

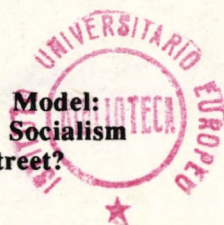
EUROPEAN UNIVERSITY INSTITUTE, FLORENCE

DEPARTMENT OF POLITICAL AND SOCIAL SCIENCES

EUI WORKING PAPER No. 89/415

**The Scandinavian Model:
Reformist Road to Socialism
or Dead End Street?**

FRITZ VON NORDHEIM NIELSEN



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An exposition of where the model came from, how it came about, what it consisted in, how and why it was successful, what was changed and achieved and what the prospects are from moving on from there.

FRITZ VON NORDHEIM NIELSEN

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1. INTRODUCTION

The Social Democratic labour movements of Scandinavia have a longer record of governance and societal dominance than any other democratic labour movements. It is therefore not surprising that their strategies, tactics and results have attracted attention from socialists all over the world, and formed the empirical test-case for many an argument about the aims and means of projects for societal transformation and change.

Generally the achievements of Scandinavian labour have been idealized by observers of progressive or social democratic leanings and scorned by Marxists of the Old and the New Left. Where the former saw model strategies and societies to be emulated, the latter could see only temporary material gains achieved through sacrifice of objective working class interests or system conserving responses to the reproduction problems of late capitalism.

In recent years a number of would-be Marxist¹ or socialist re-interpretations and re-evaluations have cast the social democratic labour movements as the primary force behind the creation of the Scandinavian welfare states and pronounced very positive judgements on their achievements². Some of the advocates of this approach even venture as far as to suggest that Sweden is on the verge of the transitional stage between capitalism and socialism³.

Even though the following presentation agrees neither with the over-optimistic nor with the utterly negative perceptions of reformist labour and the keynesian welfare state in Scandinavia, it does have more than the mere subject-matter in common with these views.

Basically it differs by attempting to take a less ideological approach to the Scandinavian experience. Achievements and shortcomings admitted we are

¹ Primarily in the Kautskyan tradition of Centrist 2. International Marxism.

² Korpi (1978, 1981), Stephens (1979), Esping-Andersen (1980, 1985), Himmelstrand et. al (1981), Gustavsson (1981). For a critique of the Neo-Kautskian fallacies of these interpretations see Pontusson (1984).

³ E.g. Stephens (79), Himmelstrand (81), Gustavsson (81). These and other similar interpretations have primarily been spurred by the Swedish labour movements proposals from 1976 for wage earner funds. The various earlier, Danish plans for economic democracy have never received the same attention.

left with the problem of explaining these. Focus is on the basis for and the mechanics of the relatively successful reform-project of Scandinavian labour and on the restructuring of wage earner existence and bourgeois society which resulted from it.

The peculiar historical characteristics of the political and socioeconomic context in which the social democratic labour movements developed and came to exert their influence is demonstrated. The compromises and coalitions on which social democratic government power has been based and the constraints, which this foundation have implied, are presented. But emphasis is also placed on analyzing the inner workings of the politics of virtuous circles so characteristic of the labour run Scandinavian welfare states in their golden age. The reform-project did not result in any form of socialism, but it has changed the relation between markets, state and community in Scandinavian societies. These changes and their subsequent effects on wage earner existence and thus on the future conditions for the labour movements are discussed in concrete and conceptual terms.

In the following we suggest answers to the following questions: Are the three Scandinavian countries sufficiently similar to view them as one common experience? What were the preconditions for labours coming to power, and which conditions and policies made the consolidation and concurrent reproduction of labour's hold on government possible? How did the crucial compromises and coalitions on which labour's power was premised serve as persistent constraints on its policy options? What did the Scandinavian Model of political economy consist in and why was it so successful in its golden age? Why did the reform-project and the politics of virtuous circles run out of steam in the 1970's? What were the mounting problems? Viewed in retrospect what was changed and achieved? and finally: What are the prospects for moving on towards some form of socialism from where the "Middle Road" has taken us?

This will be done in 7 sections: Scandinavian Convergence, Preconditions, The Take Off, Consolidation, The Golden Age, Mounting Problems, Society Altered? followed by a Conclusion.

2. SCANDINAVIAN CONVERGENCE

Seen from the distance of most foreign observers Scandinavia may look like a homogeneous group of countries with a common heritage and a strong convergence in their development. A closer look at their histories and present conditions will of course reveal many differences between Norway, Denmark and Sweden. Referring to the three countries in terms of a single Scandinavian experience implies a level of abstraction where similar and shared traits are generalized and differences ignored or perceived as variants within a common model.

The question is whether we face differences of such substance that their suppression would seriously invalidate any attempt to depict a Scandinavian Model.⁴ More accurately we should ask for the contents of and limits to convergence in time as well as space.

With the social democratic labour movements as primary point of orientation we can distinguish three basic periods in the patterns of convergence and divergence:

- (1) Similarities in economic, political and social developments of particular relevance for the (Character-) formation and growth of the labour movements in the period from the early 1880's to the late 1920's established fairly similar preconditions for social democratic labour's first solid hold on government in the Great Depression.
- (2) From the early 1930's till the mid 1960's we find a high degree of convergence based on strong similarities in the conditions, premises and timing of power attainment and in the type of politics and mix of policies with which power was consolidated, augmented and maintained.
- (3) From the late 1960's convergence in the position and policies of the social democratic labour movements waned and in the 1970's a growing degree of divergence in political, economical and welfare state developments asserted itself. Seen in retrospect, it becomes clear that Danish,

⁴ The notion of a Model - even in the non-normative sense in which we use it - presupposes that we are dealing with traits and features which at one and the same time are sufficiently similar and internationally unique. The model we are talking about pertains to the Scandinavian experience of labour movement and welfare state over the last 100 years. It is a model of a certain development, including its central dynamics, the patterns of relations between its constituent parts and its outcome.

Norwegian and Swedish Social Democracy since the early 1970's have developed along 3 different trajectories.

The three Scandinavian societies and their labour movements still differ less from one another than they as a collectivity differ from other societies and labour movements (Esping-Andersen 1985b). Nowhere else has the relation between a reformist labour movement and a democratic state been as intimate and durable⁵. Precisely this salient trait, embodied in the close links and orchestrated effort between a social democratic party in government and a unified, centralized trade union movement, is the essence of Scandinavian convergence and the crucial feature of the Scandinavian Model *sine qua non*. Despite growing deviations⁶ in the last 15 years this is still an overwhelming and lively part of the political economy heritage in all three nations, and one which has left its mark on the present mix between markets, state and community. Thus, it is this feature, which we quite appropriately could term the "Scandinavian Connection"⁷, that allow us to treat the three separate experiences as one for our present analytic purposes.

The deterioration of convergence after the mid 1960's, however is interesting for other reasons than has to do with the plausibility and limits to generalizations about labour and society. The fact, that similar labour movements in seemingly similar situations suddenly began to fare very differently, provides us with a ready-made case from the great laboratory of history on which to test hypotheses about the reasons for the decomposition of social democratic power in Denmark and Norway and about the factors which sustained it in Sweden⁸.

⁵ The Austrian SPÖ, which with its impressive electoral strength and its long time inclusion in a coalition government would be the only plausible contender when it comes to intimacy and orchestration, was forced to play the subordinate junior part in the coalition and was unable to take hold of the premiership prior to 1970.

⁶ That the electoral support for the Danish and Norwegian social democratic parties has been declining in the 1970's and 1980's and that they have been ousted from government power for extended periods both in the 60's and the 80's while the Swedish party - after what appears as only a short interim period in the late seventies - has maintained both its government position and its electoral appeal, may be seen as both cause and symptom of the increasing differences, which of course comprise many more aspects of overall societal developments.

⁷ Definition: The long intimate relation between the reformist labour movement and the democratic state embodied in the close links and orchestrated policy efforts between a social democratic party in government and a unified, centralized trade union movement.

⁸ The standard-works on this problem from which I have gained much valuable inspiration and borrowed many good ideas are Gøsta Esping-Andersens two books on the labour movement and the welfare state in Scandinavia (Esping-Andersen 1980, 1985). The original analytic comparison of the policies of the social democratic labour movements in Denmark and Sweden and the subsequent consequences for their

It is obvious to any casual observer that the three countries differ considerably in their economic bases and in the ways in which they are linked to world markets and international alliances. These differences have not been without consequences for the fates of the respective social democratic parties. The persistent importance of agriculture in Danish GNP and exports have e.g. given agrarian interests a far stronger position than in the other countries. The Swedish Social Democrats have had the good luck to avoid the kinds of experiences and international issues which have marred, divided and decimated their Norwegian and Danish colleagues. The Swedes escaped occupation⁹ in the second world war and were consequently able to continue their policy of neutrality whereas the Danish and Norwegian Social Democrats reluctantly had to join Nato. As it were, DNA¹⁰ and SD fairly quickly regained electoral territory lost in connection with the war¹¹ and Nato. In contrast, the divisions and decimations caused by the issue of whether to join the EEC in 1972¹² still continue to hamper and harass the Danish Social Democrats¹³ and neither SD nor DNA have ever fully recovered from the blows they incurred in the subsequent general elections of 1973. No doubt these intervening "external" variables could be applied in an explanation of the deterioration

power position published in the first volume is extended to include Norway in the second. Elegantly condensed analyses of Swedish Social Democracy by the same author are to be found in Esping-Andersen 1987 & 1988.

⁹ Without foreign occupation Sweden experienced much less of a break in its development than did the other two countries, and this fact is often given as the reason for how Sweden, the Scandinavian laggard of the 20's, managed to become the front-runner and leading country of the three-some in the early post-war period. The basis for this position was laid already in the 1930's, however.

¹⁰ (SD=Socialdemokratiet - the Danish social democratic Party) (DNA=Det Norske Arbeiderparti - the Norwegian social democratic Party) (SAP=Sveriges Socialdemokratiska Arbetareparti - the Swedish social democratic Party).

¹¹ The somewhat ambiguous stance of captive social democratic governments in Denmark towards the resistance and their semi-compliance with measures to outlaw and detain left wingers during the German occupation tainted their patriotic and democratic image and gave a boost to the growth of a significant Communist opposition in the immediate postwar years, which was further nurtured by disagreement in the labour movement over the question of entrance into the Nato-alliance. Two issues which SAP simply happened to escape.

¹² In both countries it was impossible to mobilize the traditional social democratic constituency behind the recommendations of the party leadership for joining. In the campaign Social Democrats fought openly against each other and in the referendum the party was split down the middle, EEC-supporters (usually of the right-wing) voting with the bourgeois parties and opponents voting with the Socialists and Communists. In Denmark the social democratic leadership had its way over the opposition whereas in Norway the leadership suffered a humiliating defeat. In both instances, however, the only winners were in the bourgeois camp, because the internal coherence of the social democratic labour movement was severely damaged.

¹³ As late as the winter of 1986 they felt compelled - for internal party reasons and as a demonstration against the bourgeois coalition government - to demand a referendum on a new EEC agreement on integration and harmonization of national legislation, even though they surely already knew, that they would loose as clearly as they did.

of convergence in the later period. However, one would also have to explain why the two parties have lost their former capacity to recover from divisions caused by issues of this sort. Furthermore, one would have to reverse the explanation and account for why SD and DNA have not benefited from their ability to neutralize or altogether escape the new issues of nuclear power and wage earner funds which have bothered SAP so much in the latter part of the 70's and the early 80's. In other words, despite the importance of such issue variables, we would tend to agree with Esping-Andersen (1985) that the main explanations must be sought in the varying abilities of the parties to reproduce and invigorate their power bases through the reform policies they devised and were able to implement.

In the protracted recession from the mid 1970's onwards, the Scandinavian economies and - partly with them - the social democratic parties have fared rather differently. Whereas Danish unemployment rates quadrupled from 1973-79, and in the 80's consistently have ranged around 9 percent, unemployment in Sweden and Norway has been kept below the 3 percent mark or practically at pre-crisis levels (Therborn 1985). The responses to the threat of mass unemployment, though all very costly, have differed radically: While the Danes spent their money compensating the unemployed for their misfortune through one of the most lavish¹⁴ unemployment benefit systems in the world, the emphasis in Norway and Sweden has been on preventive measures such as subsidization of existing industries and on offensive responses such as job-creation through the expansion of the public sector.

In Sweden unemployment has been kept low in a trade off with growing state deficits and rapidly rising foreign debt obligations until 1982 and thereafter sought countered through radical devaluations. In Norway where the very timely arrival of the oil-revenues from the North-Sea for a long period cushioned the state budget and the balance of payments against the impact from the world recession, the trade off seems to have occurred in falling productivity and reduced competitiveness. In contrast, Denmark has been cursed by simultaneous permanent mass unemployment, large state deficits and exploding foreign debts (Mjøset 1986).

¹⁴ Lavish by all measurements : admittance, entitlement, earnings-replacement rate, duration and even recovery of entitlement after end of normal benefit period. For a comparative analysis of the peculiar evolution and features of the Danish unemployment insurance system see Kampmann & Larsen (84) and Larsen & Nielsen (85). See also foot note 56.

Whereas the Swedish Social Democrats since 1982 have had a solid hold on government power, and the Norwegian Social Democrats were able to form a minority government in 1986 as the bourgeois coalition finally broke down, the Danish Social Democrats, up against a fairly successful bourgeois government and with heavy electoral competition from the Left might still have a long way to go before they can reclaim the executive.

Thus, the Scandinavian countries and their social democratic labour movements enter the latter part of the 1980's from very different positions and faced with economic and social problems of differing magnitude and configurations. It is difficult to imagine that similar cures to the different ails can be devised or that the three countries in the near future could come to converge the way they did in the four decades from the early thirties till the early seventies.

It is tempting, therefore, to argue that Scandinavian convergence and with it the Scandinavian Model is a thing of the past. For the periods we focus on here, however, it is still relevant to speak of the three experiences as if conforming to a common pattern.

3. THE PRECONDITIONS

No movement can be understood outside of the context of constraints and possibilities within which it acts or with neglect for the circumstances under which it first emerged. The context presents itself not only as a set of potential choices; it also functions as an agent of socialization. Crucial preconditions for the Scandinavian labour movements' successful attainment of power in the 1930's and an important key to their character formation are to be found in the peculiar Scandinavian road to capitalism, mass democracy and modernity (Castles 1978, Alestola & Kuhnle 1984).

The first major wave of industrialization came as a late but fairly rapid process of societal transformation from the 1890's to World War 1. As in other European regions, capital accumulation had a dual base in mercantilist commerce and commercial agriculture. But unlike most other European territories original accumulation in agriculture was not based on the exploitation of large masses of subordinate, propertyless peasant labourers. In the 19th. Century new capitalist infrastructures emerged from commercial farming based on small and medium-sized independent family farmsteads. The freehold had grown to become the dominant form of organisation of agriculture all over Scandinavia and it turned out to be very resistant to change. The agrarian sector remained a crucial part of the Scandinavian economies for several decades after initial industrialisation and despite massive migration to the cities and fundamental changes in the cultivation methods and labour processes of crop and husbandry farming, the family freehold is still the salient feature of Scandinavian agriculture.

3.1 The Peculiar Position of Scandinavian Peasantry

In all Scandinavian countries the class of independent farmers gained substantial political incorporation before the advent of industrialism. Furthermore, a sizeable degree of democratization of government had been achieved by popular agrarian movements prior to the emergence of an industrial working class. These movements also led the struggle for general suffrage and majority government, in which the nascent labour movements for long were only junior partners .

The peculiar position of the peasantry has been a decisive contextual factor both in the formation of the basically moderate and pragmatist stance of the Scandinavian labour movements and in imparting to them the fundamental possibilities for attaining and wielding power in a democratic society where their basic constituency - the manual working class - for most of the time has formed only a minority.

The presence of a large class of economically and politically independent peasants gave a specific configuration to interest cleavages in Scandinavia which were carried over into party structure. In contrast to most other European countries the fragmentation and weakness of the Centre-Right or non-socialist part of the political spectrum has been a salient trait of Scandinavian politics in the last 90 years.

The origins of the divisions in the Centre-Right in the 20th. century can be sought in the organisation of early rural social structure and its adaptation to the imperatives of commercial or capitalist agriculture (Castles 78)

Though the outcome was similar, the historical evolutions through which the peasantry in the three countries acquired its independent economic and political position were quite different.

The political and economical muscle of the independent peasantry in the latter part of the 19th. century was both cause and consequence of the marginalization of the aristocracy in Scandinavia (Ibid.). Economically, the basis for a landed aristocracy of the Prussian or British type was always rather poor. Large-scale manorial farming was only possible in southern Sweden and in Denmark; the prevalent methods of cultivation made the exploitation of peasant labour largely unprofitable outside of these areas. Hence, in most of Norway and Sweden the peasants were allowed economical independence.

In Norway the local nobility was already very weak at the end of the middle ages and after the secession from Denmark in the beginning of the 19th. century, the new Norwegian parliament, in which the independent farmers were well represented, abolished all orders of nobility. Swedish peasants' double position as warriors and surplus producers had secured them independent political representation as the fourth estate already in the 17th. century, and by the late 19th. century the nobility had already been economically and politically marginalized for some time.

Only in Denmark did the legal and economic subordination of the peasants resemble that of the serfs in Eastern Europe. Decreasing productivity in the 18th. century, however, helped liberal reformers push through a fundamental land-reform which from 1788 made it possible to turn copyholds into freeholds. In the next four decades, the reform gave rise to a large class of self-reliant small and medium sized freeholders which gradually turned from subsistence to commercial farming, and soon established itself as the best organised and economically and politically most powerful of the peasant classes in Scandinavia. The former laggard became the new leader.

Danish farmers began organizing in a class-conscious movement as early as the 1840's. This movement professed popular rule, liberty, democracy and local autonomy and it played a significant role in the peaceful bourgeois revolution of 1849. The main opponents of the farmers as producers, consumers and citizens striving for equal status were the large landowners (both their most immediate competitors and the embodiments of the old order from which they had recently escaped), the urban bourgeoisie in commerce, banking and industry (which exploited them through their control over the infrastructures manufacture, commerce and finance) and the bureaucratic elite (which objected to giving them equal status and political influence). In its struggle, the farmers movement demonstrated an impressive capacity for self-reliant cultural and economic innovation in order to retain and augment their independence from the financial, commercial and industrial bourgeoisie in the towns. On the economic front it set up its own system of capital formation in popular savings banks, established its own network of cooperative stores for farming and household provisions and organised the industrial processing and sale of its agricultural products in cooperative mills, dairies, butcheries, canneries and export organisations. On the political front it built its own system of class-based folk high schools for cultural and political consciousness-raising, insisted on representing itself in parliament, erected its own network of local papers and later developed two modern mass parties¹⁵ (Christiansen 1984, 1985). The techniques of the Danish movement dif-

¹⁵ After the accomplishment of parliamentarism in 1901 the agrarian party's right and left wing split into two independent parties: the Liberals, with a main constituency of the medium and larger holders, and the radical Liberals with a base of smallholders and progressive middle class urbanites. The latter became the coalition partner of the Danish Social Democrats for the next 60 years.

fused to Norway and Sweden and were copied and applied - though never with the same degree of success.

Late and fairly rapid industrialization¹⁶ ensured that the Scandinavian peasantry had acquired an entrenched position of its own in society prior to industrialism without having assumed too conservative a political stance prior to the emergence of working-class organisations. Peasantry and workers could side with each other against the common enemies of bureaucratic elite and the industrial and commercial bourgeoisie. To the Danish farmers movement, e.g., the emergence of a working-class movement represented a welcome cleavage in the front of urbanites, they had been battling to achieve equal status and influence, and initially they sided with the labour movement even in instances of industrial strife.¹⁷

For the emerging labour movement the prior struggles and achievements of popular agrarian movements, therefore, had crucial implications.

3.2 The Peasantry and Labours Pragmatist Moderation

Before the advent of the working class, other labouring underclasses had developed a popular tradition for self-reliance and self-representation and gained influence on local and central government matters. The labour movements in Scandinavia therefore had precedents of popular organisation and autonomy to build on¹⁸ and they could lay fairly legitimate claims to freedom of association and political representation for the working class in the name of these from the very beginning. State repression towards the movement was very limited and short-lived.

¹⁶ Industrialization was more gradual in Denmark than in Norway and Sweden. The speed of change is usually thought to have character implications of its own (Lafferty 1971) and is brought in to account for the differences in union structure between the 3 countries. The more gradual process of industrialization in Denmark made for a organizational structure based on craft and skills, whereas the speedy transformations in Sweden and Norway gave a strong impetus to the predominance of industrial unionism (Galenson 1968). Likewise the Norwegian and Swedish development made for a higher degree of centralization of authority and competence in the national peak organization. By international standards, though, even the Danish LO is a fairly centralized union confederation (Kjellberg 1983).

¹⁷ During the great lock-out of 1885, in which the employers in the Danish metal industry tried to break the backbone of the nascent trade union movement, farmers organized food-supplies for strikers and summer-homes for their children in the long months of intense strife and deprivation.

¹⁸ To a certain extent the early social democratic labour movements grew out of or had very close contacts with some of the large contemporary popular movement in the underclass such as the Temperance and the Free-Church movements. Particularly in Sweden such ties were close (Olofsson 1979).

Traditional bourgeois forces had not been alone in influencing the State in the transition from mercantilist absolutism to the early forms of capitalist democracy. The popular movements of agrarians also made an impact. Conditioned by the agrarian influence the Danish state, e.g., was from early on cast in the role of mediator between capital and labour instead of as an oppressor of the latter part.

Thus, labour's road towards local and central government influence was not only facilitated but also cushioned by the peasantry's societal position. Furthermore, the successful struggles of the farmer class demonstrated that the state could be reformed and that the suffrage would constitute an instrument for change as soon as majority government and universal franchise had been established.

Last but not least, it appeared that workers were not alone in their struggle. There were other progressive movements on the scene with which one could collaborate. Taken together, these conditions were constitutive for an important part of the character-formation of the Scandinavian labour movements. They never developed the siege-mentality and alienation which longtime repression and political isolation produced in the movements of their European brothers. Moderation and sound pragmatism was part of their programme and practical politics from the very beginning and in contrast to their German counterpart, they did not consider cooperation with progressive non-socialist parties meaningless or dangerous.

3.3 Old Kingdoms with small military apparatus and few colonial obligations

In a comparative European perspective, one should also mention that the nation states in which Scandinavian labour developed were old kingdoms¹⁹ with well established and fairly secure borders. They were small countries that long ago had given up all pretensions about asserting themselves among the major European powers and they held no colonial empires or colonial obligations of significance. This helped combined to ex-

¹⁹ This does not apply to Norway which formed part of Denmark till 1814 and thereafter was in a personal union with Sweden till 1905. However, when a labour movement emerged the national identity had been clear for almost a century and the territorial extent and integrity of Norway as a separate district for even longer, and after the severance of the ties with Sweden the issue of nationality was fully settled. The separation of Norway also helped solve the military question in Sweden and clear an important obstacle for the later achievement of parliamentarism.

clude the military from playing but a minor and decreasing role in the political economy of the Scandinavian countries²⁰. For the labour movements it meant that they escaped having chauvinist nationalism and militarism and external geopolitical factors interfere with their reform projects²¹. Factors which more than once in the 20th century set back or even extinguished the projects of their European brothers. Thus, they were allowed a degree of stability and continuity within their nation states, which few other European labour movements had the good luck to be allotted. The absence of a military-colonial complex facilitated Scandinavian labour's ability to cast itself in the role as representative of the people and the nation.

3.4 Party Structure as a Replica of Class Structure

When the modern mass parties developed in early 20th. century the unusually high degree of independent interest organisation of the classes resulted in a party structure which mirrored class structure to a degree not found elsewhere. Class-voting became the dominant mode of electoral behaviour very early, and in contrast to most other Western democracies and despite some decline in the last two decades, it remains the most prevalent mode of party preference (Worre 1980; Goul-Andersen 1984). This feature of Scandinavian politics aided the labour movement in the sense that it helped preserve divisions among the non-socialist parties, singled out potential coalition partners, and provided the social democratic parties with a stable basis of working class support. Naturally it also somewhat impeded electoral advances through the attraction of multi-class support. Given the large layers of labouring "little people", which, though outside the industrial proletariat proper, shared many of its interests in social reform, this did not matter that much. The labour parties either

²⁰ The Social Democrats were not alone in their anti-military stand. Before the first world war they could normally side with the agrarians - or as in Sweden with the Liberals - against the conservatives over issues of defense and thereafter progressive center parties were sometimes even more pacifist. Furthermore the Scandinavian countries followed a policy of pacifist neutralism with skill and luck till the German occupation and the geopolitical re-drawing of the map of Europe after WWII destroyed this possibility for Norway & Denmark and forced Sweden to develop a modern military machine in order to retain its non-alignment.

²¹ This is particularly true in the case of the Swedish labour movement. As mentioned, the German occupation certainly intervened in the projects of DNA and the SD, and the issues of NATO and the EEC affected their electoral support and internal unity. However, though these issues obviously were linked to the geopolitical location of Scandinavia, they did not originate in the ambitions or interests of a domestic power-block of military and conservatives and they did not alter the basic conditions for the labour movements.

managed to appeal directly to these social groups, or they were represented by progressive center parties with a close affinity to the Social Democrats in most questions of reform.

The persistent prevalence of class voting also imparted great stability to the party system. Since the social democratic parties, with workers as their natural constituency, soon acquired the largest base of any of the parties their key position in the party system could be retained .

3.5 The Organisational Character of the Labour Movement

Aside from coalition politics, the Scandinavian Social Democrats attempted to model their movements after the classical 2. International ideal of the German SPD. This is particularly clear in their organisational form.

Unlike in Britain where unions developed as interest organisations long before they set up a political party for representation of their interests in parliament, and in contrast to France and Italy where union and party organisation often developed semi-independently of each other, organisation in the labour markets (and other markets) and in the political arenas of Scandinavia developed simultaneously and union and party organisation, though formally separate from early infancy, were always just complementary sides of a coherent and unitary labour movement²².

The relative success of Scandinavian labour is closely associated a capacity for orchestrating the economic and political struggle. The basis for this

²² The very concept of "labour movement" entails the age-old socialist ideal of unity of economic and political organization (Olofsson 1979). Formal adherence to this ideal is part and parcel of almost every political persuasion with pretensions to organizing the working class in a struggle for socialism - syndicalists and anarchists excluded. Given the different structural conditions in labour markets and politics for organization and struggle, it is, however, an ideal which is exceedingly difficult to practice. The Scylla and Charybdis of this problem are exemplified by the communist tradition of subordinating the union movement to party needs and the British example of reducing the party to a mere representative for sectional union interests. It appears that only by allowing each other a relative measure of independence while simultaneously retaining close ties and constantly attempting to synchronize, co-ordinate, supplement and complement the efforts of one another can party and union wing of a labour movement secure adequate room for manoeuvre in their respective arenas and still maintain a capability for co-ordination. However, mutual understanding of and respect for the specific demands of the two distinctive arenas in combination with an acute sense of the need for and potential long term rewards of a close co-ordination of the struggles of union and party wings is very difficult to breed in a labour movement - as the last decade of research on Corporatism and social contracts has amply demonstrated.

ability can be traced to the way it organised. However, if the leadership and party and union activists had not constantly propagated and nurtured a holistic view of the interests of the working class in all its constituent parts and if the labour movement had not had the good luck of being able to institutionalize orchestration as a relation between the social democratic party in stable government and a unitary union movement under social democratic leadership, it would never have developed into the impressive capability, it later became. A movement may have a strong belief in solidarity and a holistic view of working class interests, but without a certain minimum of favourable conditions it will not be able to practice the preachings.

Politically conscious workers built the party at the same time as they organised their fellow workers in unions. They viewed trade unions as a consciousness raising school for the necessity of socialism, i.e. for recruitment to the party. The economic struggle through trade unions was necessary but could never stand alone, because it could not abolish exploitation or wage work. Societal change could only come through the political struggle. The unions constituted the basis of the movement, but the party had a natural authority as the organisation for the strategic struggle. A holistic view of the interests of the working class and its associates among the wider underclass and the struggle for societal change took hold from the start and was confirmed and developed when labour came to government power. Having learned the hard way the virtues of separate organisations²³ but determined to secure the unity of party and union the founding Social Democrats established formally separate organisations with constitutions which guaranteed mutual representation in each others leadership. After the separation²⁴ a division of labour between party and unions developed under the auspices of a social democratic leadership bent on making the many different efforts of the various wings of the labour movement come together as a concerted whole (Elvander 1980; Jensen & von Nordheim Nielsen 1985). Thus, a tradition was founded and developed which later enabled social democratic governments

²³ When party-leaders in the Danish section of the 1. International were arrested and forced to emigrate in the early 1870's, the trade unions were paralyzed, and when a major recession in the late 1870's decimated union membership party resources were wiped out and membership dwindled to a handful of die-hard faithfuls.

²⁴ In Denmark separation was more complete because party membership was entirely individual whereas the parties in Norway and Sweden retained collective membership through union affiliation of their members (affiliation was voluntary for LO unions and individual reservation rights were instituted very early).

to make unions comply with macro-economic policies and unions to make such governments promote issues and programmes of high priority for them.

3.6 A Homogeneous Working Class

While the external barriers to organisation were negligible, the internal structuration of the emerging working class also presented the labour movements with relatively few problems. From a comparative perspective, the Scandinavian working classes were very homogeneous. Cleavages of religious, ethnic and linguistic nature were largely absent. The working class was white, protestant and settled with regard to national identity. Denominational and regional differences existed but presented organizers with very few problems. Neither did the first waves of industrialization erect lines of differentiation which posed serious or insurmountable obstacles to unified organisation. In Norway and Sweden the character of industrialization actually facilitated unitary and centralized organisation. But even in Denmark, where the more gradual transformation was mirrored in a union structure along crafts and skills with clear lines of demarcation between skilled and unskilled, the Social Democrats could boast of the highest degree of unionisation of any member of the 2. International prior to WW I. The clashes between the unions of skilled and unskilled have, with the exception of a short intermezzo in the 1920's, always taken place within a unified and fairly centralized trade union movement.

Non-socialist organizers have remained marginalized from the beginning but left-wing contenders for the support of the workers have been much more difficult to overcome. Dissenting political currents developed in the working class already before the turn of the century, but the dominant social democratic tendency did not meet serious opposition from alternative political organisations of the working class until the syndicalist and left-socialist upswings towards the end of the first World War and the emergence of a communist challenge in the twenties. The fairly accommodating mood of Scandinavian politics, the tactical and strategical skill of the Social Democrats, their exploitation of the deeply imbedded norm of

unity²⁵ and in particular their ability to present workers with concrete material gains and improvements in their civil, political and social rights, made it very difficult for the left-wing opposition to gain any headway²⁶. After the Social Democrats emerged as a stable government power in the early 1930's through "historical compromises" (Korpi 1978, 1983) with the agrarian and industrial bourgeoisie, the left-wing opposition became a permanent feature of Scandinavian politics, but at the same time its earlier dreams of ever developing into an equal contender for the loyalties and support of the working class, demonstrated themselves time and again to be just that. The Social Democrats not only guarded their hegemonic position jealously. It is of course a testimony to their very success as guardians of working class interests that they left so little room for a left-wing opposition²⁷.

3.7 Summary

The economical and political independence of the peasantry in Scandinavia may be said to be the most important external precondition to the ascendancy of the social democratic labour movements. It was their independence²⁸ which secured the fragmentation of labours potential opponents, which helped pave the way to local and central government for labour and which in turn provided labour with a potential coalition partner of the center that allowed it to form government and pursue those policies of reform, which turned the Scandinavian societies into modern welfare states.

Likewise, the task of organizing the working classes in a unitary labour movement consisting of unions, cooperatives and party was facilitated by the absence of major religious, linguistic, ethnic or regional cleavages and the relative homogeneity of the industrial working class.

²⁵ Any political current not agreeing with them or succumbing to their leadership was presented as a menace to the unity, solidarity and general well-being of the labour movement and the working classes and purged with all available means in the unions and other interest organizations.

²⁶ In Norway, the Left actually managed to take over the labour party for a period in the 1920's - for elaboration see note 30.

²⁷ Since the mid 1960's the Danish SD has had to live with significant competition from contenders on its left flank which together have attracted from 10-15% of the vote, thus equaling a share between 1/3 and 1/2 of SD's own support.

²⁸ In Sweden the progressive, non-socialist part of the agrarian and urban population supported the Liberal party. In the struggle for electoral and parliamentary reform the Swedish Social Democrats often formed an alliance with the Liberals.

Finally, the coincidence and interdependence of organisation in markets and politics and the model for relating the different parts of the labour movement to one another gave Scandinavian labour a particular potential for orchestrating the efforts in these two spheres of struggles.

Though most of these favourable preconditions simply were given, making the most of them certainly required a major feat. Nothing but the ability of the Social Democrats to concurrently reproduce the fragmentation and pacification of their opponents, the homogeneity of their basis and the unity of the labour movement could help secure that conditions would remain favourable over time.

4. THE TAKE OFF

The Great Depression was a primary catalyst of stable government power for Scandinavian Social Democrats. However, their power was not based on a popular mandate for sweeping societal change in response to the crisis of capitalism, but on accommodation with farmers and industrialists; and the image they promoted was not that of a working class party, but of a peoples party dedicated to the interests of the commonwealth.

4.1 The impasse and the Scandinavian way out

The 1920's had been a period of rapid political integration, but also of great frustration for the European Social Democrats. For years they had organised the party as programmatically in fundamental opposition to the existing society. When they suddenly found themselves in position to form minority governments on their own or to participate in coalitions, they were basically unprepared for the task. The call for Socialism had been their general prescription for the economic ails of the old society, but their notion about the socialization of the means of production was rather vague. In this situation where the ultimate goal was still out of reach but something had to be done, they held few alternative ideas. They lacked concrete programs for dealing with some of the multitude of social problems caused and increased by the protracted postwar recession. Within the framework of the existing society, however, they had no economic doctrine of their own and certainly none that could justify their social reform ambitions (Przeworski 1985). Unable to escape the classical doctrine that recovery invariably requires lower wages and balanced state budgets, and with no majority of their own, the first social democratic governments could do little but administer according to the orthodoxy of the day and so they invariably clashed with important parts of their own basis: the unions, the unemployed and the poor. The narrow catalogue of possible policies within the prevailing doctrine meant that the primary power inherent in government was the power to make the working class bear the brunt of crisis.

In this respect the Scandinavian labour movements were no exceptions. Their first attempts at the "helm of the state" were short-lived and pro-

duced plenty of disappointment, division and frustration. Whenever they sought to demonstrate their "responsibility" and "fitness for government" they collided with their own base, and when they tried to respond to the needs of the unemployed, they were ousted by the bourgeois majority. In parliament they were caught in a zero-sum struggle with farmers and conservatives over questions of taxation and public expenditure and on the labour markets, strife and the squeezing of profits were still perceived by unions and workers as the only practicable road to higher wages and better working conditions.

In Southern and Central Europe the impasse of the 20's was 'resolved' by fascist regimes. In Britain the Labour government's lack of alternative responses to the problems of mass unemployment and its general impotence in economic policy secured the premiership for the Conservatives in the next decade and a half.

One of the major achievements of the Scandinavian Social Democrats is that they found a middle road for escaping the dilemmas of the 1920's and 30's; an alternative which strengthened the reformist labour movement and launched it as the pivotal social force of Scandinavian political economy. Earlier than anyone else, the Scandinavian labour governments began experimenting with practical alternative answers to the impasse and they were among the first to develop a workable formula for combining the immediate needs of workers for consumption with the needs of capital and agriculture for demand ²⁹. With concrete programs of crisis relief through public works and social assistance transfers they embarked on cautious deficit spending and thus inaugurated the Keynesian revolution. And through major package deals and compromises, that opened for cooperation between the labour movement and their major opponents, they began turning the destructive zero-sum conflicts in parliament and labour markets into constructive plus-sum games.

²⁹ As Przeworski (1985) has pointed out the experience with new economic policies provided the Social Democrats with an attainable goal in the management of the economy through state intervention and thereby with a justification of their government role. Likewise it gave them a good ideological justification for distributive policies which favoured the working class. In its more developed form as Keynesianism it was a doctrine which suddenly granted a universalistic status to the interests of workers. That the "short-term particularistic" interests of workers and the poor now could be held to coincide with the long-term interests of society represented a breakthrough for labour's reforming aspirations of immense significance.

4.2 De-radicalization

The Scandinavian Social Democrats arrived at their later strategy partly by default and partly by design. The lessons they drew from their earlier, frustrating government experiences, from class structural developments and from their cooperation with progressive center-parties all led them to de-radicalize³⁰. In response to stagnation in the growth of the industrial working class, and in an attempt to attract those layers of farmhands, subsistence farmers and poor people in the country, which so far had been at the margin of their reach, the Danish Social Democrats began experimenting with a change in appeal from working-class to peoples party in the 1920's. The new appeal was successful in the 1929 election and resulted in the formation of the first stable coalition government under social democratic leadership. The strategy was also adopted by SAP and developed in the "Peoples Home" concept of Swedish party leader Per Albin Hansson. In the middle of the 1930's DNA joined the others and shed its staunch working-class appeal for a peoples party approach.

Successful ideological offensives from the bourgeois parties against the socialist goals of the labour movements in the late 20's also contributed to the move towards the center. In the light of the violent resistance unleashed from employers and farmers by any talk of socialization of the means of production, plans for nationalization were effectively shelved long before they were officially renounced. But as the Swedish Social Democrats in the 1930's developed a theoretical foundation and justification for their own anti-cyclical policies and for the earlier practical experiments of the Danes with various relief measures implying a measure of deficit-spending, nationalization was removed from the agenda also because it was deemed largely unnecessary. The whims of the capitalist economy could be controlled through other means than direct ownership and anyway, what mattered was the power to manage, not possession in itself³¹. Whichever rationalizations were developed, nationalization was

³⁰ In response to widespread hunger and intensified class struggle in Norway in the years after WWI and the victory of the leftist party-fraction the DNA radicalized and affiliated with KOMINTERN from 1919 till 1923. As a result it was politically marginalized throughout the 1920's. Its one fling at working-class government in 1928 lasted but 18 days. Influenced by the successful strategy of SAP in the early 1930's, however, DNA moved quickly towards the center. Within few years the Norwegian labour party had adopted an image and a strategy similar to that of SAP and SD and entered into a crisis-package deal with the agrarian party and a labour market compromise with the employers.

³¹ An argument first developed by Hilferding and espoused by Weimar SPD, which much later has been pursued into a full-fledged theory of "functional socialism" (Adler-Karlsson 1967).

dropped because the Social Democrats had learned to avoid highly ideological issues and because they recognized socialization of the means of production as an impossible political project in a democratic society with a very large segment of self-employed producers in primary occupations such as fishing and farming. It would be to invite the wraths of and estrangement from substantial parts of the labouring people .

As it were, the practical abandonment of socialization removed an important barrier for the strategical compromises with farmers and employers on which Social Democratic ascendancy was founded. In order to secure accept of their governments and programmes, the Scandinavian labour movements, also explicitly had to recognize the sanctity of private property rights - not least in the sphere of production - and agree to a sharp demarcation between public and private sector activities (Helby 1981, Korpi 1983). The public sector was allowed to expand into social services and various infrastructural activities, but should leave production, commerce and personal services to cooperative and private enterprise³². Initially these demarcations opened up an avenue for state expansion. In a much later phase it has come to function as a strait-jacket which in the long run threatens to suffocate the social democratic state projects.

4.3 The cow deals

The decline in agricultural prices during the Great Depression hit agriculture very hard. For once farmers - who had earlier been among the most unyielding adherents of low wages, balanced budgets and the *laissez faire* state - were in just as dire need of crisis-relief as were the working class. The common need provided the basis for general compromises over state intervention in the course of the crisis. Large package deals involving various relief programs for farmers and smallholders opened the door for deficit spending on public works and social security reforms in the interest of the working class. The Danish Social Democrats pioneered this type of package settlement in the winter of 1933, but similar deals soon followed in Sweden May 1933 and Norway 1935 . In exchange for support for the social democratic governments or for their economic and

³² In the 1944 London Agreement the Norwegian labour party, however, managed to secure the accept of the bourgeois parties for a fairly large role for the public sector in housing finance and extractive industries in the early postwar period.

social programmes, the parties of farmers and small holders received agricultural subsidies in the form of price guarantees, credit extensions for bankruptcy-threatened freeholders and a measure of consideration for agrarian interests in the structuring of social policy.

In turn, the accommodation with the agrarians consolidated the social democratic governments and gave the labour movements a stronger position vis a vis the employers and the Conservatives. Internally the stabilization cemented the government's authority in relation to the union and cooperative wings of the movement. The public works and social security programmes confirmed union confidence in the strategy of compromise and co-operation and its ability to count on the support of a government sympathetic to its cause gave it a stronger position - externally as well as in relation to its own members - from which to negotiate compromises with employers. Likewise the solidification of labour's political power position and the isolation and impotence of the Conservatives helped convince stalwarts among employers of the prudence of reaching a general settlement with the LO ³³.

4.4 The compromises with capital

The Social Democrats' attainment of stable government power set the scene for a general compromise with employers in more than one way. In order to stay in office they needed to pursue policies which benefited the economic position of the country as a whole and for such to succeed, they needed the active compliance of both unions and employers. Intense clashes in the labour market would not just be politically embarrassing and economically de-stabilizing, but could also provoke the progressive agrarians to side with the other bourgeois parties again and cause serious internal conflict in the labour movement. Union representatives in the party leadership were well aware of the danger and of the subsequent need for new tactics in the daily struggle. In a dual effort to convince members of the necessities and possibilities of the new situation and to control and deter dissent they began to campaign for a centralization of the union

³³ LO = Landsorganisationen = The central confederation and national peak organization of the manual workers unions in the Nordic countries. Whereas some of the lower white collar unions in Norway and Denmark are affiliated with the LO, blue and white collar unions are organized in separate peak organizations in Sweden.

movement and for new rules for decisions on bargaining results and strike proposals. The aim was to vest sufficient authority in the peak organisations for them to bargain directly with the government and the employers on behalf of the entire union movement and to develop an organisational structure which could secure a high degree of compliance afterwards. These efforts succeeded to different degrees in the three countries but all experienced a major centralization of the trade union movement in subsequent years.

The LO negotiated new fundamental agreements with the employers associations and the government followed up with industrial relations legislation, including an overhaul of the system of labour courts and conciliation institutions³⁴. On their side the employers had an obvious interest in industrial peace, but they also needed a government which would come to their protection against the crisis.

The attempt to institute a new industrial relations system was resisted by many in both camps. By the end of the 1930's though, opposition had been either outmanoeuvred or convinced of the benefits accruing from the new order.

The settlements of the 30's inaugurated the asymmetrical balance of power between capital's unchallenged reign in production and labour's reluctantly accepted control over government which characterized the Scandinavian model in its first 3 decades. By striking separate compromises with agriculture and industry, labour had managed to keep them divided, yet fairly satisfied³⁵. However, the major deals were neither particularly actively sought nor enthusiastically embraced by agrarians and industrialists. They were pressed on the actors by force of circumstance. Only because industrialists and urban and agrarian petite bourgeoisie were in dire need

³⁴ Basic agreements about rules for negotiation, contracts and conflict had been reached very early in the Scandinavian labour markets [DK: 1899, S: 1905, N: 1907] but had been set back by general strikes and suffered under the bitter strifes in the long recession of the 1920's and the first part of Deep depression of the 30's. Likewise a system of industrial courts and conciliation institutions had not been absent but just unable to guarantee industrial peace without a general settlement implying commitment to its rules and the emergence of some confidence in its fairness and legitimacy. Prior to the new agreements industrial and political tension had been very considerable. In strike volume and strike participation the level of industrial conflict in Sweden and Norway from 1900-1930 was larger than in the majority of industrialized nations. Whereas it fell suddenly after the assumption of office by SAP & DNA and the finalization of the new agreements (Korpi & Shalev 1980).

³⁵ Together these two compromises began what has been described as Scandinavian labours pincer movement in the struggle against its opponents (Olofsson 1984). I.e. a tactic through which labour separated employers from the bourgeois parties by taking them on one at a time in the separate fields of parliament and labour market and pacifying them through compromises, consultation and accommodation.

of state protection and state relief, and only because labour was in a strong position politically and organizationally, were fundamental compromises reached. Thus they reflected power relations and not a general state of consensus (Korpi 1983, Esping-Andersen 1985).

4.5 The social policy breakthrough

Three to four important foundations for the modern welfare state were laid in the social policy reforms of the 30's.

The more traditional one came through the establishment and/or reform of income transfer programmes for old age, unemployment and poverty and through improvements of industrial accident and health insurance. Benefits were meagre and predominantly flat-rate with some means-tested supplements, but eligibility much more general than in most countries. Since Sweden so far had been without national unemployment insurance, and Norway without a general pension scheme the improvements were quite visible. The Norwegian pensions became contributory, but certainly not in any actuarial sense. Apart from old age pensions, access to social transfers was defined by exceptional need and was in principle short term. But some of the peculiar Scandinavian traits were already discernible: pensions were general instead of targeted to specific occupational groups, and entitlement as a citizen right was almost established, though some means-testing persisted. A less restrictive interpretation of the distinction between worthy and unworthy began to make it possible for ever wider groups to qualify for assistance. In terms of the shaping of programs, the primary accommodation with the agrarians took place in old age pensions. In Denmark, pensions were preserved as non-contributory while eligibility was widened by making entitlement conditional on membership of the compulsory health insurance. In Sweden, the formula for harmonization of worker and peasant interests after a show-down in the election of 1936 became non-contributory pensions consisting of a flat-rate benefit with supplements according to variations in the costs of living in urban and agrarian settings.

Relief oriented employment creation through public works could be found in most western industrial countries in the period. The Scandinavian peculiarity after the Social Democrats had come to power was that workers were paid the going union rate and unionisation not only tolerated but actually encouraged. The public works programmes along with labour exchanges formed the humble beginnings of the labour market policies of the post war period.

The most innovative, original and potent part of the social policy heritage from the 1930's, however, is the one that launched and gave staying power to the doctrine about social policy as an investment in the productive capacity of the people and hence in the nation. More than any other work this perspective is associated with the Myrdals' path-breaking book "Kris i befolkningsfrågan" (Crisis in the population question) from 1934. In the guise of the natalist preoccupations with population policy of the time, it argues that preservation of the nation and the people requires substantial investments in the caring, rearing and schooling of its children and in provisions for the physical and mental health and general well-being of its adult labour force. Society's greatest asset is its human resources, which therefore must not be squandered or allowed to waste away. Thus, social policy should be perceived as investments in human capital for a more efficient production and not as a burden on this. In retrospect, the book reads like a catalogue of the entire postwar expansion of welfare state services. The beginnings were humble but expanding programs for infant care, mother counseling, help to lone mothers, kindergartens, medical and dental service in schools, and for better nutrition and preventive medicine. These programs evolved into the internationally distinctive features of the modern Scandinavian welfare states, namely their impressive emphasis on welfare services.

The fourth cornerstone addressed the housing problem and included rent control, programs to secure a more just distribution of existing dwellings, better housing, and a building volume which in the long run could overcome the urban housing shortage.

The establishment of ministries for social policy and the recruitment of reform-minded administrators and personnel for the emerging welfare state, set in motion a development which soon burst the confines of the original red-green agreement on social policy.

4.6 The Nation, the People and Social Security

The Social Democratic programme of the 1930's was one which though it certainly also promoted the interests of the working class, alienated neither the peasantry, the wage-earning middle classes, nor the industrialists. Reconciliation and cooperation between all democratic forces in the interest of the nation and in defense of the democratic institutions were major themes in the agitation and political practice of the Social Democrats. Given the more particularistic stand of the other parties the social democratic party managed to portray itself as the defender of the interest of the people and the nation instead of merely the working class, and to associate the national interest with social security for everyone. With this strategy Scandinavian labour secured for itself an image as the most legitimate representative of the national interest, a much coveted role which the large conservative parties in most other western democracies usually managed to keep as their prerogative. Anti-fascism blended with themes about the national welfare as social security for everyone. The social democratic slogans about "Denmark for the people" and Sweden as a "Peoples Home" had such an immense appeal, that they were later embraced as treasureable parts of the national heritage by the right as well.

In other countries, the implementation of classical orthodoxy in times of severe agricultural crisis was a potent force driving the peasants into the arms of fascism. That fascist tendencies never became a major threat in Scandinavia must not least be attributed to the willingness of the labour movement to reach agreements with and to accommodate the other major interests in society from a position of strength. Accommodation, however, rarely meant that opponents were granted the power to veto progress, instead it implied the engineering of majorities for reforms through various means and compromises.

In an international perspective consultation and accommodation instead of direct confrontation unveiled it self as an excellent strategy in the polarized climate of the 1930's. The party's moderation in this era was partly a function of its heritage, organisation and of external conditions, and partly of choice, tactics and strategy. Thus while the beginning of social democratic dominance was helped along by favourable conditions, it could not have happened without adequate answers to the major problems of the day.

5. CONSOLIDATION

The Swedish and Norwegian Social Democrats both emerged from the war as unchallenged representatives of their nations and natural parties of government. The Danish party first had to live down its collaborationalist taint and outmanoeuvre a large communist challenge, which had sprung up. But generally the forties and fifties became a period of consolidation amid some stagnation in which the coalition with the agrarians reached its epitome and revealed its inherently rather narrow limits.

The legacy of its role in the thirties served as a great asset for Labour. In the population it had become widely associated with the escape from the hardships of crisis and the dangers of fascism. To the parties and interest organisations of farmers and businessmen, the Social Democrats by engineering consensus-building in parliament and on the labour market, while at the same time preserving and reinforcing its own base, had proven itself a determined, though sufficiently trustworthy, moderate and pragmatic counterpart and thereby compelled both their respect and their reluctant accept. While it helped furnish the Social Democrats with a better starting position, postwar government power could hardly be sustained merely by invoking former laurels.

Initially all three parties developed radical post war programs for change. This partly to keep the Left in and outside the Social Democratic movement at bay and partly to match what they perceived as a great left-wing swing in the electorate. As major departures from the 1930-compromises these blue-prints for non-accommodating change immediately unleashed a violent reaction from the bourgeois parties in Denmark and Sweden and caused them to unite in a common front against the proposals. When they also met with limited enthusiasm in the electorate they were therefore quickly shelved. To take their place SAP and SD re-packaged their old winning combination of consultation, accommodation and moderate reform and re-launched it in a new guise. "Matter-of-fact" policies was now what it was all about. "Impartiality" became a catch-phrase in the course of the fifties which served as the measuring rod of the true qualities of policy proposals and a litmus test on whether the promoter was of honourable intentions or not. Similarly, the characterization of someone's policy intentions as sheer "class-policy" began implying a major de-

nouncement . In Norway the program was developed in closer consultation with the bourgeois parties and DNA actually managed to secure broad approval from these for a program which reserved a remarkably active role for the state in housing and in manufacturing and extractive industries. Its actual content apart, the program intoned a consensual style of politics in Norway which prevailed till the issue of EEC shook its foundations and the arrival of the New Right government of Kåre Willoch in the early 80's almost laid it to rest.

Hence, Scandinavian Social Democrats returned to the beaten track and continued to tap a tried and proven source of government power: division and pacification of their opponents through coalition and accommodation. And like in the 30's they proceeded to make a virtue of necessity by presenting themselves as the rightful representative of the whole people and the natural protector of the commonwealth as opposed to parties dedicated to sectional class interests. Their ability to portray themselves as the socially conscious but largely impartial mediator and to make the bourgeois parties come of as egotistical, sectionalist and narrow-minded class-parties while at the same time practising widespread consultation with and consideration for the interests which these parties represented, won them the day. In an international perspective it was remarkably how well they were able to turn around the very game which in most other places was being played against labour, and thus use one of the efficient traditional weapons of the Right against itself, making it appear selfish, against the common good and hopelessly ideological. The other side of the coin was of course that the Social Democrats to a large degree became prisoners to their own rhetoric. By making "impartiality" the standard of good politics they came to impose limits on themselves which they would later regret.

5.1 Social policy

Through the forties and fifties the red-green alliance realized its potential in various reforms of and improvements in basic income maintenance programs. Universal programs with flat-rate benefits constituted a median between the social security interests of the farmers and little people in the country on one side and the skilled and unskilled workers in urban

environments on the other. While not entirely meeting the needs of the better paid parts of the working class new universal flat-rate programs provided it with basic security while strengthening the government and confirming the coalition. Programs for child allowances, health and sickness cash benefits insurance, occupational injuries, support for housing construction and not least peoples pensions reached the books. The red-green coalition gave birth to the first of the internationally distinctive features of the Scandinavian welfare state, namely its foundation of non-contributory and universal transfer programs for basic cross-class contingencies of social security needs such as old-age, sickness, occupational injury and invalidity. Where existing programs were not completely overhauled benefits were raised to subsistence levels and eligibility widened. Where benefits earlier had been conceived more as supplements to savings and other sources of income or consumption the aim now became that they should provide sufficient means for subsistence on a basic level. Income-testing persisted but was significantly relaxed, while means-testing became confined to social assistance and dis-enfranchisement rules were abolished. Social policy was no more merely relief. Access to transfer benefits in classic cases of income loss and need now became something which the entire population could rely on as a fact of daily life. Thus the period inaugurated what aptly has been termed the institutionalization of social citizenship (Esping-Andersen 1985).

5.2 The labour market:

Rates of unionisation were remarkably high in Sweden and Denmark already prior to the 1930's. Though they formed the backbone of the social democratic labour movement it was the coalition with the agrarians, and not the access to this power resource, which first brought the labour parties to government power. Ever since the degree of unionisation in Scandinavia has gone up, however. While unions always have constituted crucial elements in the reproduction of the social democratic power base the high rates of unionisation are themselves much more an effect than a cause of power attainment.

As Kjellberg (1983) convincingly has argued, the political climate has a major influence on unionisation. A string of general compromises with

capital had opened the enterprises to union organisation and the union movement's willingness to show restraint and stick to agreements, made it a trustworthy counterpart for government and employers. The social democratic method of treating unions (and employers) as crucial partners in the development and implementation of economic policies has implied general recognition of these interest organisations and has granted them official status. Clearly this has been a major asset in the organizing drives. Unions gained a monopoly on negotiations with employers and came to represent channels of influence into local and central government. The latter being not only a function of their official status but primarily a product of the close links between the social democratic parties and the union movement on all levels from municipal councils to the national government.

As active labour market policies and other employment promoting and employment securing policies were devised and the adequate instruments, institutions and procedures for their functioning were established, the capability for orchestration between government and union movement was further perfected. The Swedes led the way and the other two followed with their own peculiar mix of policies. Full employment was the overshadowing policy goal in the social democratic catalogue. For the Danes it was something which remained out of reach until the end of the fifties, whereas the Swedish and the Norwegian parties achieved very low rates of unemployment already in the beginning of the decade and thus reaped some of the electoral benefits.

The relation between employers and unions took on a character of genuine cooperation in the productivity drives which marked the development of manufacture in the 50's. In a very concrete sense, the labour movement tried to maintain a positive-sum game where higher productivity resulted in better wages and new investments in jobs. At the end of the decade even the Danish movement began reaping the fruits of their toils, and unemployment decreased rapidly while real wages rose to an unprecedented degree. By that time, however, the effects of the international boom had finally reached Denmark and come to the help of a movement frustrated by years of seemingly endless economic stagnation.

Social democratic governments took great care to secure agreements with employers and unions through direct consultation, to avoid coercive in-

intervention whenever possible, and not to force labour market and related legislation through over the explicit veto of the national peak organisations. Consequently labour market questions became largely de-politicized in Norway and Sweden, while a number of factors combined to prevent the same effect in Denmark ³⁶. Even in here they were rarely left to open parliamentary debate and resolution. By separating the resolution of labour market questions from parliamentary politics social democratic managed to weaken the ties between employers and bourgeois parties, while reinforcing their own ties with the union leadership. When the issues finally reached parliament they had already been settled in bilateral or tripartite negotiations and there was little room left for bourgeois ideological intervention. The pacification of their adversaries in the labour market freed Social Democrats to pursue compromises with their coalition partner in matters of social policy and the like. This type of tactic was particularly successfully applied in Sweden and gave name to the concept of "Harpseud Democracy" (i.e. by-passing parliament) after the location where the government held regular consultations with the LO and SAF.

The close cooperation with the union movement was only one aspect of a general attempt to draw the organisational network of the labour movement into the state by institutionalization of consultation and by entrusting certain administrative tasks to the interest organisations. Thus for instance, the cooperative building associations and the tenants organisations were given a say in the development and implementation of the postwar drive to solve the enormous housing problem.

While the historical compromises on the labour market still allowed constructive progress at the end of the period, the coalition with the agrarians began to unravel as migration to the cities made the social basis of their party dwindle and as the possibility for further compromises became exhausted. After the enactment of universal flat rate programs the agrarians saw little need for further major developments of the welfare state.

³⁶ The lower degree of centralization in the Danish Union movement made it more difficult for the LO to control and crush dissent. The general volatility of the political situation, and the constant challenge from the Left made it difficult for SD minority and coalition governments to make the parties acquiesce without having to resort to forced settlements and other forms of direct intervention. It also did not help that SD's long time coalition partner actually preferred government intervention to general agreements negotiated behind the scene. In the 50's, however, the clashes occurred less with the bourgeois parties than with the militant communist opposition which only subsided in the years after the invasion in Hungary and the internal break up of the communist camp after the 20th. party congress in the Soviet Union.

6. THE GOLDEN AGE

The late fifties inaugurated the golden age of the Scandinavian model. A period marked by rapid and continuous economic growth, full employment, rising real wages and the explosive expansion of the welfare state. For just about 15 years the labour movement, with the winds of prosperity in its back rode high on a set of policies which successively reproduced and reinforced its political and organisational power. By oiling the mechanics of markets and working along their main trajectories in orchestrated efforts with the union movement social democratic governments managed to make the most of a favourable international conjuncture.

Economic growth speeded up rationalization in agriculture and industry and affected substantial changes in the occupational structure. Processes of rapid urbanization fueled by migration from rural and peripheral areas, which had begun in the 50's, reached a peak. In Denmark and Sweden, the old red-green alliance broke down as its limits became intolerable and both Social Democrats and agrarians saw the necessity of bold political responses to the challenge from changes in the class structure. The growth of traditional blue collar workers had leveled off while white collar employees began expanding at a quick pace. The agrarian base dwindled away as small scale farms were deserted for jobs as wage-earners in towns and cities. The sixties saw successful and abortive attempts of political realignment in which the Scandinavian Social Democrats tried to make the crucial move from the old coalition with the little people in the country to a new (more class internal) coalition with white collar employees³⁷. A new stage in the "modernisation" of the old working class parties

³⁷ In Denmark and Sweden the shift in coalitions may be seen as involving a shift from a class external with agrarians to a more class internal one with other wage earners. This perspective does not quite pertain to Norwegian case. DNA's core constituency had always been a mix of little people from the large peripheral areas and urban workers. To Norwegian Social Democrats the urban-rural alliance was therefore much more of a genuinely internal one from the start which furthermore accorded them solid parliamentary majorities of their own in the first two postwar decades. Though this internal alliance permitted DNA to pursue pervasive state intervention in labour and housing markets and spurred it to make social security programs universal, compulsory and formally contributory, it impeded welfare state growth in social services. Traditional family structures and corresponding gender roles persisted much longer in the periphery and there was little interest in - if not outright opposition to - a role for the welfare state in daily family life similar to the one which developed in Sweden and Denmark in the wake of the sharp rises in female labour force participation. Of particular relevance for the 60's is that the compulsion to reconcile the needs and demands of its dual base prevented DNA from entering into a tacit alliance with big business for rapid industrialization, urban concentration and subsequent re-allocation of the labour force along the lines of

was opened as they dropped the peoples party image and presented themselves as all encompassing wage-earner parties. Meanwhile the agrarian and conservative parties also began moving in towards the center, attempting to shed their class image and transform themselves into modern catch-all parties, slightly right of the middle. All aimed at catering to the growing layers of private and public employees while retaining their old constituencies as core groups.

Consolidation and augmentation of the social democratic power position was premised on the movement's ability to devise adequate policies and on its capability for adapting to changes. New policies were needed in order to achieve the necessary transformation of the traditional working class - little peoples movement and to break out of the coalition impasse. The process began in Sweden. Only if the Social Democrats here could escape from their dependence on the old coalition partner would they be able to add new storeys to the social security complex and widen the boundaries of welfare state intervention. In order to complete the foundations of political and social democracy and embark on the road to economic democracy they were in dire need of a broader constituency . This was found in the growing layers of white collar employees. Differences in social security protection and in fringe benefits had hitherto drawn sharp lines of division between blue and white collar wage- and salary earners. Workers wanted protection and fringes similar to the ones which were awarded white collar employees in the public and parts of the private sector. But equalization had to be molded in a way which did not antagonize white collar unions and their members.

Earnings-relation and the income loss principle in the meting out of transfer benefits became one of the primary formulas for the harmonization of the social security interests of blue and white collar workers. The bitterly contested ATP-reform, which for wage and salary earners added a pension based on a percentage of previous income to the floor of flat-rate peoples pensions, initiated a new stage in social security. Programs that guaranteed basic security had replaced relief oriented provisions in the 1950's. Now these were to be supplemented with a second-tier of income related benefits aimed at providing security for loss of earned in-

Swedish developments and put a brake on overtures towards the forging of a blue-white collar alliance for the future.

come. Earnings-relation raised standards to a level which also appealed to wage earners in the income brackets above the middle. Hence it became instrumental in the marginalization of private social security, which with the exception of pensions has characterized the Scandinavian countries.

In Norway, the DNA obtained the consent of the bourgeois center for better transfers and for a continued role of the state in the financing of housing. Services remained underdeveloped, though, and primarily for this reason major increases in public sector employment on par with Swedish and Danish developments never materialized. In Denmark, dependence on non-socialist support precluded both earnings-related pensions, a social housing policy and an active labour market policy, whereas a major expansion of services and of public sector employment were. The lack of earnings relation in the Danish 2. tier pension of the 60's and the trend towards privatisation in housing policy contributed significantly to the failure of Danish attempts to establish a durable alliance between blue and white collar workers (Esping-Andersen 1985).

Of the three parties only SAP really managed to make the transition from the old coalition of little people to a broad wage earner alliance. And only SAP was able to devise policies that avoided instituting the kinds of invidious distinctions and cleavages among its basis which in Denmark began to unravel the social democratic constituency in Denmark already from the mid-sixties.

Similar attempts of breaking out of the old coalition mold were made in Denmark and Norway. SD's efforts were soon shipwrecked and DNA, facing smaller and more gradual changes in the occupational structure never really succeeded to the same degree. While attracting some white collar support DNA began loosing its hold on younger workers (Sainsbury 1983; 1985). In this period we see the old convergence between the three countries beginning to come apart and the start of what should become three separate trajectories.

In Sweden political realignment came at the most opportune time. The white collar groups were growing but still reasonably small, and, most importantly, only the old core of private sector employees had clear political attachments to the Liberal party. Employee privileges, though cer-

tainly entrenched, did not apply to such a large share of wage earners and the electorate. In this sense, obstacles were smaller in Sweden than they would be in Denmark 10 years later. Timing helped SAP beat the bourgeois parties in adapting to the changing social structure.

However, Swedish reform-policies were also substantially more compatible and logically consistent than their Danish counterparts. Furthermore, they helped harmonize interests and homogenize living conditions to a much higher degree. In Denmark, the Social Democrats managed to implement lavish, compensatory programs, but they were never able to launch preventive policies to any large degree. Likewise, they just could not get through parliament the tax reform which was necessary to secure a coherent logic in welfare state redistribution. In its absence the two sides of progressive redistribution, benefits and taxes, were increasingly coming apart. This contributed overwhelmingly to the division of interests among wage earners. It also began to affect the legitimacy of the whole project and became a factor in the emergence of the tax and anti-state rebellion. Thus, in the final analysis an important core of the larger dominance and stronger position of SAP must be explained as a function of their policy package, because it had long term consequences for social stratification and for the shaping and structuring of interests.

The nucleus of the social democratic politics of virtuous circles in the golden age rested on the orchestration and synchronization of economic, labour market, social policy, educational and health policies. Scandinavian labour's capabilities for concertation rested on the close ties between social democratic governments and the union movement. Capacities for synchronization were developed through planning and growing experience with the management of state programmes. A great expansion in the wage earner population laid the political basis and the reproductional rationale for welfare state growth.

The positive feedback of more employment and higher wages was enlarging and solidifying the tax base which financed the great expansion in welfare state services and transfers and partly hid the degree to which taxes were actually raised. Improvements in social security and full employment ensured support for the social democratic programs and helped reproduce and reinforce their power.

By cooperating closely with the government, unions set in motion virtuous circles of more recognition, more union members, and more legitimacy as the state conferred official status and delegated authority to these organisations. Labour was equally present on the shop floor, at the local level, on the labour market and the central national level, and experienced a simultaneous growth in power on all levels.

In Denmark and Norway the aborted realignment to all-wage earner coalition made labour captive to the favourable conditions on which they came to power. This implied that they remained dependent on the center parties which would only allow SD governance within certain confines. Nonetheless, although much stronger the new wage earner coalition in Sweden did not quite enable the Social Democrats to do as they pleased. The fragility of the coalition limited the reforming ardour of SAP.

In all three countries, the Social Democrats for long managed to unite their own ranks³⁸ while keeping their opponents from coalescing into a common anti-socialist block. Yet, they came to learn that they could only keep the bourgeois camp divided as long as they avoided ideological issues such as property rights. At times it meant operating within a narrow parameter of policy options. Thus what e.g. in Danish politics of the 1970's, where the labour movement retained government power in spite of solid non-socialist majorities, might appear as the smart moves of the Machiavellian was actually Social Democrats acting within the strait-jacket of shifting majorities and coalition partners and having to stay middle of the road in order to keep the bourgeois and center parties from forming a common anti-labour front.

³⁸ Through a policy programme for minimizing internal cleavages, comprised of measures aimed at healing, bridging, reconciling, harmonizing, homogenizing and cohering potential and actual differences in interests and concerns among categories of wage earners.

6.1 Power resources and feedback dynamics in the Scandinavian Model:

In Figure 1 we present a general framework for the processes of input, output and feedback between class, movement and state that characterizes the virtuous circles of the "Scandinavian Model" from the 1930's till the 1970's. It depicts the virtuous circles of power resource mobilization, power position conquests, reform policy implementation, simple or extended reproduction of power resources, consolidation of existing power positions or conquests of new, retention of reform policies or implementation of new ones possibly with stronger feedback effects.³⁹

The relation between power potential (a) and social reform (c) outlined in the model rests on two age old insights :

(1) The more people are alike (in overall living conditions), the easier they find it to conceive of their interest and concerns as common, and the easier they are able to unite in a concerted struggle for the articulation and satisfaction of their needs, interests and concerns. Vice versa: the more heterogeneous, the more differentiated people are, the more difficult - other things being equal - it will be for them to agree and unite. The dream of any would-be organizer is therefore to be able to diminish the differences. As the process of mobilization usually is protracted the immediate focus will be to counteract the forces pulling people apart by finding strong common denominators for the differing interests.

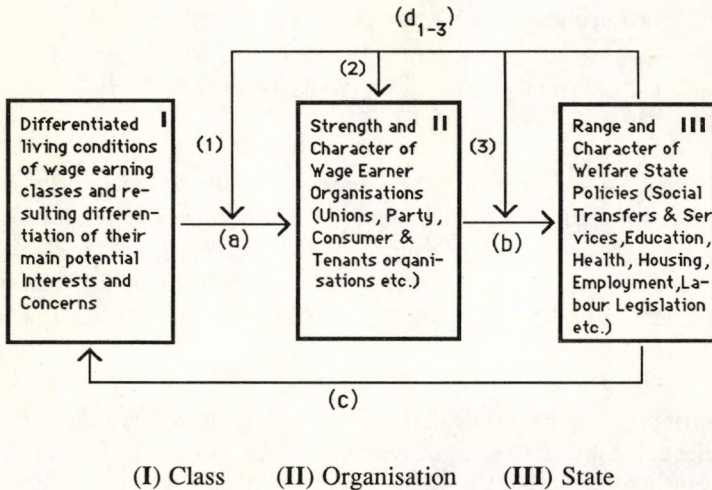
(2) People who are insecure, scared, downtrodden, unskilled and generally ignorant are in a poor position to interpret and defend their interests. As their lot is bettered, their capabilities for learning and fighting will improve. Their expectations are likely to rise and they will grow more confident in their abilities to realize their demands.

Whereas all labour movement have subscribed to the first insight, the second with its' inversion of the infamous emiseration thesis, is peculiar to

³⁹The thinking and the arguments in the figure, which derive from a comparative study of the reciprocal relations between the strength and character of labour movements and the shaping of welfare provisions in the areas of pensions, unemployment and health and safety at work conducted at Department of Sociology, University of Copenhagen, in the period 1982-85 (Olofsson et al. 1983), have a close affinity with the power resource approach suggested by Korpi (1983, 1985) and is in many ways parallel to the feedback analysis developed by Esping-Andersen (1980, 1985, 1987, 1988).

Figure 1:

Feedback dynamics of the interactive relations between Class, Labour Movement and Welfare State :



- a. The translation of class positions into organisation (i.e. the formulation of potential interests and concerns, the molding of collective identities, the mobilization of commitment and the organisation of resources) - or *class formation*.
- b. The articulation of organizationally filtered interests and concerns and the application of power resources in the struggle for their translation into state policies - *political struggle*.
- c. The feedback impact of welfare policies conferring rights and dispensing benefits in cash and kind on the degree of differentiation of living conditions and of resulting potential interests. That is *political intervention in the structuration of class* resulting to various degrees in the moderation and eradication or the constitution, preservation and augmentation of cleavages and divisions which may constitute obstacles to (unified) organisation.
- d (1-3). The feedback impact of state policies on the conditions for organization, articulation and realization of wage earner interests and concerns. E.g. policies which award or refuse recognition, status, privilege, and delegate or withdraw authority and resources to organised expressions of wage earner interests. In general any measures which impede or facilitate the transformation of given configurations of potential interests into efficient organisation and of organisational power into state policies by benefiting certain forms of organisation and articulation over others. Thus essentially policies which combine to define, reinforce or rewrite the *rules of the game in the formation and articulation of class* - and possibly to rig it in favour of some players over others.

the reformist tradition. The two arguments delineate an important part of the strategic rationale behind social reformism. Apart from the obvious importance of improving the lot of workers and the poor as such, social reforms may facilitate unitary mobilization by eradicating or minimizing some of the impeding obstacles to this .

The other important elements of reasoning implied in the figure can be recapitulated as follows:

The individual resources of wage earners are small compared to those of proprietaried individuals. Their main potential power resources lie in their numbers and must be developed through combinations. They need to pool their energies in order to match their opponents in markets and politics. Unity is crucial to their ability to affect outcomes. Solidarity is basically self-defense.

Organisations represent attempts to invest energies and resources in instruments for the facilitation of mobilization (Korpi 1985). Organisation helps preserve a certain level of mobilization and cut the costs of and diminish the need for constant reactivation. Organisations may be viewed as the residues of earlier mobilization and lessons from struggles. Their shape is not arbitrarily decided. It is influenced by rules for organisation and articulation of interests laid down in state legislation and agreements with adversaries. Such rules and regulations emerge as the outcome of prior struggles and result from present distributions of power resources among significant societal actors.

The processes from class into organisation and from organisation to state are shaped in crucial ways by such institutions and rules of the game. Social actors will therefore try to influence their establishment and structure. The perspective is dynamic: The outcomes of former clashes form the starting points of present struggles, just as these will mark future struggles. Changes in rules and institutions may affect ones positions and conditions for better or worse (d1-3).

Power is a relational and a dispositional concept of which power resources form the base. Power resources in the sense of a potential for rewarding and punishing other actors are capabilities which one can bring

to bear on the outcomes of struggles. Power resources vary in character. As Korpi (Ibid) has suggested they may differ according to domain, scope, scarcity, centrality, liquidity, convertibility, and basality; just as they may vary in concentration and storage potential and have different mobilization and application costs. Basic power resources of labour (human capital and numbers) and capital (physical capital and money) differ in these respects with capitals' resources scoring high and labours' low on these dimensions. Basic resources can, however, be converted into other types, as when wage-earners build capital power through collective savings, just as the mobilization of power resources may lead to the conquering of derived sources of power such as government.

The deployment of power resources involves costs. But power resources need not be mobilized and applied in order to affect the behaviour of opponents in desired ways. The mere potential for rewarding and punishing may induce actors to acquiesce. Since power resources may not just be augmented but also consumed or lost through struggles, all managers of power resources have strong incentives to avoid having to deploy them in open conflict. If desired results can be approximated through the fostering of anticipated reactions cost can be greatly reduced. The interest in cost-conscious management among opponents may be strong enough to constitute a common interest in the establishment of fora for inexpensive resolution of routine conflicts of interest.

Instead of being expended in everyday clashes, power resources may be invested in institutions for conflict-resolution. Outcomes of struggles are not predetermined by power resource relations at the start of conflicts. Power resources may be more or less wisely managed and the possibilities for intervening variables are infinite. A crucial part of smart management involves the conversion from more costly to less costly and from less applicable (domain, scope, liquidity etc.) to more applicable power resources.

Control over government and the state apparatus represents an immense power resource with which one can compensate for market weakness. Institutionalized state policies may therefore help to conserve favourable relations of power over time. Investment may imply augmentation, concentration, conservation and conversion of power resources (i.e. into less costly, more liquid resources with larger scope, domain and/or

centrality), but primarily it results in greater predictability, stability and cost minimization.

Staying in power and maintaining power require recurrent reproduction of the conditions which facilitate power. The strengthening of power position also requires introduction of new measures, which will set in motion virtuous⁴⁰ circles or break certain vicious⁴¹ circles.

The processes of transformation (a) & (b) and of feed back (c) & (d1-3) all involve conversion of power resources from basic to derived and from more to less costly and attempts to reproduce, reinforce and augment the power resources; partly through increasing them partly through cutting opportunity costs, and partly through increasing their efficiency and effect. Virtuous circles can be illustrated as running in a succession of inputs and positive feedback whereby power resources and power positions minimally are reproduced and maximally constantly increased as follows

(a)->(b)->(c)=> (A)->(B)->(C)=> (A +)->(B +)->(C +)=> (A + +) etc.

The inverse vicious circle could then be illustrated as running

(A)->(B -)->(c)=> (a)->(b)->(c -)=> (a -)->(b-)->(c - -)=> (a - -) etc.

Cost conscious management of power and the reproduction or entrenchment of power require institutionalization of power or access to institutional power resources (government, involvement of interest organisations in self-regulatory government schemes/policy areas)

The power to shape and affect state policies maybe gained through mobilization in markets and politics. State policies have a structuring impact on the conditions for the formation, organisation and articulation of interests & concerns. Redistributive policies can be used to restructure living con-

⁴⁰ That is to say that it gets better out of a self-reinforcing logic each time the circle is finished and started a new. Which could also be described metaphorically as a process that is spiraling outwards/upwards in ever wider circles. In this case power resources are reproduced and augmented while power positions are consolidated or strengthened.

⁴¹ In the sense that it gets worse with the fulfillment of the circle. A motion of spiraling downwards/inwards in ever narrower circles. The breaking of such a circle would imply stabilization and renewed reproduction of existing resources and positions.

ditions and interests. Thus state policies may be employed as instruments by which to change the rules of the game in order to favour certain actors over others or to improve your chances within a given set of rules.

The social democratic labour movements in Scandinavia have consciously strived to use state power for such purposes and their long hold on government is to a large degree a function of the successful application of state policies, which have reinforced their position (Esping-Andersen 1980,1985).

The extent to which Social Democrats penetrated into the state apparatus affected the extent to which their policies met with success. As Rothstein (1986) has demonstrated, the success of the active labour market policy in Sweden must to a large degree also be attributed to the "cadre" principle used in the manning of the implementing policy apparatus. That the active labour market policy was run by former union people with a personal commitment to its goals made all the difference, when compared to policies where the implementation was left to the normal state bureaucracy.

As a *Nota Bene* to the applicability of the model in this case we should finally repeat that the social democratic rise to power was premised on alliances and compromises with other significant actors. When the labour movement was able to leap into virtuous circles of power reproduction and power augmentation, the leap took off from coalitions.

7. MOUNTING PROBLEMS

SD and DNA suffered their worst elections after the EEC-referenda of 1972, and in 1976 the issue of nuclear power helped the bourgeois parties force SAP from government after an unbroken reign of 44 years. But even when discounting these intervening variables the 1970's was a period where the Social Democrats experienced a steady deterioration in formerly virtuous circles and a growing exertion of some of the contradictions inherent in their model.

In spite of the decay in social democratic power, and diminishing returns from tried and tested approaches to economic, social and political problems, the 70's remained largely a period of continued welfare state expansion - in Sweden and Denmark particularly in terms of unrelenting growth in services and public sector employment. It took until the early 1980's before overall expansion was slowed down. Growth in the service side of the welfare state was at one and the same time a response to and a factor in the large increases in female labour force participation. Service expansion formed the third major stage in the unfolding of the welfare state project in which former community functions in child, old age and health care were taken over by public sector institutions⁴².

Despite overt rebellion against the welfare state project and the emergence of permanent radical oppositions to it on the right and the left, the project was re-confirmed as important by a large majority of the electorate.

While unemployment rose so did employment. Only in Denmark did long time, mass unemployment become a very serious problem. But even here rising unemployment did not preclude continuous growth in employment until the mid-80's. Though ousted from power and suffering electoral losses all 3 parties managed to reclaim the executive and to regain most of their former electoral strength in the course of the period. Ironically the international recession became instrumental in returning the Social Democrats to government. Under the threat of a new economic crisis, voters returned to the parties, which were associated with efficient economic management. In the case of DNA and SD it was to be a short in-

⁴² This implied that the braiding of the spheres of community and state now was taken beyond mere redistribution affecting the income package (for an illustration see fig. 2).

terlude before new problems arrived, but in Sweden the bourgeois coalition was little more than an interim phenomenon.

In other words, radical breaks and mounting problems were accompanied by a large measure of continuity and innovative responses of some adequacy, hence making it difficult to characterize the overall picture.

The symptoms and causes of the mounting problems were many and depending on the policy record in the golden age, they found different expressions in the 3 countries:

(1) At the root of many of the new difficulties were the negative repercussions from the **international recession** which broke the long prosperity period and sent growth rates spiraling downwards and unemployment figures jolting upwards.

(2) Another general problem had to do with the inherent, **fiscal limits to welfare state growth**. Logically it could not continue to expand at the same rate, and even in Scandinavia there were limits to the tax burden which the voters were willing to accept. When growth was finally slowed and brought to a near stand still, it caused a major contraction of the demand in labour markets.

(3) As both the private and the public sector began to contract at the same time, the complementary strategy which the labour movement had relied on for so long was suddenly no longer possible. After years of continuous overall growth, wage earners began experiencing **simultaneous falls in take-home pay and in the social wage**. Cuts in services and transfers aggravated the fall in overall consumption capability. The dual pressures of fiscal crisis and general economic recession suddenly revealed the weaknesses of the old policy routine, where state re-distribution had been used to compensate for the failing of markets.

(4) The **hidden costs of rapid growth** in prior decades began asserting themselves in the form of premature wearing down of workers, long term unemployment for older workers, social alienation and malcontentment of up-rooted workers and damage to the physical environment. Since the Social Democrats had spearheaded the drive for unrestricted growth through

higher productivity, greater labour mobility and constant innovation, they were also blamed for its effects.

(5) Attempts to deal with rising unemployment tended to result in an overload of the active labour market policy. Inability to control the level of unemployment in Denmark demonstrated the **impotence of traditional demand management** and general growth stimulating approaches to full employment.

(6) The labour movement - particularly in Denmark - encountered serious problems as reform policies aimed at harmonization and homogenization of potentially conflicting interests, in their ramifications and unintentional side effects gave rise to **new insidious divisions among wage earners**; some were unforeseen, others were the result of neglect.

(7) The limits to the impersonal solidarity embedded in welfare state redistribution became clearer. The greatly expanded importance of taxes, transfers and services for the actual consumption capabilities of wage earners seemed to breed new attitudes towards the paying of taxes and the claiming of welfare benefits. Rational individuals began to recognize **tax and benefit calculating maneuvering**, as important strategies in the maximization of consumption capacities. Hence, individual rationality commenced to erode the overall redistributive rationality in the welfare state as tax loops were exploited and benefits hoarded.

(8) Old alignments had vanished away and the **labour market compromises began to unravel**. In Sweden, a series of new laws transgressing traditional management prerogatives with the proposal for wage earner funds as their zenith, provoked the break-down of the old compromise with employers.

(9) The **political polarization** partly imposed by the resurgence of the far right and left brought a sudden decay to old style consensualism between the traditional parties and this probably constituted an important factor behind the **greater ability of the bourgeois parties to coalesce**. Other factors stemmed from the withering away of the Center Parties' traditional social bases in the agrarian petite bourgeoisie and the

fading away of some of the old divisions as all bourgeois parties tried to modernize and acquire catch-all-party qualities.

(10) Even when they did not have to face a coalescence of the non-socialist parties, the social democratic labour movements were in a far **more volatile political situation** than before. In as much as it had succeeded at all, the coalition with the new middle class wage earners was fragile and presented re-occurring problems of interest harmonization for labour.

(11) The differences in the ability of the 3 parties to realign towards a successful broad wage earner coalition, and enter a political environment where virtuous circles are easier to launch, were largely decided by the politics of class reproduction and class re-structuration. Especially in Denmark and Norway, social democratic parties found it difficult to respond adequately to changes in class structure.

After this overview let us elaborate a bit on some of them :

(1) The **economic crisis** has affected the Scandinavian countries to varying degrees over the last 15 years. In all three nations, though, it has forced the social democratic labour movements on the defensive. Initial policy responses were marked by the belief the economic down turn was merely a short recession before a 1960's style of prosperity would return. But around the turn of the decade labour politician were forced to conclude that they were faced with long term problems in the economy and that severe austerity measures could not be escaped. First and most severely hit was Denmark. Since the mid 1970's the Danish economy has grown steadily worse. Deficit spending in the first years only settled Denmark with a huge state deficit and a foreign debt of almost unmanageable proportions. The magnitude of the economic problems contributed greatly to the demise of the last social democratic administration and opened the way for the longest period of bourgeois governance in Denmark since 1920. Sweden was less vulnerable, and Norway could cushion the impact with its oil revenues. Outside the EEC, Norway and Sweden were free to adapt to changes through adjustments of the exchange rate, a liberty not possible for Denmark. When SAP returned to government in 1982 it took particularly bold austerity measures, including a 16% devaluation of the Swedish krone, and managed to inject new life into the

economy. While the crisis-policies of the Swedish Social Democrats were more comprehensive, coherent and efficient than those of SD and DNA, their timing was certainly also more lucky. The benefits of the 1983-87 upturn in the international economy along with the positive effects of its own measures all accrued to SAP. In contrast it was the new bourgeois coalition governments in Norway and Denmark, that came to reap the benefits both of the international conjuncture and of the austerity measures taken by the previous labour administrations.

(2) Fiscal Crisis : Apart from long term limits to rapid growth, the essence of the fiscal crisis from the onset of the recession was that needs expanded while the means for meeting these fell. Old formulas for engineering a productive exchange between economic growth, rising labour force participation rates and investments in social services, social security programmes and public sector employment appeared increasingly exhausted. As expansion rates of the public sector through the late seventies and early eighties rapidly dropped to zero, it became clear how dependent the achievement of full employment had been on the constantly expanding public sector demand for labour. No formulas that can point to equally safe avenues to full employment have been devised. Even under the most optimal conditions the private sector is unable to do the job alone. Attempts to roll back the state would greatly aggregate the problem. Nor can the state continue to expand within the space hitherto allotted to it, even if further expansion could be financed. There appears to be no effective strategies, that do not transgress traditionally accepted limits to state activity (i.e. to leave the profitable production of goods and services to the private sector). If the social democratic labour movements want to combat unemployment, it has become increasingly difficult for them to escape the kind of major showdown with the bourgeois forces over a highly charged, ideological issue, which they usually have been careful to avoid.

(3) Simultaneous cuts in take-home pay and the social wage : Concertation and mutual complementation of efforts in markets and politics has been the hallmark of the Scandinavian Social Democrats' struggle for improved living conditions for wage-earners and solidification of labour movement power. It was easier for unions to accept wage restraint and cooperation with employers as social democratic governments guar-

anted full employment, better social security programs or extended their influence and enhanced their power resources. The organisational apparatus, the technique of orchestration and the reform policies which were fairly successful in the period of prosperity have proved much less adequate in the prolonged period of recession of the last 10-12 years. Instead of simultaneous increments in wages and benefits or at least a compensatory balance between the two, wage earners now see their income-package and real consumption capabilities attacked in both spheres, and experience a simultaneous fall in real terms of take home pay and the social wage. In the late 1970's and early 1980's as labour markets contracted, unemployment rose, real wages declined, labour processes were intensified and working conditions deteriorated, there was less comfort than usual to be had from the state where taxes climbed, while transfers stagnated and services were cut back. In sum: the inherent drawbacks⁴³ of labour's complementary strategy in the reproduction struggle affirmed themselves. Accordingly it seems that the welfare state which for long was the main solution to the problems of wage earners in Scandinavian society has now become part of their problems.

(4) Neglected costs of growth : Health and safety at work, job security in the face of technological change, industrial alienation and environmental protection became big issues in the course of the 1970's. Social democratic governments and the union movement quickly recovered from their initial shock over a series of wild-cat strikes over some of these issues in the beginning of the period and endeavoured to respond adequately to the new demands expressed. In Sweden and Denmark early retirement was promoted as the primary compensatory response to the health and subsequent unemployment problems of older workers and schemes came to serve in a major capacity as labour market clearing devices ⁴⁴. New legislation and regulations pertaining to health and safety at work, the job security of older workers and environmental protection were devised as preventive measures for the future. But initial energetic campaigns to improve working conditions came under severe strain in the late 70's as unemployment rose and wages stagnated. Employers claimed that they could not afford to abide by the new rules concerning the working envi-

⁴³ The braiding of state and market also implies that state welfare becomes more sensitive to the vagaries of the economy.

⁴⁴ This was particularly obvious in general efforts to liberalize access to existing schemes and when the Danish Voluntary Early Retirement Pay Scheme and the Swedish Part-time scheme were introduced.

ronment, and the unions waived their rights as jobs and wages became threatened. Newly established ministries for environmental protection likewise tended to grant exemptions to enterprises or dispense with rigorous enforcement of rules when jobs were endangered.

(6) New divisions of interests among wage earners: Like other parties Social Democracy did not just represent classes. It endeavoured to affect them. Welfare state and economic policies aimed to restructure the wage earning classes in an image favourable to social democratic aspirations. Social reform, in as much as it results in changes in the occupational structure - and such resulted from the growth orientation and from the public sector bend in social democratic policies - may have consequences which are not quite intentional. Welfare state developments generated two new significant social strata which were dependent on the welfare state for their livelihood: public sector employees and welfare clients. While these happened to be partly beneficial because they provided new elements to the potential social base of Social Democracy, they also brought interests into the constituency, which many times were at odds with those of its traditional core of private sector industrial workers. In Denmark where the new divisions and resulting tensions asserted themselves in particularly dramatic ways, they were primarily an effect of the inability of the Danish SD to implement interest harmonizing policies in pensions, housing and taxation. In the volatile political situation in Denmark after the EEC-referendum, this new pattern of conflicting secondary interests could be exploited to trigger a break-up in the party system. From this sprang Glistrup's Progress Party with its strong anti-tax and anti-bureaucratic sentiments and right-wing Social Democrat Erhard Jacobsen's Center-Democrats with defense of owner-occupier and motorist interests as their primary concern. Where the Progress Party emerged primarily as a protest against the taxation and employment consequences of the welfare state complex, the establishment of the Center-Democrats was not least a reaction to the rise of the New Left and its supposed dominance over the educational and social services. Both of them shared a preoccupation with the new breed of public employee, who, after having received a free education and a well paid secure job at the tax payers expense, had the audacity to espouse New Left sentiments and sneer at the concerns of the hard-working common man. Educators from kindergarten to university, who claimed to want to "change the system" drew their wrath more than any-

thing and even in the Progress Party, preoccupation with pedagogues sometimes overshadowed the anger directed at paper-shuffling bureaucrats. While basic social security programs as universal old age pension were accepted or even appreciated by the Progress Party, taxes, the social services and public sector employment were attacked. What it stood for was more of a tax and anti-statist rebellion than an actual welfare backlash⁴⁵. Scroungers were ceremonially flogged in the rhetoric, but the real targets were the well paid public sector employees who controlled services and appeared patronizingly arrogant. Though taxation rates were actually higher, similar anti-tax movements never materialized in Sweden, and in Norway they remained much smaller and subsided earlier⁴⁶. The visibility of direct taxes is normally drawn in to account for this difference (Wilensky 1976). While social security to a large extent is financed by taxes levied directly on employers in Norway and Sweden, taxes on wage earners' gross income finance practically all costs in Denmark. The persistence of larger layers of rural and urban petite bourgeoisie and the influence of liberal ideology may also be important in an explanation of Danish developments.

The new divisions tended to cut across normal lines of cleavages between classes and between left and right. As new tensions between private and public sector employees and between tax-payers and welfare clients erupted, as tenants were increasingly pitted against owner-occupiers, as those relying only on public pensions clashed with those supplementing also with occupational pensions, and those speculating in tax-deductions and those dependent on direct transfers attacked each other, it became practically impossible for the Social Democrats to bridge conflicting interests and develop coherent policies of redistribution. Social Democrats have always tried to widen their constituent base (Elvander 1980). Now it became exceedingly difficult to make broad appeals without alienating parts of the potential constituency. Like before, they attempted to stimulate communalities and to foster solidarity, cohesion and unity. But there are narrow limits to the number of conflicting and differing interests they are able to handle at one time. And complex attempts at aggregating, fusing and harmonizing interests involve costs. The higher the degree of in-

⁴⁵ The political concerns of the new parties that suddenly occupied 1/4 of the seats in the Danish parliament after the 1973 election was far more complex and diversified, than Wilensky (1976) has us believing, when he uses Denmark as a prime example in his argument about welfare backlash.

⁴⁶ Whereas Glistrup entered parliament with 16% of the electorate behind him and stilled polled almost 10% in the early 1980's, Anders Lange's Progress Party never climbed above the 5% mark and it was virtually extinct already at the end of the 1970's.

ternal differentiation, the stronger the pressure on the party to pursue sectionalist interest group concerns instead of comprehensive wage earner interests.

(7) Tax evasion and benefits hoarding : Scandinavian tax-payers have over the years been subject to some of the highest levels of overall taxation in the world. Though substantial parts of the electorate have rebelled in Norway and Denmark, the majority has not supported proposals for radically reduced rates, because it is generally recognized, that one gets something valuable in return for ones taxes. This, however, does not imply that people enjoy paying the rates or that they do so voluntarily. On the individual level people may wage their own little guerilla wars on the tax man by attempting not to have all their income declared, by hoarding tax deductions, by moonlighting, by evading paying sales taxes on the services and goods they buy (the grey and black economy) and by seeking various forms of domestic and foreign tax-shelters. Tax-morality appears to have decayed under the impression of injustices in the tax system combining a progressive scale with various possibilities for tax deductions. Attitudinal studies have shown that only a minority would not try to circumvent or take advantage of the loop-holes in the tax laws, if they knew how or had the possibility to do so. On the other hand, many would not hesitate to claim and hoard as many benefits and services from the public sector as they could get away with. The actual prevalence of such behaviour in the three countries is not known. The increasingly acute interest in tax deductions and the rising awareness about and reliance on access to public transfers and services testify to the emergence of problematic attitudes. Together the inclinations to pay as little and to demand as much as possible form a sort of schizophrenia which inverts the old ideal of "from each according to ability and to each according to need". Everybody makes demands on the welfare state, few are really willing to play by the rules by contributing according to ability and only receiving according to need. In some sense such attitudes were always around. What is novel is that economic growth in combination with a much wider tax base, substantial tax rises and a universal every day access to transfers and services have imparted them with a broad popular appeal. It seems that functionally large segments of the Danes and to some degree also other Scandinavians partly to the old illusionary conception of the welfare

state as a free lunch. This forces politicians to raise taxes, thus creating an ever larger incentive to circumvent the system. There are, however, other elements in the vicious circle of rising cost and deterioration of the tax base than misconceptions and free-rider tendencies.

Substantial increases in the role of transfers and services in ordinary peoples' living standard have spurred the development of new lifestyles based on different rational strategies for maximizing real consumption capabilities in the shadow [escaping taxes at the prescribed rates] and light [receiving benefits and services] of the redistributive welfare state. Such strategies consist in proto-typical mixes between hours worked and real consumption capabilities acquired in terms of time and money. If for instance one - in so far as there is a choice - opts for a single parent model based on part-time work, one will have the time and energy better to take advantage of free services and to economize with means, while taxes will be relatively small and access to supplementary benefits such as extra housing and child allowances and lower service charges will be secured. Vice versa: family reproduction may be based on two breadwinners with full-time jobs. Taxes will then be substantially higher, access to supplementary benefits and reduced service charges closed, free time substantially less and the room for economization more limited. Taxable incomes may, however, be lowered through debt based consumption (in as much as interest paid is deductible) - typically associated with the purchase of a home, a car or various durables in instalments - or tax exempted forms of savings. The latter strategy allows for a very time intensive consumption of purchased goods and services whereas the former entails time extensive consumption of free or subsidized and of goods purchased partly with transfers.

As in other countries Scandinavian politicians of all persuasions have reacted to the above described tendencies by trying to square the circle (i.e. responding to excessive demands without augmenting taxation rates) with an increasing reliance on borrowing in national and international money markets. In the last 10-15 years of recession this has resulted in a increasing problem of state deficits and/or national debts.

(8) The unravelling of consensualism and compromise in the labour market: Relations between the LO and the Swedish employers association, SAF, did not exactly disintegrate, but in the wake of the unac-

commodating campaign of state intervention and LO's unilateral denunciation of the old Saltsjöbad agreements, SAF broke its' long time abstention from direct intervention in the political process, developed close ties with the Moderates and began campaigning aggressively against SAP (Bresky 1981; Korpi 1983).

The change was less dramatic in Denmark and Norway, but relations between LO and the employers associations certainly worsened and employers began to assert themselves more directly in the political debate. Whether it was capital that broke the compromise⁴⁷ or whether it was the early 1970's offensive of the labour movement which broke up the post-war consensus between capital and labour, and thus provoked the intervention of both into the traditional prerogative domains of each other ⁴⁸, may be a futile discussion and the aggressor need not be the same in all three Scandinavian countries. Korpi's (1983) contention, that the offensive of Swedish unions and Social Democrats - and in particular the proposals for some sort of co-ownership of the means of production in the guise of wage-earner funds - amounted to an unequivocal demand for re-negotiation of the original terms of the compromise with employers or simply for the imposition of new terms through legislation, seems plausible for Sweden. The position of many in the union movement and the social democratic party became radicalized in response to and as part of a leftist political current: What could not be arrived at through negotiation ought simply to be forced through via legislation. It amounted to an unequivocal cancellation of the traditional veto right of employers in their primary domain. In the early 70's such attitudes were also quite prevalent in the Norwegian and Danish union movements.

(9) Polarization facilitates bourgeois coalescence : The Scandinavian Social Democrats managed for long to run a game of divide and conquer in their own favour. By uniting the working class and building on and exacerbating the traditional divisions of their bourgeois opponents the Scandinavian labour movements had acquired and sustained government power even when they were faced with solid non-socialist majorities. The polarization of the 1970's, however, helped to cure the bourgeois parties of their chronic inability to act in unison as first the center

⁴⁷ For example when employer needs for lowering the wage bill in the course of the recession started exceeding their need for voluntary cooperation from the unions.

⁴⁸ I.e. the employers' management of production and labour processes versus labour's management of government and the welfare state.

parties and later the conservative parties came to dominate the non-socialist block. In Denmark and Norway, where coalitions of the old bourgeois parties had held power for short intervals in the 1960's, the emergence of ideological non-socialist parties after the so-called earthquake elections of 1973 and 1974 impaired the traditional bourgeois parties far more than they hurt the Social Democrats and the New Left. Hence, social democratic minority governments were able to launch a slightly revised version of the old game, where they played on the rivalries between new and traditional contenders for the non-socialist vote, while appeasing the bourgeois center through accommodation. By the early 80's the bourgeois forces had become wise to the game and led by re-vigourated conservative parties, bourgeois coalitions now came to power. As these were inspired by the lingo and ideas of the New Right the room for compromise and accommodation became very limited. In Sweden the bourgeois governments from 1976 till 1982 were dominated by a fairly progressive Center Party and though ideological clashes with the Social Democrats were intense, little was changed in the actual policy agenda. The partial failure of the Center gave a New Right style, radicalized version of the Swedish Conservatives (i.e. The Moderates) prominence in the bourgeois block, but before they could come to dominate a government alternative they were severely defeated in the 1985 election.

(10) The fragility of the coalition between blue- and white collar workers : The kind of radical income and status equalization demanded by labours traditional base in the 70's met angry resistance from white collar employees, who were attracted to new issues like environmental protection and nuclear power, which blue collar workers did not view as particularly important.

Even in Sweden, where labour had managed to build a durable alliance in pension policy with white collar employees, certain limits to this type of interest harmonization soon emerged as occupational pensions for white collar employees in public and private sector developed on top of the common basis of ATP-pensions. That the social democratic government's 1985 proposal to tax excessive real rates of interests in pension funds had to be dropped because of determined opposition from white collar unions testifies to the fact, that interests even in the best of frameworks are only

partly harmonized⁴⁹. The really crucial effect of the ATP alliance with white collar in Sweden was felt outside the field of social security in the cooperation between TCO and LO in bargaining and in labour market policies.

(11) The Politics of Class Reproduction blocking re-alignment :

The resilience of agrarian power in Denmark must figure prominently in any explanation of why Danish Social Democrats have had such difficulties. The center and right parties were better able to coalesce and present themselves as a likely government alternative in Norway and Denmark than in Sweden. In the former, labour did not manage to politically outmanoeuvre and socially marginalize the center and agrarian parties as did SAP in Sweden, where labour managed to beat the non-labour parties in the race for adaptation to changes in the occupational and general class structure. SAP demonstrated an amazing ability to respond adequately to changes in the economical, political and social context. But, of course, the differences can be explained both ways. Not only the capabilities of the social democratic labour movements, but also those of their opponents must be taken into consideration. The agrarian and petite bourgeois parties and interest organisations in Denmark were much better at preserving, recreating and renewing their power positions than were the same forces in Sweden. There, big labour in tacit agreement with big business on modernisation and industrialization, managed to marginalize the petite bourgeois forces, and eradicate their claim to being the ones to balance or tip the scale. More thorough and rapid restructuration of sectors and rationalization of industries has taken place in Sweden with subsequent consequences for class structure. In these processes, the agrarians and other petite bourgeois forces were stripped of their former roles as necessary partners for labour.

The power to obstruct, and the power to construct, may be something entirely different. While the Danish Liberals were often able to block the Social Democrats, they were never able to take over and establish their own hegemony. In the 1970's for example, the contending forces in the

⁴⁹Interest harmonization is a conditional and temporal phenomenon. Through the constant exposure to the differentiating logics of market forces condition homogenizing policies are depleted, whereupon new cleavages arise or old are slowly reopened. New policies must fill the vacuum after worn-out ones in order to secure recurrent reproduction of the power base. Likewise all resulting, positive feedbacks also have a temporal dimension. They are exhausted in similar processes. However, they create precedents and new conditions from which the next round of struggles starts.

Danish parliament were just about strong enough to block each other in central areas, but only rarely strong enough to force through their own constructive conceptions.

In Denmark, the inability of SD for rendering support from a coalition partner of the center superfluous and of freeing itself from the suffocating compulsion to compromise with the traditional right, made it fairly easy for the left wing contenders to attract a growing constituency of dissatisfied elements from the working class and the new public sector employees. Furthermore, the inability of the Danish unions to practice sufficient wage-restraint and to narrow the wage differentials has necessitated government intervention in negotiations. Through the 50's, 60's and 70's this became a source of alienation between social democratic governments and the union leadership on one side and radical unionists on the other, on which the Communists and the Socialists Peoples Party could build time and again.

Outside the theme of mounting difficulties we could point to some differences in rules of the parliamentary game affecting the divergent success of the three social democratic movements: That the threshold for parliamentary representation in Sweden is more than twice as high as in Denmark, makes it difficult to launch contending splinter parties left and right of SAP. The lack of strictly proportional representation in the Norwegian parliament allowed for long the DNA to attain and sustain a parliamentary majority, which it in real terms never actually won. In contrast Danish Social Democrats have had to cope with a system with strict proportionality and low thresholds. On top of that, the Danish possibility for calling early elections generally makes for a more turbulent political climate, than in the two other countries.

7.1 The long shadows and repercussions of coalition and compromise

Constraints and limitations were at the other side of the peculiarly favourable preconditions and the tactical and strategical choices which facilitated power attainment and power maintenance. The central strategy of labour had its possibilities and its limitations. Certain types of welfare

policy could be pursued others not. Dependence on coalition partners whether external or internal and compromises with adversaries set confines which only rarely could be transgressed with success. The division in the non-labour camp could only be sustained as long as the original compromise with capital was adhered to, and as long as certain ideological issues were avoided. Labour's claim to represent the people and the nation and to be the natural party of government also entailed narrow parameters of policy options. The Social Democrats' need to incorporate white collar employees, forced them to refrain from aggressive income and status equalizing policies favoured by their core base. On the other hand excessive wooing of the middle class and catering to the necessities of a capitalist economy would spark left wing rebellion or splinter attempts from their traditional constituency.

Ironically the Social Democrats in Norway and Denmark lost government power in the last part of 1960's, when the welfare state really began expanding. The clue to the paradox is simply that the bourgeois parties for once were able to unite and form a coalition government. In Sweden it was almost the other way around, the SAP was toppled, when the strongest phase of welfare state growth was over. The loss of government power, however, did not imply a total loss of dominance. The bourgeois coalition governments were still captive to the social democratic policy agenda, and the Social Democrats seemed to retain their ideological hegemony. Partly this also has to do with the inertia of the inherited package of policies and programs. Change takes time. However, the few elections which have brought bourgeois coalition governments⁵⁰ have at most had the shape and never the very existence of the welfare state as their foci. What is more labours former coalition partner usually played a key-role in the new governments. Thus, while there have been majorities for alternative governments there have never been majorities for a dismantling of the welfare state. One could also argue that the Social Democrats had forced the Downsian center of competitive party politics to the left. Another line of argument runs, that while the bourgeois parties in Norway and Denmark had less difficulty in coalescing to a block than the Swedish, they like the latter have never escaped their dependence on the center

⁵⁰ The 1973 election in Denmark may be interpreted as an exception to this rule. Bourgeois governments resulted from the 1965, 1981 and 1985 in Norway, the 1976 and 1979 elections in Sweden and from the 1968, 1973, 1984, 1987 and 1988 elections in Denmark.

parties and the interests of these have very much defined the parameters also of what bourgeois governments could do.

If the center-right governments have seemed captive to the social democratic agenda, the Social Democrats have certainly also been captive to their coalition partners, whether ex- or internal. Likewise they have encountered immense difficulties whenever they tried to move beyond the original compromise with capital about the demarcation lines between public sector and private business and the sacredness of private property rights to the means of production. Finally they have to a large extent been captive to their own image of moderation, pragmatism, consensualism and consideration for the common good of everyone.

From the Swedish elections of 1976, 1979 (Berglund & Lindström 1979) and 1985 (Sainsbury 1986), one could venture the conclusion, that while there appears to be a solid majority behind the principles of the present welfare state, there is no majority for the social democratic proposals for moving from social rights to economic democracy through wage-earner funds. The aggressor/challenger of the peculiarly balanced mix between politics and markets, public and private in the economy and in society at large seems to incur the wrath and veto of the Swedish electorate. A majority for more of the same or the status quo can be mobilized, but one for rolling back the welfare state or for a fundamental break with the class compromise, however gradual, is not to be found.

8. SOCIETY ALTERED ?

There is little point in arguing about whether the Scandinavian societies display any substantial traits of socialism . That none of the three nations have escaped the basic contradictions in capitalism has been abundantly demonstrated in the protracted recessions since the mid 1970's, even though Norway and Sweden clearly have proved themselves capable of controlling the effects in terms of unemployment.

Many lesser questions, however, still need to be addressed. Although it has not turned the Scandinavian societies socialist, the reform project has resulted in some interesting changes in the relative mix of market, state and community in bourgeois society.

Through state intervention in the functioning of various markets⁵¹ and in the distribution produced by their logic⁵², and through expansion of the public sector into services hitherto provided in the private sphere of community⁵³, wage earner existence has been restructured, and the mechanisms for its regulation altered. The implications of these changes for the struggle for an adequate and secure livelihood for wage earners conducted through the organisations of the labour movement are still only emerging, but we can mention a few of the more obvious ones.

(1) The wages employers agree to pay their workers constitute a steadily smaller part of their actual wage bill. The rising costs of occupational welfare programs and fringes together with the social security taxes levied directly on employers⁵⁴ has made contractual wages to a fraction of the overall costs. In a similar way, wage earners experienced an ever wider difference between gross- and take home-pay as income taxes climbed. The major part of a tax-krone is spent on social transfers and services. Over a life-time or within the extended family most rate-payers will see a substantial part of their dues returned again in cash benefits and free or subsidized services. The problems lie elsewhere.

When contractual wages constitute but a fraction of overall labour costs and wage-earners only get to spend but a fraction of their gross-pay, the wage struggle has lost much of its earlier importance, at the same time as

⁵¹ E.g. wage and price controls, subsidized prices.

⁵² E.g. taxes, tax credits, transfers, free goods and services.

⁵³ E.g. Kindergartens, Old Age and Health care.

⁵⁴ In Denmark social security is primarily financed through general income taxes.

it has grown exceedingly complex. The tax/benefit ratio now carries close to the same weight in the income package as does take-home pay (Rein & Rainwater 1986a; 1986b). Accordingly, unions today have to be almost as concerned about tax and welfare policies, as they are about pay and working conditions. Before they sign collective agreements of longer duration, they increasingly need to know the likely developments in taxes, transfers and public services. Unions now seem unable to do without the tripartite settlements, which Social Democrats always have craved. It is, however, one thing sitting down with the employers and a government sympathetic to ones cause, and quite another having to negotiate when there is a bourgeois government in office. The type of income- and consumption packaging which has resulted, clearly leaves wage-earners more vulnerable to political changes than before.

When the welfare state in its services assumes responsibility for many intimate tasks of socialization and care, which formerly were the domain of the family, the prices on and the actual content of such services significantly affect the quality of life. Access to services does not in itself imply control over or influence on their pricing and composition. Since major parts of costs are covered out of general revenue, users and clients need not be consulted before a rise in the charges or a change or fall in the quality of services is implemented. Only after mobilization and establishment of permanent organisation may a certain influence on administration and some bargaining rights be granted. In order to secure ones interests in these services separate organisation is usually necessary. People will have to organize in their capacity as users of this or that particular service, to participate in the control of daily routines and at times devote substantial parts of their energy to conflicts in this arena in order to defend or augment standards and preserve or lower charges. Conflicts over the supply and the quality and pricing of welfare services became rather common in the course of the 1970's - particularly in Denmark.

(2) When having to pin-point what makes Sweden unique in an international context Meidner & Hedborg (1984) in their book about "The Peoples Home Model" picked on the high rates of labour force participation of both sexes and the low levels of unemployment. When we add that more than 1/3 of the total labour force now is employed in the public sector in Sweden and Denmark (and exclude Denmark, when it comes to low unemployment) we have the contours of some of the truly remarkable

results (tables 1 & 2). The public sector now employs more people than manufacture. More than anything else, this is an indication of the accent on services in the Scandinavian welfare states.

As Meidner and Hedborg would agree, turning the population into wage-earners and securing them employment has always been an absolutely fundamental aim of Social Democracy. Without the immense expansion of the public sector in the last 20 years (table 1), the labour market would have been unable to absorb the great influx of groups that earlier worked in the family. To a large extent public sector expansion has been synonymous with employment of the new female addition to the labour force in a dual sense. The service side of the welfare state grew as public institutions assumed some of the functions in child, old age and health care, which women had to neglect when entering the labour market, and it employed large parts of these women to do the job - or maybe more precisely: many of the new female entrants to the labour market happened to find their employment here.

A number of consequences follow from this development. The greatest expansion occurred in part time jobs, which matched the needs of many women for combining a job with domestic duties, while to a certain extent meeting the public sector's demand for a more flexible labour force. Unions on the other hand have felt that this growth threatened to diminish the number of full time jobs and to erode their struggle for certain standards for manning, breaks and work tempo.

(3) The new additions to the labour force imparted a novel meaning to wage-work. In combination with the new female role as labour force participant, the mere importance of having a job, quite apart from the income, it could provide, was strengthened. Labour force participation became important for self-esteem, personal growth and personal satisfaction⁵⁵. Consequently unemployment also received a new extended meaning. The classic "right of every able-bodied man to have a job by which he could provide for himself and his family" is no longer the basis of employment and income-replacement policies. Unemployed is now everybody, who registers as seeker of employment, when she/he for long or short periods is unable to find a job. Employment approaches a citizen-right in the sense that one in most cases will have access to compensation, counseling, retraining and/or employment under a public program, when

⁵⁵ These aspects were always there, of course, but now it became a popular standard for wage work, also.

Table 1: Public Sector Employees in the Scandinavian Countries:

	<i>Per cent public employed (public enterprises excluded)</i>				<i>Per cent women</i>	
	1970	1975	1980	1982	1972	1981
Denmark	17	24	29	31	62	67
Norway	16	19	22	23	...	66
Sweden	21	26	31	32	61	66

Source: Marklund 1988 p. 100

Table 2: Share of general government & welfare in total employment

	<i>General government as a percentage of employment</i>			<i>Percent Change</i>	<i>Estimate of percent of total labour force in social welfare employment</i>
	1970	1978	1981	(1970-81)	ca.1980
Denmark	16.8	25.8	29.6	(76)	23
Norway	16.4	20.8	22.2	(35)	13
Sweden	20.6	29.0	31.4	(52)	26
France	13.4	15.4	15.8	(18)	9
Germany	11.2	14.6	15.2	(36)	11
Netherlands	12.1	14.6	15.4	(27)	7
United Kingdom	18.0	21.2	22.0	(22)	13
United States	18.1	16.8	16.5	(-9)	9

Source: Rein & Rainwater 1986 p. 4

Table 3: Trends in Take-Home Pay as a percent of GDP: 1950-1980

	Disposable factor income (take-home pay)	
	Early 1950's	1980(or latest year)
Sweden	77	38
Netherlands	75	41
Denmark	81	50
Norway	78	52
France	73	53
United Kingdom	68	54
Germany	71	55
Canada	81	60
USA	79	61
Switzerland	79	64

Source: Rein & Rainwater 1986 p. 8.

Table 4: Growth of Social Expenditure and Taxation in Scandinavia
(Percent of GDP)

	Denmark	Norway	Sweden
		<i>Social Expenditure</i>	
1962	10.6	9.7	10.9
1972	19.3	15.8	20.3
1978	26.2	21.9	33.1
		<i>Taxes</i>	
1960	26.0	35.6	30.0
1970	40.0	41.2	41.0
1978	42.9	48.7	50.9

Source: Esping-Andersen (1985) p. 168

Table 5: Taxes paid by typical Scandinavian families w. 2 children 1977

	Denmark			Norway			Sweden		
	1.	2.	3.	1.	2.	3.	1.	2.	3.
Direct Income									
Tax & Social									
Contributions	33.0	48.6	59.0	25.4	42.8	57.8	32.6	53.3	68.9
as percent of									
Gross Income									

(1 = Industrial worker; 2 = Middle-level employee; 3 = Top-level employee)

Source: Adapted after Esping-Andersen (1985) p. 173.

involuntarily unemployed. Hence, the high rates of unemployment in Denmark since the late 70's, though certainly for real, also have to be viewed in the light of the new meaning of labour force participation and unemployment and the matching, rather lavish unemployment insurance scheme⁵⁶.

(4) Furthermore, just before the great influx of women started, the introduction of the income-loss compensation principle in transfer benefits had opened a new phase in the development of Scandinavian welfare. The benefit programs targeted at the labour force were overhauled and improved. From this followed a substantial, though by no means complete, equalization in worker and white collar employee access to unemployment insurance, sickness-pay, second tier state and occupational pensions, paid vacations, maternity and paternity leave etc. These programs were reserved for labour market participants and the employed in particular. Hence being in the labour market and having a job received an additional dimension. In the dual welfare system which emerged, the really good transfers were reserved for the employed (Marklund & Svalfors 1987). A job not only entails earning a wage, living a normal life, and possibly a measure of personal satisfaction, it also implies access to the first class compartments in the welfare state train. If for nothing else, a job is important now because it entitles one to various forms of paid absence from work (vacation, sick-leave, maternity-leave, in-service training etc.).

(5) As employment also became the norm for women, the basis of family reproduction became transformed. As the wage-labour base of family reproduction jumped from the 48 hours of male bread-winners of the 40's and 50's to the 60-80 hours of the bread-winning couples of the 60's and 70's, labour market dependence increased radically⁵⁷. It became exceedingly difficult to attain a normal standard of living in ones social and occupational category without the income from two wage-earners. The two-

⁵⁶ To illustrate what this characterization alludes to, we need only mention two features of the scheme.

(a) When entitlement ceases after 2 1/2 years on the dole, the scheme guarantees beneficiaries a publicly subsidized job-offer, which entitles them to another 2 1/2 years of benefits in case the job offer does not lead to durable employment. (b) Under certain conditions the scheme also undertakes to compensate people in part-time work for their inability to find full-time employment. The fact that the main features of the scheme, after almost 15 years of severe mass unemployment and more than 6 years of determined bourgeois assaults, still are intact, is also an indication of how well ingrained the perception of labour force participation as a right and unemployment as a partial violation of this right, which entitles one to adequate compensation, has become.

⁵⁷ Where the man, in as much as he remained the main provider, worked full time and the wife supplemented family income through a part or full time job.

earner family emerged as a new norm and one-earner families - primarily single parent families - slipped to a standard of living substantially below that of the former. Parts of the expansion in transfers and services was a direct response to the emergence of this new pattern⁵⁸ and to the rise in market dependence of families.

(6) Finally, one could point to the political effects of some of the major class structural changes brought by the expansion of the welfare state. The state project may be said to have given rise to two mass strata: Public sector employees and permanent welfare state clients. It is generally expected that public employees and welfare state clients constitute groups sympathetic to the welfare state and the public sector in general. Presumably they constitute reservoirs of solid electoral support for labour's welfare state - or at least for the programs that benefit or employ them. In reality their interests in the welfare state are hardly identical to those of the labour movements traditional core groups. Both of these two strata may - and to an increasing degree the public employees actually do - find themselves in opposition to private sector employees over issues of taxation, transfers and social services and over differentials in conditions of employment and remuneration between the two sectors. To some degree such potential conflicts find easy channels of resolution on the individual level as many families include employees from both sectors. On a macro-level, though, clashes over issues of this sort have presented a growing problem for the labour movement in its endeavours to generate internal unity⁵⁹.

8.1 State, Markets and Community

-The Intertwining of Regulatory Logics

In a major recent interpretation of the Scandinavian experience it has been suggested (Esping-Andersen 1985) that the social democratic welfare state

⁵⁸ Single parent - and to some degree also single breadwinner - families began to be compensated through easier service access, lower service charges and better supplementary benefits, such as child and housing allowances.

⁵⁹ In a historical perspective, conflicts of interest between the employed parts of the working class and the underclass are something which the labour movement always has had to cope with. In as much as public employees certainly never before belonged to labour's natural or even to its potential allies, we may safely conclude that these class structural developments in their overall effects have widened and solidified the electoral foundation for the state project.

project was all about politics against markets - implying that both the aim and the effect of state expansion has been to force back the market, and to engineer the substitution of market criteria of distribution with political criteria. This is not only a rather heroic interpretation of the project, it is also much too imprecise⁶⁰. No doubt the employment of politics in relation to markets has been central. But the dislocation of markets is certainly not what has followed from state expansion. The decades of social democratic ascendancy have seen a simultaneous growth in the importance of markets and state in the income and consumption of ordinary Scandinavians. If anything it is the distributive logics of community which have lost terrain to the logics of markets and politics. An increasingly complex braiding and intertwining of these three spheres has been the outcome (For an illustration of this process see fig. 2). In terms of the relation between state and markets, it is far more accurate to say that the social democratic project has consisted of a combination of politics in, along, towards and against markets, where the last form generally played an inferior role. Most of the individual policy provisions and strategies of Scandinavian labour exhibit a combination of these four archetypes in their intentions and effects. For analytical reasons, however, we will deal with them as if actually separate. "Politics in markets" alludes to the market strategies followed by market agents in the labour movement such as the unions, producer and consumer cooperatives, tenant organisations etc. Politics along the main trajectories of markets is meant to cover the innumerable policies through which Social Democrats so to say have sought ride piggy-back on major movements in national and international markets by trying to respond to the needs and demands emanating from these. Spanning from export and tax credits over industrial to labour market and educational policies the general hallmark of these measures is that they seek answers to the dictates of market trends. Politics towards pertains to the rigging of markets through regulatory intervention. Not the suspension, but the conscious and accidental manipulation of market mechanisms has been the essence of policies of this kind. The subsidization of particular forms of consumption and the taxation of other, the stipulation of product quality requirements, the establishment of new rules for the

⁶⁰ Even in a programmatic sense it is only partly right. The absolute dislocation of markets is a socialist or communist project. Scandinavian Social Democrats may originally have wanted state ownership to the means of production and some planning, but in terms of markets, it is probably more to the point to say, that they aimed at developing and perfecting the markets through organization and state intervention, so that these might serve better the needs of workers for jobs and the needs of consumers for goods.

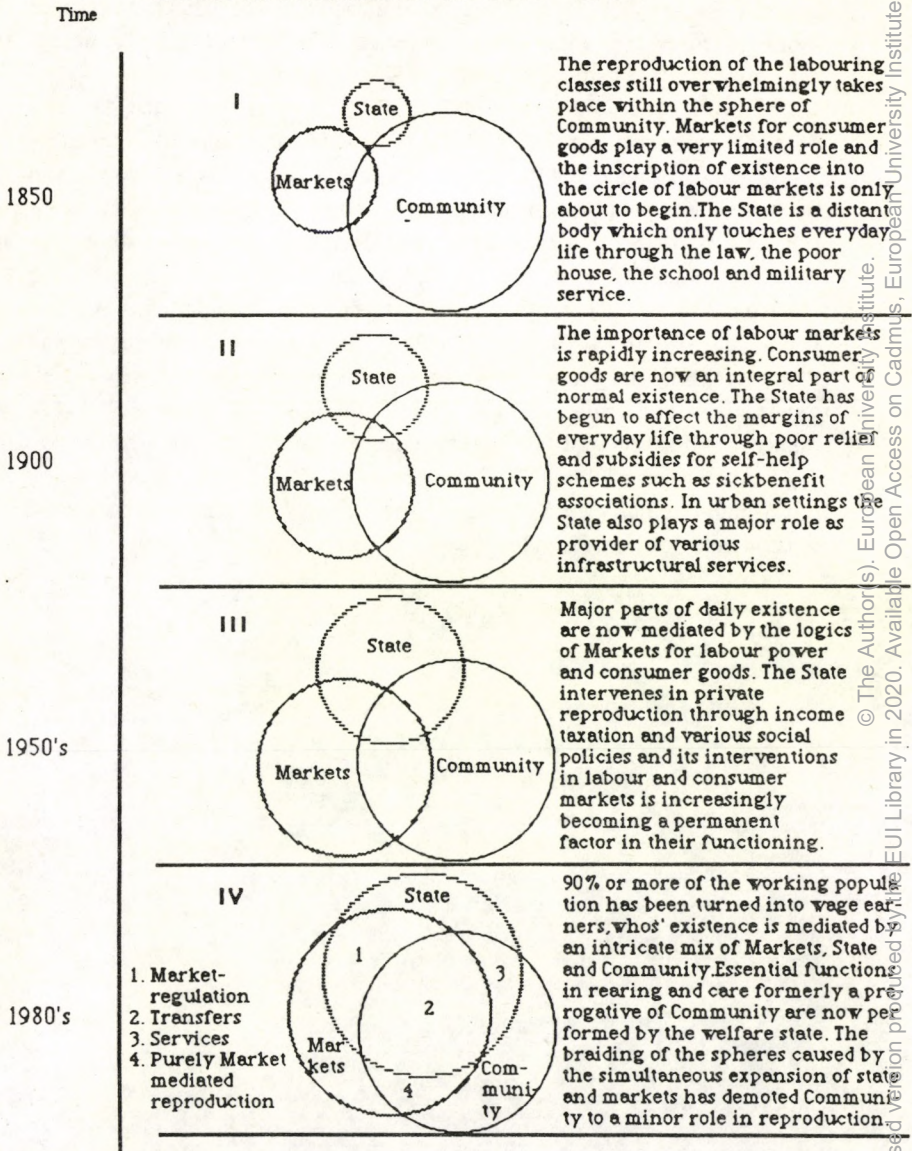
trading in stock markets and investment in real estate may serve as examples in point of policies which will benefit certain market agents over others. Finally only the fairly rare form of politics against actually entails the crowding out of markets and the substitution of the distributive criteria of markets with those of politics or community. Entitlements to transfers and services on the basis of residency only would be a good example. Ironically, the transfer programs in this category are mostly relics from the red-green alliance, whereas the modern social democratic emphasis on earnings-replacement and the income loss principle actually smacks more of what Titmuss referred to as the "industrial achievement" regime than the much celebrated "institutional" type of welfare state. The crowding out of markets then pertains far more to the service than to the transfer side of the present Scandinavian welfare states. In his intense focus on the partial de-commodification of labour power in Scandinavia Esping-Andersen seems to have come to repress his familiarity with one of the important historical insights of Polanyi. Namely that social policy followed after a process of intense commodification of labour as a necessary correction without which the system would self-destruct. In the same sense it is important to remember that the 5 decades of social democratic welfare expansion simultaneously has been a period of intense commodification of the working population. Thus, very large groups of formerly self-employed and housewives have been turned wage-earners. The growth in the service side of the welfare state can to a substantial degree be interpreted as a direct effect of the "commodification" of women - i.e. the immense increases in their labour force participation rates⁶¹. Wage-labour plays an infinitely larger role in the Scandinavian societies of the 1980's, than it did in those of the 1930's and the social democratic labour movements have been party to this development in a more conscious way than most of the other political forces on the scene.

In figure 2 we have made an illustration of the development in the relative roles of Community, Markets and State in the reproduction of the labouring people in Scandinavia. The points we are trying to make are, that one has to conceive of the process as a simultaneous growth in State and Market at the expense of Community and that a braiding of the three distributive and regulatory logics of bourgeois society, more than an ab-

⁶¹ Social policy represents the corrective complement to the commodification of labour power, which reinforces wage-labour as the normative form of existence.

solute dislocation of one or the other is what has resulted (Hviid Nielsen 1984; Jensen & von Nordheim Nielsen 1985). The role of family and Community solidarity have definitely diminished, and the New Social Movements are undoubtedly to some extent right when they claim that organic solidarity has been damaged and crowded out. This, however, is more a product of the immensely increased role of markets in the necessary provision for family life, than of the expansion of the state. When we talk of a process of intermingling or braiding, it is because the outcome of the partial inscription of the spheres in each other is rather indeterminate. It is thus equally right to speak of the process between state and markets as one of the politicalization of markets (in the sense of intervention as a permanent feature) as it is to designate them as involving an "economicalization" of politics (in the sense of the state constantly having to respond to and accommodate the demands and developments of markets). Likewise, to the extent that state services have invaded private and community life in general and not just responded to the needs which emerged as housewives turned wage-earners, it has involved a very marked civilisation and to a certain degree a democratization of the everyday activities of the state (Therborn 1984, 1986). The "Mixed Economy" could actually come back in use as a very apt characterization of what we are confronted with.

Figure 2: Illustration of stages in the relative roles of Community, Markets and State in the reproduction of the labouring classes in Scandinavia ca. 1850 - 1980.



(7) Another point which may be gleaned from the figure is that the welfare state constitutes a completely integral part not only of everyday life of wage-earners but also of the functioning of markets. A fact which goes a long way towards accounting for the willingness of Scandinavian wage-earners to defend it, and which facilitates an understanding of why a radical roll back of the state would be inconceivable in the short run. Not only would such attempts be likely to meet with widespread and forceful resistance. They are also likely to cause serious disruptions in the overall ecology of Scandinavian society, and the costs in political, economical and temporal terms are likely to be high.

8.2 Possible avenues beyond the welfare state ?

In addition to an analysis of some aspects of its outcome it is obvious to ask which new avenues of possible development - if any - have been opened by the welfare state in Scandinavia ? Has it taken bourgeois society to a new stage of development from where it will be easier to move beyond it ? Or has the project as demonstrated by its present difficulties merely reached the limits of reform and thus once again confirmed the amazing resilience of capitalism and bourgeois society ?

Bold questions to which we of course only have tentative answers.

Viewed in retrospect, the 5-6 decades of significant labour influence on the Scandinavian experience may be considered a case of partly successful gradualism. Consultation and accommodation helped make reforms almost irreversible and in that sense cumulative. Because reform-legislation, unlike in countries such as France and England, has been the result of genuine compromises between interest organisations and among parties within parliamentary committees, changes in government have rarely implied dramatic reversals of previous legislation.

With the dramatic exception of the Swedish ATP reform, the social democratic governments did not force any of their proposals through parliaments over the radical opposition of the center parties and the major interest organisations until the mid-seventies. Instead reforms that could not be drafted in ways which were mutually, or at least tacitly, ac-

ceptable to major interest organisations and their parties were put in abeyance pending a more favourable political climate. At a later moment they could then be drawn into negotiations over a large package deal. The implications of this approach has also been that very few really boundary trespassing laws were ever enacted. The SAP offensive in the areas of co-determination and health and safety at work and the proposal for wage-earner funds represents some of the very few successful attempts of legislating reforms with a socialist potential or perspective. The Danish SD and LO certainly have not lacked the ideas or concrete proposals for steps towards economic democracy, but they have never been able to engineer majorities for their proposals. What is more, they have not even been capable of striking a bargain with the Peoples Socialist Party which could release active support from the left side of parliament.

Though the Scandinavian welfare states hardly display any of the features associated with classical conceptions of socialism their potential as stepping-stones towards more equal, just, democratic and participant societies ought to be pondered. Whatever its other merits, the welfare state projects of Scandinavian labour has renewed the old question about, what the relationship between market, state and community ought to be. The novelty is, that it now can be posed from a substantially more advanced stage of bourgeois society, i.e. from a spheral mix very different from the one, we knew just 25 years ago. In this sense questions, which used to beg socialism as their answer, are now again on the agenda. The plausible and possible avenues onwards from the point where the "third way" so far has taken Scandinavian societies would appear to be some that could lead to a stronger subordination of markets to the needs of community and society at large, and to a further civilisation of the public sector. The present indeterminate character of the braidings could open for a delimitation of the roles of markets and a greater fusion of state policies with community through decentralization and local experiments with production of goods and services in public sector regi.

The necessity of renewed efforts at controlling the markets - also to counteract the liberalizations of the 1980's - is demonstrated by the way markets for long have tended to undermine the distributional logic of public welfare and taxation, if not closely checked.

In the last 10 years, the growth of fiscal and occupational welfare aided by spiraling levels of taxation and the macro-economic waves of high inflation and high interest rates have increasingly counteracted the re-distributive effects of public welfare. On the background of these macro-economic developments the tax system has generated an institutional re-structuration and relocation of savings and capital formation. The state has lost ground in some the areas, which in the reforms of the 50's & 60's became dominated by state programs. Thus, market logic and property right have again gained substantial ground in the crucial areas of housing and pensions. Particularly in Denmark this has been the case. But also in Sweden attempts of creating a more need oriented market economy through various forms of intervention are being eroded by fiscal welfare effects and turned towards its opposite, the so-called property rights oriented market economy (Hort 1986). Accordingly, the progressive redistribution which intentionally should result from welfare state interventions has been turned on its head in some areas, and a new emphasis on property rights as opposed to social, i.e. politically established rights, has emerged in the distributional logic of Scandinavian societies with all the resulting implications for the distribution of power. Private solutions have gained terrain in relation to the collective ones, which formed the backbone of the Scandinavian Model in its golden age. The growth of occupational and private pensions in all three countries and the spread of the owner-occupier principle in housing raise the question whether the increased role for markets in fundamental aspects of life can be compatible with labours' overall strategy. Some adaptations seems imperative as dualities in social policy create divisions; at the same time it is judged politically impossible to attack the tax-subsidies to these groups. Gradual removal of fiscal incentives - primarily tax-deductions - may not be politically viable.

Welfare state services have often been denounced as too statist and bureaucratic and viewed as state encroachments on community domains by the New Social Movements (NSM) and the New Right (NR). In such terms very different political currents have given articulate voice to wider sentiments about typical public sector service institutions such as kindergartens, schools, hospitals and old age homes. While certainly providing indispensable services, these institutions are often somewhat resented for their actual content and style of service deliverance. Relying on perceptions of economies of scale and efficiency drawn from manufacturing, politicians and planners have tended to concentrate services in still larger

institutions at considerable physical and/or mental distance from the communities they are supposed to serve. Emphasis on technological professionalization and institutionalization have further contributed to the experience of services as overly standardized, impersonal, patronizing and passifying. Alienating environments manned by professional service workers with a predisposition for viewing human problems as pathologies to be rectified through apt standard manipulations are hardly ideal places for the dispensing of services essential to daily family reproduction. No matter how well-intentioned, such services are likely to be counter-productive. As Scandinavian Social Democrats much to their dismay have learnt, this approach to welfare state services actually may cause an inverse relation between costs and resulting welfare to develop, they have tried to find less costly and more productive ways of public service deliverance. Attempts at returning services to community have taken various forms: Child and old age care services are now to a much larger degree dispensed in private home environments (day care mothers, home helpers, domestic nurses); in health the emphasis is shifted back towards primary sector services and in primary education a wider choice between schools have been opened. Variation and approaches that view clients as individuals have increasingly been stressed. While concern about cost-cutting may have predominated the search for alternatives to institutions, consideration for the actual welfare output has not been absent. Client attitudes have been surveyed and output measured. Furthermore clients and their relatives have been awarded a greater choice and some voice in delivery of services (primarily in kindergartens, schools and old age homes). There are very few instances where the physical provision of services has been substituted by an allowance which has left it to the local community of users to organize the services as they see fit. This is equivalent to what the bourgeois parties always have advocated, and the NSM's recently have demanded. Naturally, Social Democrats are not too keen on embracing their adversaries' conceptions of the way back to community. Too much decentralization clashes with the need for national minimum standards and contrary to what NSM's like to think, local communities may neither have the resources to do it themselves and nor harbour particularly strong sentiments of solidarity. Hence, Social Democrats are split between their attachment to the institutional concept, and their need to devise new ways that award a larger role to community. Anyway many of these innovations are still at an experimental stage and even though the

long trend towards mastodont institutions is broken, it will take quite some time before the actual bias in the way most services are delivered can be sufficiently counteracted. Prior investments in buildings etc. and hirings of tenured personnel represent major obstacles to sudden reversals.

A wide variety of New Social Movements have developed and taken solid hold in the Scandinavian countries (Gundelach 1980; Fridberg & Galtung 1985). Their ideas about a new role for community have, however, often been drowned by their intense critique of the social democratic statism which in many ways resemble the old right wing attacks on bureaucratic and patronizing aspects of the welfare state. In the 1980's political attempts at restructuring the spheral mix have been far more influenced by the ideas of the New Right about reinstating markets in their proper role and freing them from state regulation than by NSM demands for more room for community.

If a dual strategy for limitation of the role of markets and civilisation and democratization of the state avenues were to succeed it would have to be espoused by strong societal forces. The social democratic movements are undergoing great changes in these years. The likelihood that a re-vigourated and transformed version of the social democratic labour movement would embrace such a strategy and could construct a broad coalition for its' realization is difficult to predict. Though the obstacles may seem less ominous than in most capitalist democracies, they are still large. If it is to succeed, the new progressive alliance would have to combine the best values of the old labour movement with those of the new social movements and include all lower and middle income wage earners in both the public and the private sector along with the large groups of welfare clients. Still it might have to pay some homage to the interests of employees in the higher income brackets to get anywhere; it is indeed an alliance which would be difficult to establish and sustain. However, it is difficult to see how a new progressive alliance could otherwise be constructed. If Social Democracy does not shape up till the situation the labour movement may slowly drift into a British style situation where the better off wage earners with secure and well-paid jobs will be permanently separated from those on transfer income and the low skilled, low paid in insecure jobs.

At any rate there is little room for the kind of productive, long term compromises with industrialists and agrarians, which launched the Scandinavian Model in the 1930's. As the struggle over economic democracy and wage earners funds has demonstrated, any attempt to move the lines of demarcation between public and private in crucial areas or to circumscribe the inalienable rights of private property will promptly be met with fierce resistance from organised business, agriculture and the bourgeois parties. Most likely it would have to be forced through over their refusal to cooperate and comply. As a unilateral realization would result in a degree of polarization, which the Scandinavian countries have not known in the 5-6 decades of social democratic dominance, such a move cannot occur in co-operation with the non-socialist parties. It will require the construction of a new progressive coalition.

Hence, the possibilities for moving beyond the welfare state appear to be dictated by the limits of the original compromise and the adjacent style of politics. While sufficient for the construction of an impressive welfare state, this style seems hopelessly inadequate for anything beyond that.

9. OVERVIEW and CONCLUDING REMARKS

The major outcomes and achievements of the social democratic project concern the restructuring of wage earner existence and subsequent alterations in patterns of interests and concerns.

As we have argued the restructuring has not entirely been to labours advantage, particularly not so in Denmark. Furthermore, re-structurations have not escaped inherent contradictions, but have to some degree resulted in the creation of a new set of actual and potential cleavages and differences among wage earners.

The developments in class, employment and economic structures have contributed to the erosion of formerly important differences between the bourgeois parties, and to the consequent better possibilities for the formation of stable bourgeois coalitions. In a longer perspective this may lead to the emergence of permanent alternatives to labour's dominance. The isolation and defeat of would-be "New Right" tendencies in Scandinavia in recent elections (Madley 1986; Sainsbury 1986; Herald Tribune Sept. 1988) after their initial success in the early 80's (Ersson & Lane 1983; Madley 1982; Thomas 1985), however, indicates that the welfare aspect of the social democratic agenda has a strong support in the electorate. If a victorious bourgeois coalition were to emerge, it would therefore be likely to sport a profile of moderate conservatism and a catalogue of center-right, middle-of-the-road policies similar to those of the Schlüter governments in Denmark.

The social democratic hegemony in Scandinavia has been so strong that their main bourgeois opponents until the eighties largely have remained captive to their agenda, even when in government. Exponents of the more aggressive, 1980's style Right from the Swedish Moderates over Norwegian premier Kåre Willoch to Mogens Glistrup's Progress Party have all felt it necessary (and maybe natural) to pay homage to the social democratic legacy and present themselves as the rightful heirs to some part of the original social democratic record. Centrist conservatives, like Danish premier Poul Schlüter and his Finance minister, Palle Simonsen, who harbour visions about the creation of a large, broadly based, bourgeois peoples party which can dislodge the Social Democrats from their key-position, are well aware that such a party not only would have to refrain from any major alterations or cuts in social programs but also ac-

tively would have to make further improvements of the service side of the welfare state part of their platform.

While the New Right certainly has made an impact on Scandinavian politics in the 1980's, the other new feature of the Scandinavian political landscape, the New Social Movements are much more likely than the New Right to become a permanent and influential feature of the politics of the 1990's. The NSM's seems stronger and more stable in Scandinavia with its long traditions for popular movements than in most other European countries. Likewise it has been argued that the distance between the New Social Movements and the Left including substantial parts of the social democratic movement is smaller than in most places (Müller-Rommel 1985). The NSM have already had a substantial influence on the political agenda⁶² of the labour movement and though organic alliances between parts of the NSM's and the social democratic labour movement hardly are right around the corner, neither the NSM's, the New Left nor the Social Democrats are able to go the distance to a better society alone. They need each other and, if only for that reason, there is some hope that constructive dialogue may emerge.

9.1 A Scandinavian Model ?

The notion of a Scandinavian model - in general or for welfare states in particular - has been widely employed in recent literature. What this model is supposed to entail and in what sense the term "model" is being used is unfortunately seldom explicated. However, one can distinguish between three major perceptions of the concept. The idea of shared and unique qualities may allude either to the intentions behind the welfare policies, to the actual results of these or to the means and processes by which the welfare policies were generated, developed and sustained. Though we have touched on some of the results and intentions, the means and processes portrayed as the interactive relations between labour movements and welfare states have been our primary preoccupation. The term "model" may be used in a normative or an analytic way. Analyti-

⁶² Their influence have been felt in a diverse array of areas: Environmental protection; disarmament; equality of rights, status and position for women; equality of rights for sexual and ethnic minorities; emphasis on collective and non-polluting forms of transportation; emphasis on permanent sources of energy such as wind, water and sun in energy-policy; etc.

cally, the similarities between the political economies of welfare in the three Scandinavian countries and the contrasts between these and the political economies in the rest of the world lends some support for the notion of a particular Scandinavian Model of society. That is a special type of mix between markets, politics and community in the daily lives of ordinary Scandinavians. Naturally, the peculiarity of the mixed economy in Scandinavian society is a matter of degree when compared to other well developed examples of mixed economies. Our contention, however, is that this degree makes for changes in the character. With its accent on services delivered in the form of public goods and on public sector employment but almost total absence of state enterprises, it represents a special regime type, a particular configuration of consumption and production in an Agliettian sense (Olofsson 1984). However, we reject the notion of model in a normative and technical prescriptive sense. It is a fallacy to think it replicable .

Of course one can learn from foreign experience, but the changes and improvements achieved in Scandinavia were not just the product of the application of a set of clever techniques which can be exported and applied in any other socio-economic context. Quite to the contrary, we have argued, that the relative success of Scandinavian Social Democrats rests on an inseparable combination of uniquely favourable conditions and a certain capability to devise measures and policies to match, reproduce and take advantage of these. In the same vein we have stressed the constraints on the reform-project imposed by the other actors in the field and inherent in the compromises Scandinavian labour had to and chose to make.

Like everybody else, social democratic labour in Scandinavia has pursued possibilities within a framework of constraints. Precisely those conditions which made certain advances possible simultaneously excluded others. An evaluation of the social democratic record must focus on how well the labour movement has managed within the constraints and how adequately it has responded to new challenges. That is for example how, with no parliamentary majority of its own, Scandinavian Social Democracy managed to sustain and strengthen its hold on government power once attained. How it contrived (in the Swedish case) to transcend the original framework for its governance by breaking out of the impasse of the old external coalition and forging a new internal one instead. And how it so far has been unable to halt its own decomposition in Denmark and Norway (Esping-Andersen 1985) and devise a political economy doctrine capable

of taking these societies to new heights or at least preserve their present qualities.

The internationally acclaimed image of Scandinavia, that is the Scandinavia of economic growth, full employment, industrial peace, high standards of living, excellent welfare provisions and general social harmony, was only an accurate depiction of the situation in all three countries for some 15-20 years from the late 50's to the mid 70's . This period was the golden age of the Scandinavian welfare societies, a time when the Keynesian welfare state project of the labour movement looked really promising.

Prior to this period the ambitions and efforts of the labour movements having struggled through the meagre years of depression, war and reconstruction were frustrated by the slow pace of economic growth. At the end of the period a new major international recession hit the Scandinavian countries.

Of course, harmonious welfare societies of internationally impressive standards were not built overnight, nor were they just a product of will and skill. The take off point for the Scandinavian model came some 30 years prior to its golden age when the Social Democrats during the Great Depression for the first time gained a solid hold on government power. And there were crucial preconditions to this breakthrough. Thus, the Scandinavian Model was the outcome of a very long historical development. Structural factors also played a large role when the Model started blooming. The heyday of the welfare state project coincided with the long boom period in the international economy. Full employment and rapid welfare state growth was not peculiar to Scandinavia in the 60's. The new meaning which became attached to full employment with the rapidly rising labour force participation rates of women , the degree of growth in welfare state programs and public sector employment plus the predominantly universal character of these programs and not least the continuation of full employment (with the exception of Denmark) and welfare state growth through the 70's and into the 80's have much more to do with Scandinavian exceptionalism. The open economies of the Scandinavian countries have made them particularly sensitive to the ups and downs of the international business cycle. Maybe the real achievements and failures of the social democratic regimes concern their capacity for devising adequate responses to the impact from the world market. To make that much

of the situation when the going was easy, but in particular to weather the structural challenges of the 30's and the 70's and 80's did take special skills, techniques and institutions.

If they have been skillful, they have, however, also been exceedingly fortunate when compared with similar movements in other national settings. Many a times the oranges simply appeared in their turbans.

Social Democracy's remarkable legitimacy, for example, grew with it's many years in government. Years that slowly brought the Scandinavian societies out of the deep depression of the thirties, which brought stable neutrality for Sweden and took Norway and Denmark from the excesses of foreign occupation and political radicalization back to the normality of parliamentary democracy and into the American Political hemisphere and years which saw all three countries move from decades of want and rationing to the unprecedented growth in living standards from the late fifties to the mid-seventies. Thus, Scandinavian Social democrats were lucky to be associated with escape from crisis and war and with rapid economic growth and the most spectacular improvements in living standards in recorded history. Furthermore, in all three periods they were largely identified with all those state correctives to the vagaries of markets and the inadequacies of the wage-form, which developed through the expansion of the welfare state, from early relief systems over universal social security systems to the mature welfare state of systematic public sector involvement in all phases and most aspects of the life cycle. Social security and improving living standards became virtually synonymous with social democratic governance, and so it is for many people even today.

The welfare state project is still far more of an asset than a liability for Social Democrats and the social democratic labour movement have several times before demonstrated an amazing ability to adapt to the challenges from a changing world. Despite tendencies towards party decomposition and despite their difficulties in devising a new formula for political realignment and economic stability, it will therefore be unwise to sound their demise or count them out as a crucial force also in a Scandinavia of the 90's.

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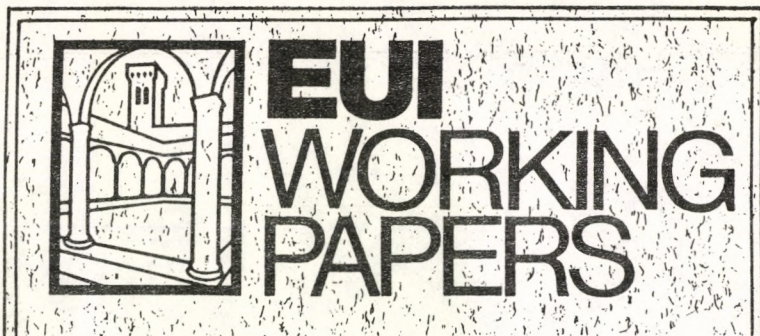
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