

SWEDISH MODEL OR SWEDISH
CULTURE?

The historical roots of the Swedish welfare state are surveyed in an attempt to show how culture accounts for certain peculiarities of the "Swedish Model," as compared to other welfare states like Germany or the U.S. It is argued that most of the sociocultural patterns that have become firmly associated with the past fifty years of Social Democratic hegemony in fact are of ancient origins and are perhaps most aptly described as simply "Swedish." From this perspective the relevance and usefulness of the Swedish experience for the reformers in Eastern Europe are also considered.

As the former communist states in Eastern Europe rush to create new societies based on the twin pillars of capitalism and democracy, a steady flow of economists, political scientists, and politicians shuttle back and forth between Eastern Europe and the West in search of a usable model. This search is complicated by an emerging and apparently profound crisis of the West European and American welfare states which makes it difficult to embrace any welfare-state model with a great deal of confidence. It is against the backdrop of this situation that I wish to address myself to the

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following questions: how did the welfare state par excellence, that of Sweden, develop historically; and what lessons might there be in the Swedish experience for the builders of new political and economic cultures in Eastern Europe?¹

The Swedish Welfare State before Social Democracy

The emergence of the Swedish welfare state has fascinated observers ever since the 1930s, when Sweden was first dubbed the "Middle Way" by Marquis Childs. In the wake of the Depression and the rise of Soviet Union, the Swedish experience seemed to hold promise for those looking for a compromise between unrestrained laissez-faire capitalism and totalitarian communism. Others, less sympathetic to such ideals, have seen in the Swedes "the new totalitarians" of Huxley's brave new world, a society far too controlled by its government.² Both interpretations have been common in the U.S., where the success of the Swedish "model" often has been taken as an implicit criticism of American assumptions about unemployment and inequality as unfortunate but necessary characteristics of the competitive free-market system. American "liberals" have, much in the spirit of Childs, held up Sweden as a model for what should be done in the realm of social policy and programs, while conservatives have pointed to what they have seen as ominous signs of emerging socialism and moral decay. Historically their concern with the dangers of "Swedish Socialism" is well represented by the Cold War rhetoric of Dwight Eisenhower who, during the 1960 Republican convention, referred to Sweden as "a fairly friendly country" which followed a

socialist philosophy and whose rate of suicide has gone up almost unbelievably and I think they were almost the lowest nation in the world for that. . . . Drunkenness has gone up. Lack of ambition is discernible on all sides.³

As contradictory as these visions of Sweden are, they have stuck in the popular imagination. Rarely, however, has this interest extended far beyond reductionist and often simplistic discourses on the so-called Swedish model, whether cast in darker or lighter colors. This is unfortunate, as the Swedish experience is interesting not so much because it is a coherent and rational "model," to be copied or criticized as such, as because it presents an opportunity to observe just how complex and "irrational" a welfare state can be, characterized far more by contradictions and unintended consequences than by anything approaching economic planning or social engineering. This is particularly striking because in Sweden so much of the political debate, especially since the beginning of Social Democratic

predominance in the 1930s, has been carried out by economists and political scientists whose ambition indeed has been to "rationalize" Swedish society. As I hope to show, what stands out far more than their success in this mission is the extent to which they have operated within peculiarly Swedish cultural constraints on the one hand, and international economic ones on the other.

Swedish welfare policies have a long history. Since the prohibition of the Catholic Church in the sixteenth century, local communities were, under the provisions of Poor Laws, responsible for their own poor, old, and sick. These laws were designed to distinguish between the "deserving" or "honest" poor and those considered to be lazy vagabonds: aid was to be given only those who were both "deserving" and who actually came from the local community. However, the rapid increase of landless rural laborers during the first part of the nineteenth century, associated with land reform, incipient industrialization and accelerated population growth, rendered the old system of Poor Relief progressively less able to answer the budding "social question." In the work of the Poor Relief Commissions set up in 1839 and again in 1870, one can note the gradual realization that a new category of poverty was emerging: unemployment. The 1870 Commission's work resulted in legislation which made employers responsible for laid-off workers they had brought into the community.

Due to the extraordinary extent of Swedish emigration to the U.S. during the last decades of the nineteenth century, the unemployment issue was, however, overshadowed by the fear that Sweden's national strength was being depleted and that the greatest danger to Swedish society, and its rapidly growing industry, was a labor shortage. Furthermore, the emigrants were often peasants or farm laborers, rather than industrial workers, as poverty and famine tended to strike hardest in rural areas. These facts tended to shift the debate away from proposals for Bismarckian-style worker's insurance, towards universal pension plans, taxation reforms, universal suffrage, and homestead acts which affected the entire, still predominantly rural, population. At the political level, the dominant position in the Swedish parliament of the landed elite, including the land-owning peasantry, at the expense of the Liberals and the emerging Social Democrats, pushed the latter two into a lasting alliance based on the common goal of suffrage reform. Thus in Sweden, unlike Germany, a liberal-socialist alliance was pitted against the traditional elite. In the process the radicalism of the socialists was moderated, as were the laissez-faire convictions of the liberals. The common ground became social liberalism and civil liberties: the struggle for social reform and suffrage rights.

These peculiar circumstances—rapid industrialization, massive emigration, and a mutually moderating social-democratic/liberal alliance—created the conditions for a surprisingly broad consensus in the area of social welfare legislation. Social conservatives favored universal programs from their paternalistic position; the liberals and the Social Democrats did the same, as they had come to speak not only for business interests and craftsmen on the one hand, and the industrial working class on the other, but also for landless laborers and small peasants.

This was evident in the shift in political language from a concern with “workers” to one with “the people,” *Folket*, or *Småfolket*, the little people. It is characteristic of this broad convergence that two concepts which were to dominate Germany and Sweden respectively in the decades to come were first coined by the right-wing social conservative, Rudolf Kjellén. He first used the terms “national socialism” and *Folkhemmet* (“the people’s home,” the slogan later recoined by the Social Democratic leader and “architect” of the post-1933 Swedish welfare state, Per Albin Hansson). He also spoke favorably about the Social Democrats, whose anti-liberal ideas about the role of the state and the social question he shared. Thus he embodied the consensus of Social Democrats, social liberals, and social conservatives that culminated in the precedent-setting universal *Folkpension* (people’s pension) legislation of 1913.⁴

These early developments, pre-dating Social Democratic hegemony, set a pattern which became typical for the Swedish and Scandinavian social security systems. As Bent Rold Andersen has pointed out, while “most countries on the continent adopted the principles of Bismarck’s ‘workingmen’s insurance’ as their basic model of cash benefits,” this never became the case in Scandinavia.⁵ Instead of an insurance system based on contributions and risk calculations, inspired by voluntary private insurance schemes, the Nordic system is “characterized by being run by nationalized agencies, integrated in the governmental public sector, financed primarily through the revenue of general taxation, and providing benefits conditioned on citizenship, not on previous occupation, income and contributions.”⁶ This system has thus been called “people’s insurance,” as opposed to the Bismarckian “workingmen’s insurance” schemes.

The principle of universality is one very important reason that social welfare programs in Sweden by and large are supported across the board. The situation is analogous to the case of Social Security in the U.S. As opposed to transfer programs like AFDC and food stamps, which are aimed only at the poor, Social Security is not stigmatizing in nature and, partly for this very reason, enjoys general support. Like

the Swedish programs, it presents a political problem mainly in terms of its financing, not at the level of principle.

Keynesian and Active Labor-Market Policies

The crash of 1929 and the ensuing Depression had very fortunate consequences for the Swedish Social Democrats. After a major defeat at the polls in 1928, largely due to the unpopularity of their proposed nationalization program and the successful manipulation of “red scare” themes by the conservative and liberal parties, they were free to blame the ruling liberal governments for the economic crisis. Furthermore, the Swedish Social Democrats were among the first to embrace Keynesian economic principles, and they thus possessed (perceived) alternatives to the unpopular austerity measures promoted by the incumbent government. In 1933 they forged a long-lasting political alliance with the Peasant party, on the basis of Social Democratic acceptance of tariff protection for Swedish agriculture in exchange for Peasant party support for counter-cyclical public works and other labor-market interventions aimed at artificially heightening demand (and thus cutting unemployment).

In 1938 a collective bargaining pact between the national trade union organization and the employers’ association further solidified the new corporatist order. This pact not only assured Sweden of a long period without economically and politically divisive strikes, but also further strengthened organized labor and big business. The state left the wage-negotiating process to the contending parties and has stayed out of labor conflicts. Thus there is in Sweden no such thing as a “minimum wage”; rather, the (by international standards) egalitarian wage structure is a result of solidaristic union wage policies pursued within the framework of labor union-employer association agreements. Equality in this respect, far from being imposed by a “socialist” government, is the result of free-market negotiations between labor and industry, and is ultimately an expression of deep-rooted cultural values with respect to “fairness” and “equality,” to which I shall return below.

Central to this new order was a firmly pro-market, pro-growth attitude on the part of the Social Democrats. In fact they based their vision of a decent and egalitarian society not only on a faith in continued economic progress in general, but specifically on the continued fortunes of Swedish capitalism, and especially the giant, multinational, export-oriented industries. All plans for the socialization of industry were quietly dropped in favor of more subtle ways of regulating the capitalist economic system (through investment schemes, the building of infrastructure, worker

training and retraining, etc.) with the primary goal of ensuring full employment in the private sector.⁷

The business sector has found these policies easy to accept, as they have not interfered directly with the principle of private ownership but, in fact, have liberated business from costs associated with retraining and relocating workers during periods of structural economic change. Another expression of the pro-business approach of the Swedish Social Democrats is the low rate of corporate taxation in Sweden. Given Sweden's reputation as a high-tax country, this requires explanation. However, it makes perfect sense within the Swedish worldview. Low corporate taxes promote the viability of private enterprise, the motor of the Swedish economy. At the same time high personal taxes pay for the egalitarian distribution schemes fundamental to the provision of equal opportunity. Typical for the post-1933 Swedish political alignment is that the ill-fated Liberal-Conservative-Farmer's party alliance of the late 1970s nationalized more private industry during its six years in office than had the Social Democrats during the preceding forty. Accordingly, when it became apparent in 1982 that the Social Democrats had won the election, the stock market reacted bullishly.

Swedish Democracy and the Concept of Solidarity

Whereas most non-Scandinavian welfare programs are based on a mixture of charitable altruism and the insurance principle and aim for both a sense of individual responsibility and fiscal soundness, in Sweden and the rest of Scandinavia a third principle has been dominant: that of solidarity.⁸

This principle is a mutation of the ideals of *fraternité* and *égalité* (from the French Revolution) which were picked up by the so-called popular movements (*folkrörelserna*), in particular the labor movement, during the latter half of the nineteenth century. These collectivist and anti-elitist notions collided and fused with the Swedish popular tradition which linked the peasant estate to the monarch in an anti-elitist alliance against the aristocracy. The successes of this alliance had resulted not only in long periods of absolute monarchy but also in the unique position of the Swedish peasantry, which was never enserfed and always remained represented at the national level in the Peasant Estate.

It is important to note that here lie the historical roots of both the Swedish democratic tradition and popular Swedish statism. The contrast with the British (and therefore American) tradition is striking. There, pluralist democratic values grew out of aristocratic (gentry) opposition to absolutist monarchy. In the U.S., anti-statist sentiments were further

deepened by the experience of religious minorities struggling against the Church of England. Populism in the U.S. has thus been anti-"big" and anti-"central," while the Swedish *folklihet* is largely devoid of principled anti-statist tendencies.

The Swedish Social Democrats succeeded in becoming the inheritor party of this popular, anti-elitist but pro-statist tradition, especially after forging the 1933 alliance with the Peasant party, until that time a close ally of the Conservative Party.⁹ It is the strength of this tradition which has led not only to the solidaristic wage policies of the trade unions, but to much of Swedish welfare policy as well. These values, so fundamental to the Social Democratic vision of the welfare state, are succinctly summed up in Per Albin Hansson's slogan *Folkhemmet*: the home for the people. This is the Swedish, anti-elitist, social-democratic variant of the German *Volksgemeinschaft*,¹⁰ highlighting the underlying ideological affinities between social conservatives and their socialist adversaries.

A major difference between Sweden and Germany is that whereas in Sweden the Social Democrats have been the prime movers, dominating the political scene since 1933, the German welfare state has largely been the result of efforts by conservative regimes from Bismarck through Hitler and Adenauer to Kohl. Symptomatically, while both Sweden and Germany can boast of very complete welfare-state systems riding on the backs of extraordinarily efficient and productive export industries, it is Germany that is famous for its economic miracle, while Sweden has become known as the archetypal welfare state. To no small extent this is the result of the image-making efforts of Swedes and Germans; Swedes have been genuinely proud of the welfare state as such, while Germans have tended to take corresponding pride in their status as an economic great power. Pride in the egalitarian aspect of the "Swedish Model" has led to an underplaying of the astounding success of the Swedish private sector, which has indirectly paid for the ambitious welfare policies of the Social Democratic governments. Not surprisingly, official Swedish propaganda, often dominated by self-serving Social Democrats, has tended to emphasize the role of the Party as the creator of modern Sweden, and to take full credit for "Sweden's development from Poverty to Affluence."¹¹

For the Germans, much in the Bismarckian tradition, the welfare state is not an end in itself. True, the concepts of *Volksgemeinschaft* and *Folkhem* are both variations on the same underlying "Germanic Ideology," but in the German case notions like solidarity and equality are secondary to the high levels of health, education and social peace thought to be essential lubricants for the economic machine. The Swedish discourse on the "home of the people" is a secularized and politicized version of Christian notions of

brotherly love and the equality of all men in the eyes of God, and its roots in the Jacobin tradition and the ideas of French Revolution are obvious, while in Germany these ideas have retained more of their original Christian and paternalistic form under the Christian Democrats. This difference partly accounts for the egalitarian, anti-elitist, and individualist thrust of Swedish welfare-state policies and the much more traditional, elitist, and pro-family character of corresponding German policies. One expression of these differences is that whereas in Sweden unemployment is the big enemy, as it primarily affects the wage-earners, it is inflation that holds a similar place in the German political imagination. This is not only because of Germany's collective memory of the great inflation of 1923, but also because inflation and fiscal instability in general are bad for business, a major supporter of CDU. While the Swedish Social Democrats have been remarkably pro-business, this enthusiasm has been pragmatic in nature. Their support of business and the free market have been rooted neither in a love for business as such nor in a principled commitment to the free market, but rather in their primary goal of ensuring full employment and (relative) material equality for their "clients," at first narrowly defined as "the workers," then broadly as "the people," and more recently in modern, technical terms as "wage-takers."

Swedish Family Policy

However, it would be misleading to reduce the spirit of the Swedish welfare state to statist collectivism and egalitarianism. As central as labor-market policy and trade union-employer association agreements have been to the development of modern Swedish society, another set of welfare institutions must be traced back to a different crisis of the 1930s.

During that decade Sweden had the lowest birth rate of all Western democracies, an intensification of a long-term trend which prompted Gunnar and Alva Myrdal to publish an essay on what they called a "crisis in the population question."¹² The Myrdals suggested that unless the government took concerted action, Sweden would not be able to sustain itself in purely demographic terms. They called for a pro-family policy which was to include such programs as improved pre- and post-natal care, birth control, family education, child care, redistribution of income on the basis of family size, and other social services designed to aid parents, all in the service of "defending," as Alva Myrdal wrote, "the pleasures of young couples."¹³

Thus the initial objective of Swedish family policy was to make society "child-friendly" by supporting the family. However, the Myrdals were also driven by a desire to rationalize the upbringing of children, an aspect

of their and other leading Social Democrats' over-all commitment to social engineering. On the one hand this involved the problematization of what had hitherto been thought of as a "natural" activity: that of being a mother and wife. Much effort was thus put into professionalizing women within the home through various educational schemes. On the other hand, the Myrdals also argued for increasing society's role in the all-important task of creating children fit for their dream of a perfect socialist society. Parents were, after all, steeped in the old, far less-than-perfect ways, and thus could not be trusted with such a critical task.

However, a second stage in the development of Swedish family policy that in fact did significantly enlarge the scope of collective child care only came much later, in the 1970s, and then in a rather different context from that of the early concern with birth rates. By now the critical issue was that of *jämställdhet*, equality between the sexes. Whereas the reforms during the first phase were aimed at professionalizing Swedish mothers and encouraging larger families through economic incentives, the later ones were meant to allow men and women alike to both work and parent. Thus the *föräldrapenning*, the "parent wage," could be collected by either the father or the mother, or split between them. However, men have shown themselves to be remarkably unenthusiastic about the idea of trading the traditional role of worker for that of father, and thus the parent wages, in combination with a vast network of day-care centers, have in fact primarily served women caught between the desire to work and the demands of motherhood. The men's reluctance to relinquish their power in the world of business, bureaucracy and politics, along with the women's continued preference for "human services" jobs, has, ironically, simply moved sex differentiation from the family to the labor market. Women have gone from being "natural" mothers and wives, through the stage of being professionalized mothers *in* the family, to becoming professional mothers (nurses, social workers, day-care workers, etc.) in the public sector.

While these policies, at least until the very recent baby boom of the late 1980s, have had no visible effect on Swedish birth rates, they nonetheless have put a very noticeable stamp on Swedish society. Sweden now has among the world's lowest infant mortality rates, among the highest density of child-care facilities, and an extraordinary percentage of women in the labor force. Such benefits as universal monthly child-support payments and an eighteen-month paid leave from work divided between the father and the mother are considered natural rights, just as are universal pension plans and national health insurance. A less obvious consequence is the general liberation of the individual from family constraints, or, differently put, the decline of the family. Some of these consequences were more or less intended, others most certainly not.¹⁴

Swedish Individualism

I noted earlier that much of Swedish family policy was originally motivated by a concern over low birth rates, but that other organizing principles, those of individual freedom, the "pleasures of the young couple," and eventually equality between the sexes came to play increasingly important roles. It is often not clearly understood to what extent the assumption by the state of previously familial duties such as care for the young, sick, and old has freed Swedes as individuals. Their independence, even when very young, is remarkable. There is no need for eighteen-year olds to seek help or approval from their parents concerning their education, nor need older Swedes rely on their children in dealing with health problems, child care, or care during old age. While many foreigners, especially those to whom the family is a sacred social institution, will bemoan this development and speak of the alienated and cold-hearted, even asocial Swede, such complaints are remarkably rare among Swedes themselves. The only political party which openly embraces a conservative position on traditional family values, the Christian Democratic Party, has never managed to win the 4 percent of the total vote required to gain representation in the *Riksdag* (Parliament). Indeed it is characteristic that when conservatives recently attacked Social Democratic day-care policies, it was by pointing to their failure to live up to a campaign promise to provide *all* Swedish families with day-care facilities. They did not elaborate an otherwise theoretically plausible critique of how Swedish family policies serve to undermine the family.

Rather, most Swedes seem to agree that without the alliance between the state and the individual, the improved position of women, children and the elderly—the freedom of women from the tyranny of men, children from the tyranny of parents, and all individuals from the tyranny of the family—would have been impossible.¹⁵ From this perspective it appears oddly ironic that libertarians and classical liberals, in their rejection of the state in the name of individual rights, would submit the individual to the power and terror of the family and small community. Sentimentality about the family and the small community appear dubious, if not offensive, not only because in fact the family so often is simply not there to help when the need arrives,¹⁶ but because when the family, small community, or commune is there, the type of power that is being exercised is usually informal, leaving victims of abuse in the double bind of having to reject "love."

Equal opportunity for all individuals, not the levelling of difference per se, is the Swedish ideal. Swedish policies are designed to give equal "first chances" to everybody, as opposed to U.S. welfare programs, which aim

at the very different goal of easing outright poverty or, at best, offering "second chances." This is reflected in traditionally high rates of Swedish social mobility, possible only because individuals are freed from the unequal positive and negative constraints of the family. Indeed, what is particularly Swedish is the co-existence of an unusually high degree of concern over the granting of such initial equal opportunity with an extraordinarily competitive society at all levels beyond the ground floor of equality.

Thus, what at first may appear as a "collectivist" policy turns out to serve the liberation of the individual to a very extreme degree. By contrast, for all the rhetoric about individualism in the U.S., the American remains very much tied to his or her family. The thrust of American-style individualism is the protection of the private sphere—the family—from intrusions by government and the public sector. But precisely because the private sphere is protected, American individualism ends up in practice as the freedom of the male patriarch from statist interference. This explains the alliance of anti-government American libertarians with social conservatives against statist social and economic reformers. The tension between individual freedom and the sanctity of the family, which is so evident in American political discourse, does not play a major role in Sweden. Rather, it has been perceived that the dismantling of the traditional, male-dominated, hierarchical family structure is a necessary step before a new, more egalitarian family can be reconstituted within the larger framework of a democratic society characterized by an absence of traditional sex bias and discrimination.

Individualistic Swedish policies should not be understood, however, as part of a plan to free the Swedish individual. Rather, a pre-existing Swedish culture of individualism both makes possible "anti-family" welfare policies and explains why there is virtually no public concern over "the decline of the family." Beyond the very real and fierce debates over the cost and efficiency of Swedish welfare programs, there lies a deeper cultural "choice" in favor of the state-individual alliance against the family and the small community, just as what makes Swedish popular democracy both statist and anti-elitist is its genesis in the pre-modern alliance between the monarchical state and the peasant estate against the aristocracy.¹⁷

The Swedish Work Ethic, Unemployment and Economic Success

Along with egalitarian and individualist values, other key characteristics of Swedish culture are the work ethic, a high level of education, and a great degree of social mobility. From the simultaneous existence of equal

opportunity and a competitive work ethic follow much of the dynamism and economic success of Swedish society, but also certain of its built-in contradictions. The egalitarian thrust of Swedish society is in fact partly offset by a desire to reward hard work. Particularly since the 1950s, programs have been enacted which benefit the middle classes and the well-to-do *more* than the relatively poor. For example, the supplementary pension system is designed to compensate retirees in proportion to their income during their best fifteen years of income. Similarly, unemployment and sickness benefits are linked to income.

The right to work is a given; as we have seen, full employment has been one of cornerstones of Swedish economic policy. But this is not a matter merely of compassion for the unemployed. For Swedish culture is dominated by an implicit, informal *obligation* to work. What is interesting about the infamous Swedish propensity towards suicide is not its frequency but the circumstances most likely to drive a Swede to such an extreme measure: studies of Swedish suicide etiology indicate that Swedes commit suicide when they fail at work. On the other hand, unlike, for instance, the Danes, Swedes do not appear at all as likely to commit suicide due to failures in interpersonal relationships.¹⁸

Harking back to the old distinction between the honest and dishonest poor, Swedes link the values of decency, fairness, solidarity and freedom to a demonstrated will to work. Unemployment in Sweden is at the moment of writing barely measurable, and great efforts are currently underway to train and integrate even those who are medically handicapped into the labor market. The emphasis on labor-market policies and full employment (which in Sweden means 1 percent or less, not, as in the U.S., 4 percent or less), grows out of a deep-rooted feeling that dignity depends on having a job. However, it is not necessarily the case that low Swedish unemployment rates are the result of interventionist policies, though many Swedes, and not only Social Democrats, would assume so. Rather it is the deep-seated obsession with work itself, an ethic whose historical origins predate Social Democracy by several centuries at least, that drives Swedes both to work and to construct policies, effective or not, designed to ensure them enough work. The collective commitment to what is also a profound individual concern serves purposes that might be more effective psychologically (and thus politically) than economically. Indeed, most economists would likely agree that no domestic labor policy, no matter how inventive and sensitive to the market and to private enterprise, would alone sustain the competitiveness of Swedish export industry; nor would they be of much help in the face of a major international recession. (However, we must not belittle such efforts merely because they do not constitute long-term solutions to unemployment; they are in fact

designed as "bridges," to protect the dignity of people caught by downswings of the business cycle or whose skills have become obsolete.)

A comparison between the American and British programs that have been analyzed by Charles Murray is instructive. Murray found that during the 1960s and 70s, social policy in the United States and Britain "fundamentally changed what makes sense."¹⁹ Well-intentioned but ill-conceived welfare programs encouraged young men not to work and young women to make and keep babies without getting married or cohabiting with the fathers. This should have been no surprise, argues Murray, quoting Benjamin Franklin: "In short, you offered a premium for the encouragement of idleness, and you should not now wonder that it has had its effects in the increase of poverty."²⁰ That is, transfer programs necessarily ended up producing (and reproducing at increasing rates) an underclass:

No matter how much money we spend on our cleverest social interventions, we don't know how to make teenagers who have grown up in an underclass culture into steady workers, we don't know how to make up for the lack of good parents, and, most critically, we don't know how to make up for the lack of communities that reward responsibility and stigmatize irresponsibility.²¹

Murray's own account points to the difficulty of extending his thesis to Scandinavia, however. He notes in reference to Britain that "my sources indeed ascribe the problem to the surge in unemployment at the end of the 1970s."²² The fundamental problem was the prior existence of unemployment, without which the type of underclass-producing welfare policies Murray criticizes would not have been necessary. As Murray concludes:

The lesson that Britain is just beginning to learn is that it is irretrievably disastrous for young men to grow up without being socialized into the world of work. By remaining out of the work force during the crucial formative years, young men aren't just losing a few years of job experience. They are missing out on the time in which they need to be acquiring the skills and the network of friends and experiences that enable them to establish a place for themselves. . . . Furthermore, when large numbers of young men don't work, the communities around them break down, just as they break down when large numbers of young unmarried women have babies.²³

Thus, argues Murray, when we talk about the underclass "we are really talking about phenomena that relate directly or indirectly to the behavior of people in their late teens and early twenties."²⁴ These young people have either lost touch with the work ethic or never had it in the first place. The tragedy is that, as Murray suggests in his conclusion, there perhaps are no solutions to this new "American dilemma." Once a person has been social-

ized into being a member of the underclass, it simply is too late. It is this insight which makes Murray's argument both so powerful and so bleak.²⁵

It is clear from Murray's analysis that the underclass was not created directly by welfare policies; these policies merely further exacerbated an already bad situation caused by long-term and large-scale unemployment and, perhaps most importantly, an absence (or decline) of the work ethic. Given that unemployment in Sweden is virtually non-existent, at the very same time that Sweden has extended its social security net far beyond that of Britain or the U.S., Murray's claims for a causal relationship between welfare programs and the creation of an underclass requires some nuancing.²⁶ Thus, while it would, in light of Murray's work, indeed seem questionable to argue *generally* for a beneficial relationship between "welfare" policies and employment rates, generalizations in the other direction fail too, since there is no indication that Swedish welfare policies have turned Swedes into American-style welfare cases.

To find a clearly positive relationship between "welfare" in Sweden and the economy, we must turn to other segments of the welfare system, only indirectly related to the economy. The fundament on which the Swedish "well-faring" society rests is its system of universal and equal education, stretching from day-care to university, and including all kinds of adult schools and training programs. It is here that all Swedes are baptized in the water of Swedish culture and are taught its basic values, including work, equality, freedom, and democracy. Furthermore, it is here that they are trained in the basic skills that will turn them into good workers in their adult lives. Associated with this system are the various family-oriented programs that make it possible for women to work and adults to return to school. However, while the role of the universal school system in both inculcating the "Swedish ethos" and providing a high level of skill is critical, it should also be stressed that the students bring with them from their family environment expectations and values that are crucial to the success of their education. Indeed, as the students try to make sense out of such partly conflicting ideals as equality and cooperation on the one hand, and excellence and competition on the other, these expectations often prove crucial.

High levels of general education pre-date the Social Democratic era and in fact, as we have suggested above, to some extent made Swedish social democracy possible. Already by the seventeenth century, literacy rates in Sweden were considerably higher than elsewhere in Europe. Most observers point primarily to the Church's obligation to teach every Swede how to read basic religious texts, but these high levels of mass literacy must also be related to the presence of a free and politically represented peasantry during the earlier period, as well as to the rapid growth of

popular political movements in the nineteenth century. Social Democratic emphasis on broad and equal access to education is therefore very much in harmony with long-standing Swedish cultural patterns.

The contrast with the United States is, again, telling. In America, education is of course anything but universal and equal. Richer communities have better schools, and those who are able send their children to private schools, to purchase not only better education but also, and perhaps more important, an advantaged peer group, into whose values the child will be socialized. Again, the American emphasis on the family, the right to send a child to private schools and the distrust of government interference, on the one hand, clashes with the right to equal opportunity of each child regardless of family circumstances, on the other.

In general, then, it appears that much of what has become part and parcel of Social Democratic values, ideas, ideology and programs is simply Swedish, in spite of the claims some Social Democrats make. Social Democratic genius lies less in brave innovation and more in an uncanny ability to sense, interpret and appropriate the national mood. Indeed, this is perhaps the major reason why the Social Democratic programs so painlessly and naturally have become part of the fabric of Swedish society.

What is new is the dramatic economic development which catapulted Sweden from being one of the poorer countries of Europe to one of the richest in the world. To what extent can the Social Democrats claim credit for this success? It is exceedingly hazardous to try to establish causal links between economic policies and economic development. At the very least it would seem unlikely that major economic measures on the part of the government would have no effect at all. Certainly this is obvious in the case of the Communist world. Still, it generally appears as if the Swedish Social Democrats have had far less effect on overall economic development than is sometimes thought. Even the Social Democrats themselves agree that luck often has been on their side. For example, even though it is true that they in fact embraced Keynesian counter-cyclical economic policies in the 1930s, it is also true that closer scrutiny of the data indicates that the upturn in the Swedish economy was largely unrelated to these measures and rather depended on the revitalization of the international market, especially the German one, after 1933. Similarly, the Social Democrats benefited from the international recession of the 1970s, which hit in full force during their stint in opposition, as well as the recovery during the 1980s, which coincided with their return to power. In all cases the Social Democrats claimed credit and assigned blame in the most skillful manner. On the other hand, it has been argued that some of the interventionist policies are, at least partly, to be blamed for the relative decline of the Swedish economy since the 1970s.

The Swedish Social Democrats cannot be seen as particularly adventurous social engineers—certainly not as bold socialists running a command economy. Rather, their political success has ultimately depended on their ability to “read” Swedish tradition, history and culture. They successfully stepped in as inheritors of the pre-industrial popular alliance between the peasants and the king, replacing both; and they remained remarkably sensitive to deep cultural values, a sensitivity which allowed them to construct new forms of social institutions, modern mutations of ancient social and cultural needs, often quite peculiar to Sweden.

The Crisis of the Swedish Welfare State

Even though Swedish political debate increasingly is defined in (neo)liberal terms, it is nonetheless still true that, as the important Swedish journalist Arne Ruth wrote in 1984, no “sizeable portion of the Swedish population is seriously disaffected with the basic virtues of the welfare state, even if an increasing number complain about its cost.”²⁷ This is underlined by a recent survey in Sweden which shows that a very large percentage of those questioned find the social welfare system functioning well or excellently. As Ruth’s comment suggests, it is in general true that the often fierce debate over the state of the welfare system in Sweden rarely concerns whether there is too much of it, only why there is not enough, and above all, how it can be made less expensive and more efficient. It is fundamentally a controversy over means; very few people would reject such “Swedish” ideals as equality, full employment, or *trygghet* (“security”).

There exists, however, a long-term relationship between financing and legitimacy, and recently it appears that here a critical point has been reached. As long as the (continually expanding) welfare system was paid for by an even faster rate of economic growth, the unintended long-term economic consequences of welfare were hidden, at least from the average voter. Since the 70s the growth rate has slowed compared to the rate of growth of the public sector, and it has now become apparent to most Swedes that something has to be done. There is indeed much at stake; rising costs translated into rising taxes have compromised the value of work, a black market in services has emerged, and an increasing number of tax specialists have discovered that much money can be made from discovering tax loopholes.²⁸ The simultaneous commitment to the basic values underpinning the political consensus in favor of the welfare state and the trend towards hypocrisy with respect to its financing, is perhaps most succinctly expressed in the so-called Christmas Eve Theorem: “If a Swede is put before the choice between improved standards in his hospital and a trip to Mallorca, he will prefer both.”²⁹

Not surprisingly, the current crisis of the Swedish welfare state has also become a crisis of Swedish Social Democracy, which in turn, as Ruth puts it, is “a crisis of national identity as well.”³⁰ Since November 1989 the party has fallen in the polls from its “normal” level of around 45 percent to 32 percent at the time of writing (December 1990). So far, the great winner has been the “undecided” category, but the Conservatives, who lately have begun to sound neoliberal themes, as well as the small Christian party, whose leader is one of the few to stand up for the family, have also gained in the polls. However, it is not very clear that anyone in any of the political parties has much to offer in facing up to the fact that what economists tell them is correct policy, their political instincts tell them would be suicide at the polls. It is hard to please voters who want to have their taxes cut and also see improved (but free) medical services, universally available day care, renovated school buildings, new roads, and so on. Nor are the problems simply economic in nature; among the unintended consequences of the past fifty years of welfare-state construction are also those affecting the family, including such sensitive issues as child-rearing practices and the emancipation of women. As we noted above, the individualist strain in Swedish culture has made possible a remarkably uncontested growth of collective welfare programs at the expense of the traditional role of the family; there are, however, signs that the limits of what even Swedes deem acceptable have been reached. If the women’s movement transcends its current agenda of securing traditionally masculine rights for women—essentially the right to leave the home to work—and begins to seriously question the deep structures of Swedish society, including most particularly the twin obsessions with the typically “male” values of work and individual freedom, then a most fascinating debate would ensue. As in the case of the economically inefficient medical system, such debate would likely be characterized by the difficulty of reconciling possibly irreconcilable ideals. How, for example, is individual freedom—in particular that of women—to be squared with a return to private, decentralized, family-based care for the young and old? Given the Swedes’ reputation for pragmatism this should not necessarily be taken as cause for alarm, although social scientists who put a premium on rationality are sure to be disappointed.

Sweden and Eastern Europe

What does all of this mean to the Havels, Yeltsins, and Walesas of the post-Communist world? To begin with it should be clear that there is no “Swedish model” that can be said to be transportable in a practically meaningful way. This notion, which became popular within and outside

of Sweden only after the 1960s, had mostly do with economic theories that, whether they are useful or not, in fact do not go very far in explaining either the successes or failures of modern Sweden. The great irony is that when economic times are good the champions of the Swedish model are quick to claim credit; when times are bad, critics are equally quick to interpret this as proof of the negative consequences of that same model. Most often the causes for both up- and down-turns in the economy are related to changes in the international market, to which Swedish export-dominated industries are so sensitive.

This does not, of course, mean that there is nothing useful to learn or even copy from the Swedish (or any other) economic experience, both at the level of concrete economic and financial institutions or in the sphere where cultural values place constraints on economic policies. However, it is very hard to separate what is culture from what is economics. An illustration of this problem came up at a recent workshop on "The Privatization of State Enterprise in Hungary, Poland, and the former German Democratic Republic" held at the University of California at Berkeley in November of 1990. Given that the cost of labor in eastern Germany, due to unification, is much higher than in Poland or Hungary, the question was asked: why would investors from the West choose to put money into enterprises in eastern Germany, when the same amounts invested in Poland or Hungary would purchase more labor? Reiner Gohlke, until recently the Managing Director of the German *Treuhandanstalt* (in charge of the privatization of East German state enterprises), answered that they would do so because German workers are more disciplined, work harder, and produce products of superior quality. He went on to observe that in spite of the fact the labor costs in the Federal Republic for a long time have been among the highest in the world, especially when one takes into account what private companies have to pay the state for social welfare programs, Germany is nonetheless one of the most successful export economies of the world. Thus the well-informed businessman is likely to include cultural factors in his risk versus opportunity calculations.

Indeed, one of the most difficult tasks for the politicians and businessmen of developing, or reconstructing, nations is to "create" culture, whether we are talking about a democratic political culture or a vibrant economic culture with a hard-work, high-quality ethic at its center. Thus, the problems facing Eastern Europe include not only culturally determined reactions to the introduction of market economics and the dislocations and high levels of unemployment that are already apparent, but how to create workers out of people who for a generation or longer have "pretended to work while their government pretended to pay."

In turn, such cultural issues will have a major impact on how welfare programs designed along Swedish lines will function. As we saw above, unemployment programs in Sweden succeed because the work ethic is strong enough that very few elect to become wards of the state, while in the U.S. the emergence of a self-reproducing chronic underclass, characterized especially by an absence of such an ethic, has gone hand-in-hand with welfare programs. It follows, then, that if welfare programs are instituted in Eastern Europe to alleviate economic and social suffering related to the transition from command economies to market systems, the success or failure of these programs will be intimately linked to the strength of the work ethic in these societies. If in fact the work ethic either was never a salient feature of the culture or is by now sufficiently undermined, then the bitter choice may be between a socially cruel and politically dangerous *laissez-faire* approach or an economically questionable and in the long term socially tragic welfare system.

NOTES

1. This essay was originally intended as an outright comparative analysis of the historical roots of the Swedish and German welfare states. In the end two essays rather than one were written: this one primarily concerned with Sweden and another one, by Elliot Neaman, dealing with Germany (also in this issue of *Critical Review*). However, I have retained some of the German-Swedish comparative perspective where it appeared to shed light on the peculiarities of the Swedish experience.
2. Marquis Childs, *Sweden: The Middle Way* (New Haven: Yale University Press, 1936) and Roland Huntford, *The New Totalitarians* (New York: Stein and Day, 1972). There exists a fairly extensive literature on modern Sweden, some of which is referred to below. Other important recent contributions include the *Daedalus* issues on the Nordic welfare state, *Daedalus* 113, nos. 1 and 2 (Winter and Spring 1984), and most especially the article by Arne Ruth, "The Second New Nation: The Mythology of Modern Sweden," *Daedalus*, 113, no. 2 (Spring 1984). Also see Margaret Weir and Theda Skocpol, "State Structures and the Possibilities for 'Keynesian' Responses to the Great Depression in Sweden, Britain, and the United States," in Peter B. Evans, Dietrich Rueschemeyer and Theda Skocpol, eds., *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985); Hans Magnus Enzensberger, "Swedish Autumn," in *id.*, *Europe, Europe* (New York: Pantheon Books, 1989), first published in the Swedish daily newspaper *Dagens Nyheter* in the fall of 1982 and later partly translated into English as "The Crisis," *The Scandinavian Review* no. 2 (1983); Henry Milner, *Sweden: Social Democracy in Practice* (Oxford: Oxford University Press, 1989), and Magnus Mörner, "The Swedish Model: Histor-

- ical Perspectives," *Journal of Scandinavian History* 14 (1989). For critical, libertarian analyses see Peter Stein, "Sweden: Failure of the Welfare State," *Journal of Economic Growth* 2, no. 4; J.A. Fry, ed., *Limits of the Welfare State: Critical Views on Post-War Sweden* (Westmead: Saxon House, 1979); and the forthcoming book by Elisabeth Langby, *Enlightened Politics: A Swedish Pursuit of Happiness*.
3. For the quotation and a discussion of the suicide myth see David Jenkins, *Sweden and the Price of Progress* (New York: Coward-McCann, Inc., 1968), 15.
 4. For a recent analysis of the debate on the Social Question in late nineteenth- and early twentieth-century Sweden, see Thomas Magnusson, "Poor—Unemployed—Worker: A study of Key-Concepts in the Debate on the Social Problem in Sweden 1839–1913," in Bo Stråth, ed., *Language and the Construction of Class Identities* (Gothenburg: University of Gothenburg Press, 1990).
 5. Bent Rold Andersen, "Rationality and Irrationality of the Nordic Welfare State," in *id.*, *Two Essays on the Nordic Welfare State* (Copenhagen: AKF, 1983), 16.
 6. *Ibid.*, 17.
 7. See Steven Koblik, ed., *Sweden's Development from Poverty to Affluence* (Minneapolis: University of Minnesota Press, 1975), in particular the essay by Sven Anders Söderpalm on the 1933 crisis agreement between the Social Democrats and the Peasant party.
 8. For a discussion of this important difference between Scandinavian and other welfare states, see Eric Einhorn and John Logue, *Modern Welfare States: Politics and Policies in Social Democratic Scandinavia* (New York: Praeger, 1989), 141.
 9. Göran Therborn, "En dansk-tysk import: Det moderna Sverige och dess socialdemokrati," in *Arbetarhistoria: meddelande från Arbetarrörelsens arkiv och bibliotek*, nos. 37–38 (1986).
 10. The term was appropriated by the National Socialists, but it was also used generally by conservatives in Germany to evoke a healthy, organic national and social community, without class conflict, but with mutual respect between the different "estates" (*Stände*). It was a fundamentally paternalistic notion.
 11. The title of an excellent collection of essays on modern Swedish history edited by Steven Koblik. See n7 above.
 12. Alva and Gunnar Myrdal, *The Population Crisis* (Stockholm, 1934).
 13. Alva Myrdal, *Nation and Family: The Swedish Experiment in Democratic Family and Population Policy* (London, 1945), quoted in a recent comparison of Swedish and U.S. welfare programs and policies in Deborah Daro, *Theories of the Welfare State: A Comparison between Sweden and the United States*, unpublished M.A. thesis, University of California at Berkeley School of Social Welfare, 1985.

14. For a recent contribution in English, see Alan Wolfe, "The Day-care Dilemma: A Scandinavian perspective," in *The Public Interest*, no. 95 (Spring 1989). Also see Yvonne Hirdman, *Att Lägga Livet Tillrätta* (Stockholm: Carlssons 1990), a very recent important work analyzing Swedish family policy in the context of Swedish utopianism and social engineering, and the chapter on the gender system in *Demokrati och Makt i Sverige* (Allmänna Förlaget: Stockholm, 1990). Both of the two latter publications form part of a series of works issuing from a major investigation of power and democracy in Sweden. *Demokrati och Makt i Sverige* also includes a thorough bibliography, including a subsection containing publications in English.
15. Consider, for instance, a teenager who wants to pursue a life as a writer, but whose father wants him to go to medical school and accordingly refuses to emotionally or financially support the son's university studies. In Sweden this would at least not pose a problem on the financial level, and it might encourage the father to abandon his attempt to abusively exercise parental authority.
16. Leaving so many Americans without support from either state or family.
17. Where, then, do the roots of this Swedish individualism lie? At this point I will, in a purely speculative gesture, have to limit myself to pointing in two general directions. The first place to look would be the family itself: family size and child-rearing patterns. Modern Swedish family policies were, as we have just seen, prompted by a traditionally low and decreasing birth rate. Furthermore, comparative studies indicate that the Swedish child is encouraged to develop in the direction of independence at an early age and to an unusual degree. Both these tendencies tend to corroborate the notion of the solitary, silent Swede, happiest when alone in his beloved nature, and rather uncomfortable in social situations requiring empathy, non-technical communication or emotion in general. No doubt this cliché is highly overdrawn and perhaps even fundamentally flawed. However, I would suspect that an analysis of Swedish culture with its family size and child-rearing practices as the point of departure would reveal a great deal. For one good, although controversial example, see Herbert Hendin, *Scandinavia and Suicide* (New York: Grune & Stratton, 1964). Second, as I try to bring out in the next section of this paper, Sweden is a culture dominated by the individualist work ethic to the exclusion of much else, including social values centered on family life.
18. See Hendin. It should be noted that this book has been severely criticized on the basis that Hendin did not spend enough time in Sweden to qualify as a credible authority. This is not surprising, given the rather unflattering view of Sweden, and especially Swedish mothers, that he presents. However, it appears, at least to this author, that regardless of possible quantitative and/or methodological weaknesses, Hendin nonetheless has provided

- a perceptive analysis of Swedish culture with respect to child-rearing practices and family psychology.
19. Charles Murray, "The British Underclass," *The Public Interest* no. 99 (Spring 1990): 4, 21.
 20. *Ibid.*, 28.
 21. *Ibid.*
 22. *Ibid.*, 18.
 23. *Ibid.*, 20.
 24. *Ibid.*, 21.
 25. This is not to say, of course, that the U.S. is not also dominated by a work ethic. Rather, what is significant is that one group of Americans who indeed are hard-working is asked to pay the bill for programs aimed at those who are not. Thus much bitterness and political and social tension is the result of ill-conceived and failed attempts to impose the dominant culture's work ethic on the resisting and resentful minority.
 26. In the introduction to his essay on the British underclass (p. 4), Murray writes that "reports about Western Europe's social democracies typically portray societies in which the low-income class is hardworking and responsible." Accordingly, he suggests that "the left" blames the U.S. underclass problem on "the United States' failure to adopt a generous welfare state, Sweden being the standard to which the United States should aspire." Obviously, as we have indicated above, Murray radically disagrees with this line of reasoning. Rather, he appears to be saying that his critique of the U.S. and Britain is also relevant to "Europe's social democracies," very much including Sweden, "the standard" by which his American leftist adversaries judge the U.S. to be an "incomplete welfare state." Unfortunately, in spite of his reference to Sweden as the "standard," he proceeds to investigate not Sweden, but England. For Murray this is less of a problem, as he tends to collapse all the various "welfare states" into one "ideal type," thus allowing him to transfer his conclusion freely from one context to another. Indeed Murray is explicitly anti-historical: "Even people who assign more blame to bad contemporary policy than to history (I am one of them) . . ." (4).
 27. Arne Ruth, "The Second New Nation," 56. Also quoted and commented on in Magnus Mörner, "The Swedish Model," 261.
 28. Bent Rold Andersen, "Rationality and Irrationality of the Nordic Welfare State," 45.
 29. Swedish economist H. Åkerman, quoted in *ibid.*, 45.
 30. Arne Ruth, "The Second New Nation," 55.