Foreword

THE MEMBERS OF THE SWEDISH Social Democratic Party all have their own personal answer to the question in the title of this book. These responses may change, keeping the debate alive. However, there is one ideological constant, shaped both by values and social analysis, by theoretical debate and by practical political experience. We aim to describe this ideological tradition and its development throughout the different programmes of the party since the end of the 1880s, in the context of the social development that has both been influenced by social democracy and has influenced the party. In this regard, the book is an introduction to social democratic ideology, social democratic history and the fundamental outline of social democratic policy.

Naturally, however, the book is also a personal response to the question: what is social democracy? It can be seen as a synthesis of our own decades-long experience of both social democratic ideological debate and social democratic practical policies, all evolving under altering external factors and a very changeable climate for debate.

There is a story behind this book – a story of changes in political premises and political debate. The first edition was published in 1974. The idea behind the book actually came from Ingvar Carlsson's wife, Ingrid, who in her capacity as school librarian, discovered that there were plenty of introductory writings about

the more left-wing radical, non-reformist movements of that time, but no comparable writings about social democracy. The first edition of *What is social democracy?* was authored with the aim to close this gap, so that it could be used primarily in upper secondary schools. It quickly emerged, however, that the book also fulfilled a need within social democracy, resulting in further editions – the current edition is the seventh.

The main issues addressed in all editions have remained the same, even with the current edition: the democratic-reformist approach, the historic-materialistic approach, the ideal of equality, welfare policy, the necessity of a counterbalance to capital interests and the necessity of identifying the link between conditions for the individual and society's structures. However, where the edition from 1974 argued in favour of the reformist social democracy versus the more Marxist, orthodox left-wing movements with their vacillating attitudes towards democracy, more recent editions argue increasingly in favour of the social democratic views versus conservatism, neoliberalism and market orthodoxy – as the debate climate constantly shifts from left to right. Now, in 2019, the focus has to be on right-wing radicalism and the threat this represents to democracy.

This book has a slightly different layout than former editions. The first section, as with previous editions, provides a description of and argument in favour of the fundamental features of social democratic ideology and view of society, and the key elements of social democratic policy. The second section is not correspondingly based on the existing party programme, but is more of a personal contribution to the debate on social development over the past decades and about the role played by and opportunities within social democracy for the future. Please note that this is not intended as a proposal for action or measures to be taken within specific policies; it is more a general rationalisation regarding, once again, the fundamental elements of the social democratic view of society, its relevance today and the challenges with which it is met.

As social democrats, we believe that the core features of social democratic theory and practice, listed above, remain, and – not least – that they are important in defending democracy. Social democracy is neither – as claimed by the market-liberal regime in recent decades – outdated nor irrelevant.

On the other hand, the external prerequisites for social democratic policy, both at home and abroad, economically and socially, have changed in a number of significant respects. We discuss these changes in the final chapter, including the requirements these place on innovation for social democracy. As veterans, we rightfully and fervently hand over the task of developing and implementing new policy instruments to the younger generations.

Stockholm, December 2019

Ingvar Carlsson Anne-Marie Lindgren

HISTORY OF SOCIAL DEMOCRACY

The years of struggle

(ca. 1885–1920)

THE TRADE UNION AND POLITICAL labour movement in Sweden started to materialise in earnest in the 1880s. It was supported, to a great extent, by workers in industry, and in many ways the Labour Movement can be seen precisely as the product of the new industrial society.

The movement was naturally motivated by what were often harsh working conditions and low salaries in industry. The workers had long working hours – often 11–12 hours, six days a week. The working environments were often unhealthy or downright hazardous, and the salaries were extremely low. In the best-case scenario, the salaries allowed the worker to cover their living costs with a little extra, but for many, they were just enough to pay for survival.

There was no form of social safety net, such as health insurance and pensions, and workers who fell ill or were injured at work were often made redundant. Poor relief was an ultimate source of assistance for survival for those who were not able to

support themselves, but the system was not sufficient and often humiliating.

Suffrage, or the right to vote in Riksdag (parliamentary) and municipal elections was determined by income. To earn the entitlement to vote in Riksdag elections, you had to have capital of SEK 40,000 or an annual income of SEK 800 and you had to be a man – women were excluded, even if they met the economic requirements. To vote in a municipal election, you had to pay municipal taxes, collected from all persons with an annual income of around SEK 400. Women were allowed to vote if they could meet the income requirement and were of legal age. This latter regulation excluded married women, as they were under the guardianship of their husbands.

Very few workers were able to earn the annual income of SEK 800. Most male workers and some female workers were able to meet the income requirement for voting in municipal elections. However, the municipal right to vote was graded according to income; the higher your income, the more votes. As a result, the upper echelons of society, by virtue of their significantly higher incomes and substantially higher number of votes, were guaranteed a majority in municipal assemblies.

It was against the backdrop of these conditions, both in working life and in society, that the Labour Movement emerged.

If the conditions at industrial workplaces were a decisive factor behind the inception of the movement, industrialisation also provided the breeding ground for the future successes of the movement. Firstly, industrialisation resulted in a significant increase in production capacity, and consequently more resources for a generally higher living standard – provided that the results from production were fairly distributed. Secondly, industrial workplaces paved the way for collective actions by workers,

allowing for a fairer balance between capital and labour and, consequently, a fairer distribution of both influence and welfare.

The Labour Movement thus demanded a redistribution of political power and economic resources. This, naturally, was met with opposition from those groups who predominantly held this power. The first decades of the Labour Movement were a hard struggle partly for the political right to vote, partly to earn the right to belong to a union with negotiation rights regarding salaries and working conditions. The political and trade union struggle was seen, in this context, as two sides of the same coin and with the same development towards social change.

The Swedish Social Democratic Party was founded in 1889 on the initiative of the Social Democratic Association in Stockholm. Initially, the party was also responsible for trade union organisation. As the trade union movement began to grow, however, it became obvious that it required its own organisation, leading to the foundation of the Swedish Trade Union Confederation (LO) in 1898. This did not change the view that the political and trade union efforts were two sides of the same coin, and that they complemented each other.

In the struggle to gain the right to vote, the Social Democrats and the Liberal Party were united in their opposition to the conservative powers. Liberals and Social Democrats also agreed on the requirement for certain social reforms and an increase in protection for workers. On the other hand, the Liberals were very much indifferent to the trade union demand for negotiating rights regarding salaries and working conditions.

Growing public opinion forced the conservatives to make a number of decisions between 1905 and 1909 to extend the male voting right to cover the Second Chamber of the Riksdag. In principle, all men over the age of 25 had the right to vote, but

this was conditional upon so many requirements that a large part of the working class, in practice, remained excluded. The income-graded right to vote in municipal and county council elections remained – one voter could have maximum 40 votes.

The right wing demanded that this income-grading be sustained if they were at all to consider extending the right to vote to the Second Chamber. As it was, the members of the First Chamber of the Riksdag were elected indirectly by electors appointed on the basis of the results of the county council elections. As a result, income-grading implied that the wealthier voters – in practice, those who voted for the Right Party – were able to decide the results of the county council elections and, consequently, the composition of the First Chamber of the Riksdag. This allowed the First Chamber to block the decisions made by the Second Chamber that the Right Party was not willing to accept.

In 1917, the Second Chamber election resulted in a majority for the Social Democrats and Liberals, who went on jointly to form a government with the Liberal Nils Edén as Prime Minister and the Social Democratic Party leader, Hjalmar Branting, as Minister of Finance. This new government presented their proposal for general and equal voting rights in the spring of 1918. This comprised voting rights for both men and women at the Riksdag elections, with no income grading for municipal voting rights, so that each voter had one vote.

The proposal was approved by the Second Chamber, with its left-wing majority, but was rejected by the First Chamber, with the Right Party maintaining its opposition to women's suffrage. It was not until the late autumn of 1918, under the pressure of the German Revolution and the clear evidence of a rebellious mood in Sweden, that the Right capitulated; having to choose between allowing women to vote and a revolution, they chose the lesser of the two evils.

The labour market was experiencing frequent conflicts regarding freedom of association. The most significant of these took place in 1909, and is popularly known as the "Swedish general strike", although a more correct description would be the "general lockout"; the strike was in response – and practically an enforced response – to an ultimate threat of a nationwide lockout by the Swedish Employers Association. The conflict ended with a loss for the workers. The employers demanded that the strikers left their trade union or they would not be allowed to return to their jobs.

The underlying purpose of the conflict – to destroy the trade union organisation – was therefore temporarily accomplished. However, the prohibition against association was impossible to sustain in the long term, and it was only ten years later that the trade union organisation had returned to its former level and continued to grow. In 1919, one of the key demands from the trade unions – an eight-hour working day – came into effect by means of a Riksdag resolution.

The Social Democratic Party split into two in the spring of 1917. The cause of the split was the age-old issue of which tactical and strategic methods the party should apply: reformist and peaceful or activist and militant, aiming for a revolution. This conflict was reinforced by the opposing views on the issue of defence, where the disagreements regarding use of the Armed Forces were in contradiction to the above: the reformist group wanted to sustain the Armed Forces in Sweden whereas the more revolutionary group promoted a radical disarmament.

This conflict escalated over a number of years. At the party congress in 1917, the oppositional group suffered a defeat on the issue of association, which had become a symbol of the two sides of the party. This set in motion the formation of a new party several months later. The name of the new party was the Social

Democratic Left Party of Sweden. In 1921, however, this new party joined the Communist International (Comintern) and changed its name to the Communist Party of Sweden.

Today, several decades later and subsequent to several splits in the party and changes of name, this party is now the Left Party.

The breakthrough years

(ca. 1920–1945)

Having achieved political suffrage, the eight-hour working day and freedom of association (to a certain extent), the political work now entered a new phase. This was not an easy phase, initially. The situation in parliament in the 1920s was uncertain, with a constant revolving of new minority governments that would disappear after only a short time in power. From 1920 to the autumn of 1932, Sweden had ten different governments, three of which were social democratic. Both the parliamentary and the economic circumstances severely inhibited any scope for political manoeuvring.

The mere fact that social democracy, viewed as a major threat to society only a few decades earlier, had now grown so strong that it was in government, was proof of a major change in society. The opposition against the Labour Movement, and fear of this movement, still remained strong, however, among the conservative groups. One clear example of this was the scaremongering campaign carried out against the Social Democrats during the election in 1928. This has now been described in the history books as the "Cossack election", after a number of right-wing election posters showed images of armed soldiers ("Cossacks") forcing people out of their homes and from their families. The Right believed this would be the ultimate result of the social democratic policy: "the seizure of an individual's property", "the dissolution of families", "children running wild" and the "downfall of customs".

This scaremongering campaign was successful, and the Social Democrats backed down in the election, returning however in 1932 when they won a large number of seats. The Social Democrats, now with Per Albin Hansson as Prime Minister, formed a government for the fourth time, but without their own majority in the Riksdag. The following year, however, the party signed an agreement with the Farmers' League (Bondeförbundet) – now the Centre Party (Sweden) – regarding an economic policy to combat unemployment, based on governmental investments primarily in construction projects.

The concept of active governmental measures to counteract a recession was most clearly formulated by the British economist John Maynard Keynes, and is often referred to as Keynesian economics. Swedish economists in the so-called Stockholm School had also had similar ideas. The members of this Stockholm school of economic thought included the future People's Party leader Bertil Ohlin and the future Social Democratic Minister Gunnar Myrdal.

The governmental investments covered by the 1933 crisis agreements were, in themselves, relatively minor, and the most significant change in unemployment figures in Sweden did not emerge until the second half of the 1930s, with the period of prosperity that followed. However, the significance of the principle behind these investments was vast. The agreement represented a breakthrough for a new perspective on the economic role of the government, and a direction to follow in order to break free of the paralysis in the face of unemployment, which was also a problem for the Social Democrats due to the 1920 deadlocked views on market self-regulation. This school of thought was to achieve its

full and successful impact in the 1950s and 1960s, in combination with an active labour market policy.

The 1930s saw the introduction of some social reform, including several types of support for families with children, benefits for certain disabilities and a law establishing the right to two weeks' holiday. The proposal to increase the national pension, partly justified by the fact that one in every three retired pensioners required support from poor relief funds, was, however, not adopted by the Riksdag. On this issue, the Farmers' League voted in agreement with the other right-wing parties. As a result, the Social Democratic government resigned in the spring of 1936, only to return after election victory that same autumn.

The unrest on the labour market continued in the 1930s, with numerous conflicts. As a result of hard lines drawn up by both the employers and, in confrontation, communist groups ("class against class"), the trade unions lost members and the export industry lost customers. Under the threat of new legislation, which the Social Democratic government felt compelled to consider, the Swedish Trade Union Confederation (LO) and the Swedish Employers Association signed a treaty, known as the Saltsjöbaden Agreement, governing labour conflicts. The main elements of this treaty are still in effect today.

The autumn of 1939 saw the outbreak of the Second World War, and the Social Democratic government was transformed into a coalition including all Riksdag parties, but excluding the Communist Party. This coalition government was dissolved in 1945, followed by a purely Social Democratic government.

The welfare state years
(ca. 1945–1980)

The decades following the end of the Second World War were at times referred to as the harvest period; it was during this period that the Social Democrats were able to realise the major social reforms they had dreamt of and planned over previous decades. In total, this became the welfare state.

There were two basic conditions for the welfare state. Firstly, the political desire for fair distribution of welfare. Secondly, the major economic growth that followed the end of the war, when industrial mass production began to have a real effect and in which Swedish industry had a very strong position on the global market.

The strength of the Swedish industry was supported by the economic and labour market policy and, not least, by the forms of collaboration developed by the labour market parties. Collectively, these gave rise to the "Swedish model" – a concept that has subsequently been extended to comprise welfare policy.

Child benefits and the increase in national basic pension were introduced in 1947. In 1950, the Riksdag adopted a resolution for nine years of compulsory primary school education. This was followed in 1951 by a new law entitling all employees to three weeks' paid holiday. Health insurance was expanded in stages throughout the 1950s. Special governmental subsidies were introduced to increase housing construction and to improve housing standards.

The People's Party (the current Liberals) and the Farmers' League (current Centre Party) frequently supported the government's proposals relating to welfare policy, while the Right (current Moderate Party) repeatedly opposed such proposals, including child benefits and general health insurance. On the other hand,

the Farmers' League and People's Party were not always willing to pay the increased taxes required to finance such reforms. The capital tax and inheritance tax attracted particular opposition, as did the issue of sales tax on consumption (the early form of VAT).

One of the welfare reforms, however, resulted in significant political conflict in the 1950s, and this was the issue of a general supplementary pension (ATP) in addition to the national basic pension. In practice, this reform related to workers and lower-level employees; the majority of higher-level employees were already entitled, via an agreement, to supplementary pensions via their employer. When the attempt to introduce such an agreement for other categories of employees failed due to opposition by the employers, the question of a political solution became relevant.

Since 1951, Sweden had had a coalition government comprising the Social Democrats and the Farmers' League. These two parties had differing opinions on the supplementary pension, so the government decided to put the issue to a general referendum in 1957.

The referendum comprised three opposing stances; the Social Democrats' stance in favour of a statutory occupational pension and two right-wing stances in favour of voluntary pension savings. The Social Democrats' proposal involved funding via obligatory employer's contributions paid on behalf of the future pensioners. This accumulation of publicly-owned capital was one of the reasons behind the right-wing opposition, who viewed this as a form of socialisation. In later years, these funds were to play an important role in housing construction.

The Social Democrats' proposal received 47 percent of the votes, and the coalition government was dissolved. The new Social Democratic minority government presented its bill for a statutory occupational pension in 1958. When this was rejected by the Riksdag, a new general election became necessary.

The Social Democrats won a higher number of seats in the new election. However, the new vote in the Riksdag would have ended in a tie vote if it had not been for one of the Riksdag members from the People's Party, Ture Königson. He was a metalworker from Gothenburg, and he chose to abstain from the vote despite extreme pressure from his own party.

The 1950s saw links formed between employment policy and growth policy; this is at times referred to as the Rehn-Meidner model, named after the two architects behind it, Swedish Trade Union Confederation economists Gösta Rehn and Rudolf Meidner. A deliberate line was drawn in both the economic policy and wage policy for the trade unions, whereby unprofitable companies and outdated industries should not receive financial support. It was seen to be in the socioeconomic interests for less sustainable companies to disappear, so that funds and labour could be transferred to companies with better outlooks and a higher capacity to pay wages. This resulted in the development of labour market training measures, allowing people who lost their jobs when companies had to close to obtain qualifications for the new and emerging industries.

The development of the public sector – primarily health care and schools – dominated the welfare policy in the 1960s. This also implied an increased demand for labour and, as a result, more women entered the labour market. This in turn led to a significant development in childcare – and to the issue of equality between women and men being included as a serious item on the agenda.

The position of employees in relation to employer was reinforced in several ways during the 1970s. The Employment Protection Act was adopted in 1973, followed by the Act relating to the posi-

tion of trade union representatives in 1974 and the Co-Determination in the Workplace Act in 1976. Employers' and business organisations were critical to the new legislation, primarily the Employment Protection Act and Co-Determination in the Workplace Act, but the right-wing parties in the Riksdag were broadly behind the proposal. The Moderates also supported the act relating to employment protection. Subsequently, a reinforced Working Environment Act was adopted by the Riksdag in 1977, proposed by the Centre Party Fälldin government.

To a main extent, the different parties agreed on issues relating to the working environment and employee influence during the 1970s. The issues were assessed from the perspective of the employee and with a view to their interests, instead of the interests of the capitalists and employers. Over the following decades, opposition regarding both welfare policy and influence in working life grew in line with the increasing emergence of new, market-liberal currents and a shift from the interests of the employees to the interests of companies. Today, the right-wing parties are clearly in favour of the disintegration of the labour laws, the introduction of which they supported.

Issues relating to labour law during this period were thus not major party-political conflicts. On the other hand, there was significant disagreement regarding the issue of the employees' participation in corporate capitalisation. The proposal on the guiding principles for transfer of profits to collectively owned employee funds adopted by the LO Congress in 1976 gave rise to several years of increasingly hostile political conflict, in which the employers' organisations also played a very active role.

The conflict regarding the employee funds, as with the conflict from the 1950s regarding the general supplementary pension (ATP), can be seen as the most significant political conflicts in Sweden during the second half of the 20th century, both fundamentally involving the same issue: transfer of capital and, inherently, right to decide over capital, from businesses/companies to the state, or to the employees as a collective organisation. The arguments from the right-wing parties and businesses were relatively similar: both viewed social and/or trade union control over investment capital funding – and in turn the potential to buy shares in private companies – as a threat to free enterprise and, as a result, to democracy and freedom in general in Sweden.

For the Social Democrats, this tough campaign from the business community implied that the issue of profit sharing developed into an issue of principle regarding distribution of power in the economy. This, naturally, reinforced the willingness to fight. However, this issue was complex both economically and conceptually. The fact that this resulted in uncertainties within the movement became evident in the reworked proposals in relation to the two original party congresses, with the only result an agreement in principle to collective profit sharing, but with no agreement reached on how this would take place in practice.

There were several complications. Conceptually, the labour law reforms had followed the principle that the work itself – employment – should constitute the right to employee influence. The funds were based on the opposite principle, i.e. that influence should be generated by co-ownership of corporate capital. However, this meant exclusion of all employees in non-commercial companies, including the entire public sector; profit sharing can, by definition, only take place in profit-making enterprises. There was also a debate about whether it was desirable to mix capital interests with employee interests by making employees both part owners and employees. This raised the question of how this would affect willingness to invest and wage negotiations. Another question was the impact on new businesses, and there was also the issue of whether obligatory profit sharing would result in

companies moving their operations and head offices to other countries.

In 1982, the Social Democratic Party regained government power, and went on in 1983 to present the bill that brought an end to the debate about the funds. Within the framework of the general supplementary pension system, five fund committees were established to which companies had to pay a certain profit-sharing fee. The corporate capital was then spent on buying shares, albeit corresponding to maximum eight percent of the entire stock in a company, with the yield being transferred to the pension scheme. The fund committees were dissolved by the Bildt government after the right-wing election victory in 1991. The capital in the funds was transferred in part to a number of research foundations and partly back to the pension scheme.

The period of change

(ca. 1980 – present day)

The years of struggle, the breakthrough years, the welfare state years – all these can be described as offensive periods, periods during which the Labour Movement progressed and steered developments in their direction. The Swedish Social Democratic Party and the trade union movement grew in organisational strength, and the Social Democrats were in government from 1932 to 1976 – with the exception of a few months in the summer of 1936 – albeit most frequently without a majority in the Riksdag. During this lengthy period, Swedish society saw significant change, with a profound impact on the economy and social structure, as well as attitudes and values.

This trend turned in a different direction from the end of the 1970s. Strong capital interests grew in strength internationally, along with associated political movements. These had an increasing influence of the conditions for national Swedish policy. One key prerequisite for the Social Democratic welfare state policy was the capacity to influence capital spending and capital flows within the framework of the national state via monetary and financial policy, via taxes and distribution policies and via strong trade union organisations, which balanced corporate interests on the labour market. The developments from the 1980s onwards imply that this capacity was impaired in general; the capital interests were able to pull free from the grasp of national policy.

In recent decades, the Social Democrats have found themselves in a defensive position both in Sweden and the rest of Europe. Some of the party's former achievements have been lost, and this was particularly evident during the years of right-wing government from 2006.

If we are to understand the opportunities and the difficulties of Social Democratic policy in real life terms and in today's world, we have to also understand why the offensive stance of the first three periods was broken and transformed into a defensive stance, some time around the start of the 1990s.

Changes always occur in stages, and it can take time to discover what changes actually imply, and what new policies are required. A large part of the internal debate within the Social Democratic Party in the 1980s related to how to interpret the new reality. It took some time before it became clear that this was a question of major changes in the underlying production conditions that shape the economy and affect society. While the debate continued, it was difficult to seriously address the task of shaping a new policy with the capacity to uphold the classical values in relation to the new material prerequisites.

The Social Democrats did not always think things through when met with changes in prerequisites, and were at times slightly lost

when confronted with them. However, it is necessary to understand that there were genuine material changes in political conditions, implying that former successful political methods were debilitated and, at times, not even feasible. Without this understanding, it is difficult to break down the defensive position and formulate an effective social democratic policy in relation to today's reality.

The starting point for our analysis of the developments taking place over the past decades is historic materialism, i.e. the thesis that productive forces – economic structures, economic power relations, technological developments – play a central role also for societal and social organisation and for attitudes and values within this society. We start our analysis with an exposé of the political shift in Sweden from the 1980s onwards, then place this within the context of the underlying changes in the world.

Unstable parliament with new parties and recurring changes of government

The long-term Social Democratic hold on government was broken in 1976. This was followed by a period of relatively frequent changes in government, with intermittent shifts between right-wing coalitions and Social Democrats in loose forms of collaboration with other parties. It should be noted that the terms of office up to and including 1994 were for three years, and then four years.

The party structure also saw change, with an increased number of new parties at a national level. Three of these are currently represented in the Riksdag: The Christian Democrats (KD), founded in 1964; the Swedish Green Party (MP), founded in 1981; and the Sweden Democrats (SD), founded in 1988. A fourth party, New Democracy, had a seat on the Riksdag from 1991 to 1994, but is no longer involved in politics. A further two parties, the Pirate Party, founded in 2006, and the Feminist Initiative have had representatives on the European Parliament, but have never reached the threshold for a seat in the Riksdag elections.

At municipal level, there has been a rich flora of local parties for several decades now.

Right-wing governments with different configurations – one, two or three parties – sat between 1976 and 1982; the conflicts between these resulted several times in crises of government. Major internal conflicts comprised the development of nuclear power and the taxation system. Disagreement regarding nuclear power resulted in the breakdown of the ruling three-party government in 1978. In protest against the Centre Party that breached the government coalition agreement, the Moderates blocked the formation of a new right-wing government. The end result was that the Social Democrats, by abstaining from their votes in the Riksdag, paved the way for a minority liberal government. After the election in 1979, a new three-party right-wing government was formed. The Moderates left this government in 1981 after the Social Democrats and the People's Party signed an agreement regarding certain tax issues, and this resulted in the People's Party and Centre Party forming a joint government.

The principles for welfare policy were not changed during the period of right-wing government; on the contrary, the right-wing government emphasised that they supported sustained social reforms, albeit "without socialism". Economically, this period was permeated with major problems for Sweden's basic industries, resulting in the temporary nationalisation of the Swedish steel industry by the three-party right-wing government. In general, Swedish industry encountered stiffer international competition from new and emerging industrial nations. Nuclear power was a recurring conflict and resulted in 1980 in the general referendum that formed the basis for energy policy for several decades to come.

In the 1982 election, the Social Democratic Party regained power, but inherited a major deficit in the national budget and – at that period – very high unemployment. Over the next few years, the Social Democratic Party was able to close the deficit and employment increased significantly. The second half of the 1980s, however, saw recurring increases in inflation and economic instability, forcing the implementation of several acute emergency measures.

The scope for welfare reform was therefore limited, and some of this scope had to be utilised on increased costs for existing commitments. Nonetheless, some important improvements were made. Childcare was extended to provide full coverage, adult education was improved and investments in the higher education sector were increased.

The tax system was fundamentally reformed. This reform was disputed within the party, but the change paved the way for the much more harmonious, non-inflationary wage formation that has prevailed since the 1990s. This also – as opposed to the high nominal increases during the 1980s – implied genuine wage increases. The fact that capital taxation became more stringent, based on the fundamental principle that capital and earned income should be taxed at equal rates, implied that it was, in practice, no longer possible to benefit from the previous opportunities to reduce taxation by carrying out transactions such as moving income from one tax source to another. As a result of such opportunities, as with the earlier right to 100 percent deduction for interest expenses, the system was much less progressive in practice than indicated by the actual tax rate schedules. The opportunities to move money between different income tax schedules has, however, been reinstated with subsequent changes to the taxation system.

The 1980s opened with genuine financing problems within what was now a comprehensive welfare sector. The overly rigid regulations were criticised and there was a growing demand from citizens for a wider range of and more varied public services. Not least, the left-wing was critical of what they felt was too much red tape and not enough influence for citizens. There were good reasons for change, and the ensuing debate in the 1980s was intensive. The Social Democrats and, in part, the Centre Party, believed that one part of the solution was decentralisation to the municipalities. The Social Democrats also discussed various forms of increased freedom of choice within the boundaries for continued public operation of schools, health and care services, but the party was split on these matters.

Primarily, the Moderates advocated opening the tax-funded welfare sector to private enterprises, while at the same time retaining tax funding. Such impulses were strongly supported by economic parties who were keen to enter the welfare market, with its high potential for profits. The matter was also dominated by the economic debate, which at that time viewed market-based solutions as more effective than political instruments.

In 1991, the Social Democrats once again lost in the general election. Only a few months after taking office, in the autumn of 1991, the right-wing government – without any form of former analysis – implemented a major change in the tax-funded welfare services (health, schools, care) by opening them to private service suppliers. Initially, these changes had no major impact, but as the profit-making private enterprises have increased their shareholdings, the consequences, particularly within education, have proved problematic.

The economic upswing had started to turn around by the autumn of 1991, but the new right-wing government failed to adapt its economic policy accordingly, also misinterpreting the

currency unrest, with clear indications of speculation against the Swedish krona. This resulted in a significant economic crisis in the autumn of 1992. Unemployment over the next few years rose to record levels of more than 13 percent and, at the same time, the deficit in government finances skyrocketed.

After winning the election in 1994, the Social Democrats once again formed a government. By this time, it was of absolute necessity to reduce the substantial budget deficit by introducing both tax increases and cuts in spending. The vast amounts required to achieve this made it impossible to avoid further cuts in the welfare policy developed by the Social Democrats themselves.

Towards the end of the 1990s, the Social Democrats had re-established a balanced budget and unemployment was down to around four percent. Over the following years, the economy remained relatively stable, although a weaker economic trend around the turn of the millennium resulted in a new increase in unemployment. Subsequently, employment saw only a slow increase when the economic trend turned upwards, and uncertainty about employment played a large part in the recently founded four-party right-wing alliance winning the election in 2006, with its own majority in the Riksdag.

This alliance also retained power in the election in 2010, but lost its majority in the Riksdag. The right-wing populist Sweden Democrats became the leader of the alliance and continued to win more seats in the elections in both 2014 and 2018. In 2014, a red-green minority government was formed with the Social Democrats and the Green Party, with some support from the Left. After the election in 2018, this coalition continued with limited support on specifically agreed issues from the Centre Party and Left. This ultimately resulted in the breakdown of the alliance. Subsequently, the Moderates and the Christian Democrats have moved in a more conservative direction. The Centre Party and Left continue to emphasise more liberal values, albeit in a more economic sense than social.

A turn towards the right

As opposed to the right-wing government policy in place between 1976 and 1982, the new alliance brought with it major essential changes in relation to the Social Democrats' policies. This is an illustration of the conceptual shift that has taken place since the 1990s, not only in Sweden but throughout the western world.

The former principle of tax collection, tax according to viability, was abolished in practice. The reasoning for this was that the tax system should be designed to influence economic conduct among citizens, primarily labour supply. Different tax rate schedules were introduced for different types of income; pensions and benefits from health and unemployment insurance had higher tax rates than earnings. The different rates were introduced so that it would always be more profitable to have gainful employment than not. Capital tax was abolished and property tax was replaced with a fee, not charged over a certain limit – in other words, taxation no longer concurred with the rateable value of a property. In practice, this implied reductions in tax for properties with a high market value, while fees charged for average and low-value properties remained at the same level as before.

The guiding principle for sickness and unemployment benefits and for income protection was also abolished. Just as with the change in income tax, these amendments took place by means of explicitly formulated decisions regarding new principles. In their place, a number of new regulations were introduced, specifically entailing the phasing out of income protection, without this being publicly announced.

In general, the policies of the alliance government can be described as being based on the notion of economic incentives – i.e. that it is possible to control how people behave by introducing appropriate trade-offs between economic rewards and economic penalties. In principle, this involves transferring the market's price mechanisms to the tax and welfare system: if it is too expensive to "buy" sickness and unemployment benefits, for example, then people will make sure they stay healthy and find work. This also represented a shift in perspective: external factors, such as technological developments, the state of the market, changes in international competition and conditions for working life were undermined as explanations of unemployment, whereas both unemployment and long periods of sick leave were seen as issues involving the individual's willingness to work and ambitions.

Labour laws were also moderated, allowing employers to hire employees in temporary and insecure positions.

Why did the party system and policies see such a significant change?

The Social Democratic welfare policy, as it was developed during the welfare state years, was based on a number of values relating to equality: health and care services according to requirement, economic protection for sickness and unemployment, security in old age, influence over your own job – for everyone, not just some. However, one key underlying premise for these policies was a strong economy, generating ever-increasing resources to be distributed.

Several of these premises had been provided by political means. These include the education and labour market policies that contributed to a high and consistent level of skills among the workforce and a sustained increase in productivity – and to an acceptance of the changes in working life required by technological developments. However, some premises were based on external factors, for example the favourable position for Swedish export goods on the international market.

One important premise for the entire welfare state policy was the potential to control interest rate levels, credit markets and cross-border currency transactions on a national level. This, obviously, required the political will to sustain such control, but equally as obvious, that such control was actually feasible.

During the 1970s, all these premises started to change in a way that impaired the conditions for Social Democratic policy.

- The international currency system collapsed. This resulted in a long period of currency instability and, at times, to direct financial attacks on individual countries' currencies.

- Up to the 1970s, there had been political consensus, both internationally and across all parties, that the financial system required regulation. At the start of the 1980s, however, the USA and Great Britain initiated deregulation of the financial markets. These measures were based on the neoliberal economic theory that emerged in the 1970s, but were also a way to adapt to actual developments, where growing global capital markets and international corporations in practice were making it difficult to control currencies and interest rates at a national level. Once again, capitalism was establishing its own rules.

- The Keynesian policy of economic incentives was increasingly failing to sustain employment levels during downturns, resulting in increased costs and a higher deficit. This forced many countries into periods of economic austerity. The weak

growth in countries that were important for Swedish exports also had repercussions on the Swedish economy.

- Swedish industry encountered increasingly tough competition with the emergence of new industrial nations able to provide goods with equally high technical quality but at lower wage costs.

- The labour market changed. Employment figures in the production industry fell, while the number of jobs in the service industry was on the increase. The service industry is, by definition, more personnel-intensive than the industrial sector, so the shift on the labour market implied a slower development in productivity and, as a result, in growth. This in turn entailed reduced scope for welfare reforms.

The changes were both economic and social, because a change in economic structures implies a change in living conditions for citizens and, in turn, a change in the society in which we live. These changes had an impact on thought patterns, values and attitudes that, as with the new economic conditions, affected political life. In summary, the changes reinforced capital interests at the expense of the working class, benefited economically stronger groups and disadvantaged those who were economically weaker. Ideas relating to the benefits, not to say necessity, of economic inequality have gained in strength, and the importance of social factors for individual life opportunities replaced with arguments that highlight individual ambitions. Politicians have less potential to affect the economy while the scope of the market mechanisms have grown.

Consequently, social inequalities have also seen an increase across the board: at work, in schools, on the housing market, in economic terms and in relation to future opportunities for children and adolescents.

The future?

The sections above relate to history and are mainly descriptive, with a few comments regarding the most recent decades under specific headings. The future cannot, by definition, be described – only discussed. Consequently, we dedicate the final chapter of this book to our view and interpretations of the present situation and the possible future route to be followed by the Social Democrats.

II

IDEOLOGICAL LEGACY OF SOCIAL DEMOCRACY

What is an ideology?

"IDEOLOGY" IS DEFINED AS A "set of ideas". The term is often used in reference to values, but the classical political ideologies – conservatism, liberalism and socialism – also comprise beliefs about how society and the economy should be organised. A developed political ideology thus comprises two parts. Firstly, the ideas about the values that should be fundamental to society and conditions for individuals. Secondly, social analysis and social theory, comprising the ideas about which mechanisms govern social development and how they should be shaped or changed in order to realise the values.

The fundamental values of social democracy were summarised initially by the motto of the French Revolution – liberty, equality and fraternity. For the sake of gender equality, the word "fraternity" was later replaced by "solidarity". The more modern term for liberty is freedom. These three terms can, in turn, be summarised with the word "democracy", as real democracy both requires and generates freedom, equality and solidarity.

Social democratic social analysis is based on the materialistic perception of history: the way in which the economy and working life are organised is also of decisive importance for how society is shaped, and changes in the world of production have a knock-on effect on the social structures.

The values show us the way forwards, the path towards society as it should be. Social analysis provides our starting point, the mechanisms that need to change and the premises required to achieve this.

Social analysis

Historical materialism and conflicts of interest

The historical materialistic view implies that material factors, in this case technology, production conditions and economic power, are seen as decisive also for social organisation – and consequently for the potential to realise values such as freedom and equality. The fact that the Social Democrats, since the Party was founded, have emphasised issues relation to economic power and not just political democracy is related to this. How work is organised, who decides working conditions and working hours and how the resources generated in the world of production are distributed – these are all decisive factors for how conditions in society in general.

When working life is divided into superiors and subordinates, people with power and those without, people who decide over others and those who are not allowed to decide over themselves, this not only results in major disparities in living conditions. It also shapes beliefs that one person is of more value than another and is more important for society – beliefs that may be mirrored in social and political life. If we want a political democracy with fully autonomous citizens, then we cannot have a working life dominated by non-autonomous workers taking orders – utilised just as machine components, positioned where the employer randomly decides he or she is needed.

This historical materialistic view dates back to Karl Marx, even if he was not the only person to develop it. In Marx's opinion, historical development was a continuous struggle for power over the world of production and over distribution of the results of production, with a given conflict of interest between those groups who had the power and those groups who did not.

This conflict of interest is also part of the social democratic social analysis, described as conflicts between labour and capital, but in a more nuanced form. The interests of both groups partly overlap; both are interested in successful production, generating sufficient resources for welfare. It is in relation to the issue of how this production should take place and how the results of production are distributed that these interests may be in conflict.

Conflicts of interest between labour and capital do not, by definition, necessarily have to be seen as harmful. On the contrary, they can when correctly exploited generate a dynamic that is positive for the economy and commerce; as it requires a rational exploitation of both production factors, capital and labour. If there is no one to monitor that capital is spent efficiently, the result will be the eradication of economic resources. If there is no one with the strength to protect the interests of the workforce regarding reasonable working hours, safe working environments and salaries that allow them to make a living, the result will be the loss of people.

The fact that social democracy favours labour interests in the conflict of interests between labour and capital does not necessarily imply that it denies the importance of capital interests. This is more an issue of not allowing capital interests to dominate over, i.e. exploit, other actors and other interests in economic life.

Welfare policy and wage formation must always take into account economic realities such as costs and competition in the world around us. However, this type of consideration shall be kept separate from the demands that require consideration of the private profit interests of companies and capitalists. It is not possible to equate such private economic interests with what is best for society as a whole. Criticism of the economic mindset of recent decades revolves around the fact that such an equation has been made.

Industrialism and globalisation – two examples of material changes that have altered society

When people moved from rural towns to industrial communities and cities, it was not only their working lives that changed. They created new living patterns, made new requirements on social institutions such as health care and demanded education for all. New forms of economic legislation were required, along with a new tax system that was no longer based on land ownership. This paved the way for the emergence of a new economically significant strata with increased political influence, such as company directors, technicians and businessmen, while the landowning upper class lost power.

The industrial society shaped new relations between employee and employer, different from those in the farming community. This gave rise to new types of workplaces, in which large groups of employees were able to organise and fight for their interests in an entirely different way than was possible for the young farmhands and maids. These groups gradually drove forward a change in the entire political organisation, both nationwide and in local communities.

The Labour Movement emerged as a form of protest against poverty and injustice in the early industrial society. This was not the first time that poor and oppressed people had protested against distress and inequality; history has numerous examples of this, such as the slave uprisings of ancient times and the farmers' revolts in the Middle Ages. However, such uprisings were always defeated and never had any lasting results. The Labour Movement was the first social liberation movement that genuinely succeeded in creating a more permanent change in society.

This was due to the fact that the technological developments in the 18th and 19th centuries allowed, for the first time in history, an increase in prosperity for all. And when this became possible, it was impossible to resist the force of the demands by major groups of the population to even out the vast disparities at that time in the distribution of both power and resources.

Or in the words of Karl Marx in *A Contribution to the Critique of Political Economy*: "The changes in the economic foundation lead sooner or later to the transformation of the whole immense superstructure."

Digitalisation and the global finance markets represent such a comprehensive change of productive forces, which also result in changes in social structures, working life, thought patterns – and power relations.

- Production has been globalised; manufacturing is, in the main, possible anywhere in the world, and the end products are made up of part components from many different subcontractors, often from different countries. The financial markets have grown in strength and generate their own value increases irrespective of production. The national state's capacity to influence capital flow and capital placements is demonstrably lower, resulting in a weakening of the economic-political instruments. Instability on the financial markets has increased, with recurring financial crises as a result.

- The major workplaces within industry have, to a growing extent, been replaced by the smaller and more fragmented service industries. The knowledge requirements within working life are higher, both for blue-collar and white-collar workers. Today, professional success for large groups is determined by individual performance, not collective negotiating power. In some industries, actual employment has been replaced by contract work, where self-employed persons/entrepreneurs carry out a time-limited assignment and then move on to a different assignment for another employer. With the so-called sharing economy, this development has moved one step further; customers purchase services, not via a company but directly from individual suppliers who they contact via digital platforms.

- As a result of globalisation of production and capital markets in combination with changes in the actual labour market, the trade union organisations are weaker and have less capacity now to provide a sufficiently strong counterpart against capital interests. One consequence of this is, for example, an increased number of insecure jobs.

The historical materialistic perspective is thus important when understanding the present day, and not least the new political terms that have emerged from the changes made during the classical industrial society, globalisation and the comprehensive impact of information technology on both production, communication and politics. These are changes that imply different premises today for Social Democratic policies than in the 1960s, and all discussions of social democratic policy relating to the future should be based on this fact.

The material prerequisites as conditions for policy

"Material prerequisites" as a key political factor involve, in the broader sense, the actual material resources available or that can be created within a reasonable period of time, for politically resolved undertakings. Ideology and values must be applied when identifying those reforms that are desirable. However, if the decision to introduce reform is to result in actual social change, it has to be materially possible to implement. Good intentions alone are not enough; reform also requires money, personnel, premises or technical infrastructure. If there is a lack of material prerequisites, then the reform will not be successful; in the worst-case scenario, it may create problems rather than solve them.

This insight – that reforms identified by means of ideas need to be based on real material prerequisites if they are to be implemented – dominated social democratic policy during the welfare state years. Gustav Möller who, in the role of Minister of Social Affairs, signed several major welfare bills, wrote in 1947 that "the future development shall take place at the pace allowed by economic development".

Reform work may thus also involve initially creating material prerequisites; for example, the development of childcare in the 1970s required both increased development of child day-care centres and an increase in pre-school teacher training before the demand could be met in full. If you are not prepared to create the necessary material resources for a certain type of social undertaking – for example, taxation at the level required to achieve the undertaking – then you should not promise to make any such undertakings at this level. It should be mentioned, under this point, that such promises have been erroneously made repeatedly throughout recent decades.

However, at times, the material prerequisites actually represent an obstacle. The substantial budget deficit inherited by the Social Democrats in 1994 necessitated major cuts in the national budget, and major cuts are not possible without affecting what are in themselves important goals.

Policies are founded upon values, but the practicalities of policies cannot be founded on wishful thinking. Policies require rationality to join the dots between ideas and realities, and between an ideal and the resources required to realise it. This also implies that ideas that have been tested and shown to produce the wrong result or an entirely insufficient result in relation to their purpose must be re-examined.

The link between ideas and economy

The historical materialist perspective also implies a link between ideas and social values and the economic organisation.

"The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness," according to Karl Marx in his *A Contribution to the Critique of Political Economy*. The above quote can be roughly interpreted as stating that it is not the ideas that determine the design of society, but the social conditions generated by technology, economy and economic power that shape these ideas.

Ideas that concur with that which naturally, reasonably and morally occur in a prevailing economic order shape our view of what is in fact natural, reasonable and moral. When changes occur in this order and new requirements or needs emerge, this also affects our views of norms and moral. One historic example of this is the attitude towards interest on loans. During the Middle Ages, with its low-technology society and where return on capital was low or non-existent, it was not permitted to charge interest. As trade and shipping developed and it became impossible to implement major business projects without loans, which were difficult to obtain as the lenders received no form of compensation for the risk they assumed, the prohibition against charging interest was moderated and then gradually disappeared.

Naturally, ideas and ideals cannot be seen as mechanical instruments of economic interests. Ideas relating to freedom and equality, justice and solicitude have always existed, irrespective of production technology and economy. Throughout the ages, people have looked after the old and the sick, and all societies have had rules governing human conduct, with the purpose of providing at least some protection for the weak in relation to the strong.

However, the schemes developed to fulfil these ideas have differed greatly, and the actual protection afforded to the weak and exposed groups has varied significantly. There is a clear link between economic development and the development of services such as schooling and health care; the requirement that these shall be a social undertaking, not an obligation for the church, for families or voluntary charities, was only politically viable once there were sufficient economic resources to pay for such an undertaking. There is also an evident link between ideas and interests; the Nordic welfare model, founded upon the Social Democratic philosophy of equality, differs from the model in the USA, where market-liberal principles and a distrust of the State have been allowed to govern.

The ideas of what a good society should look like tend to be coloured partly by what is possible to achieve within the prevailing production system and partly by the requirements made by this production system on workforce and social institutions. These ideas are, not least, coloured by the interests of the group(s) with the greatest power over the world of production. Changes in economic power relations tend to be followed by changes in values.

In recent decades, a power shift has emerged from politics/democracy to movements driven by market forces, and consequently to groups that have a strong position on the market. These groups own or control the assets that are key to the cur-

rent production system. Today, this partly implies financial capital and partly knowledge capital, or in other words, money and higher education.

And as a result of the power shift in economy and working life of recent decades, the particular importance of companies/entrepreneurs and well-educated experts for social development has become more predominant, while the importance of others has been toned down.

When certain groups gain more power in the economy, this also has an impact on thought patterns and opinions Those holding the power defend their position by claiming that it leads to more economic growth and thereby better social development for all – and that, in order to produce such improvements, those who generate them should benefit from extra beneficial conditions. This results in a shift in both values and practical policies to the benefit of these groups.

One example is taxation policy, where capital and corporate taxes have been substantially reduced and income taxes lowered in a way that has mostly benefited those in the higher income brackets. Another example is the entry of private, profit-making companies into the tax-funded sector. In both cases above, the argument to support such shifts has been that incentives for entrepreneurs and persons with higher education, with their implicitly understood special significance for the economy, would reinforce public finances in general and thus welfare for all.

A third example is how the struggle in the 1970s and 1980s to provide all employees with influence over the working organisation and working life has been replaced by governance models designed by special, external specialists. Where previously, the experience of the employees was seen as essential for the development of successful production chains, the emphasis is now on formal education within organisational theory.

Similarly, the emphasis from the 1970s on "the good work" has been replaced with the new millennium requirement for "flexibility" when it comes to types of employment and working schedules – irrespective of the negative impact this can have on the employees. In the 1970s, the debate was governed by the employees' interests. Now, after the turn of the millennium, it is governed by corporate interests. The link between this ideological shift in the views of working conditions and the simultaneous shift in power from politics and trade unions to capital and corporate interests is clear.

Value words

Freedom

"Freedom" is a many-faceted term with both collective and individual implications.

In its collective sense, it can refer to a country's – or ethnic group's – right to national self-determination, with no form of governance from any other country. The abolition in the 20th century of colonial rule and the dissolution of the Soviet Empire in Eastern Europe are examples of such collective liberation for one country from another country's sovereignty. The collective implications of the word also comprise the freedom for all citizens in a country to participate in influencing how that country is governed, without having to submit to any superior, limited power groups that alone determine the conditions for all other citizens.

National independence and civil liberties and rights represent the foundations for the ultimate implication of the word freedom: the individual's right to govern his or her own life and

make his or her own choices. This requires civil rights such as the right to vote, freedom of speech and of opinion, and individual rights such as the freedom to choose education and profession, the freedom to choose your own partner in marriage, the right to move freely within your own country and across country borders. Within political philosophy, this is commonly described as the "freedom to" do something.

Political philosophy also describes the "freedom from" something as equally necessary – such as freedom from hunger, from oppressing poverty, from habitats that are harmful to health. For without such fundamental social and economic freedoms, the actual freedom of movement for the individual is very limited, irrespective of how strong the civil and individual freedoms are according to legislation.

Social democratic concept of freedom

At the time when social democracy was emerging, the workers lacked to a large extent both the "freedom to" and the "freedom from". They did not have the right to vote, the right of association regarding common interests and, to a significant extent, the right to freely criticise the political and economic powers. In practice, they also lacked individual freedoms, such as choosing education or taking care of their own health – not because laws prohibited this, but because they were prevented from doing so by economic poverty.

This is why the early Labour Movement's struggle for freedom took place on a number of levels. This struggle comprised obtaining civil rights such as the right to vote and the freedom of speech. It also involved the abolishment of subordination in the workplace that represented a lack of freedom for the workers as a collective group, and it involved making individual freedoms, such as the opportunity for an education and the freedom to choose your own profession, into realities by providing the economic premises for such.

With social democracy, the concept of freedom has twofold implications: the starting point is freedom for the individual, but the path to follow to obtain such freedom requires changes in society and working life. It is not enough to pave the way for individuals to throw off the shackles of poverty and subordination; it is the poverty and subordination itself that has to be abolished – for all. This requires collective solutions, measures targeting those mechanisms that create poverty and subordination and, as a result, a lack of freedom for many.

Your freedom – and that of others

A shift from a system of subordination and superiority towards a more equalitarian system implies not only that the subordinated group gains more freedom, but also – inevitably – that the superior group's level of freedom is curtailed. This applies to increased equality among the genders as well as changes in the right to decide in working life. It is therefore not surprising to find that groups who benefited from the previous system react to the measures to implement such change. This can take the form of critical claims against equality reforms, arguing that these threaten the traditional (= patriarchal) family values. It can also take the form of criticism of measures that enhance employee rights in relation to the employers, arguing that this impairs commercial efficiency for the company.

For social democracy, one key acknowledgement is that differences in economic power in society result in varying degrees of personal freedom, and good opportunities for those who have more power to limit freedom for all others. The social democratic interpretation of freedom therefore also comprises measures to minimise these differences. As the struggle for universal suffrage

was won a century ago, the majority of discussions regarding the concept of freedom in current times relate to economic power.

Classical liberalism also acknowledges that all members of society must make limitations in order to prevent freedom for one person translating into lack of freedom for another; "Your liberty to swing your fist ends just where my nose begins," is a common saying credited to John Stuart Mill. Liberalism has played and continues to play an important role in the struggle for civil freedom and rights, such as universal suffrage, which represented a breakdown in the power privileges held by the upper classes, or the ever-relevant defence of freedom of speech and freedom of the press. The same can be said of the struggle against oppressive social conventions that limit the individual's freedom to govern his or her own life.

On the other hand, liberalism struggles to deal with the differences in freedom generated by differences in economic power. Social liberalism, which played a significant role during parts of the 20th century, acknowledges the need for a social safety network and certain public interventions in the economy to counteract market fluctuations and certain differences in market power. The market liberalism and neoliberalism that have dominated developments since the 1990s, however, transfer competition ideology from business life to the civil, social sphere, entitling the strong to outcompete the weak. In practice, this also implies accepting differences in freedom between citizens, depending on differences in their economic strength. The labour market is a clear example of this.

Conservative and liberal debaters, who do not acknowledge that differences in economic power are of significance, view the worker's right to turn down a poorly paid job as equal to the employer's free right to offer such a job. If the worker accepts the poor conditions, this is a fully free choice, and there is thus no reason to intervene in the employer's right to pay low salaries or offer poor working conditions. Trade union organisation is thus seen as a threat to the entrepreneur's freedom – not as an instrument to increase the employee's freedom.

In reality, the individual employee, unless he or she has very special knowledge or skills, is always subordinate to the employer. Both past and present show us that this often translates into harsh exploitation and salaries that are excessively low. Trade union organisation and labour legislation can break down this situation, providing a better balance between the interests of the employee and the employer. The employees gain more influence over their working conditions. This provides them with more freedom in their own lives. Certainly, though, this results in lesser freedom for the employer.

The necessary regulations

Social regulations may also, from a limited perspective, be described as restricting freedoms from an individual's point of view. However, the individual is irretrievably dependent on how society functions, and a well-functioning society equally irretrievably depends on regulations governing what the individual can and cannot do. The restrictions on individual freedom implied in not being able to park your car where you want are outweighed by the increase in own freedom of movement these restrictions imply, as the roads are not lined with cars parked everywhere. The ban on smoking in restaurants restricts the smokers' freedom to have a cigarette, but increases the non-smokers' freedom to avoid harmful substances from another person smoking.

There is a constant tension between the individual's demands for freedom and the limitations on individual freedom required to protect freedom for all others. This tension between individual and collective is an inevitable consequence of the fact that people

are simultaneously and interdependently individuals and members of society. If you unilaterally highlight individual freedom of movement without caring about the impact this has on other individuals, you are implicit in the oppression by the stronger of those who are weaker. If you unilaterally highlight the joint, collective requirements, the risk – on the other hand – is that the individual's needs are unconditionally subordinated to those of the group. It is equally essential to guard against both types of risk.

The neoliberals often deny the existence of the former type of risk, as they do not view the individual as a part of a social context, necessarily requiring mutual consideration. As Social Democrats, we have to take care not to deny the latter type of risk: we must never routinely justify interventions in individual freedoms by stating that they, on some general and comprehensive level, may increase freedom for larger groups.

A collective could impose standardisation of life forms and opinions, not defendable by stating that this is required out of consideration for others. Group loyalties may obstruct internal debate and investigation of decisions made by a group, and dominant elites may emerge within collectives, acting more in their own interests than in the common interest.

There is risk found in all types of collectives, not just governments, and in governments with very different political colours. The Soviet Union under Stalin and Nazi Germany were harshly oppressive regimes, as with Fascist Spain, Chile under Pinochet and modern-day China. Religious communities may make extremely rigid requirements that reach into the most private aspects of life. Constricted social norms governing the individual's choice of career or partner may be restrictive, as may certain social codes that exclude persons who do not fit them.

As Social Democrats, we are perhaps particularly able to guard against the risks of collectivism, precisely because we have the fundamental belief that individual freedom actually requires a degree of collectivism. And as mentioned above, this is important to keep in mind for the future.

The means towards managing the tension between the individual and the collective at a political level – the state – is democracy; as democracy provides every individual with the same rights as all other individuals to influence the collective. Democratic debate and democratic decision-making are and must be a continuously ongoing balancing act between the collective and the individual, between different groups and between different individual needs.

Does the individual gain more freedom if the state shrinks?

According to neoliberal debate in particular, individual freedom increases when politically organised collectives, such as the state and municipalities, recede. This is naturally true when it comes to deeply personal matters, where one individual's freedom does not threaten the freedom of others. One example is our choice of life partner; there are no grounds on which to restrict this choice to heterosexual persons only, and the change in legislation allowing same-sex marriage represented a clear increase in freedom – as well as an increase in equality.

However, both history and current experience show that if political democracy withdraws on issues in which the individual is significantly reliant on how his or her environment functions, this does not result in an increase in individual freedom but in reliance on other collectives.

Whereas childcare and care for the elderly were previously a natural task imposed upon women at home, social organisation and financing of such care have liberated women from these respon-

sibilities. Today, we can see how the cuts to resources for geriatric care have resulted in many women reducing their working hours to take care of elderly relatives.

We also find clear examples of how small yet strongly violent groups affect and impair living conditions in certain vulnerable neighbourhoods – because society has withdrawn necessary investments in social development efforts and due to a reduction in resources for the police force, assigned the task of preventing violence and crime.

Social structures determine the conditions for an individual's life. It is therefore not possible to view the individual and the collective as opposites; as individuals, we are and remain social beings, and the interests of the individual must be channelled via collectives in several regards. This is the blind spot of neoliberalism.

The key issue is how these structures and these collectives appear and how they can be influenced by the individuals: are they built upon democratic principles, with equal rights for influence for all, or are they built by power groups that exclude many? Do they provide an equal distribution of rights and obligations, or do some have more rights and others have more obligations?

Freedom is not threatened by the democratic collectivism that is based on the simple truth that the individual is always reliant on his or her surroundings, and that society must therefore be based on regulations that apply to all, shaped according to mutual consideration for all and responsibility for the community.

The type of collectivism that threatens freedom is fundamentalism, i.e. the belief that one's own group has absolute truth on their side, according to the mission assigned either by God, History or the Market. As the group in itself represent the only truth, the beliefs of others are not just erroneous, they are directly hazardous, and it becomes part of the group's own assignment to ensure that these false teachings are not even allowed be spread.

An open mind to different beliefs and opinions, the willingness to listen and exchange points of view in order to seek out the best common solutions are necessary prerequisites for democracy – and for citizens in a democratic society.

Equality

The requirement for equality is key within social democracy, precisely because social democracy has been developed by groups who themselves have paid the price of inequality, and thus lack of freedom. Inequality can be seen as beneficial for all those on the side that is benefiting, but for those on the other side, inequality implies major restrictions in movement and choices.

The requirement for equality is the one party value that causes most political conflict. This is due to the fact that equality policy ultimately involves power distribution – power over your own living conditions and power over the society in which you live. And if that power is to be fairly and equally distributed between different groups in society that have previously been on different sides of vast divides, this implies what we have already confirmed – that one side has to relinquish something so that the other side can have more.

The concept of equality has multiple dimensions

Originally, the Labour Movement viewed equality as merely an issue of class, i.e. inequality created by differences in economic power and material assets. For a long time, policies to promote increased equality also mainly targeted economic gaps and class divides. It was expected that the reduction in class divides would also produce a reduction in other divides; the differences

between living conditions for men and women were explained according to the requirements for a capitalist society.

The Social Democratic women had a slightly different view on the subject, and were early to promote issues specifically involving living conditions and subordination for women. However, it was not until the 1960s that the social democratic debate turned its attention in earnest to other types of inequality than those determined by class. These are inequalities that are not primarily caused by – but are sometimes expressed by – economic structures, but by socially contingent norms, values and attitudes.

Inequality is created along several different axes. Economic structures create inequalities between people depending on their assets and their position in working life. Patriarchal structures and gender roles, implying varying requirements and different distribution of rights and opportunities between the genders, create unequal living conditions for women and men. Discrimination of persons depending on factors such as ethnic background, disabilities or sexual orientation mean that the discriminated groups have less opportunities in life than those without discrimination.

These different factors that result in inequality are often interwoven and can both counteract and reinforce each other. In every social class, women have on average lower salaries than men in the same class. However, women in the upper economic brackets have on average a higher salary than men in the lower brackets. Historically, sons always had priority over daughters with a view to inheritance of property and power. However, if there was no son to inherit his father – whether a farm or the Crown – the daughter had to suffice; the interests of class outweighed the requirement to distinguish between genders.

Gender and ethnic background still remain factors behind economic differences between men and women and between those born in Sweden and immigrants. The increase in economic divides reinforces the class divide, but often other inequalities. Wider divides increase tension between different classes, but also differences within each class; with a frequently larger impact on those who from the outset already had a weaker position, such as women and immigrants. In general, high unemployment results in an increase in discrimination, as groups viewed as a less safe bet – adolescents, in addition to the elderly, persons recently arrived in Sweden or persons with disabilities – can be excluded. Unemployment and/or wage dumping may reinforce distrust of immigrants, in that they are "stealing our jobs" or causing pressure on wages.

Equality policy must comprise all these factors that result in inequalities. In part, policies aiming to tackle other inequalities than class also involve finding a balance between economic divides, such as the differences in salaries for women and men, or measures to combat socio-economically contingent differences in living conditions for young children. However, equality policies must also specifically target attitudes and values, which generate either conscious or unconscious views of subordination and superiority and influence how people behave in relation to each other. Equality policy therefore also involves combating racism in its various forms, prejudice against the disabled, sexual harassment, prejudice against homosexuality and similar types of values and conduct, which make some groups believe themselves to be superior to others and entitled to act accordingly.

The concept of equality, as stated above, is the most controversial value word within social democracy, but opposition to and support for the ideology of equality differ depending on the type of inequality involved. With issues relating to economic power and economic gaps, the dividing lines tend to follow the classic

left/right scale, where opposition against equality from all right-wing parties has seen an increase in the 21st century.

When it comes to equality between the genders however, the Liberals and Social Democrats have, ever since the struggle for suffrage, been on the same side, as with issues involving the LGBTQ community. Conservative parties have been more hesitant, and we are now, from certain parties, starting to see the re-emergence of age-old right-wing positions relating to public childcare and the reproductive rights of women. Right-wing populist parties often have a conservative view of women and families. One predominant factor with such parties is also xenophobic and, at times, directly racist views, i.e. they do not acknowledge the fundamental principle of equality that all persons have equal value.

What does equality involve?

Equality involves both collective and individual rights, rights that are not only expressed in formal regulations but also in specific social undertakings to translate the formal rights into genuine opportunities.

Political democracy is fundamental to both freedom and equality. The right for the working class to also influence society, via the right to vote and the right of political and trade union association, was an equality requirement and a freedom requirement for the early Labour Movement. A universal and equal right to vote, freedom of speech, freedom of press, freedom of opinion and religion and the freedom to form parties and interest groups – these are all necessary, non-negotiable components of political equality.

Knowledge is one of the most important individual power resources, both on the labour market and in society. The equality requirement implies that the opportunity for a high quality education of sufficient scope must be a right for all, irrespective

of the individual's own economic resources. Correspondingly, all persons must have the right to health care of good quality and sufficient scope, irrespective of their own economic resources, as health is an important individual resource. All persons must therefore also be able to have an influence on their own workplace, eliminating working assignments and working environments that represent a health hazard.

Working conditions are in general important for equality, as such conditions – salary, working hours, working environment, schedules etc. – are so essential in determining living conditions in general. This implies that the employees must have the right and opportunity to have an influence on the various factors that determine their working conditions, and not merely have to submit to decisions unilaterally made by the employer. This requires both strong trade unions and labour legislation.

Basic economic and social security is also an issue involving equality. Persons who are not economically independent find it difficult to defend their interests and may be forced to work under harmful conditions. The scope for personal development for persons who barely make enough to buy food is limited. Persons constantly worried about illness or unemployment do not have the scope for personal development. A fundamental premise for economic and social security is, naturally, having your own job so that you can make a living. However, economic security in the event of unemployment and illness – and of course in old age after working life has ended – is just as important for allowing people to have power over their own lives.

Norms and values can generate inequalities, even when legislation and regulations acknowledge equal rights for all and equal opportunities in society and working life. Gender discrimination, discrimination relating to disabilities and against people who are of a non-Swedish background are all based on value-related

perceptions of the difference between genders, between people with different physical abilities and between people with different ethnic/religious backgrounds – perceptions that may imply unequal treatment and limitations in the choices available to some persons.

Equality and similarity

One of the most common conservative arguments against equality is that it forces people to be similar to each other. This criticism confuses similarity with equality.

In some key respects, equality certainly requires *similarity*, i.e. in the sense of equal treatment and equal rights. In a number of other respects, however, equality requires *diversity*.

- Similarity in the eyes of the law is an age-old equality requirement: all persons shall be treated equally by the legal system, and legislation shall apply to all, with no respect to factors such as money, lineage, gender or religion.

- Similarity when it comes to voting rights is a much more recent requirement. Nowadays, this is a foregone conclusion, but it took decades of struggle to achieve. In the early years of the Labour Movement, the right to vote was dependent on both income and gender, and this system was supported by the belief that there were actual differences between both different social classes and different genders in terms of the ability to understand and take responsibility for social issues.

- Equal treatment in working life is also an equality requirement – such as equal wages for similar tasks, equal opportunities for promotion in working life and the prohibition against all types of discrimination.

- The similarity requirement can also be found in the principles of welfare policy and equal access for all to social benefits that are of key importance for individual living conditions, such as school, health care and fundamental economic security in old age.

Equality, on the other hand, does not imply that everyone has to live their lives the same way.

People are different. If the requirement that everyone shall have the opportunity to freely shape their own lives is taken seriously, then one also – naturally – has to accept that these choices will differ. Similarity – the requirement that everyone shall be incorporated into the one same template – is in this perspective actually the enemy of equality: as it implies that any person who does not fit the specific template, but who is nonetheless forced to adapt to it, is deprived of the opportunity to govern his or her own life. Equality requires diversity and variation.

The concept of equality is at times discussed in terms of "equality of opportunities" and "equality of outcomes". In our minds, this is partly misleading. An absolute "equality of outcomes" – for example, exactly the same grades at school or the same salary for all kinds of work – would obviously never be possible, precisely because people are not shaped from the same mould and, in fact, do not attempt to achieve the same goals or realise the same kind of dreams.

The equality requirement does imply that everyone shall have the same – genuine – opportunity to realise their dreams. This infers that no choice of education or career shall result in poorer access to health and social care, greater insecurity in the event of illness and unemployment, or poorer opportunities for influence over your own working conditions. If certain choices result in conditions that are so much poorer in these regards, then the

choice cannot in reality be considered a free choice. It is precisely in this respect – that certain choices shall not infer less social security or a greater disadvantage on the labour market – that the requirement for "equality of outcomes" shall be made.

Compulsory education shall as such provide all pupils with the knowledge deemed of fundamental importance for all citizens. However, we should not aim for every pupil, having completed compulsory primary school, to choose the same education and same career, as both social life and working life require a vast number of different competencies. Neither does the equality requirement imply that these different choices shall result in careers with the same salaries. Social democracy advocates that all jobs shall have a salary that allows the worker to make a living, and that differences in salary shall be reasonable and defensible in relation to factors such as responsibility, specialised competencies and any risk involved in the work.

Freedom and equality – opposites or equivalents?

Both conservative and neoliberal debaters view freedom and equality as opposites to a certain extent: the requirement for equality becomes a limitation on the individual's right and opportunity for free development. Social democracy claims the opposite: equality and freedom are mutually contingent. An unequal society, naturally, affords much more freedom to those with the greatest privileges. However, this also implies that those on the wrong side of the economic and social divides have, in practice, significantly limited freedom, where economic inadequacy does not allow other choices than those necessary to make a living, and with subordination to decisions made by more privileged groups, with no opportunity to influence such decisions.

In an unequal society, where the strongest are allowed to benefit at the expense of the weaker, certain people will have lesser opportunities than others to have control of their own lives;

other, more advantaged groups, will be able to dictate their living conditions and, as a result, impair their freedom. If freedom is defined as the right of the strongest to exploit their strength for their own benefits, this in practice results in subordination and less freedom for many other people. In fact, this no longer involves a requirement for freedom but a requirement for privilege.

If the requirement for freedom is sincere, it naturally has to apply to all. It is therefore a contradiction in terms to claim that freedom is the opposite of equality: it is only in an equal society that everyone has the opportunity to be free. The reader must by now have noted that those factors we mention as important for equality are the same factors that are important for freedom.

Solidarity

Freedom and equality are both concepts that, due to their complexity, have captured the interests of political philosophers; much has been written about their implications and their mutual relationship. The concept of solidarity has not captured the interests of political philosophers to the same extent. However, there are many simple, almost slogan-like phrases expressing the implications of solidarity, such as the words in the Bible: "Bear one another's burdens" or the old motto of the Labour Movement: "United we stand, divided we fall".

These phrases describe a union between people – a union that comprises both responsibility for each other and dependence on each other. This requires a fellowship, or solidarity.

Today, the term solidarity is often used in the sense of "sharing" or "standing up for", i.e. in actual fact, a one-directional movement where one person gives and another receives. There are situations where this is implicit in the solidarity requirement, but the real implication of solidarity is reciprocity; we shall both give and receive. The general welfare policy is based on this rec-

iprocity: we all pay taxes to cover the costs of education, health and social care and pensions, even when we do not need these services ourselves. When we do need them, however, they are available. We pay for each other and others pay for us: we both give and receive. It is also important to note that this affords us something in common. The word solidarity derives from the Latin word *solidus*, which means firm, dense, sustainable, and which is found in words such as solid and solidity. Put simply, solidarity creates a more solid, more stable and unified society.

For the early Labour Movement, unification was the necessary premise for change to society. No one person acting alone would be able to tackle injustice. The strength required could only be achieved by standing together. The requirement for unification, standing up for each other and the common goal, was necessary both in the struggle for actual change and in the vision for the new society. It was important to stay unified in the struggle, and to share the bounty fairly and equally. The struggle for a new society involved achieving common improvements, a welfare system that covered all persons and the opportunity for all to have influence. It did not involve certain individuals being able to trample over others so they could create wealth and power for themselves.

The concept of solidarity is the practical expression of the realisation that we are all social beings, interdependent of each other, and that the opportunities in life for the individual are determined by his or her environment and society. Solidarity also implies that a society shaped on the basis of the common good is the most successful type of society.

Our tax-funded welfare policy is based on this. The joint, solidary funding provides security for the individual and equality between individuals. However, it also creates a more secure society for everyone in which to live, with less of the social tension that always follows injustice and economic gaps.

Solidarity can thus be seen as the collective self-interest, but also as a joint and mutual responsibility for how society functions. This can be illustrated with the phrase; "It takes a village to raise a child". Parents have the fundamental and special responsibility for raising their own children and ensuring their well-being, but the upbringing environment for children is not only created by their parents – it is affected by the child's entire social environment. And we are all responsible for that.

There is one prerequisite for solidarity, and this is the acknowledgement – and experience – of simultaneous fellowship and dependence. Solidarity is about standing together and supporting each other – but we do not support others if we feel they are a threat. As previously mentioned, solidarity is about reciprocity.

Developments over recent decades have moved in the opposite direction. These involve in part conscious political decisions, such as classifying the unemployed and ill as a burden on the national economy. They also involve, in part, growing divides that create ever-increasing differences in living conditions and a more polarised society.

Certain groups with benefits now feel less dependent on the social environment, and are not willing or do not understand the need for a solidary funded welfare policy. Other groups disadvantaged by the developments may feel that the "politicians" are no longer interested in their problems, perhaps in favour of completely different groups. This has an impact on the feeling of unification with these other groups and society as a whole.

Solidarity is a requirement for the development of a fair and equal society, but the opposite is also true: fair and equal conditions are a requirement for social solidarity.

Democracy

Democracy is the summation of freedom, equality and solidarity – democracy simultaneously requires and facilitates these three values.

Linguistically, the word "democracy" means government by the people, as opposed to different forms of "oligarchy", where power rests with only a few people. Democracy as a form of government constitutionally implies that the political decision-making bodies in one country shall be appointed via free, regularly occurring elections, based on free opinion and free formation of political parties, where all citizens above a certain age – "the people" – have equal voting rights.

Historically, the concept of democracy was primarily in opposition to the power held by royalty and nobility. Nowadays, democracy is more commonly in opposition to the concept of a "dictatorship", i.e. a method of government in which the freedom of opinion and association is limited by regulations established by governing elite groups, who ultimately maintain their power by means of force. Some examples of dictatorships are one-party-states based on a specific ideology, such as China or the former Soviet Union, military dictatorships or religiously governed states, such as Iran and Saudi Arabia. There are also states where the method of government is formally based on democratic elections and democratic rights, but where the opportunity to vote and the right to form opinions are in practice controlled by the existing regime, and opposition is only permitted to a limited extent.

Only a few decades ago, democracy was seen as the most obviously superior form of government and as a general target for all development. During the decades around the turn of the millennium, democracy gained ground in an increasing number of countries. In more recent years, this development has come to a stop and, in certain areas, has practically broken down. Non-democratic movements are growing in strength, and a more open questioning of democracy can now be heard even in countries considered to be stable democracies or on the road to democracy.

We would therefore like to start out with the question; "why democracy?"

Why democracy?

No person lives their life independently of society; on the contrary, we are all entirely dependent on how society functions, the opportunities it affords us and the regulations it lays down. It should therefore follow that we all have the same rights and opportunities, on equal terms with each other, to influence how society functions and its regulations.

This is the simple answer to the question "why democracy?": everyone must be able to influence that which affects us all. On equal terms.

It is not justifiable to allow a small part of a society's citizens the right to decide on behalf of all others, without them being informed, how the society in which they all live shall be developed. However grandiose the arguments supporting such an oligarchy, both past and present show that this form of government always implies a stratification into superior groups with power and subordinated groups with no power. Decisions will always be governed by the special interests of those in power, and

this always represents a threat to the freedom of those without power, limiting their lives.

For social democracy, the concept of democracy is a summation of the fundamental values of freedom, equality and solidarity. Democracy both requires and creates freedom. It is based on the fundamental equality associated with each citizen's equal right to influence their society. It both requires and creates the solidarity between a society's citizens that is implicit in our understanding of our mutual dependence on each other and our joint responsibility for the society that shapes our own lives.

Pluralism

Democracy is contingent upon pluralism. Any notion that personal opinions, religion or ways of life must be subordinated to some policy or religious ideology, determined and sustained by the state, is incompatible with democracy.

On the other hand, democracy must be able to sustain and defend its democratic values as they are expressed in social organisation and social institutions. Freedom of opinion implicitly implies the freedom to express non-democratic opinions, but not the right to do so using violence, threats or intimidation, and not the right to translate these opinions into attempts to restrict the freedom of others within the same society. The freedom to practice a religion does not imply the right, for religious reasons, to restrict life choices for other persons in the community, or to require adaptation of various social functions to the requirements of that religion.

At the same time, democracy, in a constitutional-political sense, is based on majority decisions. The fact that democracy simultaneously requires pluralism in terms of opinions and majority decisions, i.e. non-pluralism in practical politics is, in a certain sense, a paradox. Several mechanisms have therefore been designed to prevent majority regulations resulting in oppression of minorities. One such mechanism relates to division of power. Application of the law shall be carried out by independent courts. A distribution of responsibilities and decision-making powers is required between central and local bodies. An independent media provides continuous investigation of authorities and political assemblies.

And the regular elections for political, decision-making assemblies provides the citizens with recurring opportunities to create new majorities and to reject unsuccessful policies.

For it is ultimately the citizens themselves who are responsible for maintaining democracy. Democracy requires active and committed voters, not only during actual elections, but voters who get involved in the different issues, take part in debate and are prepared to take part in community work. It requires voters who themselves act in accordance with democratic principles regarding freedom of opinion and freedom of speech, and not only respect their own such freedom but also that of others. It requires the elected representatives of different parties to be prepared to listen to each other's opinions and to find a balance between the interests of the different voters so that solutions can be identified that best serve the population as a whole.

Democracy involves diversity but requires cooperation – on democratic grounds – between the disparate parts of this diversity. It also requires a common-value system and a common acceptance of the democratic principles of freedom of opinion, freedom of speech and the individual's right of self-determination.

Democracy's sphere of influence

Civil liberties and rights, rights that must not be restricted, are the necessary prerequisites for democracy: the right to vote, the freedom to form parties and different kinds of interest groups,

the freedom of opinion and of religion, the freedom of speech and freedom of the press. Without these, there is no democracy.

However, democracy means, as previously mentioned, government by the people – and such a form of government also entails genuine opportunities to influence the conditions in and development of the society shaped in turn by the conditions of its people. If elections for decision-making assemblies are to be meaningful, and not just an opportunity for some kind of general expression of opinions, the elections must result in decisions that impact society. The issue of democracy thus also comprises its sphere of influence: what is the remit when it comes to decision-making of the democratically elected bodies and what power shall they have to translate these decisions into action?

The political parties in Sweden differ in their views on this. The differences mainly concern the role of the Government partly in economic policy and employment, and partly in welfare and distribution policies.

There is a consensus that democracy, i.e. the politically elected assemblies at national and regional/local level, shall be responsible for a number of collective services, which the "market" would never be able to manage – such as the legal system, the armed forces and infrastructure. There is also consensus that these democratically responsible bodies in society shall be responsible for a number of civil enterprises, such as education and health care, but opinion differs on both the scope and the design of these services. When it comes to social regulations of the world of production and the labour market, there are and always have been marked differences of opinion.

These are supported by ideological divides, which in turn also reflect different interests.

Ideology and interests

A large share of individual living conditions are shaped by social structures. If the opportunity for an education is dependent upon the income of the parents, some children – as in the early years of the Labour Movement – will in practice be excluded from taking higher education and will thus have restricted opportunities as adults. If access to childcare or geriatric care is based on an individual's own economic resources, the entire responsibility for such care is transferred to the family; in practice, this impairs opportunities for women.

For the Social Democrats, democracy has therefore always entailed ensuring that the politically elected assemblies have sufficient decision-making powers to develop and sustain such structures that are key to welfare and equal options for individuals in their own lives. This involves services that are necessary for practically everyone and which, in some form, always require investments that exceed amounts affordable for the individual. Education and health care are examples of such services, as are culture, childcare and geriatric care. There are also services that are essential for the functioning of economy, working life and, in turn, society as a whole – and where equal access for all to such services allows for optimal functioning of the economy, the labour market and, in turn, society as a whole.

For social democracy, democracy must also protect the citizens against strong economic interest groups over which the citizens themselves have no influence, and where the differences in economic power would otherwise result in major inequalities. Labour legislation and working environment legislation are examples of such equalising measures, as is the social security system. These provide protection against such economic subordination that would force people, merely to survive, to accept employment on extremely poor conditions.

Conservative and liberal parties traditionally have important voter groups with commercial and entrepreneurial interests. They are consequently critical of measures they perceive to be regulation of enterprise and, as such, an equalisation of differences in economic power. This often includes measures relating to labour market policy and, at times, also environmental policy. When it comes to environmental policy, current criticism is primarily expressed in the struggle to moderate certain types of legislation or delimit certain economic control measures, not to directly obstruct or abolish them. The opposite applies, however, to labour market policy: the past decades have, in many ways, witnessed a process of undermining that in several respects has increased pressure on the workforce and exposure in working life.

Within welfare policy, social-liberals have traditionally advocated relatively wide-ranging social undertakings, while conservative parties tend to promote more limited undertakings. The breakthrough of market liberalism at the end of the 20th century has however – as previously noted – driven back social liberalism, and liberal parties today have a generally more constricted view of distribution policy measures – primarily social security – than they did several decades ago.

Market liberalism has also implied that the tax-funded welfare sector – health care, schooling, social care – is now open to private enterprises, including profit-making enterprises. These enterprises have full freedom to decide where they want to establish business and which groups to target. The principle of distribution according to civil needs has in practice changed direction towards a market principle of distribution according to the manufacturer's profitability analyses, clearly benefiting certain groups at the expense of others. The underlying governance according to interests is evident. We will return to this issue in the section on welfare policy.

Democratic legitimacy relies on the effectiveness of democracy

The sphere of influence for democracy has shrunk, in some respects substantially, over the past decades. This is partly attributed to the fact that the political base for democracy, the national government, actually has less room for manoeuvre than previously, in this period of economic globalisation. It also, however, attributed to the fact that any genuine decision-making authority, in one form or the other, has been transferred directly from politically elected bodies to what is known as "the market".

There are no concrete and unambiguous answers to the question of what tasks shall be assigned within the framework of political democracy; this is rather a question that requires constant testing. Different times are dominated by different types of problems, which in turn may require different scopes of – and different designs for – policies. Political government may go too far and take us in the wrong direction in relation to its original ambitions. It can also be too weak and, similarly, take us in the wrong direction.

However, the past decades have shown us that the most common argument used to defend a reduction of political and democratic governance – i.e. increasing influence for the individual – is merely a redistribution of power between different groups in society. The economically stronger groups have gained greater room for manoeuvre, which implicitly entails more freedom for the members of such groups. Economically weaker groups have fallen into the gap, resulting in less freedom for the people in these groups.

With the non-democratic trends, normally referred to under the collective term of right-wing populism, there is clear evidence of dissatisfaction and powerlessness in the face of developments in society, with the feeling these are being witnessed from the

sidelines. This dissatisfaction relates to a significant extent to deficient social functions, perhaps in particular the welfare policy. Consequently, it is not sufficient to implement measures or attempt to form opinions that protect principles such as freedom of speech and of opinion in order to come to the defence of democracy. The legitimacy of democracy is the only real and strong defence of these principles, and this legitimacy requires sufficient drive for democracy to sustain a society where people feel they have influence.

It is true that democracy can never provide all persons with the opportunity to have everything just as they want it in society. However, democracy must provide all persons with the opportunity to – in the words of author Folke Fridell – "take part in sharing and deciding", on equal terms with all others. When such opportunities are available, it becomes easier to understand and accept limitations implied by availability of resources, and, as such, that not all wishes can be met, and that other needs may actually outweigh others.

Illiberal democracy

Democracy is not without dispute, not even in countries currently with long-standing traditions of democratic government. There is evidence that developments towards democracy in several countries have started to change direction, while other countries have directly affirmed non-democratic government.

This breakdown in democracy, in many cases, can be explained quite simply in that certain groups who have gained control over important social institutions, such as the media, military and police, appear to be able to retain this power by obstructing and preventing opposition, controlling opinion and controlling formal elections. In other situations, the breakdown involves a certain ideology – religious or political – seen to represent the only right and truth, which has developed into the very foundations

for government. Dissenting opinions are, as such, something that denounce this right and truth and can thus not be permitted. Democracy, with its demands for pluralism of opinions, is therefore no longer viable. Marxism-Leninism, fascism and religious orthodoxy as a basis for politics are all different variations of this theme.

In recent years, a new form of non-democratic ideology has emerged, known as "illiberal democracy". This is "democracy" without freedom of opinions, freedom of the press and an independent legal system. This idea is based on a specific interpretation of the concept of "demos", the people; "the people" as a term is not used in the classical concept of democracy to denote "all citizens" as opposed to a governing elite, but as a designation of an ethnic and/or cultural community within national borders. The political method of governance known as "democracy" should therefore be shaped to express and reinforce this community and its basis in a common popular national identity. Illiberal democracy does not acknowledge class divides and is therefore hostile to trade unions and opposes immigration, which is seen as a threat to a country's national culture. It is also strongly conservative in its views on the family and the different tasks to be assigned to men and women.

However, even if the actual term "illiberal democracy" is relatively new, the actual mindset – the nation as a cultural/ethnic entity – is older. It can be found in full or in part in national and conservative movements at the start of the 20th century; one example being the Sweden Democrats' ideology with its clear elements of notions of "the nation" as originating from age-old historical processes creating a specific national identity, different from that shaped in other nations.

This "illiberal democracy" is closely associated with other totalitarian ideologies, based on the notion of a specific truth, a gener-

ally superior doctrine of values that expresses the interests of all, which cannot be questioned and, consequently, which it is prohibited to question. This specific truth can, as previously shown, take varying forms; a political ideology, as with the Communist states, a special religion, as in modern-day Iran, or a certain, perceived national unity culture and a more or less mystical common "essence". Those who dispute this truth are the public enemies, and those in power are both entitled and obligated to stop them.

Another common feature of these ideological non-democracies is the notion that this common truth is not open to joint discussions or votes, but can only be interpreted by a small elite, which is purely incidentally the group holding the political power. Despite the emphasis on "the people", these ideologies are significantly hierarchical, with a clear focus on strong and superior leadership, which is assumed to understand what people actually need more than the people themselves. This is a common denominator for all totalitarian ideologies, irrespective of the political or religious beliefs on which they are based: they afford power to the small group seen to represent the correct interpretation, and the people whose lives are to be governed by these ideological norms are not permitted any part in shaping these norms.

Such groups – right-wing populism, national conservatism, illiberal democracy or whatever name you want to use – have made considerable breakthroughs in many countries in the 2010s, attracting an increasing number of voters and influencing policies in countries with long-standing political histories – including the USA and former Communist states. The fact that non-democratic movements are able to win over substantial numbers of voters in democratic elections is cause for concern, and has clear parallels to the developments seen in the 1930s.

The explanations for such political movements are complex. In a stratified society, the leading groups have a high level of conscious, ideological – non-democratic – aspirations. For many of their voters, their choices may rather be based on concerns regarding developments in society that feel threatening and over which they have no influence, and a distrust of the political establishment's willingness and capacity to turn around this development. This does not necessarily imply that the voters are aware of and share the underlying ideology.

In defence of democracy, it is therefore necessary to simultaneously expose and powerfully drive opinion against the underlying, non-democratic ideologies, and to show that there are politically successful solutions to those social development factors that have resulted in the concerns and the distrust exploited by these ideologists. If the people are to trust in democracy – as shown above – then this is ultimately a question of the capacity to sustain a well-functioning society not just for certain groups but for all.

Experience from the 1930s in Sweden is evidence of this. The non-democratic movements in Europe at that time found breeding grounds in economic insecurity and a lack of trust in democratic institutions; a similar pattern can now be found in modern-day right-wing populism. In Sweden, as in Denmark and Norway, however, Nazism/fascism never established a real foothold, even though such movements can be found in these countries. One central reason for this is the social democratic reform policy shaped according to the common needs of major groups of the population, such as the labour market policy, family policy and housing construction. These were policies that provided hope for a future that could be better and for a society that was fairer.

The real and significant results of the reform policies were not evident until the 1950s and 1960s. The fact that something new

was happening, a development which the people felt they could influence, created a sense of trust in democracy that did not allow any fertile ground for authoritarian and undemocratic movements.

These are important lessons to learn and guidelines for the future.

Laborious democracy

Democracy is not an easy form of government, perhaps not as flashy as some counterparts. The decision-making processes can be long and slow-moving, compromise and mutual adjustments are always required between opposing needs and interests, it can take time before results become evident, there are always economic limitations obstructing the road ahead and external factors over which national democracy has no control. There may also be the allure of assumptions of a simpler and quicker route to obtain results, of stronger leaders who seem to get the job done or competent experts who, without numerous protracted debates, carry out those measures that are objectively the most appropriate.

However, social change, no matter how wonderful it may be seen, cannot be implemented from above. Social change cannot be imposed upon the citizens – it must be supported by the citizens themselves, or it will be neither legitimate nor sustainable. A good share of the distrust against democracy that we now encounter in the western world relates to changes that, in principle, have been implemented from above, and where those whose voices have not been properly heard now choose to revolt. According to the words of Olof Palme in the social democratic party programme in 1975, social changes must:

> "be based on the will and efforts of the people. (...) They must be implemented on the road of democratic conviction under open debate and with consideration and respect for the views of others, as is necessary with democracy. This road may seem laborious and time-consuming. It leads, however, to the absolutely decisive advantage that social change can be carried out with the active participation of the citizens, and that the results generate strong roots among the citizens."

III

SOCIAL DEMOCRATIC IDEOLOGICAL DEVELOPMENT: THE WORLD OF PRODUCTION

Marxism

KARL MARX (1818–1883) was a central figure in the development of socialist theory, which started around the mid-19th century. Most of his works were authored in close collaboration with Friedrich Engels (1820–1895). The emerging European Labour Movement was strongly influenced by Marx/Engels, but most probably these figures appear in retrospect to have been more predominant than they actually were among their contemporaries. Other significant theorists must also be mentioned: for example, August Bebel, (1840–1940), Ferdinand Lassalle (1825–1864) and the German group known as the "Kathedersozialisten" a historical school of economics, the members of which were social policy advocates.

They all shared in common the basic principle of criticism of the unregulated capitalism of their time and the ensuing social divides. They differ in part in their views of how this problem was to be solved, and in part in their assessments of future developments on society.

Nonetheless, the Marx-Engels theories have survived longer than others in debate and have, via the Communist Soviet Union and subsequently Communist China, had an impact on 20th century history as a whole. The fact that both the Soviet and Chinese social upheaval occurred in a way that essentially deviated from Karl Marx's forecasted development is another story entirely. In Sweden, the early Social Democrats were influenced by Marx's theories, although Lassalle in particular was an important source of inspiration for many. The founders of social democracy also included features specific to Sweden in their theories, distinguishing Swedish social democracy from the continental version. The strongly positive approach to the trade unions that emerged very early on did not concur with an orthodox interpretation of Marx; on the other hand, there is a clear influence from the early Swedish popular movements, originating from the self-management structures of the old farming communities.

The Social Democrats adapted or re-interpreted Marx's theories in light of their own experience, adding or subtracting as they saw fit. This is true of most of what is known as Marxism; there are interpretations and translations, influenced both by society and the time of the first interpretations. All political groups who have adopted Marxist mindsets have made their own selections and their own translations.

Marx was both an historian, sociologist and economist, and has been an important catalyst for both historical research and sociology. Parts of his studies on capitalism, such as its inherent tendency for concentration, remain of relevance today, while other parts, such as his theory of added value, have long since passed their sell-by date.

Marx was intensively involved in political debate in his time, but his social theory was neither a political ideology nor a political action plan. He repelled all attempts to translate his theories into

ideology, and it is said that, at some point, he exasperatedly proclaimed: "I am not a Marxist". In collaboration with Friedrich Engels, he developed a historical-philosophical theory of regulated stages of social development. Based on European economic history, he made a number of conclusions regarding future developments.

Class struggle and the collapse of capitalism

The *Communist Manifesto* of 1848 states: "The history of all hitherto existing society is the history of class struggles". The term "class struggle" refers to the conflicts for power over production means and the distribution of the results of production, where the line drawn in this conflict is between the class(es) that control the central means of production – such as land, natural resources, capital – and the class(es) that in principle lack such power. "Class" is thus defined by position in the world of production, not by any other social characteristics.

There are major conflicts of interest between these classes with regard to production organisation, distribution of production results and the social institutions responsible for legislation and law enforcement. The class that owns/controls the central production factors can inherently control the world of production in accordance with their own interests, and exploit legislative powers to the same end.

The term "class" in this sense has never been simple and unambiguous to define, and neither was it in Marx's time. Within the group of "owners", there are also differences in power and influence between those who own a lot and those who own a little, also resulting in differences in actual influence on the economy. Within the group of "non-owners", there have been and remain differences in professional skills and replaceability at work, also resulting in different positions of strength in working life.

Marx therefore introduced the term "middle classes" to his analysis of his contemporary society, to provide a designation for groups – for example, craftsmen, officials, doctors and teachers – who were not as subordinate as the working class, but neither had the same power and influence as the capitalists and industrial entrepreneurs. Nonetheless, Marx believed that the middle classes should join the proletariat, lower themselves to the working class. Such a development would result in two classes only, the proletariat and the bourgeoisie, who would face each other to bring an end to the class struggle, in "the final battle".

Marx and Engels believed that social development was driven by the battle for the means of production; the "class struggle" is thus a battle for power over production. Changes to power structures are, however, never achievable by political means alone. They first require new technology or other economic change to necessitate and enable a new production regime. The class that controls the key production factors in this new regime will then be able to take over power from the class that was dominant in the old regime.

In Marx's forecast, the end of the class struggle was when the socialist society – the classless society – jointly owned the means of production. However, such a conclusion had to result from the development of productive powers, implying that the results of production were so numerous that they sufficed to ensure welfare for all, thereby abolishing conflicts of interest regarding the world of production and resource distribution and making any conflicts regarding power and resource distribution – the class struggle – futile.

And it was, according to Marx, capitalism that would trigger this development of the productive powers; capitalism was, quite simply, the necessary precursor to a socialist society. However, the inability of capitalism to manage the strong economic powers it had itself developed and to fairly distribute the results of production would inevitably produce such social tension and such economic crises that society would necessarily collapse. This is when the final battle between the classes – the bourgeoisie and the proletariat – would be fought. The proletarian revolution would be victorious, the means of production made collective and the classless society would arise.

In order to provide the complete picture, it should also be added that Marx's theory does not exactly describe how the revolutionary – i.e. complete and dramatic – change would be carried out or how the future world of production would appear. Marx's theory describes an (imagined) historical process and is, as mentioned above, neither a political nor an economic action plan.

The legacy of Marx

The theories of Marx and Engels shall thus be seen as an (imagined) scientific system development, the aim of which is to provide templates for development of the world and human society – templates that, according to the theories, follow a certain conformity to law.

This grand quest to explain our entire existence in one cohesive model is typical of the 19th century. The belief that society conformed to some kind of law, which could be discovered and proven using scientific methods, was common in many areas. It was markedly inspired by the major advances made within natural sciences in the 18th and 19th centuries, demonstrating cohesive and explainable structures in elements that had previously been seen as the manifestations of the actions of supernatural powers. At that time, it was a natural conclusion to believe that similar patterns could be found in social development.

Today, not even natural scientists claim to be able to explain the purely physical developments in terms of predictable systems that entirely conform to laws – and even more so for social scientists. It is possible, however, to identify links and probabilities. Certain mechanisms can be identified that have an impact on economics and social life, and it is possible, to a certain extent, to predict the impact of such mechanisms.

In an economy and a society, however, where millions and billions of people are active, where a number of needs and desires interchange and where a number of different interchanging powers – some collaborative and some counteractive – are constantly in movement, it is never possible to precisely predict the direction such development will take. Such development is never predetermined. The underlying economic and technological premises are important factors for the development, but it does not mechanically follow these premises; it is influenced by political and social movements, which in turn produce counter-movements in a continuous ongoing process of change.

Social democracy in Sweden abandoned its notions of a legally regulated development towards a specific type of society a long time ago. The only part of Marx's legacy retained by the party is the analysis instruments, provided by the historical-materialistic approach and the view of the role played by the economic conflicts of interest. However, it is important to note that this relates to tools, utilised to understand movements and structures, in addition to society and economy – not some blueprint where you can find ready-made answers.

Within some left-wing parties, Marx and "Marxism" (or notions of "Marxism") have at periods of time been seen almost as a religious document, in which some of the more obscure words provide a guideline that is not to be questioned. Such trends, albeit not as evident as in the past, can also be found in modern-day debate. This type of single-minded literal approach is extremely dangerous – and this applies to all theories – political or religious – seen as representing the Truth with a capital T. The history of Communism shows us how dangerous such single-mindedness can be, and how it directly opposes the ideal of freedom and equality.

Social development and social change are continuous processes, and it is not possible to define any end goal in the form of a system that will subsequently endure and never change. Technological and economic developments reformulate social problems and challenges, and social organisation must inherently and always provide individuals with genuine opportunities to control their own choices in life – which is not viable in locked, finalised systems. Notions of some kind of self-regulating, perfectly functioning system in this context are just as erroneous and as dangerous, irrespective of whether they are left-wing or right-wing.

The potential to get close to realising ideals such as freedom and equality can only be found in unbiased trial and error discussions of the means which, given the prevailing external premises that constantly change over time, provide the best prerequisites for achieving the desired result. And this is not achievable with a literal interpretation of some master or other, who was active during a different period and in another world.

Revolution or reform?

Marx claimed that no production system comes to an end until it has developed its full potential, in his *A Contribution to the Critique of Political Economy*, a preliminary work (1859) to his magnum opus *Capital*. In other words, social change is seen as the result of the technological, economic and social developments, and not of politically governed actions. In actual fact, this theory excludes policy as a means to produce decisive social change, as

it depends on specific economic processes that necessarily follow a certain mutual logic.

However, just sitting still and waiting for development – particularly if this is only expected to occur in an indefinite future – is a rather weak political programme. It is all the more so weak when the daily conditions for many are unbearably poor and the demand for change becomes almost explosively strong. By the end of the 19th century, when socialist groups had started to grow increasingly in strength, a number of different strategies were therefore developed, so to say, to accelerate developments. Some of these can be described as reinterpretations of Karl Marx, whereas others gradually implied a freer and more explorative approach, resulting in new political conclusions.

The discussions signified that the socialist parties in Europe and Russia started to divide, one in a reformist direction and the other a revolutionary direction. This development took place over time, and neither the reformist nor the revolutionary ideology was fully evolved until the end of the 1930s.

The origins of the divide were discussions regarding violence as a method of inciting the expected downfall of capitalism, but at first there were no presumptions that it was possible to anticipate the actual downfall. Both directions accepted the fundamental thesis that the actual, major transformation could only take place once the conditions for production had matured. In actual fact, the debate related to how to make use of the time before this in preparing as best possible and spurring on the expected development. There was, in other words, a preconception at the start of the 20th century that the world was approaching a major upheaval.

Many socialists saw the First World War, in which the old major European upper-class controlled powers fought against each

other, as a prelude to this upheaval. The Tsardom of Russia was overthrown by a bourgeois revolution in March 1917. This regime was ousted in the late autumn of the same year by the Bolsheviks under the leadership of Vladimir Lenin. The Bolsheviks, in the spirit of Karl Marx, proclaimed a proletarian dictatorship, despite the fact that Russia was not a mature – or even an immature – capitalist industrial nation ready for social change; on the contrary, Russia was a feudal agrarian society.

The belief was, however, that the World War would lead to revolution also in the more mature capitalist nations such as Germany, France and Great Britain, supporting the new Russian socialist state. This did not occur. As a result, Lenin and the Russian Communist party developed their theory of the revolution as viable, so to speak, prematurely – given that when you already knew how everything was to end, why not go directly to the certain outcome without spending any intermediate time waiting?

On the other hand, the reformist groups wanted to start changing and making improvements there and then. In the place of one single and violent upheaval, they saw the potential for a gradual approach to a more equal and fair society. As capitalism had already yielded such major productive forces, why wait until the downfall of capitalism to start introducing a fairer distribution of the results of production? Why not start straight away?

Both directions have an implicit and clear divergence of views on democracy.

For the revolutionary groups, the task was to realise a historically preordained development towards a socialist society. The indoctrinated Marxists in the Communist party were responsible for correctly interpreting the requirements for such development, and this approach allowed no form of opposition; as opposition, by definition, was wrong. Allowing for any opposition

would result in the risk of delaying or impairing the preordained development. This also meant that the democratic requirement for freedom of speech and opinion was not viable.

For the same reason, membership of the Communist party was not open. Membership was by election only, and only after demonstrating fulfilment of a number of requirements for approval established by the existing party organisation, including an insight into the special Soviet Marxist interpretation known as Marxism-Leninism. In other words, innovation was not welcome.

On the other hand, democracy for the reformist parties was both an end goal and a means to the end. The fundamental philosophy, to improve living conditions for workers, required them to base their actions in the demands and needs of these people and not in theories created with no link to the actual problem. This view in turn required a political process on a broad front in order to bring together large groups of people; party membership was therefore open to all who showed an interest, and the parties aspired to have mass membership, to become popular movements.

Those parties to choose the revolutionary strategy eventually took the name Communists. Those to choose the reformist strategy called themselves social democrats.

The reformist model primarily evolved in the Nordic countries, Germany, the Netherlands and Great Britain. The revolutionary model had its stronghold in Russia or, after 1917, the Soviet Union, and then subsequently in China (from 1949).

The reformist parties did not, naturally, have identical development; national circumstances played a part. However, a number of fundamental similarities can be found in the policies for

which these parties stand: tax funding of social services such as education and health care, and financial security in the case of illness and unemployment. Business is based on private enterprise, but salaries and working conditions are jointly specified in agreements between the employers and trade unions, albeit with the support of legislation governing minimum wages in some countries. The rules of the economic game are established by means of political decisions that protect the interests of society and the employees.

International research commonly highlights the Nordic countries in particular, where social democracy has its strongest foothold, as an example of how to successfully combine welfare policy with economic efficiency, and where political democracy is very strong. Up to the 1990s, voter support for the Nordic social democracy was also very strong.

The Bolshevik revolution in 1917, however, did not transpire from mass popular protests against the oppression of the Tsardom; it was a small group of revolutionaries who took over political power by force. The new regime nationalised all production, but failed to implement any principles regarding worker influence over working life and society. In practice, the only result of the revolution was the replacement of an elite in power – the old aristocracy – with a new elite, the ruling Communist Party nomenclature. Some fundamental social reforms were introduced, such as the right to education and health care. However, there were no changes in political oppression, which remained extremely ruthless for decades.

The regime invested heavily in the assumption that industrialisation of the nation and industrialisation in general implied, as in other parts of the world, increased growth. Central government of the economy had a positive impact in these decades, as this primarily involved mobilising resources for fundamental invest-

ments in basic industries and production factors such as buildings, machinery and infrastructure. The "Space Race" between the Soviet Union and the USA, which started in the mid-1950s and continued until the mid-1970s, showed that the Soviet Union was well-developed technologically in several aspects.

After the initial phases of industrialisation, however, the demands for differentiation, flexibility and specialisation started to grow. These demands are difficult to reconcile with a harsh central government. The rigidity of both the economic and political system in the Soviet Union obstructed any kind of continued economic development, and by the time a new and more open political direction had started in the 1980s, it was too late. The system collapsed upon its own inherent contradictions – like some ironic reversal of Marx's thesis of the downfall of capitalism.

One final comment on the old debate regarding reform or revolution is that the idea of a premature revolution did not hold water. Reformism is demonstrably the more sustainable alternative. The reason for this is, in fact, simple: irrespective of whether a party achieves governmental power via an election victory or a coup d'état, the actual work of continuing to practically carry out reform requires tens of thousands of detailed issues – a process that, in addition, always depend on the realities of the economy. The major change in system envisioned by the old revolutionaries – creating in one fell swoop a completely different society and economy – simply does not exist.

This is evidenced not only by the developments in the Communist Soviet Union, but also by the experience shown by numerous subsequent upheavals referred to as "revolutions". These overthrew old regimes and represented a hope for something completely different and better – but which were quickly taken over by new ruling groups, just as undemocratic as the old.

Social change is always a lengthy process. And such processes can never by determined by the citizens of a ruling elite, overruling those affected by the change. In this perspective, reformism is the only possible way forward.

Class struggle or welfare state?

The programme established by the early Labour Movement was based on Marx's development forecast: you were living in the prelude to "the final battle" for power over the world of production. Only two classes would face each other in this battle – the proletariat and the bourgeoisie. Marx believed that the middle class would become proletarian and sink to the level of the working class.

This did not occur. On the contrary, statistics from the period around the last turn of the century show that the middle class both grew and prospered, and that the living conditions for the working class also improved, although still at a low level. This gave birth to the so-called revisionist battle, in which the term "revisionism" thus represented a revision of Marx's theories regarding future social development.

With such a re-examination, the idea of the historically preordained revolution was no longer so evident; it became obvious that society could also change without it. This reinforced the ongoing debate on strategy at that time within the Labour Movement – finally resulting in the division into the reformist and revolutionary parties (see the paragraph on Revolution or reform).

The revisionist debate also indirectly contributed to the development of the idea of the welfare state.

The imagined revolution was to be a majority revolution; a single working class against a single capitalist class. Or, in other words, a revolt by a large majority against a small minority.

Similarly, a reformist policy requires a popular majority behind it to be feasible. The working class alone, in the traditional sense, without the proletarianised middle class, was not enough to form a majority. Consequently, if the middle class of that time was to survive and even grow, it was necessary to find other methods by which to break down the dominant position held by capital interests over society and to win over the middle class to support the reform policy and social change this required.

During the 1920s, a certain debate within social democracy was held regarding a change of name to the "Social Democratic People's Party" instead of the "Social Democratic Workers' Party". One key figure to advocate the latter was party chairman Per Albin Hansson. His argument in favour of the new name was that it should clearly signal that the Social Democrat's social change did not involve any specific interests for certain groups of the population, but promoted a society with equal and fair conditions for all.

Using the good home or people's home – subsequently to be known as the welfare state – as a metaphor, which he presented during a famous speech to the Riksdag in 1928, he cultivated this theme: Society should become more like a "good home", marked by equality, kindness and helpfulness. In a good home, people did not look down on each other, did not oppress each other and did not gain benefits at the expense of others. He went on to link this to society as a whole:

> "Applied to the great people's and citizen's home, this would mean the dismantling of all social and economic woes, that now drive the citizens apart into the privileged and the oppressed, the ruling and the ruled, plunderers and plundered. Swedish society has not yet achieved this good home for the people. In this context, you can admittedly find some formal equality, equality in political rights, but yet socially the class divides remain and economically the dictatorship of the few. (...) If the Swedish nation is to achieve this good home of the people, the class divides have to be eradicated, see social care expanded, organise an equal economic redistribution, the workers need be given a larger say in the economic governance of this nation, democracy needs to be performed and applied both socially and economically."

The People's Home speech thus relates to equality, not least an equal distribution of power in both the economy and society, and it has a clear – if you like socialist – borderline stance against capitalism and minority rule. However, the concept of the people's home was criticised by the Communist party as a betrayal of the working class, i.e. the "non-socialist". Their own slogan during their 1930 speech was "class against class", and where the "class struggle" was defined as a struggle for the interests of the workers.

"Class" was thus defined in this context in sociological terms, with the "working class" as a socially defined concept in relation to the "middle class". The idea of the people's home, on the other hand, was based on a wider definition of the concept of class, according to the different social groups' positions in relation to the major capitalist interests – and, if we are to remain true to Marxist terminology, this is actually in accordance with Marx's definition of class. The "people's home" was a way of shaping and justifying a policy of equality that united different non-economic power-owning groups' interests in a different distribution of the results of production and new working conditions.

The ideas of the people's home were one of several elements in the reformism that gradually evolved throughout the 1920s and 1930s within social democracy, and which, for example, comprised the ideas of active economic policy (renamed with time to Keynesianism), and Nils Karleby's ideas of changing the rights related to ownership rather than the actual form of ownership. In total, this comprised a development towards a more inclusive view of society and democracy than before, in which collaboration, redistribution and negotiations became more important instruments for change than the notions of confrontation and revolution.

The term "people's home" was, however, also used during that period – albeit not frequently – by conservative debaters, but with entirely different implications. For the conservatives, the people's home – and in general the utilisation of the word "people" – related to national community, with a biological-cultural basis and superior to all other factors relating to the class divide. On the other hand, the conservative models viewed all ideas of class divides and divided class interests as a direct threat to the national community. This implied that the model was also undemocratic, as democracy requires pluralism of opinion, and pluralism of opinion could represent a threat to the overarching value – the national unity.

Today, the Sweden Democrats have readopted the term "people's home", now known as the welfare state, and are attempting to claim that they are the true heirs of Per Albin. This is nonsense and clear evidence that they have not even read Per Albin's people's home speech. His speech, proclaiming that "the good home knows no favourites or undesired" is not compatible with the basic tenet of the Sweden Democrats – that there is actually a difference between people. Neither have they voted in the Riksdag in support of Per Albin's demand for the "dismantling of all social and economic woes" – rather the opposite.

Per Albin Hansson's people's home was based on the ideology of equality and the abolition of class divides. The Sweden Democrats base their notion on a national community of interests of a cultural-biological nature that stands above differences in economic conditions and economic power – and that should not be subject to argument, as such conflicts threaten national feeling. The Sweden Democrats' negative approach to trade unions is related to the fact that the conflicts of interest on the labour market, reflected in trade union organisation, are contrary to the notions of the harmonious national community.

In general, the nationalism – or perhaps it is more correct to say the nationalist romanticism – that has emerged in recent decades and can be found, e.g. in the Sweden Democrats, is based on notions of an historical social harmony that never existed. Sweden's history, as with many other countries, is full of peasant uprisings, riots and revolts against royalty and nobility. There were conflicts of interest in the past, as there are now.

Capital, ownership and right to decide

Ownership and power

The idea of collective ownership of the means of production was central to the early Labour Movement. The starting point for this was Marx-Engels' theories of capitalism moving towards collapse, contingent upon one inherent contradiction; whereupon natural resources, capital and factories would be transferred to some kind of collective ownership.

The new forms of ownership would, in other words, be the result of a socio-economic change that had already occurred, not incited by political initiatives long before they were timely. Around

the last turn of the century, a gradual movement began to emerge, where certain groups started to see the socialisation of important production resources not as a result of social change, but as a means to produce social change. This formed the guidelines for those groups that moved towards a revolutionary direction and who, after the Bolshevik revolution in Russia, started to refer to themselves as Communists.

The reformist parties, the social democrats, remained loyal to the theory that the change to the economic system had to result from the inherent logic of the development, and could not be predicted. However, another theory emerged claiming that the development was moving at different speeds in different industries, and that some industries would be "mature" for collectivisation before others. The issue of changes in ownership before the final upheaval can therefore also be found in reformist debate.

At the same time, there were major disagreements and confusion regarding the form of this collective ownership: nationalisation, trade union ownership and cooperatives were all alternatives. The debate about how this collective ownership should function in relation to the consumers' wishes was even more obscure. The more or less expressed notion was that production should be based on economic planning, i.e. various forms of production quotas to be met by companies. However, how such quotas were to be established and how technological developments and changes in consumer demand could be predicted in such plans were questions hardly even discussed, let alone answered. As a matter of fact, there has never been any socialist business administration and managerial economic theory.

In essence, the socialisation requirement did not involve entrepreneurship, but power relations. Criticism of capitalism targeted the extremely distorted power distribution in economics

and, as such, working life, a distribution that implied that the capitalist interests in their own profits were allowed to dominate all other interests in society. This often enough implied that the profits were earned by means of harsh exploitation or direct oppression of the interests of others.

Collectivisation of the means of production, such as natural resources, factories and banks, was thus seen as the method required to change this distorted distribution of power. However, when the debate moved from theory to concrete issues about how the change of ownership should take place and how the companies would subsequently be financed and managed, the difficulties became obvious. This was demonstrated by the *Socialisation Commission* established in 1920. This existed formally up to 1937, but produced nothing more revolutionary than a few cautious proposals regarding the footwear industry and the many private local railways at that time. The difficulties identified by the Commission advocated a reformulation of the issues regarding the right of ownership and the role of ownership.

These difficulties were also acknowledged in the 1930s, when new experiences were gained of the potential to democratically change the functioning of the economy. At the same time, more knowledge and insight were gained into both democratic and economy requirements for diversity: people had to be allowed influence in different forms, as citizens, as employees and as consumers, and this is not possible with a monolithic and central government system. The frightening examples seen in the Soviet Union showed that there was – at least – just as high risk related to governmental owner concentration as with private; in both cases, major differences in power were created between those who controlled the means of production and those who were controlled by those in power.

"Socialism in the face of reality"

So, the answer to the central socialist question about control over the means of production turned out not to be collectivisation without proliferation. The new debate that emerged from the end of the 1920s focused on the right to decide over, not ownership of, the means of production and the distribution of the results of production. The ideology of an economic democracy now involved power distribution, not nationalisation. This has determined social democratic policy since the general election victory in 1932.

The tools to be used to make the move to – or in other words, democratise – the right to decide were multiple.

- The economic policy was designed to counterbalance economic fluctuations and, as such, minimise the risk of unemployment.
- Legislation created a framework for corporate operations, which had to meet overarching requirements on product safety, management of natural resources and land use.
- Salaries, working conditions and working hours became an issue for negotiation, rather than a factor determined by the employer alone, and a high degree of trade union organisation allowed the trade unions sufficient strengths to act as a counterparty to the owner interests.
- Taxes and social security were distributed according to the results of production and provided a fundamental social welfare for all, with access to schooling and health care, along with economic security in the event of illness and unemployment.

All this implied that society – "the social superstructure" – changed. This applied to access to social welfare and it applied to influence within working life but, not least, it applied to the views on equal rights for people as citizens, irrespective of class.

The leading theoretician behind the model utilised to move from ownership rights to the right to decide was Nils Karleby (1892–1926). His ideology was formulated in his posthumously published work, *Socialismen inför verkligheten* (Socialism in the face of reality). Karleby's main argument – that the capitalist interests in profits could not be allowed to be the prime goal for production – reflects the very core of the socialist view of society, but Karleby puts it differently:

> "(S)uch interventions must take place in the form of material production so that it may serve to improve rather than destroy the lives of the workers. Social policy, educational policy, trade union activities etc. were the means. (…) Humankind must not be made a slave of material production."

> "Take city planning, health care regulations, social legislation, tax legislations for social policy purposes – what are these other than yet another series of forms of ownership according to the norms of public welfare?"

These quotes from Karleby list a number of issues, in which social democracy, with the help of legislative powers, made the move to the right to decide over the next decades. The labour market legislation was developed in particular in the 1970s, increasing the right of self-determination for employees. And, as the environmental debate gained in strength, legislation has been developed to cover different forms of impact on the climate and the environmental effects on natural resources, such as limitations in emissions to air and water, use of chemicals and energy consumption.

Labour and environmental legislation can be seen as parallels; they both implicitly imply that the starting point for the method of production cannot be the highest level possible of return on capital, entirely irrespective of how this is produced. Profit for the capitalists does not generate social benefits if it is generated in a way that creates costs for other groups or directly implies destruction of other resources than capital. The effects on other production factors, such as the workforce, natural resources and the climate, must be integrated in those decisions that in total determine the world of production. This requires allowing representatives of interests other than those of the capitalists – the citizens and employees – to influence decision-making via legislation or trade union organisations.

Conversely, the importance of capital interests shall not be denied; it is equally foolish to use capital inefficiently as it is to negatively impact the environment or the workforce. Experience from the Soviet economic planning system clearly shows that inefficient capital utilisation results in both leakage of funds and poorer results of production. The capital interests also require monitoring, but at a coordinated, not superior, level in relation to other interests. Or, in other words, "capital is a dangerous ruler, but a good servant".

The dynamics that occur in the interaction between different production interests when they are allowed to function on equal terms are positive for the economy. That known as the Swedish model, and which in its original form involved a negotiation collaboration between trade unions and employers, was based on this understanding that there are several different requirements on the world of production, and all are justified. Moreover, all have to be incorporated into decisions regarding how to organise the world of production.

But is this enough?

This does not mean that the model always works flawlessly. It may seem that it is not sufficient, as it does not fully realise the utopias from the early years of the Labour Movement – and as there are never any guarantees that the power balance will not fall in favour of the capitalists. This has undeniably been the case in the most recent decades.

Is this not an indication that legislation and trade union influence are not enough, when capitalists can find new ways and new political groups can impair the regulatory framework?

This also gives rise to several counter-questions: Has all past experience not shown us that such guarantees have never existed? Is there risk in all types of systems, with the only difference being that the power elite itself can look different?

The last century has clearly shown us that all attempts to realise the socialist utopias by means of the old ideologies of total nationalisation have been far from reaching the goals of freedom and equality – and also in terms of participation. The notions of self-regulating systems, systems that automatically will supply a number of good and advantageous results for all, must, quite simply, be seen as exactly that – notions. This is true no matter how these notions are presented in relation to who should hold ownership.

The socialist utopias are, in this context, diametrically opposed to the market liberal utopias. When translated into reality, however, the results in both cases have been a very unequal distribution of both power and economic resources. The influence-sharing model – where the public interests, employee interests and capital interests all play a role – has proved most successful, despite not being perfect, both socially and economically. And, not least, democratically.

Economies and societies are and need to be mobile systems, systems in constant change. In all societies, including equal societies, people will have differing interests and different ambitions which, at times, collaborate and at other times pull in different directions. A democratic society must allow its citizens the scope to formulate their own interests and ambitions, including in economic life – albeit with laws and regulations that prohibit stronger groups exploiting and harming the weaker.

The dreams of ideal systems that, when fully established, will automatically and enduringly guarantee perfectly good values are and remain just that – dreams. Moreover, these are dreams that risk generating completely different results than those envisaged. The only real guarantee of a system with any form of equal distribution of influence and a balance between different types of economic interests can be found in the continuous process of assembling groups behind the requirements made, and where these groups are so large that they can also be sustained.

This also inherently reflects the ever-recurring undertaking of social democracy and the trade union movement. The only real guarantee for realisation of the above is clear support for these principles among the citizens.

Market and policy

The focus has thus moved from issues of ownership to issues of who is allowed to participate in decision-making. This implies acceptance of private enterprise and acknowledgement that capital interests are included as one of the interests that merit protection – but not the only interest and not the interest that must be superior to all others.

This does not mean that the conflict between the early Labour Movement and the right wing of that time regarding private ownership rights has come to an end. This endures as a conflict, and has on the contrary grown in strength over the past decades, regarding the issue of the owner's right to decide in relation to the public interests (such as regulation of land use) or the employees' rights (such as the Employment Protection Act, the position of trade union safety representatives or the requirement for collective agreements for procurement).

The conflict is reflected in the debates regarding market economy, or more correctly regarding issues such as which regulations shall apply for companies, how to tax companies and capital gains, how much scope should be allowed for market mechanisms and profit interests within tax-funded businesses and, in general, how to define the respective "market" roles of "politics". Please note that the term "market" in current debate is often used as a synonym for "corporate interests" or "capital interests".

Market theory

A market is, quite simply, a place of commerce. In the old farming societies, it was a physically defined space where various producers would take their goods to sell them and where a number of buyers would come to see if they could find something they wanted to buy.

When the customer found something of interest at a price that both the buyer and seller found reasonable, then there was a trade. If the price were too high in relation to what the buyer wanted to our could pay, the seller would not be able to sell his/her goods. If, on the other hand, the prices were too low, the sellers would pack up their goods and would not return to the market.

It is these age-old trading places that have provided the name for what we now call the market economy – business transactions between individual sellers and individual buyers, where supply and sales are determined by the price mechanism. This main-

tains a balance between what the consumers are willing to pay and what the producer requires as compensation for their work and investments. The price mechanism is thus assumed to result in production that is customised to economically viable demand. In turn, this is thought to eliminate spending of resources on excess production, and that the consumers are forced to be economic with their purchases so that they remain within the limits of what they can afford to pay. The end result is assumed to be an optimally effective distribution of both production resources and production results.

The market model is based on a number of assumptions: That access to the market is free for both producers and consumers, that all persons who want to produce and sell goods are entitled to do so, and that those who have the money to pay for the goods are free to choose among the goods and services, within the limits of what they can afford to pay. This model is also based on the assumption that the producers are independent of each other and compete to sell their goods to the customers, preventing overpricing, as no customer will buy goods from a producer who asks for a higher price than others. As different consumers have different preferences and more or less money to pay for goods, it is, however, assumed that the producers aim to produce different products and different qualities of products, thus providing a broad range and variety and more options for the consumer, once again within the limits of what the consumer can afford to pay.

In summary, this is thought to represent a cost-efficient and diversified production targeting the consumers' needs and with a reasonable return for the producers. In turn, these are the economic and ideological arguments in support of the market economic model. The most purist market theorists view the market as a completely self-regulating system that always produces the most optimal solutions, provided that it is left to its own devices. This view has been repeatedly criticised ever since market theories started to emerge in the 18th century, but always resurfaces. More recently, it gained in strength from the 1980s, having a dominant impact through several decades until the end of the 2010s, when it once again had to back down in the face of criticism and requirements for new social regulations.

It is a fact that the markets of reality are far different from those described in theories. The question is not whether "the markets" require political regulation, but how to regulate them.

The markets of reality and what the market cannot do

As mentioned above, the market model is based on preventing any actors, by virtue of their greater power, from being able to control the market outcomes to benefit their own specific economic interests.

In reality, the amounts consumers can afford to pay vary greatly, depending on differences in income and who they have to provide for. Large groups of consumers with similar demand are of more interest to producers than small groups, unless this involves exclusive goods for small and very solvent groups. Consumers rarely have a complete overview over supply – walking around a local marketplace and checking goods and prices is something completely different to finding your way around all the shops in a modern city or among the vast supply available on digital sites.

Economists tend to describe the relationship between the consumer and the producer as asymmetric: the producers/sellers have much more knowledge than the consumers/buyers with regard to market terms, price relations and product contents. One exception is the labour market, where there is often a reverse balance of power. On the labour market, the buyers, i.e. the employers, often have a clearly superior position in relation to the sellers, i.e. the employees/job candidates.

Nor do the producers have equal positions. There are major corporations and there are small businesses, with the latter always able to compete with the former by virtue of their major economic strengths. Even when access to the market is nominally free for new businesses, there are restrictions represented by factors such as access to capital or suitable premises; the more capital-intensive an industry, the more obstacles there are for new businesses. Companies also attempt to avoid competition by attempting to promote their own brand as something special and an added value in itself. The majority of brands of jeans, for example, are equal in terms of quality, but some brands have such a status that they can be sold at higher prices than competing but weaker brands.

The markets of reality therefore seldom function in accordance with the premises on which the market economic model is based. Such markets however, imperfect markets, still remain markets in the sense of a meeting between consumers who choose what they want to/can buy and producers who decide what they want to produce. However, such markets do not distribute production resources or production results as efficiently and according to demand as indicated by the model. In practice, distribution on the market is always in favour of the strongest groups, unless these strength relations are changed by means of measures that are additional to the price mechanism.

Social democratic criticism is therefore not a rejection of the fundamental elements of the market model, of free enterprise and free consumer choices, but rather of the imbalance that occurs as a result of the unequal strength relations on the markets. A good share of social democratic polices aim in practice to create more balance between different market actors, or quite simply to ensure that the markets function more in harmony with the principle of balance between different actors. Labour market legislation in combination with strong trade union organisations thus provides a balance between the differences in strengths between businesses and employees. Consumer protection legislation protects important consumer interests regarding, e.g., product safety, and social transfers diminish some of the differences in purchasing power.

These measures naturally restrict the ability of the economically stronger groups to control the markets to their advantage; particularly when it comes to the labour market. And it is particularly in terms of the labour market that such measures – aiming to improve the balance between employer and employee interests – have been described as an attack on the market economy. Over the past decades, the designation "market" is increasingly used to describe "private enterprise" and "private profit interests"; the greater the freedom and greater the benefits for these interests, the better the "market economy".

However, a market economy is not the same as right of control for the stronger actors; market economy, as mentioned above, involves a balance between different stakeholders. Creating a better balance between different market actors does not therefore imply disrupting the markets, but rather making them work more in accordance with the theories on which they are based.

Interventions in the "market" thus relate in certain respects to creating the balance between the different economic interests required by the actual market model itself. However, the criticism of the market liberalism theories also states that "markets", i.e. business transactions between buyer and seller, do not have the capacity, even when regulated, to generate certain important social resources – and that these resources always have to be generated in other ways.

The inadequacy of the price mechanism and where the market comes short

Markets operate, as mentioned above, via the price mechanism. This is based firstly on the assumption that there are both buyers and sellers of a certain product, service or utility. For certain natural resources, such as the air, the oceans or the climate in general, it is not possible for sellers to establish the price required that would ensure that the business and its customers are able to exploit these resources economically without destroying them. However, such economic exploitation will never be the outcome if the resources are seen as free to exploit, with no cost.

Economic exploitation must therefore be achieved in other ways – and these require political decisions. One such way is legislation with regulations governing management of natural resources, chemicals etc. Another option is taxation, for example on fuel; according to market economy principles, higher costs are thought to result in lower consumption.

Secondly, the price mechanism does not take into account the existence of products and services that are of vital importance for the consumer, but where the unit price for production is so high that few consumers are able to pay for it from their own income. Examples of this are health care and education. If these resources of such major importance for the individual are to be open to all, they cannot be distributed via market transactions based on what the consumer can afford to pay.

A different mechanism is required here to govern both production and distribution, rather than price. Historically, the solution has been to allow actors outside the market system – the Church or charities – to assume responsibility for services such as health care and caring for the poor and old. In modern welfare states, health care, education and social care are predominantly financed via taxes.

Thirdly, there are several collective resources, such as the legal system and infrastructure, that are of common interest for all citizens, but where the individual benefit cannot be bought or sold via market transactions.

These require a different method of financing – collective and obligatory, via taxes.

The common feature above is that these elements all require measures made by means of political decisions or, in other words, outside the actual markets. Such measures are required because the market model is not able to solve all the tasks required to maintain a stable society, to prevent over-exploitation of natural resources and to ensure that all persons actually have access to services such as education and health care. Society cannot, quite simply, be based solely on business transactions.

IV

SOCIAL DEMOCRATIC IDEOLOGICAL DEVELOPMENT: DISTRIBUTION OF THE RESULTS OF PRODUCTION

THE OPPORTUNITIES FOR SERVICES SUCH as education, health care and geriatric care are of decisive importance for people's lives and freedom of choice, but all such services are resource-intensive. Very few employees would be able to pay the actual costs of such services from their own income. In all countries, including the poorer countries, there is consequently some form of social undertaking, particularly in relation to education and health care. Typically, the scope of these undertakings increases as the economy develops, reflecting the demands made by the citizens: social services, perhaps health care in particular, are a high priority for citizens when it comes to better welfare. The Swedish welfare policy, initially called social policy, started to develop as early as the 1930s. The major reforms occurred, however, decades after the Second World War: child benefits, the expansion of the national pension, the general supplementary pension system (ATP), health insurance, compulsory primary school, the

expansion of upper secondary education, parental insurance, child care, adult education, geriatric care.

In most Western European countries, the commitments to social welfare started to develop in earnest after the Second World War. However, the formulation of social welfare differs between different countries, due to ideological divides. The Nordic countries, with their strong social democratic leadership during the period of development, all chose the model referred to as general welfare policy, benefits available to all on equal terms, with no income testing, and predominantly financed via taxes. In other countries, there are strong elements of income or needs testing, and various combinations of financing via taxes and fees.

The social democratic model

The basic tenet of the social democratic welfare model can be summarised with the old motto of the early Labour Movement: "To each according to need, by each according to capacity". The benefits provided by the welfare policy are to be distributed in accordance with the needs of the citizens for services such as education, health and social care and economic insurance when they are no longer able to provide for themselves. These benefits are paid for jointly via taxes, where those with the most resources also pay more than those with less resources.

The social democratic model for the welfare policy has two main components: firstly, social services such as health care, education and social care and, secondly, social security to compensate for loss of income in the event of illness, when you have given birth or lost your job. The social services are financed via taxes, and social security via employer's contribution that is set off against the wage gap. The national pension is also financed via employer's contributions paid to the Government, while the occupational pensions, regulated by means of agreements between the labour market parties, are financed via fees paid into specific pension funds.

The welfare commitments are thus paid for by the values created in production, and the welfare policy is thus a redistribution of the results of production. Instead of being allocated purely as profit and salary to shareholders and employees respectively, where allocation is governed by the strength relations on the labour market, parts of the profits are paid to the government and municipalities and are returned to the citizens in the form of services or social transfers. Such allocation is determined by need, not by the economic strength of the individual recipient.

The social services are to be allocated on equal terms; neither availability nor quality shall rely on the individual's own economic resources. The opportunity for an education, the right to health care when ill, not suffering economic distress from a change in working life over which you have no control or when it is time to retire due to age – these are all of decisive importance for the individual's capacity to control their own lives. Having such opportunities for control entails freedom. Having equal opportunities for all entails equality. Such freedom and equality would not be possible if we all as citizens did not jointly and in solidarity bear the costs.

Solidarity relates both to mutual considerations and mutual reliance in society. The welfare policy is based upon this dual approach: it covers the individual's opportunities in life, but also opportunities for society. The fact that all persons have the opportunity to obtain a quality education, and that all persons receive the care they need if injured or ill, is important for the lives of these individuals, but well-educated and healthy people also imply increased strengths for the economy and working life. Economic insurance for unemployment provides security for the individual, but also for society; it stabilises the economy in the event of recessions and minimises the risk of those social problems that always arise due to poverty and vulnerability.

With the redistribution of resources to allow individuals to control their own lives, thanks to the welfare policy, there is also a redistribution of power. A well-developed childcare and geriatric care system are necessary to break down the old gender gap, where women were locked in the role of the stay-at-home carer. Unemployment insurance that allows the recipients to provide for themselves and their families means that the individual is not forced to accept employment on awful terms. In turn, this represents an obstacle to the creation of jobs where the employees are not allowed to make any demands on either working conditions or salaries, to mention just a few examples.

Should millionaires receive child benefits?

The principle of generality implies that access to social services shall not be based on income or needs testing, but shall be open to all on equal terms. Millionaires do not pay higher patient fees than low-income employees, education is free for all, everyone is allowed to borrow books for free from the library, irrespective of income.

The ideology behind access to social services not being contingent upon the individual's income inherently implies two factors; that people with low economic resources shall not be excluded from education and health care, and that people with high incomes shall not need to pay more for these services in addition to the tax payments they have already made.

This is at times subject to criticism. The question of child benefits is particularly called into question – why should people with high incomes receive more economic support from the Government?

This would naturally lead to the question of why the children of millionaires should receive free school meals, free schoolbooks and free dental care. Moreover, why should persons with high incomes be allowed to borrow books for free from the library and make use of public transport for the same subsidised fares? Would it not be fairer if they paid for these services themselves?

The point is that these persons with high incomes do in fact pay – via taxes! The principle for the social democratic taxation policy is "tax according to viability". Those who receive higher incomes and more assets shall pay more than those with low incomes and no wealth. It is therefore illogical to demand that these persons also pay their own fees for access to the services financed by taxes, or that they are excluded from certain services, such as child benefits.

Neither does the notion that a needs-tested system would be fairer in terms of distribution policy than general systems concur with reality. The Nordic, general welfare system provides a more equal balance than the Anglo-Saxon, needs-tested system. This is because when everyone has access to the different benefits offered by the tax-funded system, then everyone is also prepared to take part in paying for them. This implies that the system is stronger and can offer better quality and a wider range of services – benefiting those with the lowest resources.

Needs-tested systems always tend to be frugal systems. If some citizens are required to take part in paying for something without receiving so much in return, then they will clearly be interested in keeping funding down, restricting the benefits the system can offer.

This is what you might call the benefit argument for general systems. This argument also implies that the labour market is stronger and society more stable when everyone has access to health care, education, childcare and geriatric care. However, there are also ideological arguments for general systems, and these relate to equal treatment and equivalency. The civil rights

– be it the right to vote, education or child benefits – must be equal for all; they are associated with the individual and his/her situation in life, not to income.

A needs-tested or income-tested system is something completely different: this no longer involves rights guaranteed in solidarity to each other by all citizens, but comprises benefits awarded to those less off by the more wealthy. This is inherently a system of give and take and, as a consequence, superiority and subordination. It is in direct conflict with the equality that is fundamental for the idea of citizenship – and it risks impacting the views of different social groups about both themselves and each other.

The right-wing model – a different approach

The different welfare policy reforms during the 20th century, with a few exceptions, could be implemented with comprehensive political agreement, even if opposition from one or more of the right-wing parties initially was strong. The Right at that time was the main source of frequent criticism, and the party voted, for example, against public health insurance. The Right also consistently opposed tax increases required to finance the development of both the social services and social security.

The growth of the neoliberal parties from the mid-1980s gradually led to an increasing right-wing negativity towards the social security system. The Moderates, who had never really relinquished the old conservative scepticism, suspecting that economic support for the poor would result in them choosing not to work, became increasingly open opponents of the principle of income protection within social security. The system was increasingly and bluntly criticised for being "far too generous" and for creating "benefit dependency"; persons who had fallen ill were assumed to be passive and staying on sick leave too long, and the unemployed as not making sufficient efforts to find new work.

Accordingly, the right-wing government in force from 2006 to 2014 introduced new compensation regulations for health and unemployment insurance, implying that compensation would be reduced the longer the sick leave/unemployment lasted and would be terminated after around one and a half years. It was assumed that this gradual increase in economic pressure would make those on sick leave/the unemployed make more effort to get back to work; the Moderates expressly stated the aim that the unemployed should also "reduce their reservation wage", i.e. accept lowly paid jobs.

These reductions were partly based on the common incentive theories, i.e. that human behaviour can to a large extent be controlled by means of financial rewards and punishments. The taxation regulations were also amended in accordance with the same theories, so that earned income was taxed at a lower rate than pensions, sickness benefit and unemployment benefits; once again, the increase in tax rate was assumed to make those on sick leave and the unemployed more likely to return to work.

However, there was no amendment of the policy relating to the social services. On the contrary, the reduction in health and unemployment insurance was justified by claiming that such benefits consumed resources from the "very core of welfare", i.e. services such as health care, education and social care, so the reductions to the benefit system were assumed to reinforce these resources in two ways: reducing the benefits by ensuring that more people returned to work, and increasing tax income by having more people in work.

It is possible to detect here the clear interests of those groups who voted for the alliance parties: interest in tax reductions, i.e. reduced government spending associated with interests in maintaining access to education, health and social care without having to pay high fees. On the other hand, the same self-interest

for strong social security was not evident, as these groups to a large extent can, or believe they can, provide for this need by means of labour market insurance.

The policies of the alliance government, as previously confirmed, implied that the principle of tax according to viability was abolished, as was the principle of income protection within social security. In summary, this implied that the redistribution via the tax and welfare policy became smaller. This development was reinforced by the increased opportunities for tax deductions for private domestic services, a development in the opportunities to buy private services on a parallel with a deterioration in access to public services.

The underlying ideology

The economic arguments also have a clearly ideological link, influenced by both neoliberalism and conservatism. Both aim, for ideological reasons, to minimise both distribution policy and governmental commitment to social welfare. Both view economic divides in society as something basically positive; economic redistribution via taxes and welfare policy is seen as harmful, distortive interventions in the market mechanisms that best benefit growth and development.

And both turn a blind eye to differences in market power that exist between producers and consumers and between different groups of consumers – differences that in turn have a distortive impact socially and economically. One common feature between conservatism and neoliberalism is, in general, the insensitivity towards the significance that external factors, factors over which the individual has no control, have on the lives and actual choices of individuals.

Working life factors have an effect on physical and mental health; moreover, the risk of a negative effect is greater the less

influence the employees have over their working conditions. Unemployment is linked to recessions, changes in international competition and technological developments, which can destroy companies and, at times, entire industries, so that former professional knowledge is no longer sufficient. In today's conservative/neoliberal view of society, however, unemployment and long-term sick leave are principally explained as the individual's (lack of) efforts to find work and, in certain cases, the lack of interest in accepting work on poor terms – not the lack of opportunity to find work. Unemployment and illness are defined as individual problems, and the individual is thus entirely responsible for doing something about them.

Paradoxically, the alliance government simultaneously made reductions in adult education and labour market training. As a result, an unemployed individual had less opportunities to improve his or her chances of finding work. It is inconsistent to make demands on individuals and at the same time limit their potential to meet these demands, but the harsh terms for social security insurance comprise numerous disciplinary requirements – and a scepticism towards those who require help from social security insurance.

For the sake of clarity, we should point out that the Social Democrats have never held the belief that social security should be without conditions. Such rights must be associated with obligations. These obligations, however, must be such that the individual can actually meet them – and the welfare policy may therefore also comprise measures to provide the individual with more opportunities to live up to such responsibility.

The current differences between the social democratic and the right-wing views of social security are tangible. There are also differences in relation to social services, such as education, health and social care, but these are expressed slightly differently.

The right-wing parties accept the principle of equal access for all, and that services shall predominantly be financed via taxes. However, the tax reductions introduced by the right-wing government have undermined the welfare sector resources, and this is increasingly clear in terms of actual capacity and actual availability. The problems this has caused primarily affect the economically weaker groups; the stronger groups have the capacity for private compensation.

There are also clear differences of opinion between the Social Democrats and the right-wing parties regarding which regulations shall apply to private enterprises within the tax-funded sector. This applies both to the right to dividends and the conditions for establishment and, thus, reimbursement of tax funds. The right-wing parties aim for greater freedom for producer interests, i.e. the companies. The Social Democrats aim for regulations governing both dividends and freedom of establishment. This unrestricted freedom implied by the current regulations (2019) has proven to result in an evident misallocation of resources, primarily benefiting socio-economically stronger groups and the economic interests behind welfare companies.

Control, responsibility and incentives

It is a foregone conclusion that control mechanisms are required within all governmental/municipal systems for management of tax funds. A regulatory framework is required to prevent both abuse and over-exploitation, and controls are required to ensure compliance with the regulations and that the preventive measures work.

In this principal regard, there are no differences between social democracy and the right wing. For the Social Democrats, however, this view applies to both the economic support for individuals, such as unemployment benefits or sickness benefit, and to economic support or financial compensation for companies.

On the other hand, the right wing clearly distinguishes between the harsh control requirements they place upon the social security systems, and the weak control mechanisms advocated for private enterprises within the welfare services. The sick and unemployed are suspected if not of cheating then at least not making a sufficient effort to return to work; and this has to be combated with harsh conditions for such benefits. Entrepreneurs, however, are always expected to make correct use of all subsidies; sufficient control is exercised by market competition, so that any further controls on the part of society are not necessary and represent the risk of market disruptions.

In such beliefs, you can detect an underlying division of people into responsible and less responsible, clearly reflecting the differences claimed by 19th century conservatism between the educated and property-owning classes in relation to the less educated and working class, few of whom own property. The latter were seen as less skilled, less discerning and, consequently, much less capable of taking on responsibility. The opposition against universal suffrage was founded on such beliefs.

Today, a dividing line is drawn in practice between those who have jobs and those who do not. In more general terms, the right-wing parties talk about civil rights to freedom of choice, without political governance, when it comes to services paid for or subsidised by taxes, but such talk ceases when it comes to health and unemployment insurance. People without work are suspected of being less mindful of their responsibilities, and it is therefore much more necessary to control such people rather than people in work.

Two concepts are key to the debate regarding these differences: responsibility and incentives. They warrant further study.

The social democratic welfare model is based both on obligations and rights: the obligation to pay tax and comply with regulations, and the right to receive a share of tax payments according to the prevailing regulations. The responsibility for your own life is expressed by the classical ideal of the good character: a person who performs a job and manages his own economy, obtains knowledge, takes care of his children, is a good friend and a good citizen.

In other words, people are responsible for how they manage the aspects of their own lives over which they actually have control. However, it is not feasible to assign sole responsibility to persons for aspects over which they do not have the opportunity to control. At times, society may be able to provide the tools to achieve this. These could be the opportunity for adults to improve on an inadequate education that prevents them from finding work, implying a responsibility for the individual to take this opportunity. However, in the event of a recession or financial crisis, causing bankruptcies in a large number of companies, so there are quite simply no jobs to be found in relation to the number of applicants, then it is not fair to blame unemployment on a lack of ambition among the unemployed.

For social democracy, this dual perspective is fundamental: Rights associated with obligations, responsibility for those aspects over which the individual has control, and the right to support or protection in relation to those aspects over which he or she does not have control.

Economic incentives clearly affect human behaviour, and it is absolutely reasonable to have health and unemployment benefits at a somewhat lower level than an individual's former income. However, economy is not the only decisive factor behind how a person chooses to act, even in situations over which they have control, and even less so when they do not.

One ambition with the in-work tax credit programme, for example, was that it would "increase labour supply", i.e. when you are allowed to retain more of an increase in income, more people would choose to work more. However, decisions regarding working hours primarily involve a balancing act between time and money. If time is the scarce resource, tax reductions minimise the purely economic pressure of increasing working hours. They may even encourage people to decrease their working hours, given that the net salary is around the same as before.

Secondly, it is far from certain that people genuinely have a choice when it comes to how much they can work. The current labour market is significantly based on part-time positions and various forms of temporary work, and the choice to work part-time is far from voluntary in every situation; sometimes, that is all that is on offer. In other situations, flexibility is required in working life and is commonly seen as important for the efficiency of the economy, not least on the part of businesses and the right wing. If you commend such flexibility, you should in the name of consistency also acknowledge that the result is that many are not able to have/cannot find full-time work.

Recovering from an illness is not just a question of willpower. It involves, primarily, access to the type of health care required to treat and cure the illness – and this is determined by the amount of resources invested in health care. Secondly, it involves the opportunity for rehabilitation and/or occupational training for persons who suffer illnesses or injuries that have an effect on their actual capacity to work. Thirdly, it involves making demands on the company to adapt workplaces and take measures involving rehabilitation for employees who have been ill, also possibly requiring a certain amount of financial support from society.

Or, in summary: Requirements made on the individual shall be associated both with the opportunities to meet these require-

ments and to measures allocated to manage such factors in economic and social life, which are of significance for unemployment and health issues. The hypothesis is that no individual lives his or her life independently of society, and that the conditions in this society determine the actual opportunities afforded to the individual, irrespective of illness and unemployment!

As a final comment to the review of the welfare policy, we can confirm that the deterioration of unemployment insurance has not resulted in any reduction in long-term unemployment, has not encouraged persons on long-term sick leave to return to work to any greater extent than before, and that the increased share of private suppliers of welfare services has not, as promised, resulted in either cost reductions or quality improvements.

Naturally, the effects of welfare policy are of decisive importance for the design and scope of the policy: to what extent does it ensure that the stated objectives are achieved, and does it have any unintended side effects that are less desirable?

No one policy is, of course, entirely without complications or free of conflicting objectives. Nonetheless, three issues can be clearly established. Thanks to the Nordic welfare model, the Nordic countries have the smallest social and economic gaps. The Nordic countries also have the greatest individual freedoms and highest mobility. And the Nordic countries have strong and stable economies and industry and commerce with very strong international competitive strengths.

Market solutions in the welfare sector

Over the past decades, the market model has increasingly permeated the way politicians work. Control mechanisms inspired by private enterprise, i.e. the market sector, have been introduced to the public sector, and private companies have been allowed to set up shop within the welfare sector and to make gains from their activities.

Greater economic efficiency, sustaining a high level of quality at lower production costs, a greater diversity of supply and increased freedom of choice for citizens were the political arguments in support of these changes. According to the dominant market economy theories of that time, the private actors were in general more efficient than the public actors, and the aspirations for clear cost savings without impairing quality were the decisive factors for many municipalities.

The outcome of privatisation has, however, not fulfilled these aspirations, and none of the studies conducted can provide any form of support for the theory that private actors should be more efficient than public actors. There are, of course, numerous examples of well-run private welfare enterprises with high quality operations, but on a general level – systemic – there are many problems.

Privatisation has, in several respects, driven up costs. These private companies have repeatedly made their profits by cutting manpower and providing poorer conditions for employees; teacher density is on average lower in independent, profit-making schools and the ratio of staff employed on an hourly basis is higher within private geriatric care, and so on. Within health care in particular, the result has also been a misallocation of resources. The freedom of establishment for private health care providers has resulted in an excess number of clinics being established in the more attractive parts of cities, with subsequent increases in costs, at the same time as hospitals are facing major resource problems resulting in queues and long waiting times. Within education, the private alternatives have resulted in pupil selection, further reinforcing the segregation that is triggered by residential segregation.

The most common criticism of dividends is that they represent the withdrawal of tax money from actual companies and become, instead, income for private actors. The dividends in the welfare sector cannot be justified, as on the commercial markets, as being the necessary price to pay for the capacity to carry out operations. It is also doubtful whether it is viable to argue that dividends generate qualities for the citizens that would not normally be achievable. The variation in supply and the freedom of choice between different alternatives normally referred to as "extra" qualities do not require profit-making actors; these qualities can be produced both via a combination of public and private non-profit-making actors or via completely public systems with a larger range and variety of supply.

This discussion – what society/citizens gain from the disbursement of dividends from the welfare sector – is highly relevant. Another equally relevant issue is the impact when profit interests become governing instruments for companies, which per definition shall not be governed by private economic profitability requirements. A large part of the problem with privatisation, or in other words, the market economy, can be explained in that market logic and welfare logic are entirely different.

The distribution key for the market – the price mechanism – is thus thwarted, both on the part of the consumer and the producer. The aim has been to introduce the freedom of choice provided on the market for the consumer and the freedom for the producer to take dividends from the company's profits, but without the market mechanisms required to maintain a balance between supply and demand and the resulting cost developments and resource utilisation. Moreover, the fact that the markets always have distorted distribution in favour of the strongest groups has also been ignored.

On the commercial market, the producer determines prices in order to cover costs and a profit margin, and the customer decides whether he/she wants to/can pay the price. When it comes to tax-funded services, however, access to such services shall not be determined according to how much an individual can afford to pay – even when the services are provided by private companies. The fees for health and social care are the same, irrespective of whether they are provided by municipal or private enterprises, and education is free of charge, regardless of the party responsible for providing it.

In other words, the citizens do not have to accept any economic consequences of their own choices, as they do on the commercial markets; there shall be no differences in cost between one alternative or the other. The costs are carried by the municipalities and regions and, from the point of view of the market economy, these latter are the real customers. However, as opposed to normal markets, they do not have the opportunity to say no if the price is too high.

It is an established economic fact that so-called third-party financing – where payment is made by a party other than the consumer – always tends to drive up demand and, consequently, costs. Costs also increase due to the fragmentation of operational organisation. Both these phenomena are now evident in the welfare sector.

On commercial markets, the producer is free to determine prices. In the tax-funded sector, however, there is a fixed price system per pupil or per patient; the price is determined on the basis of the costs for the corresponding service provided by the municipality. In other words, no profit margin is included; the municipality does not make profit on its operations.

In theory, the private company, within the framework for this fixed price, must generate profit by developing new and more efficient working methods. In practice, the situation is completely different.

Within primary health care, companies can make profits by driving up demand, i.e. finding different ways to increase the number of patients. Within education and social care, there is the potential to gain profits by primarily keeping costs – for personnel, premises or materials – at a level that is lower than the fixed remuneration. The most common method is to cut the number of personnel and to hire personnel with slightly lower qualifications.

This should not come as a surprise, as it is a natural consequence of market logic. However, the end result is a distortion of the welfare policy. And the simple conclusion is that operations tasked with fulfilling the needs of citizens in accordance with other principles than market principles can neither be organised nor distributed in accordance with market logic. If private actors are to be allowed to operate within the tax-funded welfare sector, this must be conditional upon terms that guarantee that the operations are managed in accordance with the welfare sector logic. The resources available must be distributed according to priorities that fulfil the citizens' needs – not according to how profitable it is for the producer to fulfil them.

But what about freedom of choice?

"Freedom of choice" has largely become the argument used by the private, profit-making producers to defend their right of establishment and the right to take out dividends from profits gained within the tax-funded sector. However, this relates more to the producer's freedom of choice than the consumer's. Profit-making companies are seldom interested in the freedom of choice for persons in less profitable parts of the country, and

private companies that are not able to meet their profitability targets close down operations – even when this affects the freedom of choice for those pupils or patients who have chosen to use them. In practice, "freedom of choice", even in areas with a wide range of producers, is an opportunity to stand in line for admittance to a certain school or a certain old people's home, with no obvious right to a place there – as the number of places is always limited.

There is no such thing as an unlimited freedom of choice. The options available in terms of products and services are always determined by the economic room for manoeuvre. This applies equally to the welfare sector and the market. The decisive issue is who is responsible for the limitations: the assessments of private producers as to what is most profitable or the common civic, i.e. political, assessments of what most fulfils the requirement for fair distribution and equal access.

On the market, a company's own financial resources determine these limits. Within these limits, everyone naturally has "free" choices, but this also implies the necessity of rejecting some choices to allow scope for the choices you prefer. Production volume is determined, as previously mentioned, by the price mechanism and this, in practice, places limits on both supply and demand – despite the alleged freedom of establishment for producers and the alleged freedom of choice for consumers.

Within the tax-funded sector, these limits are determined by tax revenues. Within these limits, everyone shall have equal rights to the services paid for by taxes, and the services shall be of equal quality. The distribution of resources required to ensure that the fundamental goals are met can thus not be achieved by increasing or reducing prices for individual users. It requires a political regulation of how the money is distributed between different enterprises and how it is to be located – meaning that freedom of

establishment for profit-making producers is not possible. As all experience clearly shows, profitability requirements result in an excess number of enterprises in certain respects, and an insufficient number in others. Resources are directed towards certain groups but away from others, and the funds in general are not managed according to the most urgent social, medical or educational needs.

Economic limitations to both the freedom of establishment and the freedom of choice can thus be found in both the market and the tax-funded sector. The difference is that the tax-funded sector shall distribute its production according to principles of need and fairness, while the market distributes its production according to the individual customer's solvency, with no regard to fairness. Upholding the principle of fairness requires political regulation of production volume in a way not found on the commercial markets.

This form of regulation relates to volume – and not to ensuring that supply within such volume is equal. Neither should policy dictate referrals for individual citizens to a certain school or health care centre. The freedom of choice within the politically-democratically determined volume of services is both feasible and desirable, and it is also possible to have both public and private enterprises within this framework. However, the terms for private establishment must be stipulated by those bodies that are responsible for spending of tax money on behalf of the voters, and must be based on what in general provides the best outcome for the citizens – not what benefits private profitability interests. These two seldom coincide.

V

SOCIAL DEMOCRACY – AN OUTDATED IDEOLOGY?

SOCIAL DEMOCRACY HAS UNDENIABLY LOST in strength in recent decades and has been pushed back in practically every country where the party previously held a very strong position. This loss of position applies in general to other left-wing groups, while right-wing populist movements are growing increasingly in strength. Political scientists claim that the old left/right scale is outdated, and that voters now tend to decide according to a different scale, with authoritarian and national values opposing libertarian and internationalist values. Both conservative and liberal groups claim that social democratic ideologies are outdated and have urged the social democrats to modernise, i.e. fully accept market liberalism.

The following section is a discussion of these theses and lines of development. It differs therefore from the former sections, which present social democratic views of society as they are presented in the party programme. The views we present in the following section are not similarly stipulated in official documents, but are our own reflections based on traditional social democratic social analysis and our own experiences of social democratic policy.

A new scale?

The new scale is referred to, with an awkward acronym, as GAL-TAN. GAL stands for Green, Alternative, Libertarian (liberal) and TAN for Traditional, Authoritarian, National.

The TAN scale obviously concurs with the conservative views. The new and emerging right-wing populist parties on this scale emphasise the more conservative values, such as family and national culture, rather than private ownership and entrepreneurship, but in terms of practical policies, tend to stand on the same side as the entrepreneurial interests and are critical of trade unions; the conflicts of interest between labour and capital are in opposition to their views of national cultural uniformity.

Many older right-wing parties, for example the Swedish Moderates, have in recent decades gradually converted to what they themselves call liberal conservatism, in which the more cultural conservative values are repudiated. Due to pressure applied by the emerging right-wing populist parties, it seems that a return to such values is under way.

Parties belonging purely to the GAL scale may be seen as a type of modernist left wing, as equality issues such as feminism, anti-racism and criticism of mandatory social norms play an important role. The term "libertarianism", however, seldom comprises the problems relating to freedom generated by economic subordination; libertarianism targets social and governmental coercion, not economic. Green parties may have far-reaching demands for governmental control and interventions in market mechanisms in relation to the environment, consequently without more comprehensive analysis of the significance of economic power in society. Green parties may also support relatively major governmental measures introduced to control consumer trends, with reference to environmental requirements.

The growth of GAL parties does not in any way match the growth of the new right-wing radical parties. It is also doubtful that the new parties classified within the GAL scale are actually so similar. "Alternative" and "libertarian" parties are not always "green". Green parties make substantial demands on political governance of both production and consumption, in conflict with the classical definitions of libertarianism.

Many of the established parties have been influenced by the GAL trends – albeit in different ways. Both sides of the right-wing/social democratic dividing line have witnessed an increased focus on issues regarding civil rights. This has, in important respects, contributed to an increase in equality within dimensions not determined by class. At the same time, it has contributed to the dismissal of issues regarding the lack of freedom resulting from class divides and economic inequality.

For the right-wing parties, these trends have directly reinforced the ideas of the market-liberal libertarianism, which directly supports classic entrepreneurial interests. This in turn has implied policies that clearly benefit entrepreneurial interests at the expense of the employees' interests. For the left-wing radical parties, which have struggled to find a new profile after the collapse of Communism, such as the Left Party, the libertarian requirements have resulted in a strong emphasis on identity issues such as feminism, anti-racism and LGBTQ rights. Even in social democratic debate, the tendency appears to be less focus on economic power at the same time as more focus on issues relating to civil rights and identity.

Inequality has multiple dimensions, and any real equality policy must incorporate them all. The problem is not therefore that issues relating to inequalities created on the basis of other dimensions than class – e.g. gender, ethnicity or sexual orienta-

tion – have entered the political debate in earnest; the problem is that issues involving class have been pushed into the background.

Class divides today are neither small nor diminishing. They have increased over the past decades, both in Sweden and the rest of the EU. The fact that the parties to the left of centre have not been able to properly formulate answers to these questions has resulted in many voters, on the wrong side of the growing divides, starting to search for answers elsewhere. And many find these answers in the right-wing populist parties.

Right-wing populism

Right-wing populism attracts large groups from the working class, groups for which class and distribution policies have traditionally been important at elections. So, even if what can be referred to as cultural values play a greater role in current political debate, the question is whether these are the only factor behind the growth of right-wing populism – and whether the expanding class divides and reduced redistribution may not have played a role in the growth of right-wing populism. Opinions do not evolve from a social/economic void, but are shaped by people's experiences of the world around them and the changes in their world.

There are two important common features of all right-wing populist parties. Firstly, an apparent xenophobia, with requirements for tough restrictions or a direct ban on all immigration. This is associated with a strong sense of nationalism and a major emphasis on national traditions in their own country.

Until a few years ago, this feature was the most predominant, perhaps overshadowing the other, equally central features of right-wing populism, i.e. the strong mistrust of what is seen as "social elites", such as established political parties, the media, authorities, science, cultural debate. This mistrust is in turn

associated with changes in society and living conditions which have been or are perceived as negative. The "elite" is seen to be indifferent to or directly complicit in these changes.

The friction that may be caused by the increase in migratory movements is a part of these perceived problematic social changes. This also comprises the feeling that the "social elite" is not prepared to acknowledge the problem – while the right-wing populists are, allowing scope for these parties to also present changes caused by globalisation and market liberalism as migration problems. This has attracted voters in groups who in various ways have chosen these parties in hindsight or who feel threatened by social developments.

The claim that these social changes play a key role in the growth of right-wing populism does not mean, naturally, that the other factors of nationalism and xenophobia are not equally important. Our intention is to comment on the necessity of studying both and understanding that there is a link between the negative impact of globalisation and the change of opinion in favour of the counterpart of globalisation – nationalism.

It is undeniable that the changes in market liberalism that have been promoted since the 1990s have benefited certain groups in society and disadvantaged others. Large urban regions have benefited, while rural regions, old industrial regions and sparsely populated areas have stagnated or declined. The metropolitan regions now have more social stratification, and the social and economic problems in the weaker areas have often become worse. Working conditions are harsher as the power of the employers has grown and the influence of trade unions declined; employment conditions are more insecure and persons with low education or other obstacles to work have found it more difficult to enter the labour market.

A part of this, such as the decline for certain older industrial regions and the increase in urbanisation, is associated with technological developments. Another part, however, and not least the issues of how to manage such technological developments, can be described in terms of the classical right-wing scale: they are a question of which economic interests govern developments. Working conditions are a very clear example.

The left/right scale

Conflicts between left and right relate to equality and economic power. These questions are not outdated and certainly not irrelevant in current times. They have, however, become more unclear politically.

One dominant feature of the most recent decades has been, after all, the major breakthrough for market liberalism. Moreover, market liberalism has to a large extent re-formulated the questions regarding the role of capital interests, from a question of differences in power and interests to a question solely relating to economic efficiency, and where profit interests, according to the prevailing theories, always result in the most efficient resource utilisation and best meet consumer needs.

If, in principle, everything is determined by the market's objective mechanisms, if success or failure depends solely on the individual's own efforts and factors such as social structures and economic divides do not play any role, this overshadows the issue of economic conflicts of interest and unequal power relations. This has also been added to by the difficulties experienced by the social democratic parties in formulating alternatives to market liberalism in a situation where – as demonstrated in the previous paragraph – former economic-political instruments were no longer effective. At the same time, a number of alarming imbalances in the economy necessitated measures, which many voters saw as violations of the parties' ideologies.

The combined effects were that the left-wing part of the left/right scale became weaker, having a knock-on effect on votes. This is not primarily attributable to the voters losing interest in the issues, but to a lack of cohesive political ideas about how to manage the new power structures and new economic divides of that time.

The fact that the ideas of national ownership and economic planning disappeared with the fall of Communism was of no particular consequence for the Social Democrats, as they had abandoned these ideas several decades ago. The core problem was that the reformist strategy of redistribution of economic strength, such as the opportunities to counteract the effects of economic fluctuations on employment, the strength of trade unions at the workplace and the national state's ability to control the flow of finances, was impaired.

Market power and market influence are, as addressed in the section on market economy, always unequally distributed. Distribution according to the market mechanisms is always to the advantage of the stronger interests, unless other methods are applied – such as trade union organisation or social taxation and distribution policies – to counterbalance the situation. Market liberalism has impaired this counterbalance, and afforded the financial and profit interests much more room for manoeuvre and, consequently, more influence over social developments. This has benefited certain groups and increased their freedom, in terms of libertarianism, but has disadvantaged others.

The trend has moved towards an increase in inequalities in social and economic terms, and this relates to the increasing differences in economic power and , not least, an increase in the influence gained purely by financial interests. Such a development can in full be described by means of measurement points according to the right/left scale. This should not be underestimated as an

explanatory model. The challenge is in formulating a policy based on a left-wing perspective that is relevant in relation to the status of our current economy.

Outdated ideologies?

Key elements in social democratic ideology are the ideal of equality, the necessity of balancing capital interests against both the interests of other groups and the public interest, and the understanding that the individual is dependent upon his or her social environment. From the very outset, all these elements have been met with criticism from the right wing and from businesses.

- The ideal of equality has been viewed as a threat to growth, a threat to the individual's free choices and as resulting in conformism and equalisation. A classic right-wing argument opposing the social security system, which is a part of the efforts to achieve equality, is that it makes people passive and impairs their own initiative.

- Restrictions to the scope of capital by means of legislation, taxation or, quite simply, strong trade unions, have been seen as threats to the principle of free enterprise and as debilitating the efficiency of businesses and, consequently, the entire economy.

- The emphasis on the importance of the social structures and, in turn, the major collective, politically determined commitments within tax and welfare policies, for example, as with the influence of the trade unions, have been criticised as limiting individual freedoms and obstructing economic development.

  The breakthrough of market liberalism can be seen as a victory for this criticism. Economic inequality has increased in recent decades, capital and profit interests have more room for manoeuvre, the influence of trade unions has partly been inhibited and the redistribution afforded by tax and welfare policies has seen a decline.

  So, what do the results show us – has the criticism proved to be justified? Has the economy grown stronger and individual freedoms improved?

Equality

On an international scale, equality remains high in Sweden, but it is highly dependent on structures developed during the welfare state period. These structures are now undergoing change or, more directly, dismantling; Sweden is one of those countries where the divides are growing most rapidly. A number of strong mechanisms are supporting continued increases in this trend, and even if the development were to be interrupted today, the inequalities already created will require measures. This does not relate solely to growing economic divides, even if they do attract most attention, but increasing divides in areas such as grades at school, health, working conditions and housing.

The trend is the same in the EU and USA; the absolutely highest income brackets have benefited greatly, while the lowest income brackets have suffered a number of simultaneous changes for the worse. Another common aspect is the growth in regional divides, with expansion surrounding major urban and metropolitan regions and stagnation and decline outside such regions. There are also major and growing socio-economic divides between the high-income and low-income brackets within the metropolitan regions.

The explanations for this are many. Some relate to structural changes in the economy and production technology, others to conscious political decisions and others yet again to the increased room for manoeuvre for pure market mechanisms.

As we have repeatedly mentioned above, it is a fact that the market always benefits the stronger groups.

The structural explanations also include the turnaround in the industrial sector; where many smaller industrial towns have seen companies closing their doors and jobs disappearing. These structural explanations also comprise the growth of the financial sector, which partly brought about changes in the functioning of the economy and partly provided more opportunities for capital gains, opportunities afforded, naturally, to those with the highest incomes.

Structural changes of this kind cannot be prevented, but the more problematic effects may both be reinforced and minimised by political decisions. And the latter is true of the political decisions – or, at times, the lack of political decisions – made in the past decades.

- The changes made by the alliance government to the taxation system systematically benefit the somewhat higher income bracket, with their combination of reduced income taxes, reduced capital gains taxes and new deductions for private services. On the other hand, reductions in benefits under health and unemployment insurance, tougher qualification requirements for entry into the unemployment insurance funds and much more rigorous assessments to qualify for sickness benefits imply poorer economic conditions for those on sick leave and the unemployed, and most of all for those who were far from having a position on the labour market or suffered long-term health problems.

- Housing has become increasingly stratified in social terms, as an individual's own economic resources are now decisive for where you can live – or if you are able at all to find housing. Equality in schools is on the decline and the parents' level of education is of much more significance for a child's grades at school. Residential segregation is one important explanation for this, but the effect is reinforced by the market mechanisms in the free school system. In general, the increased presence of the market in the welfare sector has implied a misallocation in favour of the stronger groups.

- Insecure jobs and so-called self-employment, the employer's entitlement to change a full-time position to a part-time position, fragmented work schedules and new types of intermittent periods at a workplace ("SMS jobs") are on the increase. As a result, many people no longer have the opportunity to plan either their time or their finances. The increased pressure in working life, with particular impact on skilled workers, is most likely to contribute to the increased differences in life expectancy between people with a higher education and those with a low education.

Have we then achieved growth, improved individual freedom and encouraged more people on sick leave and the unemployed to return to work? The overall answer to all these questions is "no", even if the issue of freedom depends on your individual point of view.

Growth

For several years now, many economists, among them major – and traditional market liberal – economic institutions such as the OECD and the International Monetary Fund, have been questioning the old thesis that (major) economic divides are a driving force behind growth. They believe that this thesis is often true during transformations from agricultural to industrial communities, but in the current and increasingly knowledge-based world of production, social and economic divides obstruct growth as they impair the development of human capital.

The view that major increases in income for those who already have high salaries will "trickle down" in the form of increased prosperity for those in the lower income bracket – because those with high salaries would work even more and invest their money in productive companies – has been an argument utilised to support both high salaries for management and specialists, and for tax reductions in the higher income bracket. No one element from the developments over the past decades supports this theory. The major increases in income and wealth in the highest income brackets do not trickle down but stop there. And rather than investing in production, the money has been invested in property and other fixed assets. The trickle-down theory is, in general, in depreciation.

Individual freedom

Freedom in economic terms has evidently grown for those groups that primarily benefit from taxation policy. People on long-term sick leave and the unemployed have less freedom, in turn resulting is less freedom for their families.

Entrepreneurial interests have more freedom to decide working conditions, but freedom of movement is more restricted, primarily for those groups within the more insecure parts of the labour market. Total incomes for these groups have also been forcibly reduced, as they can seldom count on full-time salaries all year round.

Gender equality and, in turn, the level of freedom for women, have increased in the sense that the average difference between male and female salaries is smaller and there are more women in higher positions in both the private and public sector. This latter factor should be understood in the sense that women currently meet less obstacles than before when developing their total competence at work. At the same time, however, the labour market for LO women (blue collar workers under the Swedish Trade Union Confederation) has deteriorated, with an increase in insecure jobs and more mandatory and constrictive working conditions. In this context, the general increase in gender equality is counteracted by the increase in class divides.

A lack of resources within the welfare sector caused by tax reductions may imply restricted freedom for those who need these services but have no access to them without a long wait, or the services are of insufficient quality. Relatives may also be affected, for example by having to reduce their working hours to compensate for an insufficient home-help service or insufficient assistance service. The lack of resources has also resulted in understaffing, putting pressure on the employees as this implies less freedom at work. On a parallel, criticism is growing against the clear reductions in the freedom to perform work according to the employee's own professional assessments. The governance models introduced according to the model from the private sector, aiming to minimise bureaucratic rigidity, have instead resulted in an increase in administrative superstructures with less flexibility and less scope for daily developments.

Return to the labour market

Long-term unemployment as a ratio of total unemployment has seen an increase. It is highly unlikely nowadays that any form of serious analysis can claim that economic pressure on the long-term unemployed is a successful method for getting people back to work. The fundamental problem is insufficient qualifications in relation to the employer's requirements, and this cannot be rectified by paying less support to the unemployed.

The costs for health insurance have fallen, but this is an effect of the more rigorous assessments, not that people are healthier. Stress-related illness is on the increase. Neither is there evidence to support that persons on long-term sick leave are returning to work in higher number than before. Some such persons end up

in a never-ending cycle between different labour market programmes, others disappear from the system and are referred to assistance from relatives or municipal maintenance support. Several studies have produced evidence of poorer economy and impaired health among persons without health insurance.

Or, in summary: The positive effects expected to result from increased inequality have not emerged. For significant groups of society, the effects have on the contrary been negative, at times ruthlessly so. Residential and educational segregation are clearly seen as social problems, as with the increase in regional divides.

In the economic debate, the validity of developed economies is questioned by the classical thesis of the positive significance of inequality for growth. And, as previously mentioned, an increasing number of studies show that the growing support for right-wing populism is linked to the growing divides, with the belief these evoke among many that the "elites" in society – those who benefit from the developments – are not interested in those who do not benefit as much (or not at all).

And this is perhaps the most severe effect of them all, as it inherently implies a risk to democracy.

It is not the ideal of equality that is outdated. It is the views – both conservative and neoliberal – that a well-functioning, stable society can be built upon major differences in living conditions between the citizens of this society that is outdated, if not dangerous.

The role of capital interests

Developments over the past decades have led to an increase in capital interests' influence over both economy and society.

- The growth of the global financial markets has impaired the nation-state's capacity, by means of monetary and financial policies, to maintain control over capital flows and, in turn, economic stability. In part, this has been compensated for by the development of international regulations, but hardly to a sufficient extent. The effects are evident in the form of increased instability, with recurring banking and financial crises nationwide or more regionally, which in several cases have had hugely negative effects on socio-economics and employment. The Asian crisis in 1997 and the financial crisis triggered by the USA in 2008 are clear examples, also showing that the after-effects can be long term.

  For a while, in a positive spirit, it was claimed that the global financial markets would entail much more rapid and efficient access to capital for new investments in emerging production. However, it has now been clear for some time that the financial markets do not primarily grow by means of investments in the production of goods and services, but quite simply generate their own profits, without having to take a detour via production.

  Financial transactions in securities of a more or less complex nature, with no basis in production or tangible assets, are a part of profit-making – and represent the potential for recurring financial crises. Another factor relates to investments in tangible assets, i.e. real estate, but where the values are augmented by means of constant trading – until the chain breaks and the values drop, as was the case in the Swedish banking crisis in 1991.

  The growth of the global financial markets has instead had negative consequences for production, as companies have had to – in competition for the necessary investment capital – increase their dividends to shareholders to the same level as

those in the financial sector – which many believe results in impaired long-term development.

- The free movement of goods, capital and labour are the cornerstones of EU collaboration and, as principles, are naturally positive. However, as always, the unequal power relations between labour and capital create problems; the free movement of labour has in practice become a freedom contingent upon the terms laid down by capital, i.e. profit interests. In the construction sector, with its numerous contracts awarded to companies in the EU's low-wage countries, and in the transport sector, which naturally involves cross-border movements, the main impact has been harsh exploitation of labour, wage dumping and, at times, major hazards in the working environment.

  The criticism – and the increased opposition against the EU, clearly exemplified with Brexit – resulted in 2018 in certain EU regulations becoming more stringent in relation to that known as postings, i.e. work in a different EU country than your own. A number of working environment regulations were also made more stringent within the transport sector. The primary purpose of these changes was to prevent wage dumping and personnel exploitation, and can be seen to denote an acknowledgement of the lack of balance between corporate interests and employee interests.

- The power held by employers and the labour market over working life has, as already demonstrated, grown. The number of insecure jobs has increased, and these are now, above all, more insecure than before, so much so that the persons on this labour market have been given a new name, "the precariat" – a combination derived from the word "precarious" and the word "proletariat". This relates to a large extent to the working class, but not entirely; project-based jobs and freelancing within the labour market's "middle class sector" also result in insecure jobs and wage terms. For certain groups with unique and in-demand specialised knowledge, the opportunity to work with constantly changing and new assignments may naturally represent a high level of freedom to choose – and determine the prices for – their own work. However, for most persons, the need to constantly find new jobs just in order to make a living implies restrictions in the opportunities to make choices.

  The so-called platform economy or gig economy entails new types of temporary work. Assignments/services/work are negotiated between the contractor and the worker via digital platforms with no form of employment or assignment contract in the traditional sense. It may appear that traditional employer interests are disappearing from working life, but there are strong capital interests behind these platforms. The platform economy involves, in practice, new ways of organising mediation of temporary work, where those who accept the work have the same insecure terms as the old day labourers. In addition, the employers have no form of responsibility for those interests that govern the operations.

  The insecure jobs not only imply restrictions on people's opportunities to control their own time and economy. They frequently also imply restrictions on the opportunities to refuse to accept poor working conditions or to react to a poor working environment. The opportunity for competence development and help to change to different work is, as a rule, also lacking.

  One oddity in this context is that many right-wing supporters seem to want to solve the uncertainties for those in the more insecure parts of the labour market by spreading the poor conditions to an increased number of groups. It is said that

"the thresholds to working life are too high", or that labour legislation protects those in work at the expense of the unemployed. The suggestion then is that salaries should be reduced and job insecurity increased for all in order to lower the threshold and minimise injustices. If we continue to use the metaphor of a threshold, it could be said that the thresholds for exploitation of the workforce are being lowered.

Equally poor conditions for all may, possibly, be seen in some sense as fair. This "fairness" however solves neither the individual nor the social problems, with all their insecurities and the subordination in general created by insecure, temporary and lowly paid jobs.

▶ In one respect, however, new counterweights to the capital interests in the world of production have been introduced, or in other words, new regulations are implemented – i.e. environmental policy requirements. More stringent regulations for factors such as emissions, energy consumption and use of chemicals have been implemented by means of political decisions. This in itself demonstrates that the social interests, interests outside those purely commercial, must be safeguarded by other methods than those within industry and commerce.

At least in part, these environmental policy decisions have been made in conflict with the capital and corporate interests, but the latter have repeatedly been able to moderate the requirements. One clear feature is that conservative parties, i.e. parties often close to commercial interests, are doubtful to, and in some cases, in direct opposition to more stringent environmental requirements on production.

Or in summary: The shift in power to the advantage of the capital interests in recent decades has had a number of problematic consequences, which have destabilised both society and the economy. All in all, developments contradict the market liberal ideas that an increased scope for "the market", i.e. the corporate profit interests, also produces the best social solutions. Profit interests are one factor amongst many that drive economic development and, in turn, social development, and if these profit interests take over scope from other interests, then the result is negative.

All claims that private profit interests must not be allowed unlimited scope tend to provoke certain commentators to indignantly talk of "communism" and "socialisation". So, for the sake of clarity, we would like to point out that any limitations to this scope do not imply prohibitions against either private enterprise or profit. It is, once again, a confirmed fact that a well-functioning economy and a well-functioning society must cater for a number of different interests and needs, and that the rules of the game consequently cannot be based on the interests of one actor, i.e. capital. Capital has a role to play, but cannot be allowed to take over the entire arena.

It is not the view that profit interests must be counterbalanced that expresses outdated ideological ideas. Moreover, it is a reality that there are conflicts of interest between capital and labour, between profit interests and public interest. What is unsustainable is the view that a good society is created by allowing capital interests to dominate over all others.

Collective solutions and government undertakings

Developments in recent decades have led to less scope for social governance measures and joint welfare undertakings. The scope for private consumption has, however, seen an increase. Different types of private enterprises have been allowed to enter the social sector, and the market's distribution mechanisms now have more scope within the tax-funded welfare sector.

- The tax-funded welfare sector has opened its doors to private enterprises on extremely generous terms.

- The right of citizens to choose freely among educational, health and social care providers has been introduced.

- A number of national monopolies or national regulation of certain industries has been abolished, and these industries are now open to private competition. Some examples of these are the post office, telecommunications, the railways, taxi services and energy supply.

- The statutory requirements for starting and running a company have been simplified.

- Social security – the collectively funded, general systems for economic benefits in the event of illness and unemployment – has been cut substantially. On the other hand, tax subsidies for private household services are on a steady increase.

- With the introduction of a number of tax reductions and new tax subsidies, the tax quota is now around five percentage points lower.

These specific changes are attributed to the mindset that clearly downplays the social, structural reasons for a number of social problems to merely an issue of the individual's willpower and ambitions. In this context, the focus is also transferred from the social aspects to the individual.

These changes must be seen in context with the turnaround in the economic debate, which highlighted the superiority of the market and the economic incentives over political decisions and governance by rule, but there are also clear elements of both classical conservatism and classical liberalism. It should also be added that private producers have a major interest in taking part in the major earning opportunities represented by the tax-funded sector.

- Traditional conservative thinking involves the belief that taxes represent disproportionate dispossession of income from an individual, a mindset also adopted by neoliberalism. Distrust of various forms of social security is correspondingly an old conservative view, ever since the very first proposals were made in the 1880s; social security is seen as making people reluctant to take responsibility for their own livelihoods. This distrust can be associated with the market liberal incentive theories, i.e. the view that human behaviour – including the willpower to recover from illness or find work – can be controlled with the right type of balance between economic rewards or punishments.

- Classical liberalism – from the 18th century and a good part of the 19th century – features comprehensive distrust of the state. The breakthrough of democracy helped to moderate this distrust, and the new social liberalism viewed the state as an important instrument for social reforms. The emergence of neoliberalism towards the end of the 20th century, however, brought back the belief that the role played by the state had to be minimised.

- The ideas of major individual freedom of choice within the tax-funded service sector originated from both left-wing and right-wing parties in the 1970s. The practical design of the system for freedom of choice and privatisation, however, was inspired by neoliberal models.

Is it thus true that these theories have proved correct, i.e. a reduced scope for the state and for collective welfare under-

takings will result in improved functions, more efficiency and greater personal freedom of movement?

There are several arguments in support of changing regulations for governmental commercial activities. Technological developments had rendered certain regulations obsolete; with the clearest example of this the telecommunications sector. In other cases, the regulations were shoddy and too rigid in relation to the social changes that had taken place. So, change was necessary, but the deregulation processes turned out to be governed by the dominating market models at that time.

The telecommunications market can be seen as a successful example of deregulation, but it is important to note here that the technological developments have both advanced and enabled a completely different system in comparison with the old monopoly. In several other cases, for example the electricity market, a number of new regulations have been required, primarily to protect consumer interests.

One problem perhaps most evident in the railway sector and for the pharmaceutical industry, is that no one actor has overall responsibility for ensuring that the system functions as a whole. For such an overall social responsibility is a necessity for companies working with key social functions, such as infrastructure, energy or pharmaceutics. Pharmaceutics provide a good example – the supply of essential medicines cannot stop just because there is no one party responsible for ensuring sufficient stocks. The post office and telecommunications services must function properly, not only in urban areas but also in rural regions, which are not sufficiently profitable for private companies.

Herein lies the core problem: no market actor can assume the overall responsibility that is required for the needs of society. Private companies operate in accordance with market terms and

market logic; they cannot safeguard the interests of society, only their own interests, and they cannot assume more responsibility than that covering their own balance sheet.

It is difficult to find evidence that deregulation has produced the positive effects promised for the national economy. In several aspects, we have instead seen a deterioration in functionality. Other factors play a part in, for example, the post office and railways, but even with these examples, it is obvious that the ideas of the positive consequences of competition between several different actors have not been matched by the reality.

The same applies to privatisation within the welfare sector. Several comprehensive studies have now been conducted of the effects in this sector. None of the studies can find evidence of any general cost reductions or quality improvements. The studies do, however, indicate that privatisation, contrary to predictions, has had a negative impact on salaries and working hours.

Opening the door to profit-making companies means, for obvious reasons, that their establishment is determined upon profitability criteria, i.e. supply is determined according to strongest demand. The actual freedom of choice for citizens is thus determined in practice by where the producers are willing to establish operations.

The right to choose between educational, health and social care providers is in principle desirable. However, these are services that, in addition to their individual benefits, have widespread societal and social significance; and this is why regulations are required to protect this widespread benefit from harm. Today's regulations do not meet this requirement. The increase in the individual right to choose has resulted in conflicts with the common civil rights to distribute tax funds according to a scale of importance.

The idea behind the simplification of regulations for setting up and running companies may be positive, but a less positive effect – pointed out by a number of authorities, including the Swedish Economic Crime Authority and the Swedish Tax Agency – is that companies to an increasing extent have become an instrument for criminal activities, such as money laundering, tax fraud and welfare sector fraud.

The reduction in the tax rate has led to an increasing under-funding of both welfare services such as health and social care, and of other social services, such as the legal system, the railways and employment services. In the welfare sector, this under-funding has resulted in both queues and a poorer service for the users, primarily within health care and geriatric care, and in understaffing and increased pressure on employees. Increasing evidence of the above can be found in the increase in the number of staff on sick leave and leaving the sector.

As demonstrated above, the loss of social services resulting from a lack of resources has implied that individual households have had to use their own resources to help older and disabled relatives. An increase in responsibility for private individuals is, by all means, one of the conservative arguments for a reduction in social services, but this responsibility is, as evidence shows, unfairly distributed. Among the higher income brackets, the effects are often counteracted by the opportunity for tax subsidised household services, whereas the lower income brackets do not have the necessary funds for such services. Deduction-based rights have thus partly replaced needs testing; both are in practice tax-funded, but the distribution policy effects are entirely different.

For the rest of the social sector, perhaps the most hazardous consequences can be found in the legal system, which now has less capacity to manage the new types of crime resulting from social developments – both violent crime and sophisticated fraud and economic crime.

The disintegration of both welfare and social services has hit hardest in the sparsely populated areas of the country, with the cancellation of local services, leading to long distances to travel for services such as health care and the police. In such areas, there are not enough people to make such services profitable.

It is likely that the impact of tax reductions on the welfare sector was not intentional; the general view appeared to be that the reductions would result in an increase in employment and, in turn, the tax base required to compensate for the reductions. The cuts to health and unemployment insurance were, however, intentional; the view was that the low benefits would force the unemployed and ill to make more effort to find work, and to accept work with poorer conditions. In other words, illness and unemployment were seen as something people could choose or not choose, depending on the financial advantages and disadvantages of the respective alternatives.

These cuts, as previously mentioned, were a combination of market liberal incentive thinking and conservative distrust of social security. This distrust has, contrarily, appeared to grow as it has emerged that the incentive theory is incorrect. If it had proved true, long-term unemployment and long-term sick leave from work should have seen a decline. On the contrary however, long-term unemployment has increased and persons on long-term sick leave are not returning to work in higher numbers than before – evidence that the explanations cannot be found in the size of the benefits. Despite this fact, the Moderates, at least, advocate further cuts in benefits – based precisely on the argument that they make people passive.

The reductions in social security insurance have resulted in the development of collective agreement insurance policies among the parties on the labour market. This is an illustration of how the loss of social undertakings is often replaced by other types of collective undertakings, as opposed to the ideological ideas of more individual responsibility. Nonetheless, these insurance policies, by definition, only cover employees in companies that have signed collective agreements, leaving large groups of people – some hundred thousand – without this form of supplementary insurance.

The ratio of private health insurance is also on the increase. Naturally, such insurance is primarily open to the economically stronger groups, in addition to the fact that the premiums are higher for people with health problems or in high-risk jobs. The level of coverage provided by private insurance schemes is, in general, always lower than with public insurance. The risk equalisation found in public systems is lacking from private schemes, and many persons for economic reasons will have insufficient coverage, or no coverage at all.

In summary: Privatisation, deregulation and open competition have not proven to be the shining beacon for improvements to social sector operations as they were claimed to be when justifying their implementation. This is due to the fact that companies established not only for individual benefits but also to meet important collective needs must be organised differently than companies only involved in individual sales of goods or services.

As a result, profit maximisation cannot be the principal economic control mechanism, as is the case on the commercial markets. Nor is the requirement for comprehensive coordination compatible with the competitive logic on the market. Private companies can obviously provide good services within the social sector, but

the regulations that govern such companies must be based on social requirements, not the market model.

With regard to regulations in general for businesses, it goes without saying that unnecessary regulations shall be avoided. But it is just as indisputable that certain regulations are necessary in order to block dishonest or directly fraudulent companies. This is necessary to also protect customers, employees, all honest companies and society as a whole.

The organisation of the welfare services, including participation by private actors, must be based on the needs of the citizens, not the private actors' profitability requirements – as profitability requirements do not consistently fulfil the citizens' needs, either at an individual level of for society in general. The regulations must be formulated so as to protect the capacity to distribute resources according to a scale of importance and according to the requirements for equality.

Moreover, tax collection must correspond with the activities to be funded by the taxes. Those parties that would prefer to reduce taxes should, in the name of honesty and consistency, also specify which services they would remove from the welfare sector, so that this can take place in an organised manner. It is unsustainable to claim that the general welfare policy according to the Social Democrats' model can be maintained with the tax reductions proposed by the Moderate model!

In the Swedish language, society is "samhälle", and the prefix "sam" denotes something we have together and in common. The idea that what we have in common and what involves all members of society shall be managed according to our common needs is by no means outdated. It is the notion that common interests are best provided for by allowing private profitability evaluations to govern that is unsustainable.

The most dangerous repercussions – cracks in the community

In international debate – even when of a liberal nature – criticism is currently growing of the power of the capital interests and the blind faith in the market solutions as an answer to the needs of society and social problems. There are many who warn against the risk of increased social tension and have clearly identified a link between this and the growth in right-wing populism.

The nature of equality implies that the negative effects are most notable among those groups who find themselves, or feel that they risk ending up on, the wrong side of the new divides. Those on the right side fail to notice those who are disadvantaged, conversely appearing to believe that society is functioning better than before. Sweden remains for many a very good country in which to live.

However, it is increasingly evident that the erosion of social services and the increase in exposure in working life also have an impact on those on the right side of the divide, in the form of a harsher social climate with manifest social problems, and where political and religious extreme movements are having an impact in a completely new way. It is, of course, important not to exaggerate the negative trends and definitively not perceive these as even half the overall picture, but the fact that they exist at all and, when compared with several decades ago, are on the increase, must most definitely be seen as a warning sign.

Stability and solidarity in a society/nation are strongly reliant on mutual obligations and rights between the citizens, formulated so that everyone feels they have reasonable opportunities to have an influence over social developments, that they are treated according to equal terms as all others and that all others respect both their rights and obligations. The individual desire to comply with regulations and fulfil obligations is interrelated with feelings of confidence that others will do the same. This desire significantly drops if you as an individual feel that your rights are diminished while your obligations still remain, that other groups are awarded more advantages paid for by yourself, and that there is not much you can do to change this because those seen as responsible are not listening.

More recent political scientific research has shown that a decisive factor for social trust and social cohesion is precisely trust in the social institutions, the feeling that they work fairly and treat all persons equally, and that legislation and regulations do not reward certain groups over others. Trust in social and welfare services, from this perspective, is also decisive for trust in the political system, i.e. democracy.

It is clear that the developments in recent decades have impaired the trust in these social institutions and social services because they now do not function as well as before. Another significant part of the explanation for this is found in the policy that has simultaneously resulted in a lack of resources and misallocation of the resources still available.

It is also clear that this creates tension between different groups of the population and between different parts of the country, in turn impairing solidarity within the country. When an increasing number of people feel they are unfairly treated, cracks start to appear in the sense of community and loyalty to the community.

VI

THE FUTURE?

TODAY, SOCIAL DEMOCRACY CAN LOOK back on more than a century of history. The society in which the party emerged was drastically different to modern society, so different that it is perhaps different even to understand it, and the same applies to the welfare state period in the 1950s and 1960s. Society has changed several times since 1889, the year when the party was founded; these changes involve methods of governance, commercial structures, the labour market, social rights, demographics, economic prosperity – and norms and values. At times, these developments have followed a straight line, only to veer off in a new direction at other times. Many former problems have been solved, although at times only to reappear in a new guise, and new problems have been created by the constant changes in society.

However, some fundamental trends are similar. Throughout the ages, you can find a struggle relating to equality issues, distribution of economic power and the role and sphere of influence for political democracy. The struggle for democracy comprises the key issues of which forces and which interests should be allowed to govern social development – the citizens together, or different types of social or economic elites.

From such a perspective, the debate has remained unchanged throughout the party's history, albeit with varying external conditions that have alternated within these issues in different ways.

The differences between current public debate and the debate when the first edition of this book was published, in 1974, are certainly major; from certain perspectives, they can even be described as diametrically opposed. However, both fundamentally involve key democratic issues.

This first edition of this book, *What is social democracy?* was published in 1974. The political debate at that time was conducted from a left-wing perspective, which moreover was so far left wing that not even social democracy was seen to fit in. Our purpose for writing this book was to explain and argue in support of the reformist social democracy as opposed to a doctrinarian, revolutionary hued socialism, where both distribution policy and political democracy were seen solely as manipulations of the working class to get them to accept capitalism.

Today, 45 years later, the public debate is based on a right-wing perspective, and where this perspective has shifted so far to the right that many of the right-wing supporters from the 1970s would find it difficult to recognise themselves. Today's right-wing debate, as can be found in the 1970s left wing, comprises a relativisation of the significance of political democracy and a questioning of the distribution policy, albeit inversely: where the 1970s left wing saw democracy and distribution policy as methods to support capitalism, these factors are now seen as obstacles to "the market's" – i.e. in practice the capital interests' – potential impact.

The 1970s left wing found it difficult to understand the necessity of pluralism of opinion in democracy. This was based on the Marxist-like Communism as a scientifically established direction for social development; other views based on other beliefs where thereby, purely by definition, harmful diversions, and for which there was no reason to afford any scope.

Today's right-wing populist and radical conservative debates, albeit in different forms, also target the pluralism on which democracy is built, as it similarly requires a superior ideology to govern all policies. This superior ideology comprises "the nation" and "the people" with their surmised common histories and culture, and with no form of economic conflicts of interest. Deviations from this culture of unity defined by the people are seen as harmful diversions that must also be eliminated from the debate.

Market liberalism and the liberally shaded elements within conservatism certainly make no demands on conformity of opinion; liberalism is genuinely and stably pluralistic in terms of freedom of speech and of opinion. Market liberalism, however, aims to curb democracy's sphere of influence in favour of the market mechanisms, and has done so with considerable success in recent decades.

This has created problems for democracy and, consequently, represents a risk to democracy.

Taking back democracy

One prime task is therefore to reinforce or, in other terms perhaps, take back democracy. This task encompasses a number of political fields, and the following is merely a sketch-like overview of several key issues.

- Recovering the right to decide from the market, i.e. in practice, strong capital and corporate interests, and returning it to the political democracy must be seen as an essential task for the Social Democrats. Defending the democratic freedoms

and rights against doctrinarian movements, both political and religious, is also a key task, but this defence can only be successful if confidence in democracy as a form of government can be claimed. And this is where there is a clear link with the capacity of democracy to take action, the capacity to deal with problems that are important for people's lives and daily situations, but that they do not have the ability to solve by themselves.

Recreating scope for democracy involves increasing the capacity for governance of the important social, common civil issues that have been impaired by the market mindset. New regulations for establishing private companies within the tax-funded sector are required. In this context, we mean regulations that allow ranking of costs according to scale of importance and regulations that allow the creation of the most reasonable solutions for the citizens at reasonable terms for the employees and within the framework defined by the resources available. Sadly, at the time of writing, such regulations do not exist.

Moreover, it is necessary to carry out a process to increase control over the financial markets. These are issues social democracy must promote in their international collaboration, both with other socialist parties and within intergovernmental bodies. It is also obvious that the capacity for control in the Swedish banking system requires review.

▶ It is very evident that growing divides are not beneficial for democracy, and this is supported by both political scientific research and the reality of our current situation. Large divides result in less understanding and trust between different groups in the population, and understanding and trust are required by democracy in order to reconcile differing opinions and needs to form successful solutions. Halting the development towards growing divides and, more directly, returning to a policy of more equality, are important tasks for the Social Democrats.

Turning around the trend from growing to shrinking divides is, to say the least, a comprehensive task, as the divides are growing across several dimensions – economic, social, regional – and they mutually affect each other. A holistic programme is thus required to halt the development. We have one issue we would like to highlight in this context – a policy for increased equality at schools, as the current inequalities have an impact far into the future due to the large gap in opportunities for the children as they make their way to adulthood.

▶ Fair and equal treatment is also important for the legitimacy of democracy, and this applies to all social institutions – including the tax system. The shortcomings, not to say injustices, in this system have increased gradually over many years, also in forms that allow for tax evasion. The entire tax system has to be reorganised, so that it is fairer, fulfils its purpose of funding important social functions and does so more efficiently than today.

We must restore the fundamental principle – both for distribution policy and from a perspective of fairness – that tax shall be deducted according to viability. Health and unemployment benefits must not be taxed at a higher rate than income. The current rich flora of specialised regulations and deductions for various personal services, which often entail a hidden redistribution to the higher income brackets, must be significantly rectified.

▶ The principles of democracy, of equal rights and employee participation, cannot be allowed to be stopped at the doorstep to the workplace – or, put more correctly, if they are stopped

there, this takes political democracy in the wrong direction. It is not viable to have people who, in their free time, are full members of society, with rights and obligations to take part in debates and decisions regarding society, only to become subordinate input factors at work in a company over which they have absolutely no influence, not even when it comes to their own salaries or working hours. It is one matter that current working life places other requirements on both labour legislation and trade union organisation, but it is another matter entirely to reject such legislation and obstruct trade union organisation and trade union activities. Social democracy must make a contribution towards developing forms of trade union organisation in the new and emerging sectors of the labour market, as well as promoting legislation to protect against the anomalies currently found in those parts.

- Democracy requires knowledgeable and reflective citizens. In today's digital world, there are more opportunities than ever before to search for knowledge and exchange opinions, but – as is increasingly evident – also many opportunities to manipulate, spread false information, threaten and incite. Developing new methods for what was classically known in Sweden as "folkbildning" (popular education), i.e. new methods of seeking knowledge, the ability to be critical of sources and reflective debate are all necessary and represent a major challenge for democracy. Safeguarding and reinforcing the public service media is equally important.

New prerequisites

The tasks for social democracy are thus relatively similar and involve equality, democracy, working conditions and distribution of economic power. However, the prerequisites and the specific problems differ, of course, when compared with both the breakthrough years and the welfare state period.

Environment and growth

Social welfare entails the fair distribution of society's resources, but the level of this welfare is naturally determined by how much there is to distribute. Economic growth has thus been a key factor for social democratic policy – not because growth is an objective in itself, but because it has provided the resources necessary for welfare.

For a long time, this growth could quite simply be defined as increased production of goods and services. Today, it is also necessary to take into account how the growth will occur, which resources it consumes and what impact it has on the climate and nature – because we now know that economic growth has had and continues to have a price in the form of major changes in the climate and ecosystem, changes that effect our lives on this planet. This price may be so high that it exceeds every limit on the planet required to protect human life.

The fact that a reasonable standard of living and secure social welfare require good economic resources still applies. However, it is equally true that the creation of these resources cannot be allowed to continue in forms that threaten our fundamental living conditions. The development of technology with a lower environmental impact, the phase-out of fossil energy and the transition to renewable energy sources all play a decisive role, but do not provide the solution to all problems. Changes are also required to production and transport trends, and these in turn require changes in consumption that underlies production.

All of the above place new political requirements on regulations, economic policy instruments, resources for research and investments and, not least, distribution policy. These processes must take place on a parallel and be governed by a principal strategy, in which the social aspects must be more developed than they are today. Environmental policy must comprise a fair distribu-

tion policy and be supplemented with measures within other social sectors so that it is also socially sustainable. One consequence of this that the changes required to reduce consumption of natural resources and chemicals cannot be wholly based on market mechanisms, i.e. higher prices.

The price mechanism is, in itself, an efficient instrument for both moderating consumption and providing incentives to develop new alternatives, and shall naturally be used when judged to be efficient for its purpose – but shall also be combined with measures to rectify the distortions within distribution policy. Price and tax increases will have an impact on the behaviour of companies and individuals, but they are not sufficient to produce the adaptations required by a number of social structures. Modern-day society, for example, is based in several respects on car traffic, such as commuting to work within major labour market regions. Substantial increases in fuel prices with no corresponding improvements in public transport may create problems for private individuals and cause disruptions to working life.

However, the development of the public transport system is not something that can be provided for by market mechanisms. This requires political decisions and social investments.

The issue of food production and food transport is another example, along with issues relating to agriculture. Such changes require joint planning and coordination of different types of measures to prevent causing major problems during the transformation phase. In other words, they require political decisions, political governance and, most probably, investments governed by society.

Environmental and climate issues combined with the ongoing digitalisation in working life represent the type of changes in production forces that, according to Karl Marx, also result in

changes in the social superstructure. Such changes in production conditions, left to market mechanisms, must be defined as generating what Joseph Schumpeter refers to as "creative destruction", or the breakdown of something old in favour of the creation of something new and, implicitly, better. Today however, with the rise in opposition and the greater scope for populistic groups with questionable perceptions of the requirements of democracy, which have followed in the wake of market liberalism, the risk is more obviously that this breakdown will be more destructive than creative if left to the devices of the market mechanisms that constantly create inequality. What is required to resolve this is a return to what Karl Polanyi referred to as the embeddedness of market forces, i.e. a set of regulations that embeds entrepreneurship within a social context based on common, social interests.

Environmental and climate policies require changes in consumer trends – this is inescapable as it is consumption that drives the production that has an impact on the environment. In a long-term perspective, it is highly likely that a transition will be required to a more moderate consumption of goods in countries that have achieved a reasonable material standard level, and a transition to consumption of services and what is known as experiences such as outdoor pursuits or culture.

This obviously has an effect on potential return on capital. One reason for this is that service production in itself and in an economic sense has lower productivity and generates lower profits. Another reason is that a reduction in product consumption translates to lower revenues for the commodity markets. It is not possible to predict how this will affect the economic system as a whole, but it is necessary to acknowledge that the environmental structural change we are facing will require new mindsets and new approaches to economic governance and economic incentives. For social democracy, these are important issues.

The new capitalism

Conflicts of interest between capital and labour, between profit interests and social interests, are equally clear today as they were in the early years of the Labour Movement. However, capitalism has in a number of respects changed since the end of the 19th century.

The conflicts within actual production are the same as now: as capital interests increase in dominance, exploitation of the workforce also increases, along with underpayment, insecure working conditions and poor working environments. The higher the influence for the employees' interests, obtained by means of legislation or trade union organisations, the more reasonable working conditions become, along with safer working environments.

In the 20th century, developments in Sweden, if at times slow, were moving in the direction of greater equality between capital interests and employee interests within production. This development came to a halt in the last decades of the 20th century – not comprehensively and not over the whole line – but clear enough within certain industries and for certain professions. This reflects both a number of changes in regulations, nationally or at EU level, and changes in working life, making it more difficult for the trade unions.

One clear example is what is known as a "flexible labour market" – a wonderful euphemism – implying a number of new types of contract – self-employment, freelancing, hourly work, project work, recruitment agencies – all with time-limited and at time very short periods of work/assignments for a number of employers. Within what is known at times as platform economy or gig economy, contact is mediated between interested contract workers and interested contractors via electronic platforms, behind which you find strong capital interests gaining profits from the

mediation service but with no form of responsibility for either the employees or the working environment.

This development meets in part an actual need for variations in workforce or temporary specialised skills. It is obvious, however, that it implies a much weaker position for those who, in different ways, have to constantly find new short-term positions/assignments, and that this is reflected in the conditions for the job – as always when the employee is subordinated to the employer. It is also obvious that the potential for "flexibility" is utilised to circumvent the normal responsibilities of an employer, and that all "flexible" employment cannot be justified by merely referring to the actual conditions for operations.

Labour legislation in this regard must be reviewed in order to ensure that these new types of labour market also provide stronger positions for the employees. Trade union organisation is just as necessary, but most probably requires a new form, different from the traditional.

Nonetheless, not all capital is linked to production. The global markets for purely financial operations have grown substantially in recent decades. The volumes of money being moved around these markets is much higher than with production. These are invested in more or less complex financial instruments, and often in buy-and-sell transactions in fixed assets. In both these respects, the often speculatively inflated values have repeatedly created economic turbulence clearly resulting in destabilisation both locally and regionally – and in 2008, practically worldwide.

The global financial markets have brought about changes in the national economic policy. Conflicting objectives have arisen in monetary policy, with interest rates that may seem desirable with a view to employment but harmful in relation to the need to control credit volume. Increasing asset prices, primarily housing/

real estate, entail a new type of inflation problem requiring measures that may involve both taxation policy and interest rate policy, but where the current tax system is a driver of the problem rather than a solution.

The concentration of power and ownership within the transnational financial sector is high. In 2018, researchers identified 30 so-called megabanks, enterprises at a global level and interlinked via complex forms of cross-ownership. This makes them not only major economic actors, not to say in positions of power; it also implies that if one or more of the banks suffer problems, these will spread to the other banks – with major destabilising effects on the global economy.

Despite the risk these global financial markets represent for the national economy, they are difficult to control. The markets are global, so are not governed by national regulations. The international regulations have in part become more stringent since the worldwide financial crisis in 2008, but hardly to a sufficient degree. Neither are there any trade unions to counterbalance the situation on the financial markets; in place of the conflicts between labour and capital, the financial markets are an illustration of the conflicts between society's interests and profit interests. As a result, any counterbalance to this must be formulated at society's level, i.e. politically.

The necessity of developing stronger international control mechanisms is absolutely obvious and is essential within all international collaboration. These control mechanisms are also necessary from an environmental policy perspective. There is a conflict between the requirement for a type of production that does not impact natural resources and the climate, and the requirement for continuous return on capital. And the financial markets are strongly promoting the latter.

Welfare funding

The welfare policy has strong support from a wide range of voter groups, and the increasing shortcomings in the welfare system and in social services in general have created problems felt by many. It should therefore not be difficult to win over voters in support of both rectifying these shortcomings and certain necessary new reforms; the problem is with funding.

Rectifying the shortcomings or, even more so, adding new reforms, will require increased taxes. This is not entirely simple given the current political climate. Moreover, there is the question of whether it would be possible to increase taxes to the level most probably required for such resources.

The requirement for funding of resources applies substantially to the public sector, for several reasons. The number of elderly and the number of children/adolescents, i.e. those age categories that make the most demands on the welfare services, are on the increase in the 2020s, and this alone requires increased resources. Large parts of the welfare sector are also underfinanced, largely due to the many tax reductions introduced by the alliance government, negatively affecting their potential to meet the users' needs. This also requires an increase in resources. The same applies to the legal system.

This is very much a question of increasing the workforce, a factor alone that costs more money, but the actual recruitment of the volume of personnel required will also entail higher salaries for several groups of professionals in the public sector. Health insurance must be restored, resources are required for professional training for new immigrants with low education, the conditions in socially vulnerable housing areas must be improved in a number of respects, and the whole environmental change required costs money.

The list is, in fact, much longer. And it makes it very clear that if we want a well-functioning social sector, with welfare services that fulfil the requirements in terms of quality and availability, then tax increases are necessary.

From a strictly economical viewpoint, it is absolutely possible to increase the tax rate by several percentage points, from the current rate of approx. 43 percent (2019), even though the right wing would claim the opposite. The right-wing argument reflects their interest in lower taxes and is utilised as justification for dismantling the social security that the Right /Moderates have constantly disliked.

There is no support for the argument that higher taxes would harm the national economy; the decisive factor is in part how the tax system is organised and how the taxes are spent. (Too) low taxes may in fact be dangerous if they impair social functions, which the "market" can only superficially – or not at all – provide. Taxes are not money that merely disappears into thin air; taxes are spent on both households and on production in the form of benefits that help improve functionality for society and production. Taxes are consequently a very rational method of paying for these benefits.

Higher taxes are however seldom popular, not even when the reasons for them are. There are in addition a number of misconceptions, which at times seem to be spread deliberately, about how tax money is actually spent. The link between the social services in demand by all and the taxes paid by all is no longer as clear.

One first step towards generating an understanding of the necessity of higher taxes is therefore advocacy and, not least, knowledge dissemination regarding the importance of the general welfare policy, and the inescapable link with tax collection.

There is of course a limit for possible tax collection; both households and companies do need funds to pay for other expenses. It is also probable that we are facing a somewhat lower rate of growth and, in turn, a lower increase in completely new resources with which to pay for the higher demands on the welfare sector. This means that we must address the issue of other and more methods for continuing to meet the increased demands on welfare policy.

Rationalisation and efficiency improvements are often highlighted as a possible method. Naturally, it is important to constantly seek out the best method of organising operations, and of course to meticulously test all the opportunities provided by digitalisation. A review of the conditions for the establishment of private enterprises may also provide more opportunities for a more rational utilisation of resources, particularly within health care. There is substantial evidence also that the control and evaluation models that have been popular in recent years have resulted in an increase in the administrative superstructure, at the expense of operating personnel.

However, after more than three decades of accumulative experience and discussions about cost trends in the public sector, with the recurring mantra of improved efficiency but without ever achieving the desired results – rather entailing drastic personnel cuts that have increased pressure on both employees and users – we should acknowledge the doubt that the potential for improved efficiency is in fact so fantastic that it solves major parts of the problem related to financing.

Other financing alternatives should not be excluded merely by definition with a view to the actual scope of the problems, but should be carefully analysed in relation to impact. Inversely, a large part of current tax subsidies for private household services should be eliminated. The main task is to protect the universality of the key welfare services such as education, health and social

care. Solutions that entail tax funding of the major fundamental investments, but where availability and quality are subsequently determined according to what the private individual can afford to pay, are not acceptable.

One particular question relates to distribution of costs between the government and the municipalities.

Responsibility assigned to the local municipalities for key welfare services, such as education, health and social care, is substantial. This affords the citizens the opportunity to achieve direct influence, and allows companies to organise in accordance with changing local and demographic conditions. However, the differences are large and growing rapidly between different municipalities in terms of the economic capacity to sustain these services. Both the above and the issue of what can be defined as a rational organisation of the tax system substantiate discussions of a different distribution of costs between the government and the municipalities.

Most analysts agree that a redistribution between capital and income taxes is necessary or, in plain language, higher capital taxes and no increases in income tax for the lower income brackets. Capital taxes, however, are paid to the government, not the municipalities. The municipalities are only entitled to increase municipal taxes, i.e. an income tax that is proportionate and is also collected from the lower income brackets. One simple conclusion is that the necessary resource funding for social services should not be financed solely or even primarily by an increase in municipal taxes, but that the government should assume a part of the costs.

One final question is, of course, whether the tax base can be increased. This is partly determined by employment figures and the number of hours worked, and partly by income levels for

people in work. Increased employment is thus a key component in safeguarding welfare, but actually also comprises jobs with reasonable incomes. If there is a high number of lowly paid jobs, the contribution to tax revenues is lower than the corresponding figures representing utilisation of welfare services by employees on low salaries. The right-wing concept of investing in more lowly paid jobs is therefore counterproductive; the real prerequisite is a labour market and educational policy that affords opportunities for well-paid jobs to a high share of the workforce.

It can also be added that working environments and working conditions that do not place excess pressure on or harm the health of the workers are both important welfare requirements individually – and provide cost savings for the welfare system.

Migration and integration

Throughout history, Sweden has been a country with high levels of immigration, with the flow of persons from Finland – which for around 600 years was the other half of the country – and from the countries bordering the Baltic Sea. In more modern times, immigration levels have seen a steady increase since the 1950s. The rapid industrial expansion since the end of the Second World War required a substantial immigration of labour. Political oppression and military violence in other parts of the world have constantly resulted in an increase in refugees, and the freedom of movement in the EU entails a higher level of labour mobility within the EU member states.

The effects are predominantly positive. Immigration has provided and continues to provide an important additional resource in terms of manpower and competencies for society, the economy, voluntary work and culture. We must also expect immigration to continue if we are to cover our domestic demand for labour, and because wars, political oppression and the growth in environmental problems is forcing far too many to leave their home countries.

Closing Sweden's borders to immigrants, which some parties demand, is neither realistic nor objectively justifiable. Of course, our capacity to accept immigrants is not unlimited, and the free or almost free immigration of the kind supported by libertarian groups, is – no more than a ban on immigration – not a sustainable alternative. The debate should instead focus on how to formulate the regulations, both at home and within the EU. It must also cover how to meet the demand in the housing and educational sectors, as these are key in helping immigrants settle and integrate.

A further debate is required on the current heavily segregated housing areas, the problems these cause and what has to be done to improve conditions there. Such an improvement is an absolute prerequisite for the capacity to solve the problems that have currently dominated the entire debate about migration, such as gang crime and religious radicalisation.

The debate, particularly after the refugee crisis in 2015 and more recent growth in popularity for the opinions of the anti-immigration Sweden Democrats, has focused on various negative consequences of immigration. These problems are serious enough and require both immediate counteraction and a more long-term strategy. If the measures introduced to directly counteract the manifestations of these problems are to have a genuine result, they have to be combined with measures to counteract all the underlying factors.

However, it is important to ensure that this debate and the measures introduced are not allowed to overshadow all the other positive facets of immigration; in this context, it is particularly defensible to call attention to the necessity of versatility and nuance. We must also be aware that the legitimate concerns about violent crime and radicalism may be exploited by forces

with fundamentally different and darker objectives than finding a solution to these problems.

The collective term "immigration" in itself comprises several different types of migration, all with completely different regulations. Asylum seekers, labour immigration, family-based immigration and free movement within the EU represent by far and in total the largest share of migrants.

Labour mobility across borders is in principle positive, and many Swedes have benefited personally and positively from the opportunities afforded in the EU in this context. However, regulations and a clear trade union influence are required to prevent the continuously unequal power relations between employer and employee resulting in exploitation in the form of wage dumping, long working hours and harmful working environments.

The original EU regulations did not afford sufficient protection against such exploitation and, within certain industries such as the construction sector and transport sector in particular, have had significantly negative effects on both working conditions and competition. These original regulations have now been strengthened, implying more stringent requirements on the employers, but the actual effects still remain unclear and the issue must be kept under the spotlight.

The regulations governing labour immigration in Sweden, formulated by means of the migration policy agreement signed between the Moderates and the Green Party in 2011, also have large loopholes for harsh exploitation of labour – loopholes that have been exploited. For many years, the tough criticism by trade unions and the Social Democrats had no effect. The debate regarding more stringent requirements for asylum seekers has however prompted the Moderates, most likely as a consequence of their own generally stricter requirements in migration policy,

to accept tougher controls also on labour immigration. In this context, the effect must continue to be monitored.

Asylum seekers migrate to protect themselves against the consequences of oppression, persecution and war. Labour immigrants come to Sweden because our country needs manpower. Consequently, labour immigration should target industries or professions where there is a lack of domestic workforce with the required competencies. Within industries or professions with a sufficient or excessive number of candidates, labour immigration is therefore not justifiable. This applies in particular to jobs that do not require any special education. Today, these types of jobs represent a relatively small share of the labour market, and the number of applicants exceeds the number of jobs. It is not reasonable to further increase competition in this area by employers bringing in workforce from other countries.

Granting asylum does not only involve allowing refugees the right to stay in Sweden. It is also an undertaking to provide these new residents with genuine opportunities to settle in the country and build new lives. This undertaking is also in the interests of Sweden as a nation. The growth of parallel communities where migrants are only able to move in the margins of the labour and housing markets, with clearly poorer living conditions and fewer rights than the domestic population, is harmful both to the immigrants and society around them.

Capacity to accept migrants therefore depends on the resources available to ensure a successful integration policy. This must determine which regulations, in addition to the international conventions signed by Sweden, shall apply to the number of refugees accepted. The necessary resources comprise housing, Swedish language education and availability of labour market training, professional training and supplementing the refugees' own professional skills. Today, there are substantial shortcomings when it comes to housing, but the requirements within the integration policy only reinforce the general requirement for an increase in housing construction.

On the whole, it does seem that the organisation surrounding how refugees are received and allowed to settle requires strengthening. The migration policy agreement signed in 2011 between the alliance government and the Green Party paved the way for an increase in immigration, something that was anticipated and also became the immediate result. However, little was done to increase the resources necessary to both receive the immigrants and help them settle. Clearly, the parties expected this issue to solve itself. Some of these shortcomings have been rectified, but much remains to be done, particularly in relation to housing.

Sweden could never accept and integrate more than a small share of the current migration flow. We should work to encourage more EU countries to accept more refugees, and we should provide active support to those international organisations working with the flow of refugees. However, from a long-term perspective, we cannot find the solution to injustice or war by moving those affected to a new country. The only genuinely sustainable solution is to counteract and eliminate those factors that force people into becoming refugees. Sweden must in all its international collaborations promote peace and disarmament, reconstruction in war-torn countries and development aid for poor countries; counteracting and eliminating the factors that force people to flee are the only true solutions to involuntary migration.

A properly functioning integration minimises the need for stringent regulations governing migration itself. However, if we are to exploit the capacities and competencies of recently arrived immigrants, most will need a period of time to settle that includes several types of training and this may last several years

during which society has to pay the costs. Based on the status of the flow of refugees that has existed for some time now, many do not have further education and require not only courses in the Swedish language but also a relatively large scope of supplementary training.

It is absolutely worthwhile to invest resources in such competencies, even if this does take several years. Such measures will allow them a stronger position on the labour market, higher salaries and, with time, better pensions. The current trend towards an ethnified low-wage proletariat in specific residential areas, which can already be found, must be reversed; the right-wing proposal to deliberately create more low wage jobs is socially unacceptable, if not harmful.

The proposal is also economically counterproductive. It is based on the idea that immigrants will still pay taxes, thereby contributing to funding of welfare services. However, the mere fact of having a job is not sufficient; the size of the individual's salary is also of significance. The tax collected on very low incomes does not cover the costs of the social services to which the individual is entitled, nor does it cover the individual's pensions in excess of the guarantee threshold. A certain size of salary is required to ensure that the taxes collected shall also cover the individual's welfare services. Quite simply, an increase in the number of poorly paid jobs does not solve the problems the proposal claims to solve.

The second facet of the current problems involving migration apply to the lack of integration, which is already a fact. This problem does not apply to all immigrants who have arrived in Sweden over the past decades, but the shortcomings themselves are serious. There is also the risk that this will have an impact for some time in the future as the consequences for many of the children growing up in exposed, segregated areas are negative.

Sociological research fully documents the fact that a childhood dominated by poverty, poor grades at school, overcrowded accommodation and difficulties finding work are all risk factors for crime. Both research and daily experience also show that the social environment, the experiences gained and the image of society these communicate have an impact on the individual's self-image, future expectations and views of society. In areas dominated by economic shortages, insecure working conditions and schools were many pupils struggle to make the grade, there is the risk of a feeling of exclusion from and lack of opportunities in "ordinary" society. Most probably, these feelings are even stronger in areas where the majority of inhabitants come from different countries, do not speak Swedish very well and have not properly settled and been included in their new country. There is a high risk that a number of the inhabitants will feel that the paths towards integration and inclusion are closed to such an extent that it is pointless even to try, and that they should find other ways of gaining economic profit and social status. They may even reject the norms and values seen to specially dominate the society to which they cannot gain entry, and instead form their own enclaves, based on other perspectives and, at times, opposed to the majority society.

The term "immigration problem" frequently reflects a social development that implies problems in other respects also – one example is the long-term low level of housing construction. All political parties, including the Social Democrats, are responsible for the fact that segregation has been allowed to occur. The view, however, that nothing has been done for a very long time needs to be more clearly defined.

The problems encountered by schools in areas where a very high share of the children do not have sufficient skills in Swedish have been discussed for a long time. The school authorities have taken active measures in this regard, and the municipalities have

carried out major and important initiatives to improve results in this area. However, the efforts that take place inside the schools are affected by what happens outside them, as the divides in Sweden have grown larger. This has had the hardest impact on the economically weaker groups, to which the ethnically segregated residential areas largely belong. Housing construction based on market terms has most negatively affected those groups with low economic resources. The system established for free choice of schools has only reinforced the problem for schools in the underprivileged areas. The relaxations to labour legislation and the harsher conditions on the market for temporary work have, in particular, affected groups with weaker positions on the labour market. The resources allocated to social services have deteriorated and, with them, the capacities for preventive measures and family support. And so on …

Developments in total combine to make daily life much harder. These developments are to a large extent attributed to the market liberal policies and the marketisation of the social services, implemented by the right-wing regimes. The measures now required to prevent more young children being drawn into crime or religious radicalisation must be political and not related to the market. More resources are required for social services, along with increased investments in leisure activities for adolescents, more opportunities for vocational training and schooling, measures to develop more housing for persons with low incomes, more mixed housing construction and a whole number of other measures. And of course, measures are required within the police force and legal system to eliminate gangs and the forces behind them. However, as pointed out by representatives of the police force, crime cannot be properly eliminated without supplementary social measures.

Segregation is the driving force behind the violent groups witnessed today, and this is what has to be eliminated. One key factor for preventive measures is therefore to take action to improve results in schools. We already have practical experience of this from municipalities such as Södertälje, Botkyrka and Malmö. However, the cognitive skills required to obtain good grades at school must also be developed outside of schools. This entails measures for children/adolescents during their free time: different kinds of creative activities, natural science experiments involving the environment etc. Children and adolescents in more privileged areas naturally have access to such activities at home. If such activities are also to be available to children in vulnerable areas, then measures are often required by the community (society).

Overcrowded housing is a major problem, taking its toll on family life and often forcing children out onto the streets. One part of this issue is that recently arrived immigrants, who are not able to find their own home, end up living with relatives of friends, an indication of the importance of a – significant – increase in housing construction with a larger mix of different housing.

Today's segregation has given rise to both religious radicalisation, not shy of violent tendencies and strongly oppressive for women, and an increasingly brutal level of gang-related crime. In total, the purely violent groups are not large, but have a widespread impact on society. They are supported by more organised forces of different kinds. Some groups relate to commercial crime. It is important also to eliminate this type of crime in order to stop gangs from forming.

Other groups emerge from more fundamentalist, religious communities, in practice primarily Islamist, and with more international roots. With the latter, the main aim is not violence against public institutions, but individuals have obviously been inspired to violence via contact with religion. The main aim can primarily be described as missionary and to change norms. There is also

the issue of the changes such religious groups demand to Swedish society in order to accept their rules of life both at school and at work, but in conflict with the values that are fundamental for modern-day Swedish society.

Freedom of religion is a fundamental right in a democracy. However, the freedom to choose and follow a faith in its religious, spiritual sense does not imply the right to demand that regulations covering social activities and social institutions shall be adapted to a specific faith. Legislation and regulations apply equally to all, irrespective of religion; this is a fundamental democratic premise. Equally, freedom of religion cannot be invoked to support preventing criticism of a religion, and does not imply any right to restrict other people's freedom of movement and life choices in the name of a religion.

Stability and cohesion in a country do not require every individual to think alike, have the same interests, same religion or same traditions when it comes to weekends and public holidays, clothes, music and food. Stability and cohesion do, however, require understanding and support of certain fundamental values expressed in legislation. The most obvious values to be protected are the values of democracy. Directly undemocratic views must and shall be opposed. Parallel societies within Sweden's borders, which are based upon non-democratic values, for example by not recognising that all persons have equal value and equal rights, are incongruous. Political measures that directly or indirectly promote such parallel societies or non-democratic associations are just as incongruous.

Democratic values must be specifically expressed in the conditions provided by society and its various institutions to its inhabitants. Combating certain expressions of religious extremism – just as with fighting gang-related crime – is a task for the police force and legal system. Nonetheless, the only effective, long-term strategy at all times is to make changes to the living conditions that currently provide the breeding grounds for extremism, violence and crime – changes which make the democratic ideals a real part of everyone's lives.