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This article explores the reasons why some reform initiatives launched by the Swedish labor movement have succeeded and others have failed. It presents four case studies: two success stories (the pension reform of 1959 and the industrial democracy reforms of the 1970s), and two failures (inheritance taxation in the 1920s and 1940s, and wage-earner funds in the 1970s). The article casts these case studies in an analytical framework that emphasizes three variables. To the extent that they challenge the *interests of capital*, labor's reform initiatives are likely to precipitate a powerful countermobilization, but the politics of reformism are also shaped by the extent to which labor's initiatives embody a *universalistic conception of social justice* and/or appeal to the *material interests of swing voters*.

THE COMPARATIVE POLITICS OF LABOR-INITIATED REFORMS Swedish Cases of Success and Failure

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The literature on the politics of labor reformism in advanced capitalist societies encompasses two distinct problems. Emphasizing the commonalities of reformist experiences across time and countries, one group of authors asks, Why have reformist socialists failed to transform the economic structure of society? Another group of authors emphasizes cross-national variations. Granted, perhaps, that even the most successful reformist socialists have not fundamentally changed society, the fact remains that some labor movements have mobilized greater societal support and have achieved more far-reaching reforms than others. These authors ask questions like, Why has

AUTHOR'S NOTE: *This article is the product of a long-standing debate with Bo Rothstein, and owes much to his insights, suggestions, and criticisms. I am afraid that I have managed to settle our debate, but I am confident that we will find something else to argue about. For comments on previous drafts, I am also indebted to Michael Goldfield, Peter Hall, Peter Katzenstein, John Keeler, and Desmond King.*

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the Swedish labor movement been more successful than the British or Danish labor movement in promoting its reformist agenda?¹

Both strands of the literature deal in country cases and extended experiences of reformist government, involving a range of different reform initiatives—say, the French Popular Front of 1936 or the British Labour government of 1945. In this article, I shall try to break some new ground, analytically, by disaggregating experiences of reformist government, and comparing the politics of specific reform initiatives. Why have some reform initiatives introduced by reformist labor parties succeeded whereas others have failed? What, if anything, do successful reform initiatives have in common? The promise of posing the question of reformism in this manner is that we might arrive at insights that would be directly relevant to the strategic choices that reformist politicians face. Reformist politicians obviously cannot choose the societal conditions in which they find themselves, but they can and do choose among reform initiatives to put forth.

My analysis uses reform initiatives introduced by the Swedish labor movement as cases. With the Swedish Social Democrats holding political power for 53 of the last 60 years (1932-76, 1982-91), and Swedish wage earners being more thoroughly unionized than any other labor force, Sweden represents the best available instance, a “limiting case,” if you wish, of labor hegemony in advanced capitalism. More importantly for our present purposes, the experience of Social Democratic rule in Sweden provides a wide range of reform initiatives introduced by the labor movement, with different political results. By restricting the universe of cases to a single country, we can hold the societal context somewhat constant, and focus our attention on the political logic of different reform initiatives.²

Four major reform initiatives will be considered here: two success stories and two failures. The success stories are the supplementary pension (ATP) initiative of the 1950s, and the codetermination (MBL) initiative of the 1970s; the failures are the push for radically redistributive inheritance taxation in 1928 and again in 1947, and the wage-earner funds (WEF) initiative launched in 1975-76.³ In categorizing these cases as successes and failures, I rely on two essentially political criteria for success. The first criterion has to do with legislative outcomes: To what extent was labor’s initiative translated into legislation? The second criterion has to do with the broader political effects of labor’s reform initiatives: To what extent did the reform initiative enable the labor movement to mobilize or consolidate political support?

The second of these criteria is essential, for if we restrict ourselves entirely to legislative outcomes, we are likely to end up with the trivial conclusion that minor reform initiatives are more likely to succeed than major reform initiatives. It is, of course, perfectly possible that a reform initiative succeeds

according to only one criterion, but in the cases to be considered here, the two criteria of success overlap and reinforce each other.⁴

ANALYTICAL FRAMEWORK

My analysis engages three general arguments that might be invoked to explain why some labor-initiated reforms succeed whereas others fail. The first argument holds that radical reforms are likely to fail because they challenge the systemic interests of capital, which enjoys what effectively amounts to veto power in capitalist democracies. One version of this argument emphasizes the resources available to capital to influence public opinion as well as to exercise direct influence over legislative and executive policy-making process through interest-group representatives and parties or politicians who depend on the financial support of capital (cf. Lindblom, 1977). Another version emphasizes the ability of capital to influence the politics of reformism and the actual implementation of reforms through its economic behavior; most obviously, by withholding investment (e.g., Block, 1977). Either way, the politics of reformism turn on how particular reform initiatives bear on the interests of capital.

This line of argument certainly has some explanatory power, but it does not capture (or explain) the diversity of reformist experiences. In the face of similar resistance by capital, some reform initiatives, and some labor movements, appear to have fared better than others. Moreover, there is a significant variation in outcomes among cases of labor-initiated reforms that have not involved any major counter-mobilization by capital. Even the most committed proponent of "capital logic" must admit that the politics of popular support cannot be construed exclusively as a function of the interests of capital. What other variables must be considered to understand the politics of popular support?

In a short essay reflecting on the successes and failures of Swedish Social Democracy, Jörgen Hermansson (1988) argues that successful reformism hinges on a felicitous combination of ideas and interests. According to Hermansson (1988), successful reforms are "ideologically motivated measures that include an appeal to the interests of strategically important groups" (p. 51). As I read Hermansson, *interests* here stand for material interests, and *strategic importance* refers to electoral considerations. The upshot of these reformulations is an argument that holds that the fate of reform initiatives depends on the extent to which they appeal to the material interests of swing voters.⁵

Against such an argument, Jon Elster (1987) points out that the history of the modern welfare state is replete with examples of reforms that cannot be explained in terms of the preferences of self-interested individuals. According to Elster, people have supported these reforms because they embody a compelling conception of social justice. For Elster, a compelling conception of social justice must be simple and universalistic. To the extent that reforms benefit some citizens more than others, such differentiation must be based on clearly articulated principles.

Taken together, these arguments suggest that the likelihood for labor-initiated reforms to succeed (politically) depends on three variables that have to do with the goals and institutional design of the reform in question: (a) the extent to which it accommodates the systemic interests of capital; (b) the extent to which it appeals to the material interests of swing voters; and (c) the extent to which it embodies a simple and universalistic conception of justice. Labor-initiated reforms are very likely, almost certain, to succeed if they conform to each of these specifications. On the other hand, they are bound to fail if they violate all three specifications. The obvious question arises: Might one or two specifications suffice to secure success and, if so, which ones?

The stark contrast between the success of the Swedish labor movement's campaign for pension reform in the 1950s and the failure of its campaign for wage-earner funds in the 1970s is readily explicable in terms of the arguments set out above. As we shall see, these reform initiatives represent mirror images of each other on all three of our variables. The cases of codetermination reform and inheritance taxation represent intermediary hybrid cases. As such they are more interesting, but also less clearcut.

The significance of the MBL case hinges on whether or not labor's initiative threatened the systemic interests of capital. Affirming that all employees are entitled to a voice in decisions affecting them (as employees), the MBL initiative clearly rested on a simple and universalistic conception of justice, and did *not* appeal to the material interests of swing voters. My answer to the question of whether or not the initiative threatened the systemic interests of capital is a qualified "no"; certainly, the MBL did not challenge capital to the extent that the WEF initiative did.

As for the case of inheritance taxation, I shall argue that the proposals put forth by the Swedish Social Democrats in the 1920s and again in the 1940s did rest on a simple and universalistic conception of social justice, but threatened the systemic interests of capital, and did not appeal to the material interests of swing voters. Insofar as we can generalize from this case, the lesson would seem to be that, contrary to what Elster implies, a compelling

conception of social justice does not suffice to secure the success of reform initiatives that challenge the systemic interests of capital. If such reform initiatives are ever to succeed, they must appeal to the material interests of swing voters, possibly in combination with an appeal to their sense of social justice.

If we restrict the universe of "labor reformism" to reform initiatives that affirm a universalistic conception of justice and/or challenge the power of capital, these cases represent four out of six possible combinations of the three explanatory variables identified above (see Table 1). The other combinations are missing from this analysis because there are no obvious cases of such reform initiatives in the history of Swedish social democracy. The absence of any reform initiatives that have combined a challenge to the power of capital with an appeal to social justice *and* to the material interests of swing voters is itself puzzling, and I shall return to this puzzle in my conclusion. Suffice it to note at this point that the question of the limits of reformism, and also the question of the limits of interest-based, rational-actor explanations of politics, ultimately hinges on hypothetical cases that are not represented in my empirical analysis. I do not claim to settle these questions; at best, my analytical framework enables us to specify the kinds of cases that would be needed to settle them.

The framework summarized in Table 1 raises some obvious questions: What are the systemic interests of capital, and how do we determine whether or not they are being threatened? Who are the swing voters, and what are their material interests? And why are some conceptions of social justice more compelling than others? As indicated already, each of the explanatory variables involves matters of degree, and depends on comparisons across cases. To assign them either of two values (1 or 0) can only be justified as a heuristic device.

My treatment of the cases will flesh out the meaning of these variables, but a few preliminary remarks might be helpful. To begin with, let me point out that my treatment of the issue of justice proceeds entirely from Elster's (1987) discussion. Again, Elster argues that a compelling conception of social justice must be simple and universalistic. To my mind, it is an empirical question whether or not this argument is correct (can it explain observed outcomes in the cases at hand?).

The term *systemic interests of capital* is here used to refer to the long-term interests of owners of capital.⁶ In the short term, capitalists obviously seek to maximize return on their investments. In the long term, they seek to create or maintain institutional arrangements that enable them to pursue profits, and to dispose of their wealth as they see fit. Their systemic interests pivot on

Table 1
Summary of Cases

Cases	Variables			Outcomes
	Accommodation of capital	Compelling conception of justice	Material interests of swing voters	
ATP	+	+	+	Success
MBL	+	+	—	Success
TAX	—	+	—	Failure
ATP	—	—	—	Failure
Missing	—	+	+	??
Missing	—	—	+	??

private ownership and the autonomy of private investment decisions vis-à-vis political representatives of wage-earner interests. As the short-term interests of capital depend on adequate demand to realize surplus value, there may well be a tension between short-term and long-term interests. Capitalists may be willing to sacrifice some institutional autonomy, but they will be reluctant to do so, and they are most unlikely to concede the principle of private ownership.

As for “swing voters,” finally, I conceive them as voters or voting blocs whose political allegiance is directly affected by the particular reform initiative in question. In other words, they are voters without strong ideological or organizational ties to either the socialist or the bourgeois parties. If a reform initiative appeals to them, they will support the Social Democrats or some party inclined to ally with the Social Democrats. Whereas the meaning of social justice and the interests of capital are essentially the same in my four cases, the identity and material interests of swing voters vary across the cases. In the interwar and immediate postwar period, when the struggles over inheritance taxation took place, farmers were the crucial swing voters. As Swedish social structure evolved in the postwar era, the proportional significance of the farm vote declined, and farmers became a core constituency of the opposition to the Social Democrats. White-collar employees now emerged as the crucial swing voters.

Let me assure the reader that I recognize the ambiguities of these formulations. Most obviously, the distinction between the short-term and long-term interests of capital is far from precise. Also, I do not mean to suggest that there is a single compelling conception of justice at work in modern societies. In many cases, the proponents and opponents of a particular reform initiative

may both articulate simple and universalistic conceptions of justice. The purpose of this exercise is exploratory, and the cases are meant to be illustrative.

WAGE-EARNER FUNDS

At its 1976 congress, the Swedish confederation of blue-collar unions (LO) endorsed a plan for collective profit-sharing that had been developed by a committee of experts headed by Rudolf Meidner. In essence, the Meidner Plan (Meidner, 1978) proposed that corporations above a certain size (50 or 100 employees) be required to issue new shares corresponding to some proportion of their annual profits, perhaps 20%, to wage earners as a collective group. The share of equity capital that wage-earners would thus acquire each year would be determined by the relationship between a corporation's profits and its net value. The higher the rate of profit, the more rapid the transfer of ownership would be.

The Meidner Plan stipulated that this new form of collectively owned capital remain as working capital in the corporation that had generated it. Voting rights and other ownership prerogatives would be exercised by local unions until wage-earner shares represented 20% of equity capital. Above that threshold, ownership rights would be vested in fund boards appointed mainly by national unions but including representatives of other societal interests.

Rejecting the idea of individual ownership claims, the Meidner committee provided three basic justifications for this scheme. First, the scheme would facilitate the implementation of wage solidarity by neutralizing "excess profits."⁷ Second, it would counteract the concentration of wealth and reconcile the need to improve the financial solidity of firms with labor's redistributive ambitions. Finally, wage-earner funds would complement the industrial democracy reforms of 1972-76 by giving wage earners and their unions direct, ownership-based influence in corporate decision-making. Curiously, the LO leadership decided to endorse the Meidner Plan without any prior consultations with the leaders of the Social Democratic Party (SAP). In the election campaign that began shortly after the LO congress, the Social Democrats sought to sidestep the issue of wage-earner funds, stating repeatedly that legislative action would have to await the results of a public commission of inquiry, which would not complete its work prior to the next election.

Following the bourgeois victory in the 1976 election, LO and SAP appointed a joint working group, which put forth a new proposal for wage-

earner funds in 1978 (LO-SAP, 1978), and yet another proposal in 1981 (LO-SAP, 1981). These proposals shifted the case for wage-earner funds from redistributing wealth and power to increasing the rate of investment, and retreated from the most radical features of the Meidner Plan. Linking collective-share ownership directly to wage restraint, the 1978 and 1981 proposals scaled down the scope of profit-sharing, and stipulated that wage-earner funds should partly be built up through payroll taxes. In the 1981 proposal, obligatory share issues were replaced by a tax on excess profits. The revenues generated by payroll and profits taxes would be transferred to regionally based wage-earner funds, which would invest these revenues by purchasing corporate shares. Thus the collectivization of ownership would occur entirely through market transactions. While reaffirming the Meidner committee's rejection of individual ownership claims, the WEF proposal of 1981 also sought to give wage earners a material stake in the proposed reform by requiring the funds to contribute to the pension system.

These and other alterations were introduced in response to the business community's and the bourgeois parties' vehement objections to the Meidner Plan, and were clearly designed to broaden the popular appeal of the WEF initiative. As Table 2 indicates, public support for wage-earner funds actually declined with each new proposal. By the election of 1982, the labor movement had clearly lost the debate over wage-earner funds, but many voters were more concerned with the bourgeois parties' failure to keep unemployment in check. As Leif Lewin (1985) puts it, "the Social Democrats won the 1982 election despite, not thanks to wage-earner funds" (p. 356).

Following the 1982 election, the new Social Democratic government tried to reach a compromise over wage-earner funds with the Center Party and/or the Liberals. Neither party was inclined to enter into to any such deal, however. Under pressure from LO, and with the support of the Communist parliamentary group, the Social Democrats then proceeded to enact a much-watered-down version of wage-earner funds in December, 1983. To summarize briefly, the 1983 legislation provided for the build-up of five regionally based "wage-earner funds" through special payroll profits taxes over a 7-year period (1984-90). At the end of this period, no further revenues would be transferred to the funds. The legislation stressed that the funds were to behave as portfolio investors, avoiding any responsibility for employment or industrial policy. Also, the legislation stipulated that ownership engagements by any one fund must not exceed 8% of the shareholder votes in any one corporation.

The very limited scope of the 1983 reform is illustrated by the fact that the securities held by wage-earner funds were worth less than half of Volvo's liquid assets at the end of 1987 (Bergström, 1988, p. 52). By the end of 1990,

Table 2
Voters' Views of Wage-Earner Funds, 1976-82, in Percentages

	For	Against	Undecided
All voters			
1976	33	43	24
1979	32	45	23
1982	22	61	17
SAP voters			
1976	55	18	27
1979	58	15	27
1982	43	29	28

Source. Holmberg (1984, pp. 170, 186).

the funds accounted for roughly 3.5% of the total value of corporate shares listed at the Stockholm exchange. The gap between labor's reformist ambitions in 1976 and the legislative outcome of 1983 is striking. More importantly for our present purposes, the WEF issue had clearly become a major political liability for the labor movement by 1982-83. The bourgeois parties continued to rally public opinion against wage-earner funds, and the Social Democrats tried to bury the issue completely in the elections of 1985 and 1988.

A major shift in public opinion about trade unions occurred in the course of the WEF debate. At the time of the LO congress of 1976, the number of people that thought that unions had too much power was almost exactly the same as the number of people who thought that unions had too little power. By the spring of 1984, the former response outweighed the latter by 39 percentage points (Gilljam, 1988, p. 237). The outcome of the WEF debate can thus be said to have set the stage for the subsequent rightward drift of Swedish politics.

There can be no doubt that the divisions between LO and SAP played into the hands of the campaign against wage-earner funds. The succession of different WEF proposals created confusion and uncertainty among the electorate as to the institutional design and objectives of the proposed reform. Also, party leaders who argued for proposals that they did not really believe in often did so with a great deal of ambiguity. When asked about the details of the labor movement's proposals, many voters gave the wrong answers (Gilljam, 1988, pp. 82-93) and, as Table 2 indicates, the number of voters without a firm opinion on the issue remained high through the entire debate.

These observations notwithstanding, the counter-factual argument that the WEF initiative would have succeeded had the Social Democratic labor movement united behind the Meidner Plan is dubious. As the party's reservations about the WEB initiative rested largely on electoral considerations, divisions within the labor movement must at least in part be considered a consequence (rather than a cause) of the successful mobilization of public opinion against wage-earner funds.

The same goes for the political neutralization of the TCO, the principal confederation of white-collar unions, in the course of the WEF debate. Insofar as LO had a political strategy in 1976, it rested on the idea that TCO would embrace the WEF initiative, and that this would force the centrist bourgeois parties, which depend heavily on the electoral support of TCO members, to bargain with the Social Democrats. This was the strategy that LO had successfully pursued in mobilizing political support for codetermination reform in 1972-76 (see below). The TCO leadership did initially come out in favor of some form of collective profit-sharing and share ownership, but it retreated to a neutral position when it became clear, in 1979-80, that a large majority of TCO members opposed the idea of wage-earner funds.

Divisions within the labor movement and the neutralization of TCO should be seen as *proximate causes* of the failure of WEF initiative. An adequate explanation of this failure must incorporate other, more generalizable variables.

Jörgen Hermansson (1988) and Jon Elster (1987) both invoke the WEF experience in support of their arguments about the kinds of reforms that are likely to succeed politically. According to Hermansson (1988)

the problem with Meidner's original proposal was not that it was too radical. Rather, its fundamental weakness was that it lacked the components that would have made it possible to incorporate wage-earner funds into a Social Democratic reform strategy. The proposal was conceived solely for the working class, for industrial workers in the traditional sense. (p. 54)

Like Hermansson, Elster suggests that the WEF initiative failed because the idea itself was fundamentally flawed, but Elster's critique proceeds from different premises. Elster argues that the WEF initiative did not embody a compelling conception of justice, for it was neither simple nor universalistic. In a rather off-handish manner, he dismisses the WEF initiative by asserting that it is "perverse" to "give employee voting rights only to workers in firms which for some reason happen to be chosen as investment objects for the funds," and "ridiculous" to "argue that 'the working class' as a whole would have control over the firms through trade union representatives in the funds,"

because "real power would be vested in the trade union bureaucracy" (Elster, 1987, p. 99).

Elster's characterization of wage-earner funds is more germane to the WEF proposals of 1978 and 1981 than to the original Meidner Plan, for there was nothing arbitrary about the investment of wage-earner funds in the Meidner Plan: The shares owned by the funds would remain as working capital in the firms where the profits had been generated. Also, the Meidner plan stipulated that ownership rights would be vested in *local unions*—not the "trade union bureaucracy" at the national level—until the funds owned 20% of the equity in a firm. Arguably, the Meidner Plan did embody a simple conception of social justice: Employees have a right to share in the profits they create.

As for Hermansson's argument, it is not quite accurate to say that the WEF initiative appealed to the interests of industrial workers, but not to the interests of other constituencies, for the proposed reform did not involve any direct material pay-offs for any individuals. To the extent that the WEF initiative appealed to the interests of industrial workers, it did so by promising them future job security and influence over corporate decisions. The same "benefits" would have accrued to private-sector white-collar employees as well.

Elster's and Hermansson's arguments nonetheless do point us in the direction of a serious political problem with the design of the WEF initiative in all its incarnations. The intended empowerment of employees (or unions) through profit-sharing would have been as unevenly distributed as profits are. In addition and perhaps most importantly, public-sector employees and public-sector unions, naturally inclined towards the Social Democrats on many other issues, had nothing to gain from the WEF initiative.

As Table 2 indicates, a third of all voters supported the WEF initiative in 1976 and 1979. It was not until the early 1980s that public support plummeted. What has to be explained, then, is not simply why labor failed to mobilize a popular majority behind wage-earner funds, but also why it failed to sustain and consolidate the support that existed in 1976-79. Following Elster or Hermansson, one might perhaps argue that it was only in the course of the debate that voters fully understood labor's proposals, but Mikael Gilljam's (1988) analysis of voters' substantive knowledge about the WEF issue contradicts this argument. It is far more plausible to explain the decline of public support for wage-earner funds as a result of the campaign against wage-earner funds launched by organized business and the bourgeois parties in 1979-80.

Clearly, the WEF initiative challenged the interests of current owners of Swedish business. Current owners did not stand to lose any of their wealth, but they did stand to lose some of their claim to future profits, and some—in

the distant future, all—of their control over corporate decisions. The mobilization against the WEF initiative was aided not only by the political weaknesses of the WEF initiative itself, but also by political power resources marshaled by capital. In 1982 alone, organized business spent roughly as much money on advertisement against wage-earner funds as the five parliamentary parties spent on the election campaign. It also deserves to be noted here that the press affiliated with the bourgeois parties accounts for well over 80% of total newspaper circulation, and that the campaign against wage-earner funds also relied on the power that corporations have over their employees. Business organizations urged affiliated firms to communicate the dangers of wage-earner funds to their employees, and many firms did so (Hansson, 1984).

Gilljam's (1988) careful study of the formation of public opinion about wage-earner funds demonstrates conclusively that arguments against wage-earner funds dominated in the mass media after 1979, and that the public's understanding of what the issue was about coincided closely with its presentation by mass media. According to Gilljam (1988) "everything indicates that the strong resistance of business and the bourgeois parties to collective wage-earner funds had great importance for the Swedish people's views on the question" (p. 232).

Significantly, Gilljam's study shows that voters with weak party identifications (swing voters) were especially influenced by mass-media treatment of the WEF issue. Also, it shows that public-sector employees changed their opinions more dramatically than private-sector employees between 1979 and 1982. Among public-sector employees, supporters of wage-earner funds exceeded opponents by one percentage point in 1979, and opponents exceeded supporters by 41 percentage points in 1982. Among private-sector employees, opponents exceeded supporters by 10 percentage points in 1979, and 33 percentage points in 1982 (Gilljam, 1988, p. 179).

Although I agree with Hermansson and Elster that the WEF initiative was flawed from the point of view of mobilizing mass political support, I do not agree with their characterization of its flaws, and I do not believe that their critiques of the WEF initiative provide an adequate explanation of its failure. Such an explanation must take into account the interests and power resources of capital.

THE ATP REFORM

The ATP reform is everyone's favorite story of a successful labor-initiated reform.⁸ Enacted in 1959, the reform created an obligatory, public system of

supplementary retirement insurance, providing for income-differentiated benefits on top of existing flat-rate benefits. The two public pension systems would together ensure that a person's retirement income would be at least 60% of his or her employment income at the time of retirement. As Esping-Andersen (1985) puts it, the purpose of the ATP reform was to "equalize the pension status of all wage earners" (p. 108).

For the labor movement, the ATP initiative represented a retreat from its traditional egalitarianism. In the course of the 1940s, the LO unions came to recognize that the principle of income-differentiated benefits would have to be accepted in order to address inequalities of pension rights as flat-rate benefits could not be raised to a level high enough to squeeze out private forms of pension insurance for highly paid white-collar employees. Also, union and party leaders alike recognized at an earlier stage that the ATP initiative could serve as a vehicle to mobilize white-collar support for social democracy. As the Social Democrats entered into a coalition government with the Agrarian Party in 1951, this political motive became most compelling for the unions, which viewed the coalition with the Farmers Party as an obstacle to progressive reforms.

The ATP legislation of 1959 was prepared by three successive commissions of inquiry, reporting in 1950, 1955, and 1957. The first commission issued a unanimous report, endorsing the idea of public income-differentiated pensions, but the second commission split. The representatives of business and the opposition parties (Liberals and Conservatives) now came out against the Social Democratic majority proposal, instead advocating legislation that would promote the extension of employer-organized pension schemes through collective bargaining. Two basic issues divided the majority and minority proposals of 1955: first, whether participation in the supplementary pension system should be voluntary or obligatory; and, second, whether supplementary pensions should be financed through a conventional insurance system, based on premium reserves, or through a pay-as-you-go system (in which the fees paid by the currently employed finance the benefits of the currently retired).

The employers and the opposition parties wanted voluntary participation, and therefore advocated a premium-reserve system. For the Social Democrats, the principle of obligatory participation was important unto itself because it would ensure standardized pension rights, but it was first and foremost motivated by their preference for a pay-as-you-go system. The majority proposal of 1955 argued for a pay-as-you-go system on the grounds that it would make it possible to begin paying out substantial pensions much earlier, that it would more effectively protect pension benefits against infla-

tion, and that it would require a less massive build-up of pension funds. Given the level of pension coverage they wanted to achieve, the proponents of ATP feared that premium-reserve funds would flood credit markets and make it impossible to realize a positive real rate of return on pension-fund capital. In their proposal, funds would be built up in the initial stages of the new system, to serve as a buffer and to stimulate investment, but the mechanism of collective savings would gradually be phased out.

The third commission of inquiry failed to resolve these issues, but it provided the proponents of ATP with an opportunity to revise their proposal so as to broaden its political appeal. The majority proposal of 1957 introduced provisions that would enable the initial generation of ATP pensioners to collect larger pensions than they had "earned" under the new system. It also introduced two provisions that rendered the proposed reform more attractive to white-collar employees: First, 30 years of employment would suffice to collect maximum benefits; and, second, benefits would be calculated on the basis of an individual's best 15 years of income. Because pension fees were to be collected as a flat percentage of an individual's income during his or her entire period of employment, these provisions in effect amounted to a subsidization of the pensions of those who work for a shorter period of their life (typically due to longer education) and/or whose income increases more steeply in the course of their employment.

These provisions were the upshot of informal negotiations with the TCO representative on the third commission of inquiry, but TCO as an organization remained divided over the pension issue, and never officially endorsed the ATP initiative. LO viewed the new provisions of 1957 as necessary political concessions that were acceptable in view of the equalization of pension rights that the ATP reform would entail.

Heating up after 1955, the pension debate put the Agrarian Party in a difficult position. The party objected to the principle of income-differentiated benefits, and to the obligatory nature of the ATP scheme, but its constituency had nothing to gain from the counter-proposal of the opponents to ATP. After a great deal of vacillation, the Agrarian Party finally adopted its own reform proposal in 1956, advocating a substantial increase of flat-rate pensions, to be complemented by a voluntary, state-subsidized system of individual retirement insurance.

Unable to agree on the substance of pension reform, the Social Democrats and the Agrarians agreed to put the issue to an advisory popular referendum in the fall of 1957. The electorate was asked to choose among the three pension-reform proposals that had been advanced and, predictably, the outcome was ambiguous. With 45.8% of the vote, the ATP proposal gained

Table 3

Parliamentary Elections From 1954 to 1968, in Percentages

	Turnout	Combined Socialist vote	SAP vote	Socialist [parties] share of blue-collar vote	Socialist [parties] share of white-collar vote
1952	79.1	52.2	47.4		
1956	79.8	49.6	44.6	75	31
1958	77.4	49.6	46.2		
1960	85.9	52.2	47.3	80	41
1964	83.9	52.5	47.3	78	40
1968	89.3	53.1	50.1	76	44

Source. Birgersson et al. (1981, pp. 324-325), and Gilljam and Holmberg (1990, p. 220).

a clear plurality, but not a majority of voters. The Liberal-Conservative proposal received 35.3% of the vote, and the Agrarian proposal 15.0% (Birgersson, Hadenius, Molin, & Wieslander, 1981, p. 323).

Following the referendum, the SAP leadership announced that it intended to put the ATP proposal to a parliamentary vote, and the Agrarian Party (soon to rename itself the Center Party) left the government. The extraordinary election that ensued in June, 1958, resulted in a 115-115 split between proponents and opponents of ATP (i.e., socialist and bourgeois parties) in the Second Chamber. With a strong traditional base of support among white-collar strata, the Liberals' share of the vote fell from 23.8% to 18.2%. This setback clearly weakened their opposition to the ATP initiative. A parliamentary compromise still could not be reached, but a Liberal member of parliament abstained on the final vote, and the ATP legislation passed with a one-vote majority. The Conservatives and the Center Party continued their campaigns against ATP for some years, but the Liberals quickly endorsed the reform, and thereby secured its implementation.

The ATP initiative was successful in the sense that the 1959 legislation created the kind of pension system that the labor movement wanted. As Table 3 illustrates, this legislative success in turn enabled the Social Democrats to mobilize new electoral support. Voter turnout jumped in the 1960 election, and the Social Democrats made significant gains among white-collar as well as blue-collar voters. Their gains among white-collar voters proved more durable than their gains among blue-collar voters.

As Esping-Andersen (1985) argues, the political significance of the ATP reform extends beyond these electoral data (see also Stephens, 1979). By eliminating pensions as source of conflict among unions (white-collar as well

as blue-collar), the reform served to unify organized labor, and by providing white-collar strata with a material stake in the welfare state, it reinforced the hegemony of Social Democracy. From 1962 to 1972, social expenditures increased from 10.9% to 20.3% of GDP (Esping-Andersen, 1985, p. 168). Torsten Svensson's (1990) analysis of electoral surveys provides further empirical evidence for the latter part of Esping-Andersen's argument. Svensson shows that support for welfare reforms increased dramatically among white-collar voters in the 1960s and, in addition, that attitudes toward welfare reform have had a greater impact on party choice among white-collar voters than among other occupational categories.

The success of the ATP initiative boosted labor's reformist agenda, and enabled the Social Democrats to project themselves as a party representing the interests of all wage earners. In view of its political significance, it is striking that the ATP was passed by a one-vote majority. It is commonplace to attribute the historic success of Swedish Social Democracy to divisions among the bourgeois parties (see Castles, 1978; as well as Esping-Andersen, 1985; and Pontusson, 1988), and it is tempting to argue that the outcome of the ATP debate would have been very different had the bourgeois parties united behind a single alternative. The perspective adopted here suggests another view: Had the ATP initiative not passed in 1959, it would have passed in 1960 or 1961.

The ATP initiative clearly embodied a simple and universalistic conception of social justice: Everyone is entitled to the same level of pension coverage. As we have seen, the initiative also appealed directly to the material interests of white-collar workers, who by this time were emerging as the crucial swing voters in Swedish elections. One question remains: Did the ATP represent a defeat for capital? Arguably, the ATP initiative threatened the interests of capital in two senses: First, complete public pension coverage would reduce employee dependence on employers, and thus alter the balance of power in the labor market; and, second, the reform would create large public pension funds that could provide the basis for state intervention in the allocation of capital.

With respect to the first point, it must be noted the ATP reform did not alter the imperative for wage earners to seek employment and perform to the satisfaction of their employers. As benefits were directly tied to years of employment and income from employment, the reform can hardly be construed as an instance of "decommodification" of labor power (see Esping-Andersen, 1990). Also, it is noteworthy that the employer representatives on the first pension-reform commission actually endorsed the ATP initiative. When the employers' federation (SAF) retreated from this position in the

early 1950s, it did so in response to the demands of small and medium-sized businesses, which objected to the increase of labor costs that the reform would entail (Söderpalm, 1980, pp. 84-91).

As for the issue of pension funds, the labor movement never pushed public control of investment as a major component of the ATP initiative, and the legal framework for the administration of pension funds that was drawn up by a separate commission of inquiry in 1957 clearly sought to allay the business community's fears on this score (see Pontusson, 1992, chap. 5). The legal framework provided firms with an automatic right to reborrow 50% of their pension fees, and restricted the funds' investment activities to the purchase of bonds.

Organized business opposed the ATP initiative, but by comparison to the WEF debate of 1976-82, and also to the planning debate of 1946-48, it assumed a rather low political profile during the ATP debate. In contrast to the story of wage-earner funds, moreover, organized business readily complied with the government's request that it appoint representatives to the boards of directors of the new pension funds. All of this suggests that capital did not perceive the ATP initiative as a serious challenge to its fundamental interests. Again, the ATP initiative represents the mirror image of the WEF initiative on each of the three variables that I have identified to explain why some reforms succeed and others fail.

From the point of view of the analytical framework set out here, the most important point about the ATP story is perhaps that the ATP initiative represented a new Social Democratic conception of justice. Having previously conceived pension justice in terms of *equality of benefits*, the Social Democrats advocated ATP on the principle of *equality of rights* (or coverage). In and of itself, the latter conception of justice is not necessarily more compelling than the former, but it enabled the Social Democrats to reconcile considerations of justice with an appeal to the material interests of swing voters.

CODETERMINATION

The labor movement's acceptance of the principle of managerial prerogatives was a cornerstone of the politics of class compromise in postwar Sweden. From 1906 onward, the employers' federation (SAF) successfully insisted that collective bargaining agreements should include the statement that the employer has "the right to lead and allocate work and to hire and fire workers freely, irrespective of whether they are organized" (Schiller, 1973,

p. 304). The Saltsjöbaden Agreement of 1938 somewhat curtailed the employers' right to fire freely, but otherwise upheld the idea that collective bargaining should be restricted to the terms of the employment contract (wages, hours, and benefits), and not interfere with management decisions. This settlement reflected the ideology of the labor movement as well as the power of the employers. By the late 1930s, the LO unions had come to adopt a very positive view of management's efforts to rationalize production. At the same time, they wanted to retain their autonomy vis-à-vis management by avoiding any responsibility for management decisions.

In a rather abrupt turnabout, the LO congress of 1971 launched a major campaign to reform industrial relations by legislative means.⁹ The purposes of this campaign were multiple; most notably, to enhance employment security, to improve the physical working environment, to strengthen the unions' ability to carry out union activities at work, to broaden and reinforce employees' and unions' access to information, and to provide local unions with a direct say in corporate decision-making. According to the report prepared for the 1971 congress, the ultimate goal was to establish "parity between employees and owners of capital" on all issues affecting employees (LO, 1971, p. 59).

It is a commonplace that LO's campaign to democratize working life was a response to the wildcat strike movement of 1969-70, which took the LO leadership by surprise, and featured a range of new, more qualitative rank-and-file demands. Two other considerations also motivated LO's pursuit of industrial relations reform. First, the Liberals and the Center Party emerged as advocates of industrial democracy in the second half of the 1960s, projecting firm-level employee participation as the democratic alternative to the corporatist collaboration of labor and business promoted by the Social Democrats. Second, the TCO unions came out in favor of the idea of codetermination in 1970. LO's campaign to democratize working life sought to preempt the bourgeois parties' efforts to outflank the Social Democrats, and to draw TCO closer to social democracy.

Working closely together, LO and TCO successfully mobilized public opinion and the political parties behind industrial relations reform in 1972-76. In the 1976 election survey, 73% of all voters supported the idea of "providing employees with greater influence at work," and only 11% opposed it (Petterson, 1977, p. 89). Among Social Democratic voters, supporters of this idea outweighed opponents by 84 percentage points. The corresponding figure for the Liberals was 58 points, the Center Party 47 points, and the Conservatives 19 points (pp. 89-91).¹⁰

Despite the fact that the 1973 election resulted in a perfect split between the social and bourgeois parties, Parliament enacted an impressive series of

industrial relations reforms in 1972-76. The crowning achievement of this legislative effort was the Codetermination Act (MBL) of 1976, which effectively abolished the principle of managerial prerogatives. Like the ATP reform, MBL was prepared by a commission of inquiry that included representatives of organized business as well as the bourgeois parties. Although the employer representatives from the very beginning conceded the principle of managerial prerogatives, the LO and TCO representatives became increasingly ambitious in the course of the commission's deliberations, and the representatives of the Liberals and the Center Party became increasingly sympathetic to the unions' demands.

For the most part, the government's legislation satisfied the demands articulated by LO and TCO in 1974-75. As the unions insisted, codetermination would pertain to all issues of interest to employees, not just work-related issues as the commission majority had proposed, and on all such issues management would be required to enter into negotiations if local unions so demanded. If such negotiations were to stall, the unions would have a right to insist on further negotiations between national unions and their employer counterparts. The government's legislative proposal also conformed to the unions' demand that the union side would have priority of interpretation in contractual disputes pertaining to codetermination issues (until such disputes were settled by the Labor Court), but it rejected union proposals to the effect that union representatives be granted veto power or decision-making authority (self-determination rights) on some issues. In the end, MBL stipulated that employers could no longer refuse to negotiate over any issues, but it did not require employers to reach agreement with their unions. If collective bargaining failed to yield negotiated solutions, management would retain the right to determine corporate policy unilaterally.

The unions did not get everything that they wanted, but the MBL initiative was clearly more successful than the WEF initiative in terms of legislative results. In contrast to the ATP case, labor's legislative success did not in this case translate into electoral gains for the Social Democrats. In fact, SAP's share of the vote fell in the 1973 election (from 45.3% to 43.6%), and further losses in 1976 (42.7%) led to the formation of the first bourgeois government since 1932. Nonetheless, a strong case can be made that the MBL initiative did serve to prop up the political dominance of social democracy in a context characterized by unfavorable economic conditions and social-structural changes (the expansion of white-collar strata, traditionally more inclined to vote for the bourgeois parties). Beyond 1976, the election surveys no longer asked voters about their support for industrial democracy, but it would appear that industrial democracy remains very popular. As the Social Democrats

tried to create a new ideological profile for themselves in the 1980s, they continued to stress their commitment to democratizing working life (e.g., SAP, 1989). Indeed, codetermination is the one leftist reform initiative of the 1970s that remains an important part of Social Democratic discourse.

The fact that the issue of industrial democracy was dropped from the election surveys after 1976 is itself indicative of its broad-based appeal. Arguably, the Social Democrats failed to translate the success of the MBL initiative into electoral gains because the Liberals and the Center Party were willing to embrace virtually all of labor's ambitions. In a sense, the MBL initiative was too successful as an exercise in hegemonic politics. In contrast to the ATP debate, the kind of polarization that would have enabled the Social Democrats to capitalize on the initiative never came about.

The contrast between the success of MBL and the failure of wage-earner funds is in many ways more instructive than the contrast between the success of ATP and the failure of wage-earner funds. The MBL and the WEF initiatives were part of the same reform offensive, and LO's strategy to introduce collective profit-sharing was informed by the success of its campaign to democratize working life. The marked divergence of political outcome in these two cases is also instructive because both initiatives explicitly involved questions of economic power and democratic control over corporate decisions. Like the WEF initiative, and unlike the ATP initiative, the MBL initiative did not cater to immediate material interests and, again like the WEF initiative, it vested the representation of employee interests in local unions. Why, then, did the MBL initiative succeed whereas the WEF initiative failed? Why didn't voters perceive the MBL initiative as a matter of concentrating power in the hands of "trade union bureaucrats"?

As we have seen, the contrast between the MBL debate and the WEF debate hinges on the role of TCO, but this observation simply reposes the puzzle: Why did TCO support codetermination but not wage-earner funds? My answer is two-fold. First, the MBL initiative embodied a simple and universalistic conception of social justice: All wage earners are entitled to participate in decisions that affect them. Second, organized business and the bourgeois parties never seriously tried to mobilize public opinion against the MBL initiative.

The first point has to do with the power of ideas or ideology, and bears on the attitudes of white-collar employees, and blue-collar employees as well, but it also bears on the organizational interests of unions. The scale and design of the MBL reform was such that it would immediately enhance the participatory opportunities of unions throughout the economy. It would seem plausible to argue that white-collar and blue-collar unions alike were more

willing to devote resources to mobilizing their members for the MBL initiative than for the WEF initiative. Certainly, this must have been true of public-sector unions, which would not have gained anything from the introduction of wage-earner funds.

Why didn't organized business seriously seek to mobilize public opinion against the MBL? In retrospect, we can safely say that MBL did not have the far-reaching consequences that labor expected that it would have in 1976 (see Pontusson, 1992). In fact, most trade-union activists have been disappointed by the practice of codetermination bargaining. Perhaps organized business recognized in 1974-75 that the reforms proposed by the labor movement did not really pose a threat to managerial authority? It would appear, however, that employers genuinely perceived MBL as a major political defeat at the time of its passage (Schiller, 1988, chap. 9). Arguably, the employers' subsequent co-optation of codetermination was made possible by the reversal of government and opposition, and the onset of the economic crisis, neither of which the employers could have foreseen in 1974-75. The employers were taken by surprise by the MBL initiative; specifically, they did not anticipate the radicalization of union ambitions that took place in the course of the preparatory commission of inquiry.

This interpretation has some validity. The MBL experience clearly informed the employers' response to the WEF initiative. Recognizing the importance of the struggle for public opinion, the employers were determined to avoid becoming the hostages of a commission of inquiry this time around. In this sense, the success of the MBL initiative set the stage for the failure of the WEF initiative. At the same time, however, there can be no doubt that the WEF initiative posed a more direct challenge to the systemic interests of capital than did the MBL initiative. The German experience of codetermination must have been a source of some comfort to the employers. Had the government incorporated union demands for veto power and self-determination rights into its legislative proposal, organized business would surely have adopted a more belligerent posture.

INHERITANCE TAXATION

The Swedish Social Democrats first broached the issue of inheritance taxation in 1928. They did so in a parliamentary motion written by Ernst Wigforss, the principal Social Democratic ideologue at the time. Wigforss's motion emphasized that Swedish inheritance taxes were remarkably light by comparison to other countries, such as Britain and the United States, and

simply called for the appointment of a commission of inquiry. Nonetheless, it became the subject of a heated parliamentary debate. Wigforss's motion proved controversial because it treated taxation as an instrument of social policy rather than fiscal policy. Perhaps for the first time in the history of Swedish tax policy, revenue enhancement did not figure as a justification for the tax increase that the Social Democrats proposed. Quite the contrary, Wigforss's motion stated flatly that additional government revenues were not needed at the time, and that the purpose of the proposed tax reform was to redistribute wealth (Rodriguez, 1980, pp. 87-90; Tingsten, 1973, pp. 265-266, 173-276).

The bourgeois parties roundly defeated the Social Democrats' parliamentary motion, and went on to denounce inheritance taxation as confiscation of property in the subsequent election campaign. Having gained electoral support in every previous election, the Social Democrats suffered a major setback in 1928. As compared to the preceding election (in 1924), SAP's share of the popular vote fell from 41.1% to 37.0%, and the socialist parties' combined share fell from 46.2% to 43.4% (Birgersson et al., 1981, p. 324).¹¹ As inheritance taxation figured prominently in the election campaign, it seems safe to conclude that the Social Democratic inheritance tax initiative of 1928 backfired electorally.

With 41.7% of the vote, the Social Democrats regained electoral momentum and formed a minority government in 1932. The budget proposal of the new government included a new inheritance tax, a British-style "estate tax" (*kvarlåtenskapsskatt*). However, the government quickly dropped this idea in the face of fierce parliamentary opposition, and the tax reform drafted by Wigforss, now Minister of Finance, in 1938 did not include any new inheritance taxes.¹²

The Social Democrats' parliamentary alliance with the Agrarian Party effectively precluded any further initiatives to redistribute wealth by means of inheritance taxation in the 1930s. While this constraint diminished as the elections of 1940 and 1944 yielded socialist majorities in both Chambers of Parliament, wartime conditions led to a marked radicalization of the labor movement's redistributive ambitions.¹³ As Social Democratic leaders acknowledged, the hardships of the war were unevenly distributed. Perhaps most obviously, wage earners bore the brunt of the increase of the tax burden during the war. In response to rank-and-file discontent, the Social Democrats promised that "harvest time" would come at the end of the war.

When the national emergency government broke up in 1945, the Social Democrats formed a government of their own. The new government quickly abolished the general sales tax introduced in 1941, and appointed a commis-

sion of inquiry to propose a comprehensive tax reform.¹⁴ In a highly unusual move, Wigforss (still Minister of Finance) stacked this commission with Social Democrats and himself assumed the chairmanship. In November, 1946, the commission's socialist majority proposed a tax reform package that included an estate tax as well as major income tax reductions for low- and middle-income earners, a more progressive structure of income taxation, and increased rates of taxation of wealth and corporate profits. The estate tax proposal entailed a double taxation of inheritance: In addition (and prior) to the existing tax on a received inheritance, the estate of a deceased would be taxed directly, provided that its value exceeded 25,000 SEK. The commission majority recommended a scheme whereby the rate of estate taxation would increase gradually from 5% to 60%, and proposed that corporate shares and other securities might be used as payment.

The issue of inheritance taxation again proved extremely controversial. The bourgeois parties' representatives on the tax reform commission strongly objected to the majority's recommendations on the grounds that they entailed unnecessary tax increases, which would have negative consequences for savings, investment, and entrepreneurship. When the government sent out the commission report for official commentary (*remiss*) by public agencies and interest organizations, LO alone endorsed the estate tax. An appeals court (*Svea hovrätt*) argued strenuously that the proposed estate tax represented an unconstitutional infringement on property rights. This argument was subsequently taken up by organized business, the bourgeois parties, and the press.

On all major points, the tax legislation that the government submitted to Parliament in April, 1947, conformed to the recommendations of the Wigforss commission. To blunt some of the criticism that had been advanced, and to broaden political support for the reform among middle strata, the legislation raised the threshold for taxable estates to 30,000 SEK and lowered the maximum estate tax rate to 50%. More importantly, it extended income tax reductions to higher tax brackets than originally proposed.

The support of the Communists ensured a parliamentary majority for the government's tax legislation. The struggle over tax reform did not end with the enactment of the government's legislation in July, 1947, however. The election campaign of 1948 was the most polarized and bitterly fought election campaign since 1928, and again the issue of inheritance taxation figured prominently (Sainsbury, 1980, chap. 5). The election campaign marked the culmination of a campaign by organized business to mobilize public opinion against the Social Democrats' efforts to institutionalize planning.¹⁵ The opponents of planning seized on the estate tax as evidence that the Social Democrats had not really abandoned their commitment to socializing private

property. Also, the opposition invoked the government's handling of the tax reform, its willingness to ignore reasoned arguments from so many quarters, to argue that Sweden was becoming a one-party state.

Polling 46.1% of the vote, as compared to 46.7% in 1944, the Social Democrats held their own, but the Communists' share of the vote fell from 10.3% in 1944 to 6.3% in 1948 (Birgersson et al., 1981, p. 324). For the socialist bloc as a whole, the outcome of 1948 election represented a setback comparable to that of 1928. Unwilling to go it alone with the Communists, the Social Democrats responded to the election by initiating discussions with the Agrarian Party about the formation of a new coalition government. These discussions did not yield a formal government agreement until 1951, but the policy orientation of the Social Democratic minority government had already changed by 1949. Wigforss now resigned as Minister of Finance, and his successor immediately appointed a commission to investigate the possibility of lowering wealth and inheritance as well as income tax rates. As a concession to the Agrarian Party, the Social Democrats finally agreed to abolish the estate tax altogether in 1956 (Elvander, 1972, pp. 97-102).

In the end, the Social Democrats failed to translate their idea of inheritance taxation as a means to redistribute wealth into an enduring policy. Their inheritance tax initiatives of 1928 and 1947 failed in terms of politics as well as policy. The 1948 election did not turn on the issue of inheritance taxation alone, but it is most striking that the bourgeois parties made significant electoral gains in each of the only two elections to date in which inheritance taxation has featured as a contested issue.

How can we explain the failure of Social Democratic inheritance tax initiatives in terms of the analytical framework set out above, and what does the story of inheritance taxation tell us about the importance of its three variables? The Social Democrats' inheritance tax initiatives rested on a simple and universalistic conception of social justice, and the issue of justice figured prominently in their advocacy of inheritance tax reform (Elvander, 1972, pp. 34, 44; Rodriguez, 1980, p. 114). Recognizing that its contribution to government revenues would be relatively minor, Wigforss conceived inheritance taxation as a matter of collecting a "debt" that rich individuals owed to society. Wigforss also invoked the principle of equal opportunity, suggesting that the concentration wealth was only justifiable to the extent that it derived from individual entrepreneurship.

There may be room for disagreement on the relevance of inheritance taxation for the systemic interests of capital, conceived abstractly, but there can be little doubt that labor's reform initiatives directly threatened the interests of owners of capital and their offspring, and it is clear that organized business perceived and responded politically to this threat.

As for the material interests of swing voters, we have seen that the Agrarian Party strongly opposed inheritance taxes, and that the Social Democrats' dependence on the parliamentary support of the Agrarian Party forced them to abandon inheritance taxation in the 1930s and again in the 1950s. Significantly, the Agrarian Party and the farmer organizations voiced very little opposition to the progressive income tax rates that constituted the other component of egalitarianism in the tax reform of 1947 (Elvander, 1972, pp. 33, 48-49). On inheritance taxation, the interests of farmers as property owners were aligned with the interests of capital. The Social Democrats tried to preempt such an alignment by raising the minimum threshold of taxable inheritances, but this manifestly failed to allay the fears of the farmers.

The lesson of the struggle over inheritance taxation would seem to be that a compelling conception of social justice does not suffice to secure the success of reform initiatives that challenge the systemic interests of capital. The socio-occupational composition of the Swedish electorate at the time meant that social justice could not be combined with an appeal to the material interests of swing voters in the matter of inheritance taxation. Social-structural conditions became more favorable to such an initiative as the electoral significance of white-collar strata increased at the expense of farmers during the postwar era, but the Social Democrats never again sought to mobilize political support around the issue of inheritance taxation.¹⁶ Having failed twice, they were presumably wary of reintroducing the issue.

CONCLUSIONS

The case studies presented above illustrate that the politics of labor-initiated reforms vary according to the kinds of reform initiatives at stake, and provide at least some support for the proposition that certain reform initiatives are more likely to succeed than others. As indicated at the outset, I conceive this analysis as complementary to that of cross-national comparisons of more or less successful labor movements. In closing, I would like to address three issues that might be construed as objections to my approach and arguments.

The first issue concerns the significance of "reform cycles" (Tarrow, 1989) or "reform governments" (Keeler, 1993 [this issue]). My analysis focuses on the political logics of discreet reform initiatives, but reform initiatives typically come in clusters, and the fate of any one reform initiative may well depend on struggles over other reform initiatives. For instance, one might argue that labor would have succeeded in its effort to mobilize popular support for an egalitarian approach to inheritance taxation in the immediate postwar period had it not been for the fact that the issue of inheritance taxation

became entangled with the issue of planning. Like the WEF initiative of the 1970s, labor's postwar planning offensive threatened the systemic interests of capital, but did not rest on a simple and universalistic conception of social justice, and also did not appeal to the material interests of swing voters.

The significance of linkages or spillovers (to borrow a term from regional integration theory) between reform initiatives is an empirical question, which ought to be further investigated. Suffice it to note here that the contrast between the success of the MBL initiative and the failure of the WEF initiative demonstrates that the outcomes of more or less contemporaneous reform initiatives can be very different. As we have seen, these two initiatives formed part of the same reform cycle; the WEF initiative followed immediately in the wake of the MBL initiative, and was at least in part motivated by the success of the MBL initiative.

Second, over time, societal conditions may become more or less conducive to a given reform initiative. Far from denying this possibility, my analytical framework identifies two mechanisms whereby long-term changes in social structure might affect the politics of labor reformism. First, the identity and material interests of swing voters change in the course of economic development. Second, the power resources wielded by capital, and hence its capacity to mobilize against threats to its systemic interests, may change. In the latter vein, one might conceivably argue that the failure of the WEF initiative reflects the growing influence of capital in Swedish politics. A number of reasons could be invoked to account for capital's growing influence: its increased concentration and multinationalization, but also the suburbanization of the working class and the growing importance of mass media in politics.

The similarities between the debate over planning in the 1940s and the WEF debate of the 1970s and early 1980s bring out the limits of this line of argument, however. For all the societal changes that had taken place in the intervening period, the WEF initiative played itself out in the same way as labor's postwar planning offensive in that it unified the opposition parties and mobilized organized business. As its opponents rallied public opinion, the labor movement was forced to retreat on both occasions. The approach adopted here enables us to explain the similarities between the politics of planning and wage-earner funds (similar reform initiatives in different societal contexts) as well as the differences between the politics of codetermination and wage-earner funds (different reform initiatives in the same societal context).¹⁷

Third, the reader might ask, Why do we need to bother with social justice and the material interests of swing voters? The power of capital would seem to suffice to explain divergent outcomes in my four cases. Why not go with

the simple argument that reform initiatives that threaten the systemic interests of capital fail whereas those that accommodate the systemic interests of capital succeed? As noted at the outset, this argument hinges on hypothetical cases that are not represented in my empirical analysis. My analysis does not refute the power-of-capital argument, but it does not provide the necessary evidence for this argument either. Also, the other variables included in my analytical framework are needed to explain variations in the fate of reform initiatives that do not challenge the systemic interests of capital. In terms of legislative as well as mobilizational outcomes, the MBL initiative was more successful than the WEF initiative, but it was decidedly less successful than the ATP initiative. The logic of my analytical framework implies that the MBL initiative was less successful than the ATP initiative because it did not cater to the material interests of swing voters.

To the extent that we can generalize from the story of inheritance taxation, the lesson is that a compelling conception of social justice does not suffice to secure the success of reform initiatives that challenge the systemic interests of capital. If they are ever to be successful, such reform initiatives must appeal to the material interests of swing voters. Plausibly, they must also embody a simple and universalistic conception of justice. Again, I am unable to think of any major reform initiative launched by the Swedish labor movement that combines these features, and thus provides a crucial test case for the power-of-capital argument.

What might account for the absence of such reform initiatives? Arguably, the leadership of the labor movement has avoided challenges to the systemic interests of capital out of the realization that they would fail even if they embodied a compelling conception of social justice and appealed to the material interests of swing voters, but this argument will not do, for the labor movement did challenge the systemic interests of capital in the cases of inheritance taxation, planning, and wage-earner funds. Another line of argument would be that appeals to universalism and appeals to the material interests of swing voters (typically middle-class voters) are mutually exclusive, but this argument is also dubious. At least in one case, ATP, the Swedish labor movement did manage to reconcile appeals to universalism and appeals to the material interests of swing voters. (To reiterate, it did so by conceiving justice in terms of equality of rights rather than equality of benefits.)

What would have happened had the labor movement incorporated democratic control of investment into its ATP initiative by allowing public pension funds to buy corporate equity? It is a safe bet that this hypothetical ATP initiative would have been a lot more controversial than the actual ATP initiative, and that it would not have been enacted in 1959. Would it have enabled the Social Democrats to mobilize new electoral support? The only

thing we can say on this subject is that it was not until the actual ATP initiative had passed that the Social Democrats reaped its full electoral benefits.

The failure of the Swedish labor movement to introduce reform initiatives that challenge the systemic interests of capital and appeal to the values of universalism and the material interests of swing voters remains a puzzle to me. It should be clear that the point of the preceding analysis is *not* that reformists should avoid radical initiatives that challenge the systemic interests of capital. Rather, the point is that such initiatives must be conceived and presented in ways that appeal to the material interests of swing voters as well as broadly shared notions of social justice. This imperative is not simply a matter of political "marketing"; it is first and foremost a matter of institutional design, translating broad reformist ambitions into concrete proposals for rules and organizational arrangements.

NOTES

1. See Esping-Andersen (1985) and Pontusson (1988) for examples of the comparative problematic. See Przeworski (1985) for an elegant account of the generic limits of reformism in capitalist society.

2. Because societies change over time, the societal context cannot be held entirely constant. More on this below.

3. ATP stands for *Allmän tilläggspension* (public supplementary pension), and MBL stands for *Medbestämmandelagen* (Codetermination Act, passed by Parliament in 1976). The WEF acronym (for wage-earner funds) has no Swedish equivalent.

4. Note that the following analysis ignores the politics of implementation as well as the broader question of the extent to which successful reforms have actually altered economic or social conditions. If actual codetermination practices in Swedish industry in the 1980s were to be taken into account, the MBL initiative could no longer be construed as a major success. See Pontusson (1992) on the politics of implementation and "final outcomes" in three of the cases discussed here (WEFs, ATP, and MBL), and see Rothstein (1986) for a more fully developed "implementationist" approach to the question of variations in reformist success across policy arenas. Rothstein explains the success of the Swedish labor movement's reformist ambitions for labor market policy and the failure of its reformist ambitions for educational policy in terms of the organizational structures of the administrative state agencies responsible for policy implementation.

5. This argument resonates with Esping-Andersen's (1985) emphasis on the importance of cross-class alliances for the historic achievements of Scandinavian social democracy.

6. Note also that this variable refers to the collective interests of capital. The question of distinctive interests of capitalists engaged in different economic activities does not enter into this analysis.

7. Since the 1950s, LO had pursued a wage-bargaining strategy that sought to hold back wage increases for its high-wage members in favor of wage increases for its low-wage members. As this policy boosted the profits of the most profitable firms, the solidarity of centralized agreements tended to be offset by local wage drift. On the origins of the WEF initiative and its

connection to solidaristic wage policy, see Åsard (1978), Martin (1984), and Swenson (1989). More generally on the WEF debate, see Lewin (1985, chap. 9), Åsard (1985), Esping-Andersen (1985, chap. 9), Heclo and Madsen (1986, chap. 6), Gilljam (1988, chaps. 3-4), and Pontusson (1992, chap. 7).

8. The story is told in all its details by Molin (1965). The most complete account in English is Heclo (1974, chap. 5).

9. See Pontusson (1992, chap. 6) for a more detailed version of the following account. My discussion draws primarily on Hadenius (1983) and Simonson (1988).

10. Although Petterson's (1977) report does not disaggregate these data by occupational status, we can safely surmise from the aggregate figures that white-collar employees strongly supported the idea of industrial democracy.

11. In Swedish electoral history, the 1928 election stands out, along with the "ATP election" of 1960, as a voter-mobilizing election. Voter turnout increased from 53% in 1924 to 67.4% in 1928.

12. See Steinmo (1988, 1989) for a more comprehensive, historical and comparative, treatment of Social Democratic tax policy.

13. Among other things, this radicalization manifested itself through Communist electoral gains. The Communists' share of the popular vote increased from 3.5% in the parliamentary election of 1940 to 5.9% in the local elections of 1942, 10.3% in the parliamentary election of 1944, and peaked at 11.2% in the local elections of 1946 (Birgersson et al., 1981, p. 324).

14. The following account of the tax reform of 1947 draws primarily on Elvander (1972, chap. 2) and Rodriguez (1980, chap. 6).

15. See Pontusson (1992, chap. 2) on labor's planning offensive and the business mobilization against planning in the immediate postwar period.

16. The postwar evolution of social structure did affect the Social Democrats' general approach to taxation, however. With the re-introduction of a general sales tax in 1959, the Social Democrats began to shift the burden of taxation from income taxes to consumption and payroll taxes. This regressive turn of Social Democratic policy was an integral part of the reorientation of Social Democratic strategy from a "worker-farmer coalition" to a "wage-earner coalition."

17. The story of the labor's postwar planning offensive does not figure among my case studies for two reasons: (a) "planning" cannot really be construed as a discreet reform initiative; and (b) in terms of my three variables, the case is essentially the same as that of the WEF initiative.

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