ante* conditionalities outlined in National Recovery and Resilience Plans (NRRP's) in a beefed-up European Semester.

Notable in the sometimes highly acrimonious process of deliberations in the Council was the role that the so-called 'Frugal Four' – Austria, Netherlands, Sweden, and Denmark – played, together with their erstwhile 'Hansaetic League' ally Finland in ensuring that this introduction of a loan element and structural conditionalities took place. Indeed, until the eleventh hour, these states had in public insisted on the Hayekian 'inter-state federalist principles (1948; also Issing 2002), which also previously had been those of Germany, that there could be no question of EU level deficit funding, debt mutualization, or fiscal transfers and any support would have to take the form of conditional loans (Frugal Four non-paper, 2020).

It is perhaps not surprising that conservative-led governments in the Netherlands and Austria would take such a position. But how are we to understand that three Nordic social democrat-led Red-Green governments would oppose contra-cyclical policies that would be completely uncontroversial in their own domestic settings? This is even more remarkable given their recent (slight) leftward turn on economic and fiscal policy, where a new generation of leaders as Mette Frederiksen and Sanna Marin try to distance themselves from the neoliberal reform course of their predecessors. On the face of it, it seems to be a paradox that the centre-left governments would advocate expansive policies at home, while being on the pro-austerity fringe of the economic debates of the European level. On the basis of elite interviews and primary documents from Finland, Sweden and Denmark, this article seeks to make sense of this apparent paradox.

We argue that the position taken by the social democratic Nordics only becomes intelligible when seen with reference to their particular export-led growth-models and version of competitive corporatism, which have enabled the extraction and distribution of rents. Despite domestic neoliberal adjustment and retrenchment, these have remained comparatively welfarist and labour inclusive. Hence, preference in favour of disciplinary neoliberal Eurozone status quo is based on a broad, economically based, socio-political elite consensus in the Nordic social democracies. This finding is not only empirical but has theoretical implications as it lends support to the so-called 'growth models perspective' of Lucio Baccaro and Jonas Pontusson (2016; 2019). Most fundamentally, this perspective offers and integral conception of production and power and avoids a disciplinary split between economics and politics. It thereby avoids the idealizations of neoclassical economics and pluralist political science that have prevented integration theory from conceptualising generative mechanisms behind EU crisis (Ryner, 2012). A crucial corollary of this is that it offers a perspective for analysing the politics of learning (or the failure to learn) from crises in European public policy. Finally, because its ontologically primary actors are class actors, it is empirically open to capture the multileveled nature of the processes at hand though in doing so it finds strong evidence of the centrality of nationally based divisions.

Our findings provide strong support for the growth model perspective. First, evidence suggests that behind the scenes of inter-state intransigence, a path-breaking support for the Recovery Fund as advocated by the Franco-German Axis and the Commission, but with strong structural reform conditionalities was the preference of the highly export dependent Nordic business community from the outset. This was a German-led, pan-European, preference, articulated as early as April 2020 (Business Europe, 2020), wherein Nordic business organisations had coordinated their input. This position, with some variation in enthusiasm, supported by Finnish, Danish and Swedish trade unions, especially in the export-oriented sectors. With some delay, this position would also prevail in state policy and become anchored in the party-systems. As the growth model perspective suggests, the political system followed where socio-economic interests and consensus took them.

At the same time, to fully understand the process that led to this outcome, the process needs to be sequenced and in the short run there is evidence that the political system is relatively autonomous in a way that the growth model perspective has hitherto not allowed. First, the change in government policy from outright opposition to the Recovery Fund to negotiating its content was not only influenced by direct socio-economic pressure but also via the channel of the inter-state system as the change of German policy was experienced as decisive. Furthermore, there was initially clearly a deep reticence by political actors to follow the business preferences and this generated some rather paradoxical outcomes. Most notably, this included deep divisions within the liberal conservative parties that usually are most pro-EU and proximate to business interests. Danish Venstre did not support the government negotiation mandate for the July 2020 Summit, the Swedish Moderate Party abstained in the Parliamentary vote on the Recovery Plan and elements in the Finnish KOK made the Plan a constitutional issue, requiring a qualified majority vote to pass, and jeopardising Finnish ratification. By voting against the Plan, the Swedish Left Party implicitly joined the far-right Sweden Democrats and played to a tee the role that Hayek hoped that parties would play in his vision of an inter-state federalism. At the same time, it is evident that the *effect* of this reticence and the threat of veto the Recovery Plan served business and socio-economic interests very well as it ensured the conditionalities it saw as essential. Indeed, there is evidence that the governments saw the Recovery Plan as an inevitability once Germany had changed position and hence their intransigence was performative for the purpose of extracting concessions.

Finally, there is a question of whether the growth model perspective can fully address the political implications of the recovery plan, where there seems to be significant variation between Finland on the one hand and Sweden and Denmark on the other. Whereas in Finland, elements within the SDP, the Left Alliance, the Green Party and the trade unions, see the Recovery Plan as an opportunity for a 'paradigm shift' away from neoliberalism, this is not the case in Denmark and Sweden. Eurozone membership is the obvious variable here, suggesting that the old-fashioned neo-functionalist concept of spillover between European and domestic politics may be significant.

The first section outlines our understanding of the growth models perspective and its merits through a reflection of its post-Keynesian foundations. After a brief note on sources, the remainder of the paper outlines our empirical findings, starting with preferences and deliberations of business and labour respectively before moving on to government policy and the broader political system.

The Growth Model Perspective

The growth model perspective, most notably advanced by a high-profile article published by Lucio Baccaro and Jonas Pontusson (2016) in *Politics & Society*, forms part of a broader post-Keynesian turn in comparative, European, and international political economy. The increased influence of post-Keynesianism is due to its success in providing a coherent explanation of the global financial crisis that morphed into the Eurozone crisis, with some individuals working within this perspective even having reasonable claims to have predicted the Eurozone crisis (Stockhammer, 2009: pp. 197-98). This is in marked contrast to mainstream economics and European integration theory, which due to their neoclassical equilibrium bias did not identify the factors generating the crisis (Ryner, 2012).

Post-Keynesianism is sensitised to identifying crisis-tendencies, because rather than seeing capitalism as a system spontaneously tending towards equilibrium *a priori*, it conceives of advanced capitalism as containing essential destabilizing properties. These need to be contained through institutional fixes. When the destabilizing properties overwhelm these institutional fixes, crises such as the global financial- and Eurozone crisis emerge. At the most general and abstract level, post-Keynesianism identifies the essential destabilizing properties in the interaction of (a) the determinants of effective aggregate demand, (b) functional income distribution between profits wages and rents, and (c) what it calls 'fundamental uncertainty'. Post-Keynesianism maintains that there is a tendency in capitalism towards stagnation and inadequate demand expansion in relation to productive potential (a), because the power relations and functional income distribution between capital, rentiers and labour favours the former two (b) leading to sub-optimal propensities to consume. Fundamental uncertainty (c) is caused by the complexity of the real world, which means that actors rely on past experience, and conventions (institutions in a broad sense) in making their decisions. Most notably this leads to liquidity preference - a tendency to hoard money, which amplifies tendencies towards underconsumption (a).

The 'Fordist' institutions associated with the 'golden age' of post-World War II welfare capitalism could in this context be seen as a 'fix' that contained these destabilizing properties and that rather harnessed the dynamism of industrial capitalism. By indexing (social) wage increases to productivity growth mass production and mass consumption were integrated ex ante, generating stable and high growth (Marglin & Schor, 1992). With the neoliberal turn in the 1980s, integration between mass consumption and mass production, underwritten by productivity growth was replaced by the extension of debt underwritten by asset values in 'finance-dominated accumulation'. Global competition, the return of unemployment, flexibilization of labour markets and welfare state retrenchment broke the link between wage formation and productivity growth that had integrated mass production and mass consumption. Instead, financial liberalization, innovation and securitization became the favoured way to deal with fundamental uncertainty and increased the capacity to extend asset wealth effects to the working class and to extend loans at the retail side in what Colin Crouch (2009) calls 'privatised Keynesianism'. Essentially a method to deal with fundamental uncertainty, finance-dominated capitalism could thereby for a time maintain adequate expansion of effective aggregate demand despite a falling wage share and an increase in rentier profits. However, this short-termist system was very much prone to Minskyian speculative manias and panics and expansion into ever riskier segments of the market. Ultimately, this caused the global financial crisis from contagion of the US subprime mortgage crisis, and eventually the Eurozone crisis.

On the basis of such an analysis, post-Keynesian economists have criticized Eurozone crisis management for pursuing unhelpful policies based on misdiagnosis. One sided adjustment by deficit countries and Troika austerity policy exacerbate further aggregate demand problems by causing a further fall of the wage share, while lack of progress on adequate financial controls and excessive reliance on monetary policy resuscitates an inherently unstable financial system. This is a recipe for further asymmetric shocks in a non-optimal currency area. Economists leave the question open, however, as to why such policies have prevailed. It is, however, to this question that post-Keynesian political economists that have developed the growth model perspective make a significant contribution.

The growth model perspective operates at a more concrete level of analysis than the work of aforementioned economists. (e.g. Baccaro & Pontusson, 2016: Stockhammer, 2016). Furthermore, it offers an alternative typology of capitalist variety than that of the Varieties of Capitalism (VoC) perspective, which like so much European integration scholarship, in the last analysis is based on Ricardian trade theory (Hall & Soskice, 2001). Its main object of analysis is to understand the different ways in which economies have developed growth regimes in finance-dominated capitalism by an analysis of the components of aggregate demand. Debt-led growth, predominant and the Anglo-American heartland of the US and UK, corresponds to the 'pure form' of privatised Keynesianism as outlined above. EU member states belong to one of two other varieties. 'Peripheral financialised' growth models developed in southern and eastern Europe. The mechanisms are similar to those of the debt-led regimes. However, as they lack global financial centres, they do not enjoy the signoriage privileges and positive network externalities of the US and UK and are extremely vulnerable to capital flight and insolvency especially when in a monetary union with successful export-led growth models which is the variety predominant in northern EU member states (Becker et. al., 2010). In the export-oriented growth model, collective bargaining has adjusted to the shareholder value imperatives of export-oriented corporations by reconfiguring wage formation so as to set wages below productivity growth. The wage norms are in this context set in relation to EU level norms and rely on the elimination of exchange rate risks and ECB inflation targeting. The regimes nevertheless still generate rents that can be redistributed in a retrenched form of welfare capitalism. Financialisation is generally seen as repressed on the retail side as pension systems on the whole remain collective and the development of a mortgage market is limited. Whereas the peripheral financialised southern European member states have been in favour of introducing fiscal federal elements to the monetary union to deal with their vulnerabilities, this has been resisted by the northern European member states with export-led growth models anchored in Eurozone status quo.

The growth model perspective, then, lends itself for the development of a plausible and clear hypothesis for explaining the policy stance of the social democratic Nordics on the recovery fund and why they allied with Dutch and Austrian conservatives. Their common trait is that they have export-oriented growth models. Indeed, Baccaro's and Pontusson's (2016: pp.) analysis of the Swedish case suggests that they retain comparatively labour inclusive export-oriented growth regimes. They find that Swedish export-oriented growth, contrary to the German variety, also includes considerable impulses of growth from domestic consumption. This is due to two factors. First, the export sector is still comparatively labour intensive as it has considerable niches in the export of services from which considerable rents can be extracted. Second, as the financial sector has been liberalised, there is also increased scope to generate wealth effects and consumption through lending compared to the German model. Though, Baccaro and Pontusson's cases did not include Denmark and Finland, there is evidence from other studies that their growth regimes are similar to those of Sweden in that regard (e.g. Wood, 2019).

In a separate paper, Baccaro and Pontusson (2019) usefully extend their analysis to include the party system. In this analysis, they suggest that the terms of competition in the party system reflect a hegemonic 'social bloc'. The formation of social blocs are in this context to be understood as led by the dominant groupings of business, which generate a coherent position for the business community as a whole, and which arranges a social accord with core segments of the working class. This includes an ideological element which projects the interests and compromises of this bloc as being in the general interest and defining the common sensical and rational. Political parties, with aspirations to lead the state apparatus, compete within the terms set by the power bloc. The causal chain in determining policy, therefore, runs from the predominant business interests to the state via, in turn the formation of a power bloc and party competition. Our analysis broadly verifies this conception, but with the caveat that in the short-run the political system operates with a degree of autonomy and this autonomy can have pertinent effects.

A Note on Sources

Primary and secondary sources have been used for this article. The primary sources include key documents. In the case of Finland, these include government E-, and U-letters and the Finnish Parliament Grand Committee minutes. These documents formed the basis for the Finnish position taken in the negotiations. Further, we have used official texts of the Finnish Business Confederation EK, and the three trade union confederations SAK, STTK and AKAVA. In the Swedish case, we have relied on Government positions, and minutes of the EU Committee of the Swedish Parliament. The Grand Committee and EU- Committee respectively are where the mandate for negotiations is approved. For the Danish case documents include position and declarations from the government and the governing social democrats, as well as policy documents and statements from the Federation of Danish Industry and the Trade union federation LO as well as minutes from parliamentary committees. As for the interviews, we have interviewed elite decision makers from the major political parties, social partners, and civil service. The interviews were conducted from 2021 to 2022. In addition to these primary sources, we have used media sources in our research.

Business and Trade Union Preferences

Business and Trade Unions broadly acted as expected from a Growth Model perspective, supporting the proposal for a fund. In Denmark, the Federation of Danish Industry (DI) and the central industrial union Dansk Metal, were much more positive towards an expansive recovery policy than any of the main political parties, emphasizing the imperative of investments. The main reasons given by Confederation of Finnish Industries (EK), Näringslivet in Sweden, as well as the trade unions for supporting the fund was that it was seen as vital for preventing a financial- and economic crisis that would have hit the export sector hard.

The business community stressed the possibility to find business opportunities through the fund, calling for funds to be allocated to digitalization and structural adjustments, and emphasizing strict conditionalities. This position was openly communicated to the media in Finland after the Commission proposal was made public (EK, 2020). The CEO of the Finnish EK, former Government Minister and prominent Kokoomus politician Jyri Häkämies explained the reasoning within EK as follows in an interview for this article:

> In a yes-no situation it is a yes, with the slogan that Finland won't recover before Europe recovers, but sure, this position has been challenged. But staying outside would not have been realistic, and the price in other EU-questions would have been high.

Confirming the strong commitment of Finnish business to the integration project, Häkämies even conceded that income transfers were unavoidable if the goal is to keep the EU together, not the least with Italy being in the danger zone of leaving the Euro.

> Yes, it's a tricky question, but Italy counts for 15 per cent of the GDP of the EU. So now that Britain has left, and if Italy would leave, the floor starts creaking worryingly under our feet…but to your question, the basic answer is yes, but where is the limit?

Business elites in all three Nordic member states have of course historically favoured entry to the Single Market, and supporting the functioning of this market was not in question in either country. In an interview for this article Anders Edholm, head of Swedish Närignslivet in Brussels at the time, and former General Secretary of the Moderate Party, also confirmed they and Business Europe had been in favour of the fund from the beginning. Näringslivet also saw it as important to link a recovery fund to the European Semester, and had lobbied, together with EK, for a "scoreboard" that would follow how money was used. Edholm also underlined the importance of the export sector as a reason to support the fund.

> From Svenskt Näringsliv we did not actually have any stronger opinion than that there needs to be a package, but above all we did not see the cash support for Sweden…Sweden took the grant but not the loan based support. We saw, above all the possibility to export to the countries taking the grant and through that indirectly gain from the support, so if our export industry would do well and see that there was a business opportunity here

He also stressed the need to show markets the EU can act together. That business in Sweden saw the fund as imperative despite the criticism it had attracted, was also made clear when the entrepreneur organization Företagarna published its position in an article, stressing that "the survival of the EU directly affects Swedish business positively", noting that the EU was vital for Swedish exports (Europaportalen, 2020a)

Näringslivet had also been supportive of the government in the negotiating process, as EU questions, according to Edholm, are more of a national question than a question where domestic dividing lines would be relevant. The only substantial point of criticism was, Edholm said, that the Government did not use the opportunity to negotiate more conditionalities in return for support, mentioning the question of blocking proposals for an EU minimum wage, for example. In other words, for Edholm, the official government position of opposition against the Recovery Plan was a negotiating position for securing the desired conditionalities.

The Federation of Danish Industry (DI), organizing the vast majority of export-oriented firms, took a similar position, and if anything, articulating a stronger position in favour of infrastructural investments. While being in favor of 'a relatively strict economic framework for EU member states budget' (interview, Sørensen), given the situation Europe found itself in 2020, they favored a substantially more expansive policy than both government and the center-right opposition in Venstre and Conservative, stating a need for substantial investment on a European level to avoid Danish export markets being hit (Klarskov 2020). Bertil Egger Beck, Chief consultant for European affairs described the logic of the DI as "Our approach is that we don't care so much about the size of the budget. We care more about how the money is spent. As such the priorities of the Danish business class was less on the overall size of the recovery fund or the potential cost of the financing, including debt-financing, but rather on the positive effects of the investments on market opportunities of Danish Firms.

> We must have better physical infrastructure, better digital infrastructure, better energy infrastructure. We think these are some very important investments. Our goal in this process is that the largest possible amount should go to these posts.

The Finnish Trade Unions were also unanimous in their support for the Recovery Fund. The blue-collar union SAK quickly took a stand in favour, arguing that the 'worry for increasing mutual responsibility is smaller than the worry of a prolonged stop of the economy', and pointing out that Finnish exports 'suffer seriously' as long as other EU countries are affected by the pandemic. (Marttinen 2020). Anni Marttinen, at the time Economist at SAK and responsible for drafting the positions regarding the fund, also pointed to the experiences of the Euro Crisis when she was interviewed about the reasoning behind the SAK position, also arguing a generational shift among economists and politicians in the Social Democratic party has changed perceptions.

> Within the SDP there has been a generational change with Marin (Prime minister and party leader) and Mäkynen (Vice Chair and MP of the Party), there's not any more the

> trauma of the depression of the 90's. Also, economists of my generation have seen how the financial crisis affected. We saw how austerity failed, and we are of the opinion that it simply can't be balanced budgets and financial discipline would be more important that preventing people from even dying or getting unemployed.

The positions of the Trade Unions and Business community were also communicated to the Government before its negotiation stance was to be determined in the Grand Committee of the Parliament. EK, together with trade unions SAK and AKAVA, produced a joint statement supporting the fund, communicated to the media (EK, 2020). In their position paper, reflecting the "competitive corporatism" characterizing the Finnish growth model, they pointed out the vital interests of the export sector in calming markets and supporting the functioning of the internal market; in addition, the organizations were stressing the need to ensure the competitiveness of Finnish industry in the global economy.

The Danish trade union movement was more split on the issue. Especially central was the metal workers union Dansk Metal which, while not the largest of the LO unions by way of membership, is by far the most centrally placed in the Danish power elite (Ellersgaard &Larsen 2018). Representing key, skilled workers in the main export industries, Dansk Metal has traditionally been the most invested in the European scene. In an uncharacteristic move, Dansk Metal directly went against government scepticism to the Recovery Fund in public intervention in June of 2020. In a public intervention, supported by the employers in DI, Metal president Claus Jensen, urged the government to change its position warning that Denmark would end up 'sitting alone on a raft with Austria, Sweden and the Netherlands. I think one should rather follow the path that Germany and France are taking." (Klarskov, 2020). This was not uncontroversial at the Confederal (LO) level, and 3F, representing most of the unskilled workers, subsequently dismissed the intervention, lending support to the government line.

Nevertheless, Dansk Metal's EU Director, Johan Mosegaard, describes how that union managed to rally support for their line behind the scenes at a Nordic level, leading the Nordic industrial unions in a joint statement supporting a more expansive line in the recovery negotiations.

> We wanted to appeal to the Nordic governments to somehow turn the ship around. We said, we know very well that we have had an austerity line. We know that we in the Nordic countries have probably been a little reluctant, but now it's time to help our European colleagues. Partly out of solidarity, but also to help ourselves.

The Swedish union movement kept a lower profile before the negotiations in the Council. But after the decision had been taken, the President of the blue collar Confederation, LO, Susanna Gideonsson indicated their support for the broad orientation towards recovery, green transition and digitalization in the Recovery Plan ('every fifth job in Sweden is dependent on Europe'). At the same time, she endorsed the tough position that the Government had taken in the Council, criticizing countries that had not saved or raised the requisite taxes. (Europaportalen, 2020b)). Swedish LO articulated a less enthusiastic approach to the fund, then, than their Finnish counterparts, the Danish metalworkers, or indeed the business community.

Government Positions

Nordic business quickly endorsed the idea of a Recovery Plan on the provision that it included conditionalities. With some degree of variation, trade unions followed suit. By contrast, as already indicated in the introduction, as part of the Frugal Four, and co-signatories of their non-paper, the Danish and Swedish governments initially publicly rejected the Franco-German proposal and the Commission Next Generation EU proposal. Distancing itself from the Frugal Four, the Finnish government's public position was initially somewhat less hard-line though the position hardened in the course of negotiations. Hence, the Frugal Four Non-Paper (2020) stated that the four countries 'cannot agree to any instruments or measures leading to debt mutualization nor significant increases in the EU budget'. And should be combined with 'A strong commitment to reforms and the fiscal framework'. Sweden's official position emphasized that measures must 'as far as possible' build on existing instruments (Regeringskansliet 2020a), while

> …the government is critical to that the Commission proposes that the recovery instsrument will build comprehensively on jointly backed loans, and it is very critical to that the loans will be used as grants to member states. Affordable loans to member states that have a need are deemed a more appropriate support that creates sound incitements. Loans for the purpose of grants would signify stepping away from the principle that the EU-budget should be balanced.

Similarly, the Danish government, which had successfully returned the social democrats to power through a more welfare nationalist platform, officially opposed the expansion of the size and the EU budget, debt-mutualization and the loosening of conditionality. In a prolific interview in 2019, Mette Frederiksen, characterized as the 'most Euro-sceptic Danish Prime Minister in history' (Nielsen, 2020) had called the expansion of the then EU budget, assessed at costing Denmark and additional 700 million Euro a year as 'completely crazy', further adding that she was "completely shaken by the idea of sitting and juggling European tax payers' money in such a profligate way. The money that we can allocate should go to our welfare society and not to bigger EU budget.' (Hjøllund and Gjertsen, 2019). In an internal orientation to the parliaments EU-committee Foreign Minister Jeppe Kofod laid out the Danish strategy as an attempt to limit the scope of the Franco-German proposal in advance of the July summit.

> The government is skeptical of measures that involve mutual debt and transfers between EU countries, in part because it weakens the countries' incentive to pursue sound and sustainable national fiscal policies. (…) the government is of course familiar with the German-French paper. That contains good proposals that are in line with Danish ideas (…) At the same time, it is no secret that we do not support mutual indebtedness - and especially not with transfers between countries. (Europaudvalg 2020).

The Finnish position conceded that an instrument was necessary, but the proposal was not acceptable if the amount of money, especially the grant part, and length of the facility, were not reduced (Valtiovarainministeriö 2020a; Valtioneuvosto 2020; Suuri valiokunta 2020). The initial Finnish position was stressing the need to clarify that the crisis was an "exceptional one" and that the measures taken were seen as "unique" (ibid.). Minister of Finance Katri Kulmuni, on her part, told public broadcaster Yle that a crisis "should not be used for proposal increasing mutual debts' (Yle, 2020)

Yet, whilst opposition to the proposal was ardent in public, the strategy of all three governments was to achieve a negotiating settlement, since an outright rejection seemed unrealistic. Apart from the position taken by the business and unions, the changing German position was experienced as a game-changer. According to Former Swedish Deputy Minister of Finance, Karolina Ekholm, who had been deeply involved in negotiations during the Eurozone crisis:

> What has obviously happened, in negotiating terms, is that Germany has changed sides. Because of different reasons decision makers have judged that there needs to be an instrument that makes income transfers between countries possible. And, I speculate, I believe they concluded there was too much of a risk of disintegration of the Euro area. But when Germany and France, Macron and Merkel, went forward with a loan based grant part, because of that, it was a foregone conclusion that it would materialize. Then a few Nordic countries had to try to negotiate in order to reduce it. That was the dynamic. Finland was there, also Sweden, led by the Netherlands.

As Nordic social democrats had been used to seeing eye to eye with Germany, this undoubtedly changed the situation. It was clear France and Germany were not prepared to risk disintegration, pointing to the central importance of the durability of the integration project to both states. Veteran Social democratic MP and former minister of foreign affairs of Finland, Erkki Tuomioja pointed in an interview for this article to the change in the German position as an explanation for the subsequent Finnish position: “Finland did not play a role on its own. Like before, we have followed Germany’s line, but perhaps it was a surprise that Germany, from having been the most reticent state in Europe, now wants to save the whole European economy”. That the German position came as something of a surprise was confirmed by Satu Keskinen, head of the EU department at the Prime Minister’s Office in Finland. “In a way it was a surprise”, she said when interviewed for the article. To outright oppose the proposal did not seem like a realistic option, they had concluded, bearing in mind that “Finland had a niggard attitude to cross border income transfers”.

> We saw all permanent mechanisms as a no go as before, but this was about solidarity, when the crisis is nobody’s fault, so then we can support it. But that the government or Finland would have thought this would be a good instrument (pauses) well we sought the frame within which it would make it possible to accept it, and with the caveat that this was a one-time solution we went in for supporting it. (Interview, Keskinen)

While the Ministry of Finance did not have the primary responsibility for the negotiations, which was located at the PM:s office, they had drafted memoranda that formed the basis for the Finnish position (Valtiovarainministeriö, 2020). Director of the Secretariat of EU affairs at the Finance ministry, Marketta Henriksson, who was interviewed for this, said that the ministry of Finance did not really see the fund as necessary from their point of view, but that it was more of a “political question”. She however strongly contested that Finland would follow Germany, stating that “I don’t see that this has anything to do with Germany, we try to find different allies, in many questions Germany, but one can’t say we follow Germany, that has not been the case for a long while”. While Keskinen did not think that the overall Finnish position in economic policy had changed, and did not see that the composition of the government mattered too much, Henriksson felt there had been a substantial shift in thinking.

> Well it is quite, well I don’t know, perhaps it is so that the Minister of Finance is obliged to, due to his position, have a stricter line regarding budget discipline. But this crisis has substantially changed our line, if one considers that the budget frame is suspended, that for the first time ever the frame is made larger in the midst of a government period, it is really historical. So yes, it can’t be denied there has been a change of line.

The centrality of the surprising German shift is echoed in Denmark, where Former Finance Minister and former president of the social Democrats, Mogens Lykketoft represented the position as “the necessity to create a common fiscal stimulus and join in, when Merkel finally moved on the issue’. This was echoed in interviews with Kim Valentin from Venstre that the German shift in position put the Danish government under pressure: ‘Of course we need to talk to Sweden, Holland and Austria, but Germany is the most central'. Furthermore, the absence of the UK after Brexit, meant that Denmark had lost a historically close ally in budgetary matters, and thus was forced into a more pro-active position on budgetary matters than previous (Interviews, Fuglsang, Mosegard)

The strategy of negotiating a more favourable settlement rather than outright rejection is evident upon closer scrutiny of the evidence. Although the initial position of the Finnish government, sent for approval to the Grand Committee of the Parliament, was to not accept the Commission proposal if the grant part was not reduced and the time span for repaying the loans was not reduced (Valtioneuvosto, 2020), it is important to stress that the stated position was also that Finland was "open for further negotiations". It was underlined that a 'one-off' recovery instrument was needed as the Finnish export sector, and employment, was dependent on a European recovery. Whilst there might have been some internal discussions on how to proceed within the SDP, Tuomioja's assessment was that "it was necessary" (interview), and this reasoning seems also to have guided the PM:s negotiating position, and she did not, or indeed no other prominent politician in the party, took any other position than the one expressed in the official minutes of the Grand Committee. In the coalition partner Centre Party, a change of party leader, and a change of the Minister of Finance paved way for a less frugal stance. So while Finland opposed the proposed plan at this stage, the new Minister of finance Matti Vanhanen publicly stated that 40 per cent of Finnish exports went to 6 EU countries, and that "countries cannot hustle on their own" (Kaleva, 2020). The Director of the Bank of Finland and former vice president of the Commission, Olli Rehn, also from the Centre Party, had as well forcefully supported the recovery fund (Ibid.)The chair of the Grand Committee, Satu Hassi of the Greens, also confirmed in an interview for this article that there was support for the package at the Ministry of Finance.

> I have understood that the Mnistry of Finance supports stimulus measures, and that Minister of Finance Vanhanen has written about it, and he is supporting that approach in his party.

Also in Sweden, although the position was articulated in strict terms, the strategic objective was not to outright oppose steps towards fiscal federalism altogether. The tactic was rather to have focus on the reduction of the grant-based component. Before the final negotiations in Brussels, the EU minister Hans Dahlgren let it be known that "future generations" were to be protected against being forced to pay higher "EU-fees" and that the instrument should be loan- and not grant based (Regeringskansliet 2020b). However, it seems as this was a tactic to bring down the grant based share rather than be prepared to walk out of negotiations all together. Pyry Niemi, social democratic chair of the Parliament EU Committee that needs to approve the mandate of the Swedish government, explained the negotiating position as follows:

> The mandate for the negotiations for the government was very clear, we push our position as long as it goes, and the government kept us very informed with regular meetings…no I don't think, no it was not in the balance, the government followed the parliaments understanding step by step, they had a strong backing, but the mandate hinged on to get a result with as little loans, or I mean loans that won't be paid back, as possible.

The main focus was on the long-term budget instead, where Sweden "achieved a great success", for "the first time in a long while", Niemi explained. At the time of negotiations, the discussions were tough however, recalls Jessica Roswall, vice chair of the EU Committee and representative of the main opposition party Moderaterna: "I felt the government were of the same opinion as us, but then I am not sitting in Brussels, and I believe there is a different pressure there". She also admits that if The Moderates had been in government, it would have been difficult to act differently from how the government acted.

In Denmark, the social democratic Government had solid support for its hard line against debt mutualization and Eurobonds (Europaudvalg 15/5), but against the backdrop of pressure from the social partners and change in the German position, focus changed also in Denmark towards containing the size of the fund, pushing for it being loans based, and oriented towards Danish priorities such as digitalization and green transition (Interviews, Lykketoft; Fuglsang; Mosegaard; Beck).

Competition in the Party System: Relatively Autonomous in the Short-Run

The previous two sections have demonstrated that the 'disciplinary neoliberal' reticence of the Social Democratic Nordics towards the EU Recovery Fund is intelligible with reference to their competitive corporatist growth models. In addition, in line with the expectations of the growth models perspective, the government strategies of not opposing but advancing the loan component, conditionalities, and orientations towards digitalization and green transition, follow the position of business and its social accord with core trade union interests. In addition, however, at least in the short run, more autonomy needs to be assigned to the inter-state system as the change of the German position was experienced as critical by policymakers in following that strategy. This section will demonstrate that in the short-term there is also a relatively autonomous political logic in the terms of competition of the Nordic party systems that have not straightforwardly followed dominant socio-economic preferences. This generated some paradoxical phenomena that in the Finnish case significantly complicated ratification of the recovery plan. These terms may also condition the longer term and varied position that Nordic member states may take on EU policy.

As evidenced by the Swedish case, a striking phenomenon has been that the liberal-conservative parties, generally the most pro-business and pro-EU parties, did not support the Recovery Fund even when the outcome reflected business interests. Though the Moderate vice-chair of the EU Parliamentary Committee admits that things would have been different had they been in power (and that she 'had learned to like' the Recovery Plan), it is notable that splits within the party compelled this party to abstain in the vote on the Recovery Plan in the Riksdag. Another paradox is that the votes against the Recovery Plan came from far-right Sweden Democrats as well as the Left Party. While the latter certainly were for economic stimulus at the national level (and for loans by the European Investment Bank), their 'no' was in line with the 'joint decision trap' (Scharpf, 1988) of inter-state federalism. In the words of its then party leader and representative on the EU committee, Jonas Sjöstedt:

> Our stand in principle is that this [the Recovery Fund] is a question for the countries in the euro. So as the fund is more about the euro than about Covid, it is a question for the euro countries. That is our stand in principle. To that we can add that we see the EU as quite inefficient in relation to nation states for getting the wheels of the economy spinning. The economy is already recovering while the EU is still discussing what to do with the fund.

Similar difficulties appeared in the conservative liberal and centre-right camps in Finland, and despite its more pragmatic position at the outset, this jeopardized the ratification of the Recovery Plan in a way that it did not in Sweden or Denmark as divisions in KOK made it a constitutional issue requiring 2/3 majority in Parliament to pass. More generally, the passage of the Recovery Plan in the Grand Committee was not easy due to divisions in all the big parties (interview, Hassi) .

There was a broad elite economic expert support in favour of the fund in the hearings conducted by the Grand Committee and other relevant parliamentary committees (Suuri valiokunta 2020). The instrument was for example seen as preventing a “devastating blow” to the euro area (Korkman, 2020) and it was deemed “a motivated basic position” that Finland should support in order to “get a specified compromise” (Pekkarinan, 2020). Vesa Vihriälä, who is often cited by policymakers as a leading light in economic thinking, was however critical of the fund, citing problems of moral hazard, increasing debt, and the “political problem” of fiscal federalism that, without extensive public debate would, undermine trust in the EU (Vihriälä, 2020). This position, which was cited as influential by a leading Kokoomus politican and economist when interviewed for this article, (Vartiainen interview), might have contributed to the unclarity in the position of the traditionally integrationist Kokoomus party. Kokoomus, the second major opposition party, was visibly divided internally, and abstained from voting in the Grand Committee. This indicates, that whilst economic interests were strong, the traditional parliamentary ally of Finnish business was unnerved. That the other large opposition party, the True Finns, were opposed, was clear, as they voted against the Government position in all committee hearings. This might be a reason for Kokoomus trying to balance between positions as long as possible, despite slightly more members of the public still supporting participating in the fund rather than not, according to one opinion poll (Source EVA). The main argument against the fund in the public debate, and which eventually forced a qualified majority vote in Parliament, was finally based on constitutional arguments. The “constitutional” issue of whether the instrument violated budget sovereignty in a way not agreed upon when entering the EU, now became the question to debate (ref. Leino). Also, as MP Juhana Vartiainen (Interview), who himself supported the fund already early on, explained his somewhat ambiguous position for the interview “it does not matter if Finland supports it, but it might be useful. But what I strictly oppose is if this is a step toward a larger budget if it’s not tied to stricter fiscal discipline”. Thus, it seems the situation put high demands for politicians who wished to justify support for the fund as a “necessary evil” for the sake of the general interest of capital, and simultaneously advocate strict budget discipline and aversion to solidaristic income transfers.

In marked contrast to the Swedish Left, the Finnish Left Alliance has been a more enthusiastic supporter of post-Keynesian inspired federalist policies. Henri Purje, special adviser to the government and the party leader of the Finnish Left Alliance, said in an interview for this article that “the Left Alliance position, if we take a step back, has been that EU level financial and economic policy is a positive, and we should have done it before already”. Party leader Li Andersson also hailed the package later in August 2020, saying it was proof of a new, more solidaristic approach to economic policy in the EU (Kansan Uutiset, 2020).

In Denmark, if the government as mentioned above, faced pressure from social partners for supporting an expansive recovery fund, the political pressure went the other way. In parliament only smaller parties, centrist Radikale Venstre and SF on the left supported a more expansive deal. In contrast the government faced opposition to scale down not only from traditional Eurosceptics as the Danish People’s Party, but also – and similarly as in the case of Finland and Sweden - from traditional EU stalwarts in center right Venstre (Bremer, 2020). Breaking with 50 years of parliamentary precedence, Venstre did not support the government negotiation mandate going into the July summit, and the Frederiksen government had to rely on a slim majority to get its mandate through parliament.

More generally, the terms of party competition in Denmark is conditioned by public Euroskepticim that the Frederiksen government has in part cultivated itself. . The main motivation of government as well as the right opposition was the fear of a potential backlash from Eurosceptic voters thinking that their tax money would be going bail out southern Europeans.

Against this backdrop, the political project and strategy of the social democrats under Mette Frederiksen has been to move left on economic issues and right on cultural issues such as immigration and international affairs. As such the social democratic government under Mette Frederiksen, had since its start in 2019 had a reputation for more lukewarm approach to EU than previous Danish governments. Before the corona crisis Mette Frederiksen earned a reputation as 'the most EU sceptic prime minister in Danish History' (Nielsen 2020). This move towards Euroscepticism must be seen as a part of the more general project of Danish social democrats to regain some of the, mostly working class, voters lost to The Danish Peoples Party in the first decades of the 21st century. Especially 2015 was a crucial turning point. Here the government of Helle Thorning Schmidt was defeated after one term, in an election that saw the Eurosceptic Danish Peoples Party with a historic result at 21%.. With a strong showing for The Eurosceptic Red-Green Alliance as well, the Danish parliament had a historic high number of Eurosceptic representatives (Hansen and Stubager, 2017). Furthermore, in a referendum in December 2015, the new right wing government under Lars Løkke Rasmussen, ended up losing an attempt at removing the Danish opt-out for juridical matters. In this context the Frederiksen government turned towards a stance in Europe that was less focused on a positive European vision and more on communicating a direct and effective defense of the Danish welfare state and the interest of Danish taxpayers.

This evaluation of fiscal and budgetary policy is in contrast to the stance of the government with regards to public debt and fiscal expenditure on the national level. Here the government was consciously trying to distance itself from the fiscal orthodoxy of earlier government – notably also the Thorning-Schmidt government of 2011-15, representing a more traditional third way, neoliberal version of social democracy. Asked to answer how she would pay for the generous Covid relief packages, Frederiksen described the question as representing "a slightly old-fashioned and perhaps a traditional right-wing (bourgeois) way of looking at it. I believe that in Denmark we can invest ourselves out of the crisis" (Voldsgaard, 2021)

The idea of the Frederiksen government as representing a break with the neoliberal policies that had dominated earlier social democratic governments, were self-consciously described by social democrats as a "paradigm shift" (Interview, Fuglsand). This paradigm shift did not result in a shift of priorities on the European scene, however. The attempt to move away from a cosmopolitan and European focus, has also led to a bifurcation of the social democratic stance to fiscal and economic policy that is different from the larger European countries as well as what seems to be the Finnish dynamic. Rather than seeing European fiscal policy as a continuation of domestic economic policy, with the dividing lines going along left-right lines, the European political scene was constructed as a depoliticized arena, of securing national, economic interest. As such, the expansive and Keynesian line put out on a national level, was not relevant here, and the protection of Danish working-class interest, were conceptualized as solely lying in the reduction of economic transfers to Brussels.

Conclusions

This paper has drawn on a growth models perspective to trace the foundations of Nordic social democratic reticence to support the EU Recovery Fund to their particular types of competitive corporatism. In pursuit of this, it has uncovered that the ostensible principled opposition to the Recovery Fund was a negotiating position to act for business interests in support of a recovery plan with a loan component, structural conditionalities, and that targeted investments towards green transition and digitalization.

In broad terms, the findings of the paper lend support to the growth models argument that policy and terms of state competition follow the terms forged by the power blocs of socio-economic interests, but with caveats.

The first caveat regards the autonomy of the party-political system, where considerations of domestic policy and public opinion (or assumptions of public opinion) played significant roles in the formation of politics in the countries. In the short term, party competition has its own relatively autonomous logic, conjuring up paradoxes and even potentially jeopardizing Recovery Fund ratification, in spite of the political preferences of powerful social forces.

The other caveat is the significance of the international level. Here shift in Germany’s position suggests that the inter-state system was a distinct channel of pressure on the much smaller Nordic economies. The German shift in position, together with Brexit and the disappearance of the UK form the European negotiation space, significantly displaced the relative position of the Nordics.

Lastly, the contrasting Danish and Finnish cases also suggest that the question of European level is a opening up as a potential dividing line in Nordic social democratic thinking as the parties try to renew their political positions beyond classical Third-way social democracy.

References

Interviews

Beck, Bertil Egger, Chief Consultant, European affairs ,Federation of Danish Industry (DI)

Edholm, Anders, Communications director at Sca, former Party Secreatry for the Moderates, former HEad of Närinslivet at their representation in Brussels.

Ekholm, Karolina, Professor, foremr Secretary of State

Fuglsang, Niels, PhD, MEP for Social Democrats

Häkämies, Kari, Director of the Confederation of Finnish Business EK, former Government minsiter for Kokoomus

Hassi, Satu, Chariperson of the Grand Committee of the Finnish Parliament, MP for the Greens.

Henriksson, Marketta, Director of the EU Secretariat of the Ministry of Finance

Keskinen, Satu, Head of Unit, Government Secretariat for EU-Affairs

Lykketoft, Mogens, former Finance Minister, Foreign Minister and former president of social democrats (2004-5)

Marttinen, Anni, Head economist at SOSTE Finnish Federation for Social Affairs and Health, Economist at SAK until December 2021

Moesgaard, Johan, EU Director, Dansk Metal

Niemi, Pyry, Chair of the EU-committee of the Swedish Parliament, MP for the Social Democrats

Purje, Henri, Secretary of the ministerial group of the Left Alliance in Finland, Special Adviser to Minsiter of Education Li Andersson

Roswall, Jessica, Vice chair of the EU-committee of the Swedish Parliament, MP for Moderaterna

Sjöstedt, Jonas, Former Party leader of the Swedish Left Party

Sørensen, Allan, Chief Economist Federation of Danish Industry (DI)

Tuomioja, Erkki, MP of the Social democrats

Valentin, Kim, MP for Venstre, Denmarks – european spokesperson, member of European committee

Vartiainen, Juhana, Mayor of Helsinki, MP for Kokoomus 2015- September 2021

Written Sources

Baccaro, Lucio & Jonas Pontusson (2016) 'Rethinking Comparative Political Economy: The Growth Model Perspective,' *Politics & Society* 44 (2), pp. 175-207.

Baccaro, Lucio & Jonas Pontusson (2019) 'Social Blocs and Growth Models: An Analytical Framework with Germany and Sweden as Illustrative Cases,' Unequal Democracies Working Paper 7, Department of Political Science and International Relations, University of Geneva, April.

Becker, Joachim, Johannes Jäger, Bernhard Leubolt & Rudy Weissenbacher (2010) 'Peripheral Financialization and Vulnerability to Crisis: A Regulationist Perspective,' *Competition and Change* 14 (3-4), pp. 225-47.

Bremer, S. (2020) *Venstre afviser at bakke op om regeringens EU-kurs , Danmark Radio*. Available at: https://www.dr.dk/nyheder/udland/venstre-afviser-bakke-op-om-regeringens-eu-kurs (Accessed: June 10, 2022).

Business Europe (2020). Business Europe proposals for a European Recovery Plan, April 30, *https://www.businesseurope.eu/sites/buseur/files/media/position_papers/businesseurope_recovery_plan_final_30_04_2020_v2.pdf* (accessed 21.5.2021).

Crouch, Colin (2009) 'Privatised Keynesianism: An Unacknowledged Policy Regime,' *British Journal of Politics and International Relations* 11 (3), pp. 382-99.

Larsen, A. G., & Ellersgaard, C. H. (2018). The inner circle revisited: The case of an egalitarian society. *Socio-Economic Review*, *16*(2), 251-275.

EK, SAK, AKAVA, STTK, 2020 (2020) 'Joint press release 1.6.2020'. https://ek.fi/ajankohtaista/tiedotteet/tyomarkkinakeskusjarjestot-suomen-etu-on-investointeja-ja-tyollisyytta-tukeva-eu-rahoitus/. (Accessed 28.7.2022)

Europaportalen a (2020), 'Debatt: EU:s coronafond är bra för Sveriges företag', https://www.europaportalen.se/2020/07/debatt-eus-coronafond-ar-bra-sveriges-foretag. (Accessed 28.6.2022)

Europaportalen b (2020), 'Fack och arbetsgivare ser Svenska möjligheter med coronastöd', https://www.europaportalen.se/2020/09/fack-och-arbetsgivare-ser-svenska-mojligheter-med-coronastod

Frugal Four Non-Paper (2020) 'Non-Paper EU Support for Efficient and Sustainable COVID-19 Recovery,' https://www.politico.eu/wp-content/uploads/2020/05/Frugal-Four-Non-Paper.pdf (accessed August 12, 2021)

Hall, Peter & David Soskice (2001) *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, Oxford: Oxford University Press.

Hayek, F. (1948). The economic conditions of inter-state federalism. In *Individualism and Economic Order*. Chicago: University of Chicago Press, 255–75.

Hjøllund, M. and Gjertsen, M. (2019) "Mette Frederiksen om større EU-budget: »Det er jo fuldstændig gak«," *Jyllands-Posten*, 16 October.

Issing, O. (2002). On macroeconomic policy co-ordination in EMU. *Journal of Common Market Studies* 40(2), 345–58.

Kaleva (2020), ’Miljardineuvottelut: Matti Vanhasen edustama Suomi ja "säästäväinen nelikko" vaativat EU:n 750 miljardin elvytykseen suurempaa lainaosuutta – Tarkan markan Saksa hylkäsi budjettikurin’. https://www.kaleva.fi/miljardineuvottelut-matti-vanhasen-edustama-suomi/2597928. (Accessed 28.6.2022)

Kansan Uutiset (2020), ’Li Andersson – elpymisväline on osoitus tärkeästä muutoksesta talouspoliittisessa ajattelussa euroopassa”. https://www.kansanuutiset.fi/artikkeli/4299524-li-andersson-elpymisvaline-on-osoitus-tarkeasta-muutoksesta-talouspoliittisessa-ajattelussa-euroopassa

Klarskov, K. (2020) “Metal: Danmark skal skifte EU-kurs,” *Politiken* , 9 July.

Korkman, Sixten (2020).”Asiantuntijalausunto, E64/2020, 5.6.2020.

Marglin, Stephen & Juliet Schor eds. (2012) *The Golden Age of Capitalism: Reinterpreting the Postwar Experience,* Oxford: Oxford University Press.

Marttinen, Anni (2020) ‘EU:n elpymisrahasto on Suomen etu’, https://www.sak.fi/ajankohtaista/blogi/eun-elpymisrahasto-suomen-etu. Accessed 28.6.2022

Nielsen, J. (2020) “Mette Frederiksen er historiens mest EU-skeptiske statsminister - Altinget - Alt om politik: altinget.dk,” *Altinget*, 1 January. https://www.altinget.dk/artikel/mette-frederiksen-er-den-mest-eu-skeptiske-statsminister-danmark-har-haft (Accessed: June 1, 2022).

Pekkarinen, Jukka (2020), ”Asiantuntijalausunto E64/2020, 5.6.2020)

Regeringskansliet (2020a), Kommenterad dagordning inför informellt videomöte med EU:s finansministrar 2.6.2020.

Regeringskansliet (2020b) ‘Intensivt arbete inför toppmöte i Bryssel’.

Ryner, Magnus (2012) ‘Financial Crisis, Orthodoxy, and Heterodoxy in the Production of Knowledge about the EU,’ *Millennium: Journal of International Studies* 40 (3), pp. 647-73.

Scharpf, Fritz (1988) ‘The Joint Decision Trap: Lessons from German Federalism and European Integration,’ *Public Administration* 66 (3), pp. 239-78.

Stockhammer, Engelbert (2008) ‘Some Stylized Facts on the Finance-Dominated Accumulation Regime,’ *Competition and Change* 12 (2), pp. 184-202.

Stockhammer, Engelbert (2016) ‘Neoliberal Growth Models, Monetary Union, and the Euro Crisis: A Post-Keynesian Perspective,’ *New Political Economy* 21 (4), pp. 365-79.

Suuri valiokunta (2020) SuVL 7/2020 vp─ U 27/2020 vp

Yle (2020), https://yle.fi/uutiset/3-11277234. (Accessed 28.6.2022)

Valtioneuvosto (2020), U27/20 vp

Valtiovarainministeriö (2020), Perusmuistio VM 2020 - 00349

Vihriälä, Vesa (2020), 'Elpymisrahapäätöksen tuska', https://www.vesavihriala.fi/2020/07/elvytysrahastopaatoksen-tuska/. (Accessed 28.6.2022)

Wood, James (2019) 'Mortgage Credit: Denmark's Financial Capacity Building Regime,' *New Political Economy* 24 (6), pp. 833-50.