



Richly forested and sparsely populated (only 8 million in a country not much larger than California), Sweden now has a heavily "urban" economy with rural pockets of relative poverty, especially in the north.



Sweden

A year ago, American newspapers headlined the election defeat of the prime architects of Sweden's famed welfare state, the Social Democrats, who were suddenly out of power for the first time since 1932. The shift prompted new looks by scholars at the future of Sweden's controversial, oft-misunderstood experiments in social and economic welfare. Here, historian Steven Koblik assesses some long-popular stereotypes—"socialism, sin, and suicide"—of Sweden. M. Donald Hancock, a professor of government, reviews the Social Democrats' troubled efforts to combine economic growth, egalitarianism, and "compensatory" welfare. Political scientist Steven Kelman looks at the future. Our Background Books review-essay stresses studies of Sweden's earlier history and culture and its neglected literature.



SYMBOLISM AND REALITY

by Steven Koblik

"Will the new President seek to turn the nation into a Swedenized America?"

This sentence from a pre-inaugural *Saturday Review* article about Jimmy Carter illustrates the special image Sweden has acquired among Americans. Ever since columnist Marquis Childs published his best-selling *Sweden: The Middle Way* in 1936, both advocates and foes of increased government intervention in American society have variously acclaimed Sweden as a "prototype of modern society" or damned it as "a

warning for democracy." A rare symbol of peace, progress, and prosperity to one faction—and, to this day, of sin, suicide, and bureaucratic socialism to the other.

While both the positive and negative views reflect certain realities, neither explains the peculiar Swedish phenomenon. Alone among European maritime nations, Sweden has not fought a war since 1814. She has undertaken a remarkable array of social reforms, particularly since World War II: a comprehensive school system influenced by American models, a far-reaching national health plan, a reliable pension scheme, a massive day-care system, effective programs for urban planning and job retraining, improvements in the work environment, and increased equality in the workplace.

All this has been accomplished in a period of growing prosperity, during which Sweden has virtually eliminated its slums, maintained near full employment, provided a high degree of equality of service to both rural and urban citizens, attained the highest per capita GNP west of the Persian Gulf, and given economic aid to the Third World at a level equivalent to almost 1 percent of her GNP.*

Has the price of these efforts been social decay, the erosion of morality, and the destruction of private initiative?

Few Swedes attend church. Although all Swedes are nominally born into the Lutheran Church, attendance rates and the proportion of the population retaining a "belief in God" are the lowest in the Western world. In 1974, more than one-fourth of Swedish babies were born out of wedlock. Divorce rates and crime (mostly nonviolent) are on the rise. The suicide rate normally stands among the top seven worldwide (20.8 per 100,000 in 1973). Personal income taxes rank second only to those of Israel. Prime Minister Thorbjörn Fälldin's ruling coalition, the first "nonsocialist" government in 44 years, has just raised the value-added sales tax to almost 21 percent. Swedish executives complain about government control and economic intervention; recently concluded labor negotiations saw the employers' federation take its toughest stand in years against current economic practices, particularly job security. And today Sweden faces its most serious economic crisis since World War II.

It is tempting—but extremely misleading—to link these "positive" and "negative" aspects in a cause-effect way. While

*The history of the Swedish welfare state can be traced in detail through the following books: Kurt Samuelsson's *From Great Power to Welfare State: 300 Years of Swedish Social Development* (1968); Hugh Heclo's *Modern Social Politics in Britain and Sweden: From Relief to Income Maintenance* (1976); and Gunnar Myrdal's 1960 book *Beyond the Welfare State: Economic Planning and Its International Implications*.

there have been dramatic changes in Swedish lifestyles, many traditional features remain. For example, foreign accusations of "sinfulness" are hardly new. In an 11th-century chronicle, Adam of Bremen wrote of Swedish men that "only in their sexual relations with women do they know no bounds." A 19th-century English traveler, Samuel Laing, found that "the moral condition of Sweden is extremely low," ascribing "this diseased moral condition" to the country's poverty and rigid class structure. The suicide rate has been relatively high since the turn of the century. The Swedes' great break with the active, religious life occurred well before the advent of the postwar welfare state. Since the early 20th century, Swedish law has not differentiated between children born in or out of wedlock. In short, Swedish sexual customs and social values simply differ from many Anglo-American traditions; they are not fresh products of the welfare state. Next door, Norway, which has a welfare system almost identical to that of Sweden, does not display such "deviant behavior."

Cultivating Capitalism

In economic matters too, simplistic observations can be misleading. Sweden is not burdened (or benefited) by "socialism." More than 90 percent of its industrial production is privately owned. Most of the few public enterprises—in transportation, communications, and iron-ore mining—were established before World War II. Their managements operate much as do those of private firms; they must demonstrate both solvency and social responsibility to survive. The Swedish national railways, for example, were compelled by a parliamentary ruling to be self-supporting, and that decision has led to a severe and much-lamented contraction of rail service in rural areas.

Swedish industry is not only privately controlled, it is dominated by a few individuals or families. Swedes talk of the

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famous "17 families," none of them particularly flamboyant, which control a growing portion of Swedish business. The Wallenberg family is the best known and through its Stockholm Enskilda Bank has had an extraordinary influence over the economic life of the country. Fourteen years ago, the head of the clan, Dr. Marcus Wallenberg, sat on the boards of 63 of Sweden's major companies. His fellow Enskilda Bank directors held an additional 133 posts—a number that grew when the Wallenberg bank was merged with the Skandinaviska Bank, Sweden's largest, in the early 1970s. No American dynasty enjoys that degree of economic influence.

Moreover, the Social Democratic government long encouraged the trend toward mergers and concentration, perceiving it as rational and efficient. Sweden needs companies large enough to compete internationally, because export earnings are the lifeblood of the country. Sweden has the world's largest number of multinational corporations per capita. Big companies, it is believed, provide an improved workplace environment and better opportunities for improved labor productivity (average annual increase, 1965–70: 7.6 percent), and can muster the capital for research and development.

The tax system reinforces these tendencies. While personal income taxes quickly reach 60 to 80 percent on a graduated scale, Sweden's business taxes are lower than equivalent taxes in the United States. Tax incentives for new investment are generous and tend to aid large companies as well as small. Outright nationalization was not attractive to the Social Democrats. They chose to rely on indirect methods to achieve the same social goals.

Harmony and Fulfillment

Swedish industry is privately owned, but it is not untrammelled. Political decisions by Parliament have strongly shaped private management processes, the workplace environment, and criteria for investment. Labor relations are centrally controlled. Government planners, big business, and big unions work together, cozily for the most part, to push and mold Swedish economic development. The president of Volvo, Pehr Gyllenhammer, for example, has written, "Private companies do not solve their own problems alone. They are dependent upon cooperation with local and national governments and the programs of the public sector that are directed toward the creation of harmonious and fulfilled citizens."

What should be clear by now is that popular American perceptions about Sweden are not very accurate. For a better understanding, one must look at five historical factors that have been essential to the relatively smooth development of the Swedish welfare state:

- ¶ The consensus nature of Swedish society;
- ¶ The strength of conservative traditions;
- ¶ The importance of nongovernmental organizations;
- ¶ Popular acceptance of the notions of "rationalization" and "progress";
- ¶ Public deference to ruling elites.

Sweden is a homogeneous society whose historical experience has been largely isolated from the turmoil and conflict of the European continent across the Baltic. During the early 20th century, in particular, the Swedes developed a sense of community that obscures class differences and provides a near-universal sense of national identity. Unlike Americans, whose social identity is commonly rooted in church, neighborhood, or region, Swedes have an overwhelming sense of "Swedishness"; they share a broad range of social, cultural, and moral values. Levels of conflict, as measured in violent crimes or labor violence, are remarkably low. Even more important is the cultural value that rejects confrontation as a proper means for settling differences of opinion. From childhood on, Swedes are taught to compromise and to seek consensus. Open displays of real differences of opinion, although strong differences may exist, are not common either in business or in politics. The preferred procedure is to discuss a problem informally, examine all solutions, and then select one that can be accepted by a large majority.

When I once remarked, during an interview with former Prime Minister Olof Palme, that official minutes of Cabinet meetings gave little indication of interministerial conflict, he replied that discussion of government policy often takes place at informal luncheon meetings where no official record is kept.

All of Sweden's major social reforms were preceded by such a process of quiet, methodical dialogue among various factions. In the formal sense, the Social Democrats may have governed the nation between 1932 and 1976, but they alone did not create contemporary Sweden.

The tendency to reach a consensus is reinforced by a widespread desire not to upset traditional values. Swedes are

among the most "anti-urban" of the West's industrial citizenry, and the pastoral life has a strong hold on butcher and banker alike. The central place of the family, the work ethic, a commitment to traditional Judeo-Christian humanism, a desire to live harmoniously with nature, a fairly stiff code of interpersonal relations, a tradition of authoritarianism—all are Swedish characteristics that have historical roots. One key to the success of Sweden's social planners is that they have not challenged the people's basic values; rather they have argued that the old socioeconomic system did not permit all Swedes to find self-fulfillment.

Swedes are an organized people. Most Swedes belong to at least three organizations (e.g., labor union, cooperative, renters group). Over 90 percent of the labor force is unionized (compared with 21.7 percent in the United States). Employers are also organized. Most Swedes are members of cooperatives. Other special-interest organizations abound. Swedes are indirectly represented in the economic and political decision-making process through these organizations, whose leaders operate as lobbyists. They serve on parliamentary and bureaucratic commissions and are queried by political leaders about the attitudes of their members.

The "Elm Tree" Incident

This "organizational" leadership, mostly recruited from a small group of highly educated Swedes, has tremendous power. Rank and file cohesion is extremely strong. Wildcat strikes, splinter groups, and public airing of differences within organizations are frowned upon. A 1971 demonstration to save some elm trees on the site of a future subway station in central Stockholm, for example, was condemned by the city's Social Democratic mayor as a "fascist" attempt to thwart democracy.

With the exception of a few such grassroots incidents, the Swedish public defers to its trusted decision-makers. Swedes vote in astounding numbers (91 percent of everyone over the age of 18 in the last election), but their participation in the political process is more symbolic than real. Decisions are made behind closed doors by political leaders and the bureaucracy in touch with the leaders of interest groups and private industry. The public is informed rather than consulted. There is seldom any protest. Corruption is rare. Leaders and their grassroots followers share too much in common.

As Thomas J. Anton writes, "Although there is over-

SWEDEN: A CHRONOLOGY

- 1809** Swedish Constitution adopted; Finland ceded to Russia.
- 1814** Sweden's last war: Karl XIV Johan joins the alliance against Napoleon and forces Denmark to surrender Norway to Sweden.
- 1882** Emigration to the United States reaches peak (1,116,239 Swedes arrive in the United States, 1820-1920).
- 1889** Founding of the Social Democratic Party.
- 1905** Union with Norway dissolved.
- 1913** Sweden's first social insurance scheme: the compulsory Basic Public Pension System.
- 1920** First Labor administration elected.
- 1932** Worldwide economic depression hits Sweden; Per Albin Hansson forms a Social Democratic Cabinet.
- 1939** A coalition Cabinet made up of Sweden's democratic parties created under Hansson's leadership.
- 1945** Social Democrats take office as a single-party government.
- 1946** Per Albin Hansson dies; Tage Erlander becomes Sweden's new Prime Minister; Sweden joins the UN.
- 1952** Nordic Council established (Sweden, Denmark, Norway, and Iceland).
- 1958** Parliament approves Supplementary Pension System.
- 1960** Sweden joins the European Free Trade Association.
- 1969** Olof Palme succeeds Tage Erlander as Prime Minister.
- 1973** King Gustav VI Adolf dies; his grandson, King Karl XVI Gustav, accedes to the throne.
- 1974** Parliament approves a constitutional amendment stripping the monarchy of its residual political powers; President Nixon appoints Robert Strausz-Hupe U.S. ambassador to Sweden, ending a 15-month diplomatic freeze over Palme's criticism of the 1972 American bombing of Hanoi.
- 1976** Parliament approves industrial democracy bill giving workers greater control over employers and management; Social Democrats defeated by a coalition of three non-Socialist parties, ending 44 years of rule; Thorbjörn Fälldin named Prime Minister.

whelming evidence to support the proposition that Swedish citizens are quite uninterested in the question of who governs or how, it is equally clear that they are very much interested in what comes out of the governmental box in the form of municipal services.”*

Policies have been pragmatic and problem-oriented. There is frequent testing of alternative solutions before final decisions are made. Nearly all Swedes, whether of the “Left” or “Right,” share a taste for “rationality,” rather than symbolic politics or rhetoric, and politics are justified and judged in terms of efficiency and effectiveness. For example, Swedes believed (at least until recently) that they could achieve a better society through “progress,” but they did not try to redistribute existing wealth. Rather, they divided new wealth achieved through economic growth in such a way as to redress past imbalances.

The Sweden of today has been built on shared values, consensus building, rational decision-making, and a highly self-disciplined society. The country is no Utopia but neither is it a danger to democracy. Along with economic growth, Swedes have sought to establish a minimum standard of living and a real measure of equality for all its citizens. Opposition to the welfare state concept hardly exists. When there is debate, it arises over such questions as: How much can Sweden pay to achieve its social goals? Are some of these goals counterproductive? And must there be limits to economic growth?

*In *Governing Greater Stockholm*, Berkeley: University of California Press, 1975.