

OTHER NATIONS

Swedish Stew

"The Dregs of Victory" by Geoffrey Smith, in *Journal of the Institute for Socioeconomic Studies* (Spring 1983), Airport Rd., White Plains, N.Y. 10604.

In Sweden, have they gone about as far as they can go?

The nation's Social Democratic party ruled without interruption for 44 years (1932-76) as it gradually expanded the welfare state. Since its return to power late last year, writes Smith, a London *Times* columnist, the search for new initiatives has forced it to contemplate programs considered beyond the pale by many Swedes.

Consensus was the key to the Social Democrats' success during the 44 years of "Harpseud Democracy" (named after the Swedish prime minister's official residence). The prime minister regularly conferred with leaders from business, labor, and other interest groups. Business remained mostly in private hands: Only five percent was publicly owned. In return, the government gained broad support for its programs and policies.

But in 1976, the Social Democrats, led by Olof Palme, campaigned for a program that threatened to disrupt the old consensus: a trade union plan to increase worker ownership of industry. Business opposition to the proposal, along with widespread discontent over Sweden's high taxes and Palme's support for nuclear power, helped Thorbjörn Fälldin's centrist coalition win the election.

But the centrists were happy simply to maintain the status quo. The voters returned Palme to office. The first hurdle he faced was Sweden's ailing economy. The gross national product was stagnant, inflation was up to 10 percent annually, unemployment had reached three percent—high by Swedish standards—and the nation's trade deficit climbed to \$2.9 billion last year. Palme set to work quickly. In October 1982, he devalued the krona by 16 percent to cut the cost of Swedish goods in foreign markets. Results are not yet in.

Meanwhile, voters expect Palme to enlarge and improve the welfare state. But there is little room left for expansion in Sweden's traditional cradle-to-grave social welfare system. That leaves the more unconventional worker ownership plan. Business, whose cooperation Palme needs to revive the sputtering economy, is still opposed to it. Palme has temporarily shelved the proposal. Forcing the issue could disrupt Sweden's long social peace.

But, eventually, the Social Democrats will have to do *something*. "A party that claims to be radical and progressive," Smith believes, "cannot rest on the achievements of past years."