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The Social Democratic Party and the Question of Public Ownership 1982-1991

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Abstract

The paper studies the shift in managing the state or public enterprises from a perspective of policy learning during the period 1982-1991 in Sweden. There was a significant reversal in the policy around state enterprises sector from 1982 towards a more market oriented business approach. The aim here is to investigate whether this transformation is a case of policy learning. How and where are policies formulated, and which sources are relevant to detect evidence of a possible learning process? If this shift could be described in terms of learning: When, how and why did the elite among the bureaucrats and politicians learn? The results seem to indicate that there is no specific event or paradigmatic shift that happened during the actual mandatory period 1982-1991. It was rather more of a gradual adaptation on the issue of state enterprises, mostly triggered by earlier experiences as well as the last major economic crisis in the 1970s and early 1980s. The actual learning that took place had its sources mainly from within the party.

Keywords: Social Democratic Party, public ownership, privatization, state enterprises, policy learning, knowledge.

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1. Introduction

The issue of state- contra private ownership is in many ways fundamental in most developed industrial countries. The demarcation line between socialist and non-socialist was for a long time decided by the attitude towards public ownership of industries and natural resources and it is still the most salient and direct policy that affect the state vs market balance. (Müller – Wright 1994, Pagoulatos 2005)

Internationally the 1980s became the decade when property rights and in particular the issue of privatization of public sector and state enterprise was put on the political agenda. If the previous decades had focused upon socializing private business and what forms of state intervention and state takeover could and would take, the 1980s constituted a renaissance for ideas about private ownership. The World Bank (1995) showed that the global share of value added by state enterprises fell from 9 to 6 percent in the period 1978-1991.

The process thus started in the late 1970s, after a couple of decades characterized by relatively interventionist patterns of economic policy making. Then most industrialized market economies began privatizing public businesses. The example often mentioned is the conservative Thatcher-government in Great Britain from 1979 and onwards, and this policy spread across countries and continents to become a distinguishing feature of modern capitalism. (Bortoletti, Fantini and Siniscalco 2001, Boix 1997) Conceptually there was also a fundamental shift towards a more market-oriented approach in which ownership was discussed on the basis of ideas about 'natural rights'. But also on the basis of a connection between private ownership and values like democracy or outcomes like growth and prosperity. (Pipes 1999, Berggren – Karlson 2005, Lundqvist 1991)

The Social Democrats in Sweden has historically had a split and multi-faceted relationship to public ownership. One the one hand their party program and socialist ideology has leaned towards an expanding public enterprise sector, but on the other hand the party has since the democratization of Sweden clearly rejected a revolutionary restructuring of the ownership of business. Instead, the welfare state has been the road to socialism for the Swedish Social Democrats. The ideas of socializing major companies or industries in the economy has sometimes been defused and sometimes put in the center. However, in the late 1960s and 1970s the ideological stream in the party and actual proposals from the party drifted towards a more state socialist stance (Lewin 1967, Bergström – Misgeld – Åmark 1989, Tilton 1990, Östberg 2008).

Earlier research, at OECD-level, indicates that the privatization process shows a pattern with a marked difference between Social Democratic and conservative governments in this process – conservatives privatized while social democrats opted for status quo. (Boix 1997) It is therefore relevant to study the Social Democrats in the eighties and early nineties, the

government party at that time, and its stand on issues of private and public ownership when the ideological climate turned towards a more positive stance on private ownership.

The central question for this sub-study within the project "Economic-policy learning: deregulation and the Swedish Social Democracy 1982-1991" is therefore how to explain the changing positions of the party concerning public ownership of enterprises during these three mandatory periods 1982-1991. We already know that the late 1980s and early 1990s was a period of transformation for the public business sector in the direction towards market orientation. Was it also a process of policy learning that took place during the period? And in that case, when, how and why did the Social Democrat party and the top politicians learn?

Policy learning

Learning takes place when new evidence or facts changes our beliefs. One can learn directly from one's own experiences or vicariously from other's experiences. Economic policy learning can be defined as the process by which an actor, individual or organization, change their behavior in response to new information or new experiences. Learning thus implies that the individuals or groups act on new information or new experiences and that this leads to a new political view and standpoint. In short: change of behavior and change of measures. However, not all change of behavior is a result of learning, only in such cases when new knowledge and new conceptions is the basis for the standpoint. (Dobbin – Simmons – Garrett 2007, Jonung 1999, Bennett – Howlett 1992)

To identify whether a learning process took place which changed the position, a few criteria must be met. First of all, some changes in positions must have taken place in the current issue at hand. Secondly, the new standpoints or positions must at least to some extent be based on new arguments. Finally, new basis for the changed positions must be present such as new sources of information or a more fundamental reassessment of old decision-making.

The literature on policy learning has identified a couple of aspects that relate to the process of learning among politicians and economists. A) The driving force behind the learning. B) The timing and character of the learning. C) The sources of learning. The fundamental idea of this paper is that the policy change that took place and has already been described by other authors should be analyzed with the glasses of policy learning. It involved both actual policymakers and experts that helped to facilitate with official reports and research.

We have already noted that the liberalization and privatization of state enterprises followed a major trend, a diffusion or policy spread across countries. Different explanations of this phenomenon have been tested such as constructivism, coercion, competition and learning theories. So, the explanation of policy diffusion is therefore not necessarily learning, it is merely one of many with fundamentally different underlying mechanisms. This is not the

place to delve deeper in the alternative explanations. The learning theorists however, which is our focus, trace changes in policy to changes in ideas. The roots of the theory are psychological, and the fundamental question is how policy makers draw lessons from the experiences of other countries. Policy-makers may also draw wrong lessons from time to time, but since this theory implies a kind a cost-benefit analyses the overarching theme is that policymakers learn to pursue more efficient policies. (Dobbin – Simmons – Garrett 2007)

Purpose of the paper

The study of public enterprise ownership and the Social Democrats during the period 1982-1991 is a study of learning for a political party at the elite level. The Social Democrats had a period of long and almost uninterrupted possession of power since the 1930s, and therefore a special position in Swedish politics. Between 1982 and 1991 the Social Democrats governed Sweden from a minority position, but with a majority within reach if only one other party, regardless which, supported them.¹

As we will see later on, previous research shows that there was a fundamental reversal in the policy concerning the state enterprise sector from 1982 and onwards in the direction towards a market oriented business approach with possible privatizations in sight. However, the explanations behind this policy shift are not well understood or investigated. The clue in this paper is whether this transformation could, or rather should be understood in terms of policy learning. How and where are policies formulated, and which sources are relevant to detect evidence of a possible learning process? What part of the Social Democratic party is most influential in shaping policy? What role do interest groups such as LO, whose chairman has always had the seat of the Executive Committee, play for policy formulation? And what role is played by researchers and investigators that provided official reports and basic data for the decision-makers?

In this study of learning inside the Social Democratic party, the three above-mentioned bodies are to be examined: Party Congress, National Board and Executive Committee (VU).² The material used for the study of the Social Democratic Party are documents of the national board, the executive committee and congress congresses in 1981, 1984, 1987 and 1990. The VU has thus greater powers in practice than what is stipulated by the party rules. The National Board is a large group while the Executive Committee is a small body with only nine members. The executive committee has representatives from various interest groups and

¹ The other parties in Parliament at that period, 1982-1991, were in descending order: The Conservative Party (m), The Liberal Party (fp), The Centre Party (c), The Communist Party (vpk) and the single mandatory period 1988-91, The Green Party (mp).

² The congress is the supreme decision-making body of the party. The National Board (PS) is the supreme decision-making body of the party when congress is not assembled and it is then responsible for the management of the activities of the party. The Executive Committee (VU) of the national board is also elected by the congress.

regions, while VU almost invariably consists of SAP's most powerful representatives. (Socialdemokraterna 2001)

In addition to the party congress, these two bodies are the power centers and here discussions concerning broad policy areas take place among in the party elite. By studying these groups I will hopefully catch the party's internal decision-making and the possible occurrence of learning. The minutes of the Executive Committee, and National Board is appropriate to use for two reasons: first, it is a contemporary material, a documentation of what was said when it was said, and are thus not sensitive to subsequent reconstructions of the event. Furthermore: it is an authentic material in the sense that it documents the actual political conduct and the internal political process out of sight from the media. The documents are not open to be examined until 20 years has passed, and that is – in this context – almost an advantage because it allows greater freedom for the members of the National Board and the Executive Committee to discuss in confidence.

This material must be supplemented by other sources to capture an understanding behind the Social Democrats' statements on the issue of ownership of public enterprises. Political parties have several different arenas where the political process takes place. When examining the party at the elite level: ie. what positions they take, in addition to internal party material there is also the parliamentary arena.

There is also an extensive documentation, not from the Government and MPs discussions but from the bills and government bills that are likely to reflect a change of views and arguments. Concerning ownership of public enterprises the Parliament and Government handled different issues. Parliament decides on matters of investment, the basic organization, (public corporations vs limited companies) and the Government decides about the appointment of directors, it determines the plant operating budget, and the fares for public utilities. (Berg 1999, 50-51)

Finally some interviews have taken place with some of the politicians and bureaucrats that were in charge of these issues between 1982 and 1991. In total six semi-structured interviews have been performed with bureaucrats and formerly active politicians inside the Social Democratic party, but unfortunately some of the most influential politicians have not been able or willing to participate.

2. Public ownership in Sweden

The state is a large owner in Sweden. Despite a series of sell-offs performed by various governments since the 1980s, The Ministry of Enterprise had 54 full or part-owned companies to manage in 2008. (Jordahl 2008) One of the 20th century's biggest and most important economic changes is the emergence of a public sector outside the domains of the

night watchman state. An important part of the public sector is the public enterprise sector (or public business sector) which also is the subject of this study. State ownership is the often used term here to describe ownership or control of industries or enterprises by the state. In this paper the municipal or regional level is not covered, only the national state owned enterprises

Svensson (2001) and others with him has stressed that the central role of the state in Sweden is a fact on many fields of Swedish politics. And this is also applicable for the public enterprise sector. The type of state ownership has shifted over time. Sweden has its public utilities, dating from 1600's Post Office Agency, which had a more independent position than other parts of the civil service. These were however similar to government agencies in general in that they were not independent legal persons. From the mid-1800s the expansion in infrastructure gave a larger responsibility for government agencies and a growing sphere of state enterprises. In addition to this involvement in infrastructure, such as railways, post and telecommunications, the elements of state enterprises were rather moderate in Sweden. Some exceptions were partnership in the mining company LKAB, and the Tobacco Company (1914), but its involvement in the industry was otherwise very limited. In 1911 the special type of organization called public enterprises took place and that was a mixture of companies owned by the state and ordinary public authorities. (Berg 1999, Kaijser 1994)

Step by step the public sector enterprises increased in numbers and amount from the 1930s with both industrial production (NJA and Assi) as well as other activities (eg, the gaming company Tipstjänst and the Swedish Alcohol Retailing Monopoly. One area where public companies appeared during the 1930s, was to support certain industries such as the Swedish Grain Ltd to manage agricultural regulations and Industrial Credit, which would provide the industry with credits. Contingency Recital made the public enterprise sector expand dramatically during World War II. Significant nationalization after World War II, as happened in Britain, France and Austria, was however never implemented in Sweden. The intense debate around the Parliamentary election 1948 disarmed this question and the Social Democrats did not try to realize their radical program fully. (Lewin 1967)

During the late 1960s there was more debate and activity in the issues of public ownership, and the role of the state increased. Several of the state enterprises, in particular in the mining, steel, forestry, and petrochemical industries also subsumed in the group Statsföretag in 1970. During the 1970s the industrial crisis increased state ownership in Sweden, as in many other countries, when the state took over a number of troubled or even bankrupt companies in the textiles, iron and steel, shipbuilding and forestry. The public enterprise sector did probably reach its maximum size measured in percentage of total employment, towards the end of the 1970s. (Hägg 1993, Waara 1980, Henning 1974)

The growth of the public business sector in Sweden

Several explanations behind the public enterprise sector growth have been tested. Megginson (2005) argues that government interference in the economy increased as a result of the massive popularity of socialism, central planning and economic planning after the Second World War. Some countries in southern Europe therefore embraced state ownership while countries like Sweden, Netherlands and Germany more opted for greater regulation. During the three decades after 1945 state ownership therefore expanded in non-communist Europe when the different governments tried to control the key sectors of the economy such as infrastructure and industries related to defense purposes. In the 1970s the growth of failing firm nationalizations as well as ideologically motivated nationalizations made state ownership reach its heights.

Specifically for Sweden Waara (1980) indicates that the emergence and growth of the public enterprise sector had obvious similarities to other industrialized countries. The structure of government business is roughly the same as internationally where the infrastructure, so-called "natural monopolies", basic industries and capital-intensive industries have been nationalized as in most of the market economies in (western) Europe. Other driving forces may have been economic crises and periods of war that may have contributed to the public sector enterprise expansion.

Henning (1974) argues that ideological motives played a large role in Sweden. The Social Democrats had some hopes that the public sector companies would be useful in order to enhance the structural transformation in Sweden, hopes that to some extent built on the party's socialist ideology. Such motives were to a large extent the preamble to takeovers and government start-ups of 1968 and the subsequent "industrial policy offensive". From 1967 and onwards the party was more and more active in questions of Industrial policy and the state enterprise sector came to be perceived as an important economic policy instrument. Schäfer (1984) remarks that the state enterprise sector did not play a major role in the public debate on Industrial policy for the Social Democrats between 1967 and 1976. But the ambitions for the new holding company State Enterprises (Statsföretag) was, as Benner (1997) notes, high as regards to both stabilizing employment and promoting dynamism in the economy. In reality State Enterprises did not turn into a forward-oriented company in high-tech sectors, but instead more an administrator of state owned companies and a regulator of employment and regional development.

During the industrial crisis of the 1970s and early 1980's Sweden was ruled by non-socialist governments in different configurations. All through those two mandatory periods there was extensive nationalization of industries in more or less acute financial crises. The three major engagements were the steel producing SSAB, the textile and clothing company Eiser and the shipbuilding Swedish Varv AB. (Ds 1989:23, Prop 82/83: 68) Not that these governments were ideologically in favour of more state enterprises, but the crisis became, in the political

and societal context, a trigger for nationalizations. If anything, the Social Democrats at this time opted and argued for even more state intervention in the private business sector and even further nationalizations of companies in crisis. (Lindberg 2002) In opposition, SAP also argued for using the state companies or public enterprises offensively and in a motion to Parliament (1981/82:1488 p. 16) this sector should be used as an “active instrument in growth policy” “to influence the structural development of sectors” – roughly the same argument as during the industrial policy offensive in the late 1960s.

The public business sector 1982-1991 - a general picture

What do we know about ownership policy in the period 1982-1991 when the Social Democrats governed? What kind of change took place? Previous research in this area has clearly established that the ownership policy towards the public enterprises changed sharply between 1982 and 1991. (Berg 1999) This was one of the fields in which Sweden was reformed significantly and as with other economic policy reforms that took place the direction was more market-oriented. (Bergh 2007).

SNS, Center for Business and Society, had a research project in the early 1990s on the state as owner of large companies. A number of companies (Assi, Celsius, Procordia, Nordbanken and SSAB) The special studies concluded that there was a gradual shift from political to economic governance, which meant that they upgraded the business goals such as profitability, and gave a lower priority societal goals. The aim of this policy was to give the public enterprises chances to strengthen their positions on markets where they were exposed to competition and give the boards more freedom to invest and use their resources by clarifying some rules.

According to their results, the case studies of the state owned enterprises shows that the politicized role that was undertaken in the late 1960s only became a parenthesis in the long run. Since 1983 the state has more and more developed from being an active owner with political ambitions to a more business oriented view with profitability as the main goal. Thereby the idea to let state enterprises run regional and employment policies has been abandoned. (Anell et al 1992)

Benner (1997) mentions that the attitude towards the public companies changed during the period since prominent social democratic politicians questioned their importance and the structure as well as the role of these enterprises were therefore shifted. The intention seems to have been a removal of public companies from being used in public policy. This element of de-politication was brought about with the reconstruction of public enterprises in 1983 and semi-privatizations in 1987 and 1990.

Political scientist Anders Berg (1999) studied the state control and ownership of public enterprises in two different ways between 1976 and 1994: *The business approach* when public enterprises should function as private companies and the *social-political approach* when public enterprise activities were viewed as fundamentally different due to its public

service character. He showed that the autonomy of public utilities have gradually become more important, former monopolies have opened up to competition and the regulating parts have been transferred to other organization or authorities. Most parliamentary parties, including the Social Democrats, also seemed to shift from the socio-political approach to the business approach.

Sweden was not the only country that went in this direction. Internationally, there were also a couple of countries that turned their policies around in order to favor private ownership in the 1980s. The most notable and well-known examples are probably the privatization launch in the UK and the USA by Margaret Thatcher and Ronald Reagan. Deregulation and privatization of former state property and state-owned enterprises was therefore also an important part broad international market liberal turn of the 1980's.

Thiemeyer (1986) summarized the scientific debate about the concept of privatization in Europe by showing that the development in the 1980s, mainly in Europe, contained more dimensions than the "clean" selling off of formerly state-owned property. And we also know from Boix (1997) that Social Democratic parties had a more reluctant view on sell outs whereas Conservative governments were more active in that area. According to Ds 1989:23 Thiemeyers findings were in line with the transition that occurred among Swedish state-owned enterprises during the 1980s. His point was that the concept privatization was used with a multitude of meanings, from the more obvious transfer of property rights to a transformation of the aim of the enterprise. According to Lundqvist (1991:211) the word privatization essentially means a transfer of power from public to private sector. He defines privatization as "decisions and actions taken and made by democratically accountable actors and agencies in the public sector with the intention to transfer something that has been under public responsibility, or possession away from this sector and over to the private".

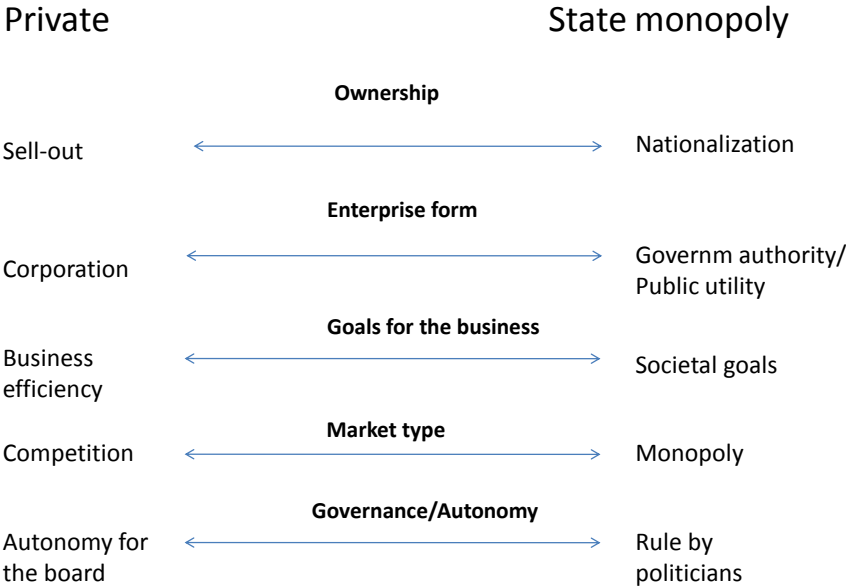
Some researchers emphasize the actual ownership of companies whereby privatization means that the state leaves more than half of the votes to private owners. (Newbery 2006:4) Others rather emphasize that privatization is a process whereby power, concessionaire and regulatory control moves to the private sphere through the active transmission of the politicians. Lundqvist (1991) identifies the production, financing and regulation may be that the three main dimensions of private and public. Thus, privatization can lead to a wide range of variations if one also considers that responsibilities within a dimension can be shared between public and private actors.

Dimensions of state enterprises

In this study, a total of five different dimensions of state enterprise are to be examined: ownership, enterprise form, goals, market type, and governance. The dimensions are related to those used by Berg (1999) but are not completely overlapping, as Berg therefore examined the mechanisms of market orientation, a similar but not synonymous concepts. The poles are *private* contra *state* as seen from Figure 1. It is also worth noting also that the five dimensions are to some extent hierarchical.

The ultimate form of privatization is a change of ownership concerning who is the owner of company in question. The dimension enterprise form is connected to an enterprise that is still wholly or partially in state hands. The purpose of the state enterprise has two poles with the purely business or purely societal goals at the opposite ends of the scale. The dimension market form is about how much competition should be allowed at the market the state enterprise is acting upon. Finally, we have the more amorphous dimension control / autonomy which denotes the maneuver company or organization involved has in terms of pricing, investment decisions and financial transactions and other board discretion.

Figure 1. Dimensions of public ownership



3. The party arena

How do you identify a party line concerning a political issue such as the public business sector? Is the party line what you actually aim for and therefore decide at party congresses or write in a party program – or is it rather what you actually do in government or voting pattern in parliament? In this paper I have followed the party line and the changes that may have taken place through a number of boards and arenas where a policy change might be able to trace. Since the Social Democratic party was in government I will separate the arenas in two: Party and parliamentary. The party arena then consists of the Congress, National Board (PS) and Executive Committee (VU). The parliamentary arena consists of propositions from government and party motions.

Several sources or arenas are therefore investigated to find evidence in these matters. Firstly we have internal documents from the Congress, the National Board (PS) and the Executive

Committee (VU), and documentation from the parliamentary arena in the form of proposals and initiatives in this area. This material accounts, the two arenas that first results are reported separately, after which a comparison to be made.

The summaries in Figure 2-4 gives an overview of the issues raised in these organs; PS, VU, Congress, Government and Parliament. The proposals from the respective agencies are described briefly, which or what kind of state enterprise(s) that is discussed or concerned and lastly what kind of change is under way. The categorization is made from the five dimensions of state enterprise in Figure 1. The general rule is that a proposal must refer to at least one or more of the five dimensions. Direction indicates the direction of the draft Private-State and which is minus (-) to the private side and the plus (+) to the state monopoly side.³

The leading councils and the congress

Figure 2 Overview of discussions on public enterprises i VU, PS and at the SAP-congresses 1981-1989

Year	Organ	Who	Explanations	Categorisation	Direction	Others
1981	Congress	All	State should continue the ownership, resistance against sell outs	AU, BE	+	
1981	Congress	stateme	Turning against a possible sell out	SE	+	
1984	Organ	All	Business efficiency was stressed	BE	-	
1984	PS	Te	Uphold the monopoly albeit modified	CO	+	
1986	PS	Po	Freedom concerning the Post offices and their service	AU	-	
1987	Congress	stat ftg	Reply to motions that argued for more control and political demands	AU	+	
1988	VU	Po	Regional policy providing service in the whole country	BE	+	
1989	PS	stat ftg	Making corporations out of formerly public utilities	BE	? (-)	

Source: Protocols from VU, PS and the SAP-congresses 1981-1990

Generally, the material from VU and PS is rather thin and lacks much of the principled discussion concerning state enterprises with some exceptions. The first arena to trace a change in the Social Democratic position is the party program. Since these are only two in the covered period, 1975 and 1990, the comparison is rather simple and gives essentially nothing since the issues are hardly mentioned there.

The Social Democratic Party Congress response to the motions in 1981 and 1984 are of interest for our purpose since there are some discussions and arguments that relate to the public enterprise sector and some significant differences are also noted.

The congress responses in 1981 had, in general, a more positive attitude towards the government's role in the economy and this was illustrated also by the attitude towards state enterprises. The Congress documentation clearly shows a will to have public sector enterprises controlled by politicians and in particular "by taking active measures to stimulate

³ Autonomy for the board (AU), Market Competition (MCO), Business efficiency (BE), Corporation (CO) and Sell out (SO)

production and employment ... over public utilities and the authorities' own businesses." (SAP 1981:132) It is clear that the current crisis with massive cutbacks in industrial capacity was about to be combated with a more active Industrial policy. The government role was perceived in a positive light and with "active measures" (that sentence is recurrent) the state enterprise sector could and should be governed by politicians to enhance more societal goals.

The congress in 1984 had a new tone in talking about these issues. "By owning their own enterprises, the state has the opportunity to carry out certain desirable structural changes. Furthermore, the state can through its own enterprises make industrial investments politically desirable ..." (SAP 1984:52) That sentence resembles very much to the former Congress and also apparent here. On the other hand, the Congress also emphasized that state enterprises should be under the requirements of corporate financial profitability and efficiency. "Corporate development must now be based on economically sound judgments." (SAP 1984:52) This was a language and formulations that was non-existent 1981. The PS in the Social Democratic party fought against a couple of motions that urged other more social-political considerations to play a larger role. The PS also claimed that the state enterprises should be no "experimental places for the economic democracy". This is also evident in formulations concerning the issue of governance of the state enterprises that were more business oriented and called for the need of competence (financial is my interpretation) inside the boards of the state enterprise sector.

Concerning the state enterprises organizational form and ownership, there is also a significant difference in the attitudes and motivations of party congresses changed between 1981 and 1990. For example, the congress of 1981 argued strongly against the sell-offs: "However, we turn decidedly against such proposals which would result in the deliberately weakening of the state enterprises, such as by clearance sales of the most profitable and growing parts of the state enterprise group" (SAP 1981:132) The Congress was more pragmatic in its stand in 1990. Sell offs was no actual goal for the party but rather a mean that might be appropriate considering other circumstances.

The congresses in 1987 and 1990 also had to deal with Congress delegates who wanted a more activist role for government ownership. An example of argumentation from a typical critical delegate was the local Social Democratic Club in Karlstad which argued specifically for "more regional, environmental and pricing policy considerations in the Swedish Postal Office, the Televerket and the Railway Board." The response from the PS was interesting in that sense that it did not defend the old established line with societal goal primarily for infrastructure state enterprises such as The Post Office Agency, The Swedish Telecommunication Agency and The Swedish State Railways. But neither did it claim to have changed positions in that question. It was rather the new technology and methods of organizing the business that had led to this new situation with more competitive markets. That meant in essence that the business oriented goals had to prevail. And PS referred to the

official commissions and knowledge to defend its position in this particular case. (SAP 1990:79-80)

Other answers from PS to motions in 1990, see motion nr 810 for example, stress this point of state enterprises that act in a competitive environment, not ruled by directives from politicians but autonomous and independent with the clear aim to have business efficiency as the overarching goal. What is not mentioned is that the transformation that had taken place at least to a considerable extent had been dependent on the market orientation performed by a Social Democratic Government.

If we look at the dimension party elite versus party activists, there is evidence of a more state friendly stance in these issues by the party activists. Societal goals are more often lifted in their motions and considering the public enterprise sector closest to the members, ie the infrastructure companies in the railway, post and telecommunication areas, the resistance towards sell out or change of enterprise form to the more market oriented corporation is frequent.

Government and Parliament

Figure 3. Summary of proposals to changes in the public business sector 1982/83-91/92⁴

Year	Proposition	Who	Explanation	Categorization	Direction
1983	Tilläggsprop	Te	Telefinans, larger scope for financing	AU	—
1983	Budgetprop	SJ	Financial reconstruction	BE	—
1983	Budgetprop	Po	New ways of organizing the Postal Office	BE	—
1983	Tilläggsprop Budget	Te	New ways of financing the business	AU	—
1984	Budgetprop	SJ	New ways of investing and financing	AU	—
1984	Budgetprop	Po	Other ways to run the enterprise politically	AU	—
1985	Budgetprop	Po	New ways of financing the business	AU/BE	—
1985	Budgetprop	Te	Abolished monopoly on certain areas	MCO	—
1985	Verksledningskommitte	all	Public utilities run more independatly	AU	—
1985	Prop	SJ	New ways of financing	AU	—
1986	Budgetprop	Te	Teli Bolagsform	BE	—
1987	Budgetprop	Vf	New freer ways to finance	AU	—
1987	Budgetprop	Sj	New organization with clearer divisions	BE	—
1987	Verksledningsbeslut	all	Governance through results in the business	AU/BE	—
1988	Proposition	Vf	New ways of investing and financing	AU	—
1988	Budgetprop	Te	Opening of monopolies	MCO	—
1988	Trafikpol prop	SJ	Organizational restructuring more business focus	AU/BE/MCO/CO	—
1989	Budgetproposition	Po	Larger autonomy in financing	AU	—
1989	Budgetproposition	SJ	New financial instruments to run the business	BE	—
1989	Budgetproposition	Vf	New organization forms	AU	—
1990	Prop om näringspol	FFV	Proposal of enterprise form	BE	—
1990	Prop om Riksgälden	all	New ways of financing the business	AU	—
1991	Budgetproposition	SJ	New ways of financing the business	AU	—
1991	Tillväxtprop	Te	More business like dividend requirements	BE, CO	—
1991	Tillväxtprop	Po	Larger autonomy in pricing	AU, BE	—
1991	Tillväxtprop	Vf	Proposal of enterprise form Vf	BE	—
1991	Tillväxtprop	Do	Proposal of enterprise form Do	BE	—

Source: Propositions to Parliament 1982/83-1991/92 partly from Berg (1999).

⁴ The sample is limited to the Government propositions on state enterprises/ public utilities: Domänverket (Do), Förenade Fabriksverken (FFV), Sjöfartsverket (Sj), Luftfartsverket (Lu), Postverket (Po), Statens Järnvägar (SJ), Vattenfallsverket (Vf) och Televerket (Te) and these state enterprises: SSAB, ASSI, Procordia, Celcius.

The overall picture that is illustrated in Figure 3 during the Social Democratic mandatory periods 1982-1991 is that the public enterprises has been transformed fundamentally. The Government proposals has pretty much gone in the same direction towards a market orientation of these enterprises. The second striking aspect is that this movement has been gradual and incremental than sudden and swift. There were mainly small steps in this process but these steps transformed the enterprises during those nine years.

A more detailed view on this process discovers that the very first things that was proposed was a widening of the autonomy for the enterprises. In particular the possibility to independently finance their investments. Secondly one can trace that the goals for these companies gradually shifted from more societal such as regional policies, employment and nationwide services to more and more business efficiency. Later on during this period the monopolies on different kind of goods and services also started to be questioned. Monopolies that were abolished were replaced with more competition at the market in question, often after that the state enterprises had gotten a larger autonomy to hand its business. One of the latter things that occurred later on during this period 1982-1991 was the proposals to change enterprise form towards corporations.

One thing that did not occur during this period was actual proposals to sell out the state enterprises to a larger scale. This process of market orientation through more autonomy, more focus on business efficiency, an opening of markets to competition and furthermore a change in enterprise form towards corporations had a limit when it came to privatize or selling out larger shares of the state owned business sector. Or did it? As we shall see in the following sections there were possible steps in this direction and the arguments reflect a new way of thinking in those issues as well.

Figure 4. Motions in Parliament concerning public enterprises by Social Democratic MPs 1982/83-1991/92

Year	Who	What	Explanation	Categorization	Direction
1990	Lennart Pettersson	Po, Te	Merger Post Office and Televerket	CO	+
1990	Two MP from SAP	Po	Concern of regional equality nation wide services how to govern the public enterprises	AU	+
1990	Two MP from SAP	Po	Nation wide services	BE	+
1991	Five MP from SAP	All	Stress the societal goals less possibilities to make enterprises	CO, BE	+

Source: Propositions to Parliament 1982/83-1991/92.

At the parliamentary arena the motions from Social Democratic MPs are few in number but interestingly they bear witness of the fact that the party consisted of different fractions and different interest groups with diverging agendas. Here the concerns for regional policies such as the ability to have nationwide services and employment considerations are most apparent.

The Social Democratic party and the unions

Only parties have opportunities to implement its program in the form of legislation. Nevertheless, there are reasons to identify the union role in this process. Although LO or its affiliates did not in any formal sense have power of public enterprises, the organization has a large indirect influence over the Social Democrats. The close links politically and financially

has given unions, first and foremost LO with affiliates, a substantial influence in economic policy issues in Parliament. (Bergström 2007)

A major statement from LO concerning state enterprises was made in their congress-report in 1981 "Industrial policy for the 80s". This report was laconic in his writings on the state-owned enterprises. However, it was found that Sweden was one of the countries in Western Europe with a relatively small sector of public enterprises. The state must therefore expand its influence in the expanding sectors, both with their own enterprises and in various forms of cooperation with private enterprises. (LO 1981, p. 40) Elsewhere in the report it was indicated that Government needed to increase its holding in the industry generally, and not just in problem businesses. (LO 1981 p. 36, 281, 297) Partly this could be achieved through acquisition of strategically important enterprises and by starting up firms with "attractive" production.

More principled statements was also lifted at the trade union congress in 1986, and the LO's representation that had many bills on these issues during the 1980s. In 1984, LO stated after a proposal by the Union of State Employees (Statsanställdas förbund) that: "LO should press for cooperation between public utilities when it increases efficiency." LO was on grounds of principle and ideology opposed to a privatization of public utilities. There could, however, in some specific cases be rational to privatize, but it might as well be the opposite ie that some private enterprises should be nationalized. (LO 1984)

The LO-congress in 1986, argued that the state enterprises needed such steering that could provide larger amounts of investment capital. The reason was that in the present situation there might be a risk of having slower growth due to underinvestment. The argument was that private enterprises with financially strong owners had vast resources that the public enterprises lacked and the public companies were badly needed to counterweigh private capitalists. The aim would be to promote more efficient and well-funded enterprises. In their view, it had an intrinsic value that the Government was in possession of and could run businesses that enhanced their competence as investors. Apart from that, there might be good reasons to run public enterprises due to social, ethical, supply, or emergency reasons. (LO 1986)

The LO-congress in 1986, received a motion where the Municipal Employees union (Kommunal) and the Union of State Employees drafted a requirement that the public enterprises should remain in the state enterprises and public works form. "The majority of LO's members work in firms that are conducted in corporate form. It is therefore not reasonable to generally rule against companies that activity. The decisive for the choice of activity ... must be the need for social control." The National Secretariat of LO noted that the business form constituted the organizational basis for community action in a series of massive infrastructure areas. The National Secretariat of LO was also firmly opposed to the privatization of the plant production or corporatization that seriously would reduce the citizens' and workers' influence.

The union that had a certain influence over the state enterprises was the Union of State Employees, an affiliate to LO, and also the natural home for workers in the state sector as such. While it had been in opposition concerning other issues on the market orientation, when the actual propositions were at hand between 1982 and 1991, there was a mixed resistance from their part.

An earlier period had seen a more stubborn argumentation in favour of state enterprises that performed a public utility. Not only in order to keep the beneficial ownership in public control but also to promote the societal goals of different kinds. The more pragmatic stance from the late 1980s led to an acceptance, if not whole-heartedly, of many of the market oriented measures that were taken. However the resistance towards a sell out of state enterprises were still present. Sund (2002) explains this stance not only to an ideological viewpoint but also to a more practical stance. The state enterprises had to a large extent good working conditions and benefits as well as employment security that private businesses could not match.

4. The results and the learning process

The driving force behind the learning

The fundamental driving force that often initiate policy learning is often claimed to be an economic shock or turmoil that strikes the economy and gives both incentives and possibilities to learn anew. The macroeconomic disturbances in Sweden during the 1970s and early 1980s were in form of changing relative prices of energy but also enhanced by policy mistakes made by several governments. (Jonung 1999)

This is therefore "a main suspect" also in this case and there are also some substantial evidence in that direction. The state enterprises were of course not solely responsible for the economic turmoil in Sweden in the 1970s, but heavily subsidized they at least contributed to the budget deficits during that period and were therefore of concern for politicians. (Carlsson 1983) Therefore, getting rid of the subsidies and in that way handling this sector on a market basis was a major concern for the newly elected Social Democratic Government in the 1980s. Former under Secretary Nore Sundberg as well as planning manager Jan Carling stressed the point that the Social Democratic Party started to change their stance concerning the state enterprises because of the perceived failure of the former conservative government with Nils G Åsling (c) at the Ministry of Industry in charge. The reorganization of the structure of the public enterprises to avoid overload, as well as the clear intention to work according to profitability goals was thus caused by earlier experiences such as a crisis.

On the other hand, the crisis of the 1970s and early 1980s may also have been a trigger for the Social Democratic Party to act strategically in this issue at another arena, namely to obtain more electoral support. We know that the actual policy of the Social Democrats in opposition during the years 1976-82 had been, if anything more inclined to state subsidies and political intervention in favour of these companies. Peterson (1999) and Feldt (1991) mentions that the Social Democrats did opt for a policy shift in this area and thereby start to phase out state subsidies to the state enterprise sector. In itself a necessary condition to run these companies in a more businesslike way.

The character and timing of the policy learning

It is interesting to note that one of the most robust results from the theories concerning learning is linked to the analogies from the past. (Jonung 1999) Politicians often seem to look for the answer to the questions they face by comparing the events of today with the events that occurred yesterday and then making generalizations from that. Jarvis (1976:218) has described the process with these words: "Learning from history is revealed dramatically when decision-makers use a past event as an analogy for a contemporary one". This type of learning, to take a stand in light of a relevant historical process can however be either positive or negative. From policy successes you learn what to do and from policy failures you learn what not to do. And moreover, policy failures often gives stronger incentives to policy learning than successes.

Considering the timing of the policy learning the research also gives some clues of where to look for such instances. Even if learning is a continuing process, the break-throughs seems to be concentrated to those instances when there is a crisis or, to speak with Breslauer (1991:837) "high-magnitude traumas, directly experienced". Also here the focus is on incentives, when politicians and other decision makers have the strongest incentives to leave the old policy or even paradigm and let new information guide them. (Jonung 1999)

In this particular case of public ownership and the Social Democratic Party in Sweden, there seems to be evidence to claim that both character and timing fits in the established theory. What we know from the written sources as well as the interviews the industrial crisis of the 1970ies was a major factor that contributed. Interviews with Nore Sundberg, former secretary of state in the Ministry of Industry supports this claim. The Social Democratic party council protocols also indicates that the losses and financial turmoil that the public business sector was exposed to during the late 1970s and early 1980 was essential in guiding the policy in the 1980s. To not make the same mistakes as the conservative government's 1976-1982 seems a recurrent theme. (SAP PS 1984) Furthermore, former Minister of Industry Thage G Peterson also mentions this theme in his memoirs. (Pettersson 1999)

This went to such extent that former Minister of Finance Kjell-Olof Feldt already in 1985 questioned the importance of retaining the public enterprises. (Feldt 1985) His arguments, that these companies had been under control by the state by coincidences and that it was no point in keeping most of them, was a bit early. But later on senior officials at the

Department of Finance, Gunnar Wetterberg, as well as investigators such as Jan Olsson argued in the same way as Feldt, and at that time the public agencies had been transformed in a way that a formal privatization was easy to implement.

Sources of learning and information

Learning processes are based on the processing of new information and new sources of information. These new sources of information could be of different kind. It seems that the latest crisis is of major importance to obtain new information from. The economic profession is another source of information that may be of great importance, although their recommendations are seldom followed blindly. International organizations that makes analyses and gives advice, such as IMF, OECD, and the World Bank, and moreover examples from other countries may also play a role for policy shifts driven by learning. (Jonung 1999)

It is evident that a couple of noticeable features in Sweden are at hand. Firstly one often mentions the Swedish official commissions and investigations that are absolutely vital in order to understand Swedish policy making. The long lasting social science influence and the role of public investigations, has contributed to an approach of policy-making as rationalistic, technocratic and pragmatic. Politicians have therefore been ready to rely on academic professionals before reaching political decisions. (Bergh – Erlingsson 2006)

From the study of the Social Democratic party and public ownership it is very easy to draw the conclusion that the gradual shift in policy during the 1980s went hand in hand with the Official commissions and investigators that often proposed just that kind of market oriented measures that later on took place. So politicians in the Social Democratic Party and government should therefore have obtained advice and information from these analyses. It is however striking that the investigators and actual authors for the official Commissions and reports (SOU, Ds) did not find their work that influential. (Jan Olsson, Per-Ove Hesselborn and Lars Hellsvik) Their more or less common opinion was that the important decision makers had by then already made up their on these issues and needed something of a confirmation.

But as we saw earlier, there was also an important work going on before the actual takeover in 1982. The Social democratic government came armed to government 1982 with new ideas from other sources such as the Social Democratic Economist group. Their seminars and practical work – and the prominent contributors – preceded the shift in other policy areas and may also have contributed in this case. (SAP 1980-84) Bergström (1987) mentions this semi-independent think-tank or grouping inside the Social Democratic Party as essential in liberating the party from a more traditionalist thinking and modernizing its economic ideas.

A similar, but smaller and more concentrated, group acted in questions regarding industrial policy and state enterprises from 1979 and onwards managed by the later Minister of Industry Thage G Peterson. In opposition they were responsible for writing motions and in

power responsible for formulating policies. This group consisted of many of those that from 1982 and onwards would be staffed at the Department of Industry. From my interview with Jan Carling and the interview with Thage G Peterson, in Bergström (1987), it is clear that this group indeed had influence.

5. Conclusion and summary

The basic question that was asked in this paper was how to interpret the changing form and shape of the state enterprises during the Social Democrat reign between 1982 and 1991. The aim was to find out how and why the management of state enterprises transformed and more fundamental – the issue of state contra private ownership. In this paper this process has been investigated in order to trace possible policy learning from the actors involved. If this shift could be described in terms of learning: When, how and why did the elite among the bureaucrats and politicians learn?

To start with, the first qualification of the three criteria to identify a possible learning process was the change in positions in the current issue at hand. In one way, this is very easy to detect. Just look at the actual decisions that were made and trace the difference between 1982 and 1991. And to a certain extent the earlier research in this field, see Berg 1999 or Svensson 2001 for example, also support this claim.

The actual transformation in the management and control of public enterprises went from a more *socio-political* approach to a more *business* approach during the period 1982-1991. In my schedule *Dimensions of public ownership* (Figure 1) and the summary of proposals (Figure 2-4) concerning the public business sector shows that there was a gradual advance. It basically went from proposing measures that made the public enterprise sector more autonomous and changing the goal for the business from societal to business efficiency, to actual attempts to change the enterprise form. The last step on the road to a sell out was however not taken. It is however interesting to see that the actual sellout that was performed by the next Government the Conservatives between 1991 and 1994, was to a large extent prepared by the market orientation of the public enterprise sector.

These changes took place while in Government whereas the response from Social Democratic MPs were more hesitant. A few motions to the party Congress and motions from MPs went in the opposite direction which leaves a thought that there was a sort of cleavage inside the party on those issues. The party elite and the party activists may not have agreed on every step on the road. The possible obstacle that might come from the LO and affiliates was not as severe as one might have expected, even if the resistance and counterarguments may have contributed to a slower and more hesitant process than what actually occurred.

In terms of policy learning it is not visible that there was any striking event or paradigmatic shift that happened during the actual mandatory period 1982-1991. It was rather more of a gradual adaptation from earlier experiences as well as the last major economic crisis in the 1970s and early 1980s that triggered these events. Learning occurred gradually or incrementally rather than sudden and swift. In interviews many of those involved stresses the pragmatism used by the Social Democrats on the issues of public ownership in this period. The gradual shift in approach seems to have started already before the takeover in 1982. Different semi-independent and informal groups had started the process of reformulating the traditional message in economic issues, not independent from the leading councils in the SAP but still with room to rethink policies.

Interesting to note is also what not seems to have contributed. The liberalization process and privatization outside of Sweden, the policy diffusion, is something that is seldom mentioned in the interviews or the Official commissions. It is not mentioned in the Social Democratic Party councils either and seems to have played a smaller role than the established theory claims. The context around the Swedish market orientation seems to have been more nationally rooted and firmly based on Swedish experiences and Swedish lessons.

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