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## **The Swedish Left Party in Europe; towards a Strategy for Economic Democracy together with Social Democracy?**

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### **Parties and Social Movements**

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The main focus of the paper is the second one of the two focuses of the conference: Where do the Left Parties and social participators see the possibilities concerning basic changes and shaping? It will however do this in the light of the issue of enlargement and strengthening of the European Union.

## **1. The present situation of the Swedish Left Party in relation to the ongoing changes of the Swedish welfare state**

During the 1990s' like other countries in the global capitalist economy Sweden has experienced huge cutbacks on the public sector. Socialdemocratic governments during the 1980's (1982-91) and especially the 1990's (1994-2003) have carried through a policy meaning gradually decreasing public sectors share of BNP. In the late 1980's the Socialdemocrats together with the liberals implemented a tax reform to lower for instance income taxes, which cost many billions of Euros and which did not benefit those with low incomes. In the 1990's socialdemocratic as well as bourgeois governments (1991-94) have been very successful in cutting public expenditures, in order to qualify for the Maastricht treaty and the demands for EU and EMU membership. Public sector share of BNP has decreased from 2/3 to about 1/2 for the period of last 20 years in Sweden.<sup>1</sup> In money this means a loss of about 20 billion Euros per year in public expenditures, which is very much for a rather small economy as Swedens.

This economic policy has resulted in a very problematic situation in the public health sector.<sup>2</sup> The newspapers gives descriptions about inhuman conditions in the care of elderly, in hospitals, in child-care, schools etc. Many hospitals have been closed down, and others are full with people lying in the corridors. Maternity hospitals have also been closed and those left are sometimes full, there is examples when women have been told to go to a hospital 200 km's away. Total number of employees in care sector has been much less, and there is too many examples of old peoples lying in their beds all day without getting any help. The mental care as well as the care of addicts has also experienced severe cutbacks. 20 years ago beggars did not exist on the streets of Stockholm, today you can see them every day. The cutbacks has been combined with privatizations, so today big stock companies are important actors on the health "market". Only 15-20 years ago private entrepreneurs were not aluded at all in the health care.

There has also been cutbacks in the social security systems. Full income compensation no longer exists, today the level is 80% for unemployment (if you are included in the system), sickness and child care. One very important change is the new pension system, decided in 1994 and implemented thereafter by four bourgeois parties together with the Social Democrats. In long term this will mean that the public pension system, with pension funds governed by the state, will melt away. Instead there will be hundreds of pension funds controlled by private banks, insurance companies etc, among which the employees are told to have the freedom to choose between. This new system was implemented by the same, or actually a rather different, social democracy that fought so hard to implement the public pension system in the 1950s'. The fact is also that it was actually the social democrats that in the late 1980s' first opened up for private alternatives in the public sector, a bourgeois

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<sup>1</sup> Ankarloo, Daniel, "*Den svenska modellen*" och globaliseringen, en översikt, Malmö högskola, 2003

<sup>2</sup> The description below following Sjöberg, Stefan, *Löntagarfondsfrågan – en hegemonisk vändpunkt. En marxistisk analys. (The Wage-earner Fund Debate – a Hegemonic Turning-point. A Marxist Analysis.)*, Uppsala University, Universitetstryckeriet, Uppsala, 2003, p234ff

government 1991-94 then could go on and multiply a development already initiated.<sup>3</sup> The Swedish social democracy of today is a social democracy that belongs to those who put pressure on for instance the French Socialist party to deregulate and privatize more, energy sector is one example. Instead of being a model for a radical progressive force, Swedish social democracy today is the opposite. The SAP leadership of today belongs to the "New Labour" of Tony Blair and "Die Neue Mitte" of Gerhard Schröder.

The overall consequences of the economic/political development during the last 20 years is a gradually hardening Swedish society. This has meant increasingly gaps between classes, and the income differences have been increasing rapidly. Unemployment increased from 2 to 10% in the beginning of 1990's. There is marginalisation of parts of the population which did not occur 20 years ago. Of course many of the processes described have also occurred in rest of European countries, but I believe it is correct to say that the bourgeois/(neo)liberal (including socialdemocratic governments) offense has created an even more drastic changing of the social conditions in Sweden, compared to how it used to be. This development is an important explanation to the EU/EMU negative opinion in Sweden. The social development is seen, and is in fact, related to the adaptation to another social system, and this also explains the "anti-federalism" in the Left, even sometimes when it comes to Left projects.

This is the socio-economical and -political landscape the Swedish Left Party (Vänsterpartiet) has to navigate in. Historically the Left "to the left" of social democracy has been weak in Sweden.<sup>4</sup> The former Communist Party (VPK), although for long time passively supporting social democratic governments in the parliament, where very critical towards the social democratic reformism and "class collaboration". VPK did not want, and was not welcomed, to participate in SAP governments. Today, when the Swedish social democrats have become liberals, the Left Party is involved in a very tight cooperation with the SAP government and the Green Party.

In the governmental financial plans of today you can read "the long term goal to decrease public sector of BNP continues". The Left Party on both national and local levels is in some respects critical towards the SAP government "in theory", and tries to move SAP proposals to the left, but in praxis supports the government policy in large. Now even more heavy cutbacks are planned at the local level, which of course is related to the economic policy on national level. In the county of Stockholm the socialdemocratic/left/green majority are proposed to cut on health care etc equivalent to 200 million Euros. In theory and policy documents, the Left Party does everything to defend the strong general welfare model; at the same time in praxis it supports the SAP governmental policy, which has meant gradually decreasing public sector as share of BNP, and related to that, for instance increasing income gaps between classes as well as men and women.

Of course there has been internal debates concerning the best strategy to meet this new situation. I believe it possible to summarize the present Left Party stand-point as follow: We have to cooperate and compromise with the SAP-government, because if we do not, others - that means bourgeois parties- will. And that would result in an even worse situation. Therefore we have to try to push the SAP policy as far "to the left" as possible, without breaking the cooperation. Although there are critical voices, inside the party there has not

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<sup>3</sup> Montin, Stig, "Privatiseringsprocesser i kommunerna, teoretiska utgångspunkter och empiriska exempel", in *Statsvetenskaplig tidskrift*, nr1, 1992

<sup>4</sup> The Communist party, VPK, gained about 4-6% of the votes from 1950's up to 1998, when the "reformed" Left Party (Vänsterpartiet) gained 12%. Birgeron, Bengt Owe mfl, *Sverige efter 1900, en modern politisk historia*, Bonnier, Stockholm

been too much antagonism regarding this point of view. But there are some examples on the local level where the Left Party has left the cooperation with SAP.

The situation outlined above is the harsh reality of the left today in Sweden, a reality I believe very dangerous not to face. To understand this present situation in Sweden -and the prospects for a left strategy for the future- as well as the outline of a left strategy actually recently presented by the Left party- it is necessary to give a brief historical background, focusing on the building of the "Swedish model" during the period of 1930's to 1970's, and the struggle about economic democracy which marked the Swedish society for a decade from mid 1970's to mid 1980's.

## **2. Background, building the Swedish Model, the Hegemonic Turning point**

In Sweden the Social democratic Party, SAP, held governmental power for more than four decades, from 1932 to 1976. This long-time solid power base made it possible to implement a whole range of social reforms, to build what is often called the "people's home".<sup>5</sup> From a more theoretical point of view, the Swedish welfare system is perhaps the best example of what social theorist Esping-Andersen labels "the Social democratic general welfare model".<sup>6</sup> Fundamental part of this social democratic welfare regime, according to Esping-Andersen specifically developed in the Nordic countries, was a redistributing tax system which was able to finance a large public sector with universal welfare programs.<sup>7</sup> Swedish social democracy, supported and pushed by the Communist party, implemented a sophisticated social insurance system which included more or less the whole population, in order to gain support for the system by the whole population and over-bridge gaps between different classes and segments. The model guaranteed almost full income compensation for child-care, unemployment and sickness. The social democrats built up hospitals and health care, care of the elderly, schools, child-care, new houses etc. In the late 1950s the labour movement in Sweden also succeeded to implement a beneficiary pension system, after long and hard struggle against the united bourgeois forces.<sup>8</sup> Important elements of the Swedish model was the strategy for full employment, which resulted in strengthening the labour unions and movement visavi the bourgeois, as well as the solidaric wage policy, both worked out by trade union economists Rudolf Meidner and Gösta Rehn.<sup>9</sup>

Building this "Swedish Model", was made possible because an internationally unique union-political cooperation between LO and SAP, and that the Communist Party was passively

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<sup>5</sup> The concept was first used in the end of the 1920s by socialdemocratic prime minister, Per Albin Hansson.

<sup>66</sup> In Gösta Esping-Andersen's famous study, *The Three Worlds of Welfare Capitalism* (Polity Press, Cambridge, 1990), he considers this "Nordic" form as one of mainly three existing forms of "welfare capitalism", the others being the selective liberal and the conservative welfare models. Esping-Andersen exemplifies the conservative model with France and Germany (in a tradition going back to Bismarck) and the liberal with USA. The conservative model is characterized by historical links to the church with traditional family values. The state is strong in this welfare system, but does normally not intervene as long as family can handle the care needed. In the liberal model, social security is selective and beneficiaries handled on low levels to those with low incomes. The state intervenes to a small extent in the market mechanisms, and the model has (especially compared to the Socialdemocratic universal model) a low degree of redistribution among the population.

<sup>7</sup> Rothstein, Bo, *Vad bör staten göra? Om välfärdsstatens moraliska och politiska logik*, SNS, Stockholm, 1994

<sup>8</sup> Olson, Sven E, *Social Policy and Welfare State in Sweden*, Arkiv, Lund, 1990

<sup>9</sup> Clement, Wallace & Rianne Mahon, *Swedish Social Democracy: a Model in Transition*, Canadian Scholars' Press, Toronto, 1994

supporting in parliament, although never welcomed in the government. All in all this Swedish model resulted in decreasing differences of income and wealth in the Swedish society. In comparison with other countries in Western Europe with other forms of welfare capitalism as Esping-Andersen puts it, this meant Sweden was a very just and equal society.

With one exception: *the conditions of power and property*. The conditions on the labour market was regulated in the Swedish form of "the historic compromise", which was set up in 1938 between LO and the employers federation, SAF. In this compromise employers gives the right to lead and organize the work, while the unions gets the right to organise and strike etc. The fundamental question of power and property conditions is out of the compromise, it is a forbidden and silent question and it is implicit that these conditions should not be questioned. To conclude, this meant that Swedish society during the period from early 30s' to late 70s' showed a remarkable increasing living standard for the working class, at the same time the fundamental power/ownership interests of big industry were never really threatened. One can put it like political and social democracy were achieved, but not economic democracy.

This was realized by the workers and demands for better working conditions, co-determination etc were raised. Alongside with a wave of wild strikes, this put pressure on social democracy, and a radicalization of the social forces including social democracy took place. The social democratic trade union federation, LO, began to talk about economic democracy, and the so called "wage earner funds struggle" then marked the Swedish society for more than a decade, from mid 1970s' to early 1990s'.<sup>10</sup> In Swedish social democracy at this time, the argumentation was: first we achieved political democracy, then we achieved social democracy, now it is time for the third step – economic democracy.

As an answer to persistent or increasing concentration of power and property in big enterprise, a working group within LO in 1975 proposed the so called wage-earner funds as a way to democratize enterprise. The proposal was adopted by the LO congress in 1976. These original proposals would have meant that collective funds controlled by the trade unions, in a period of 20-40 years, should have taken over the ownership majority in big companies.<sup>11</sup> It was a democratic socialist strategy aiming at transforming the fundamental power/property-relations of society.<sup>12</sup>

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<sup>10</sup> The wage-earner fund struggle is analyzed in Sjöberg 2003

<sup>11</sup> Meidner, Rudolf, in collaboration with Anna Hedborg & Gunnar Fond, *Löntagarfonder*, Tidens, Stockholm, 1975

<sup>12</sup> A profit-sharing model was proposed, that would shift the ownership and power structure of companies without influencing their liquidity. A certain share of the yearly profits (the LO-working group talks about 20%) from big companies, should be transferred to wage-earner funds, but not as cash but as new-issued stocks in the company. Thereby the profits would not leave the company but remain an active capital. By relating the calculated sum to the total stock, the amount of new shares could be established. The fund system should comprise only big companies, with more than 100 employees, since power and property is concentrated to these companies. The wage-earner funds, it is proposed, should be controlled by the employees through their trade unions and the members of the fund board should be appointed by union representatives. The fund representatives in each company/managing board should be jointly appointed by the fund boards and the local trade unions. This original wage-earner fund model would mean that the collective fund-share of the big companies would gradually increase in relation to private shares. The working group estimated that in 20-40 years large Swedish companies would be majority owned and controlled by the wage-earner funds. The idea was as simple as it was radical.

This proposal came as a chock. Bourgeois press shouted out "Revolution in Sweden".<sup>13</sup> Bourgeois parties were at the time not united as a political force, but in the course of a couple of years they, together with the organised enterprise in the employers federation (SAF), managed to unite as a hegemonic force in a classical Gramscian<sup>14</sup> (more than a post-marxist Laclau/Moffe)<sup>15</sup> sense of the concept. The social democratic party was hezitating, and after the parliamentary loss 1976 (they lost governmental power for the first time since 1932) more and more negative towards the LO wage earner funds. In 1983, the SAP presented a governmental bill concerned with wage-earner funds which was then adopted by the parliament.<sup>16</sup> However, the implemented wage-earner fund proposal was very different from the original LO-proposals. The issue of economic democracy and the aim of transforming the power and property conditions had faded away and it was now stated that the funds should *not* be aimed at majority ownership of companies.

The gap between the LO and the SAP was, historically considered, exceptional, and the historically important union-political cooperation did not longer work. Swedish social democracy did not longer function as a hegemonic bloc which had been a necessary condition for the long-time progressive development of the Swedish model. At the same time as the inner conflict in the social democratic movement, the Communist Party remained on the sidelines, adding criticism from the left and denied participation by social democracy.

The wage earner fund debate was a struggle over hegemony, covering all levels of Swedish society, the economic, as well as the political and ideological.<sup>17</sup> Different organised class forces and Subjects stood against each other. While the labour movement actors failed in forming a hegemonic bloc, the borgeois bloc (in wide meaning), in time, succeeded in forming a united hegemonic force strong enough to force a divided labour movement on the defensive. A divided labour movement could not stand up against a united bourgeois force, and this is a fundamental aspect in explaining the transformation of the funds and the final bourgeois victory.

But not only that. The outcome of this organized class struggle is also fundamental in explaining the whole social development in Sweden since then. The wage earner funds struggle then meant what I designate a "hegemonic turning-point"<sup>18</sup> in Swedish society, and the bourgeois force has ever since been the dominant, on all levels of society economically, politically as well as culturally and ideologically. Until and including the raising of the wage-earner fund debate the Swedish labour movement had for decades gradually moved in the direction of their opponents. This long-time progressive move had been made within the frame-work of the Swedish "historical compromise", between labour and capital. The original wage-earner fund proposal meant a step in another direction, focusing and threatening the fundamental, "sacred core" of the capitalist mode of production; the private ownership of the

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<sup>13</sup> Liberal daily newspaper Dagens Nyheter August 28, 1975. In the LO trade union press you could read headlines like "With the funds we take over!", and "This is how we will take power from the owners of capital".

<sup>14</sup> Gramsci, Antonio, *Selections From the Prison Notebooks*, International Publishers, New York, 1975

<sup>15</sup> Laclau, Ernesto & Chantal Mouffe, *Hegemony and Socialist Strategy; Towards a Radical Democratic Politics*, Verso, London, 1996 (1985)

<sup>16</sup> Regeringens proposition 1983/84:50, *Löntagarfonder*

<sup>17</sup> This means taking into consideration the "totality" of the "relative autonomous" levels of economy, politics and ideology, following a structuralist influenced Marxist analyses. See Althusser, Louis & Etienne Balibar, *Reading Capital*, New Left Books, London, 1975, and Poulantzas, Nicos, *Political Power and Social Classes*, New Left Books, London, 1975

<sup>18</sup> Sjöberg 2003

means of production. With the fund proposal LO had left the classic social democratic "welfare line", and had again manifested the "ownership line"<sup>19</sup> which had been hidden beneath the historic compromise between labour and capital. The latent class conflict, hidden by the historical compromise, was once again manifest, laid open to the society through the debate. The wage earner fund proposals and the struggle they generated, then can be considered as both cause and effect of the dissolution of the whole Swedish historical compromise.

The bourgeois hegemonic force has prevailed to this day. This is important in understanding the changes that have occurred in Swedish society, changes which question the social democratic welfare model and the "People's home". The wage-earner fund debate, then, meant a very important change in the balance of the organized class forces in Swedish society, which is of big importance in understanding existing power relations of today.

In understanding the changes and the outcome of the wage-earner fund debate and the development afterwards, it is of course necessary not only to focus on the political-ideological level, but also to take into consideration the changing conditions of Swedish economy. Then we have to relate to the international level and the process of "globalisation". The export-dependent Swedish economy was severely struck by the international oil-crisis in the 1970's. The profit-rate fell, companies were in crises, there was a need for new investments and risk capital. These economic conditions were used by bourgeois actors as argument against the viability of wage-earner funds and against the equalizing welfare policy at large. In the beginning of the 1980s the conservative-liberal government (at power 1976-82) left the Keynesian economic policy around which had been a consensus among all parties until then.<sup>20</sup> They began to cut public expenditures in line with the new, or maybe the rather old, liberal economic policy now implemented. The Social democratic governments afterwards have never changed that economic/political direction. They have since then, like bourgeois as well as social democratic governments around Europe, put low inflation before full employment (which was one of the corner stones of the Swedish Social Democratic Model, as has been mentioned earlier).

Besides these economical factors, another important international factor behind the hegemonic change, in Sweden as in other European countries was of course the political/ideological "right wave", droven by the Reagan/Thatcher regimes, which had a world wide impact, and of course also influenced the Swedish political agenda. From this right wing theories/ideologies/politics, the Swedish bourgeois found arguments for their own anti-left campaigns, including and focusing on the "fund socialism" but also against the whole Swedish welfare system. In some way related to this is also the structural effects of the breakdown of the "Soviet bloc" 1989-91. The Swedish welfare state existed in between the two giant hegemonic forces, when one of them swept away, it made it easier for the global "market wave" to also sweep the "people's home" with it.

This historical background is necessary to understand the present situation of the Swedish society and in relation to that, the situation for the Swedish Left Party and its strategical considerations and actions, which will now be discussed.

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<sup>19</sup> Lewin, Leif, *Ideologi och strategi, svensk politik under 100 år*, Norstedts Juridik, Lund, 1992, p356ff

<sup>20</sup> Scharpf, Fritz W, *Crisis and Choice in European Social Democracy*, Cornell University Press, Ithaca, 1991

### 3. Towards a strategy for economic democracy...

During the 1990s' the long-time strategically oriented discussions was to a large extent non-existing in the Left Party. The parliamentary compromising policy has overshadowed issues like power/property conditions, overarching structural power balance and relations of class forces, the vision of economic democracy, the socialist strategy etc.

In the beginning of 2000 the Left Party congress however decided to once again put this kind of issues at focus. In the programme debate preceding the adoption of the new programme at that congress, one issue was the question of what democratic socialism actually means. In the earlier programme you could read that socialism is a set of core values, emanating from a humanist perspective. The programme adopted 2000 states that socialism is not only that, but also "the realization of an economically and politically democratic system", and that "the carrying through of socialism demands the abolishing of capitalism, equal distribution of societal resources and democratic control of the economy and the power of the means of production". It is also stated that "during socialism decisive means of production shall be commonly owned. This means resources and companies which have a key role in the societal economy, shall be democratically owned and managed for common use and purposes." It also says that elements in the strategy for achieving this is societal funds, like wage earner funds and pension funds.

However, the party programme did not say so much more about the strategy towards this democratic socialism. To deal with these issues the party board appointed a working group, the so called "power and ownership" group, which in the beginning of 2002 presented a report.<sup>21</sup> In the document adopted by the party, it is stated that a far-reaching democratizing presupposes a far-reaching change of power and property conditions. This due to the simple fact that ownership of property (the means of production) means power; private ownership/property then means private power and control while common ownership/property gives the opportunity for common power and common, democratic control and management. The document then says that in order to reach economic democracy a necessary (but insufficient<sup>22</sup>) condition is to fundamentally change existing ownership conditions. The overarching strategy should then be to gradually expand the common, democratic ownership compared to private ownership so that the main part of the economy becomes democratic and commonly owned. It is said that a modern socialist strategy then needs to include a variety of common ownership forms; social ownership (by national, regional and local governments) as well as co-operative and worker ownership. A crucial question is what kind of left strategy is needed to work this out, and in the document one has once again looked back on the fund strategies which shook the Swedish society 20-30 years ago.

This is not the place to give detailed descriptions about the fund strategy outlined, I will just mention that both union controlled pension funds and what is called societal funds are being discussed.<sup>23</sup> One important benefit with the wage earner fund strategy was that it was not only

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<sup>21</sup> The strategy document *Power and Ownership* was adopted by the Left Party's party board in April 2002. The working group had prepared a proposal of this document that was dealt with during a conference held in March 2002. The "power and ownership group" consisted of four activists within the Left Party and The Centre for Marxist Social Studies, I was one of them. An English version of the document can be found on [www.econ-pol.unisi.it/econdem/](http://www.econ-pol.unisi.it/econdem/)

<sup>22</sup> Insufficient, since it is not enough to change property conditions, this has to be combined with organizational democracy at all levels.

<sup>23</sup> In the huge amount of workers accumulated pension capital, lies a potential for contributing to the development of a fundbased strategy for economic democracy, based on the principle of one person-one vote. It

vague visions, on the contrary it was a very realistic and concrete way towards economic democracy and a democratic socialism. That was of course the reason why the bourgeois actors reacted with full power mobilizing every resources they had to force the labour movement on the defense. The bourgeois class interests were threatened, and a hegemonic bloc was mobilized to put counter pressure on labour. One should have a lot to learn out of this experience. One conclusion would be that the basic problem with the wage-earner funds was not the funds in itself, but the fact that the labour movement was not united behind this system-transforming strategy, and that the hegemonic formation was too weak.

When the Left Party adopted the “power and ownership document” in spring 2002, the power/property conditions for a week were at focus in the public discussion. Once again the bourgeois actors, parties, press, TV etc were almost choked. At focus in the debate was the so called societal funds, which were considered as a threat to existing conditions of power and the private ownership of the means of production. This again showed the difference between a vague vision in a party programme and a more concrete proposal of implementation. And, I believe, the necessity for the left to bring these kind of concrete strategies into the discussion, if these important issues should be more than vague and harmless programmes.

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seems reasonable that the trade unions themselves create pension funds where its members may choose to invest their pension capital, instead of as today (in for example the new pension system implemented in Sweden) giving it to privately controlled institutions, investors and stockjobbers. The union members would then appoint the fund board. The union funds would invest the collective capital in companies and different parts of trade and industry. The fund returns could be used for various purposes, decided democratically instead of by private shareholders. The fund boards and local union units could then appoint deputies to shareholders’ meetings and in company boards, in a democratic process. Union funds may use their responsibility as owners and the power and influence that comes with shareholdership, for instance to prevent closing-down of profitable companies or the moving out production to low-income countries. In longer term it may be a way of influencing the fundamental ownership relations in the companies. In long term this fund model would allow for companies that are owned and managed by their workers.

A reasonable strategy regarding the pension system could be to work out a two-edged strategy, comprising both a long time strategy for defending/reconstruction of public pension systems, as well as a strategy for such collective union funds which can work within the new already implemented systems.

Societal funds is another strategy for economic democracy outlined in the “power and ownership document”. A fundamental issue when building a fund is the capital supply. An ingenious construction was the one presented in the first wage earner fund proposals, whose profit-sharing model shifts the ownership and power structure of companies without influencing their liquidity. A societal fund could get its capital supply in the same way. It should comprise only big companies since the fundamental power and property are concentrated to these, for instance those with at least 100–200 workers and a certain turnover. The societal funds model should aim at a balance between salaried workers and the interests of civil society; between societal power and workers power/influence and self management. A possible way is here to combine wage-earner influence with societal ownership, for instance regionally based, with a central levelling fund to counteract regional inequalities. Such regional funds could be managed by a board appointed by regional parliaments. The fund deputies at shareholders’ meetings and in company boards could then be appointed by the fund board/the regional parliament and the company workers, respectively. The fundamental principle of the fund should be one citizen–one vote rather than one union member–one vote (as was the case in the wage earner funds).

Ideas about collectively managed funds (mainly the pension funds described) for influencing the power balance already exist in several countries. (An important contribution to that debate that should be mentioned is Minns, Richard, “The Social Ownership of Capital”, in *New Left Review*, nr 219, 1996.) One can imagine regional and national funds which are linked together to form an international/European system. This system could be one of many counterpowers to global capital, and it would for sure be much more powerful than for instance the so called “Tobin tax” which has been discussed the last years. Such an international fund strategy for economic democracy has not been elaborated yet and needs of course continuing debate and theoretical development. I believe that ought to be an important task for the European left of today.

One very important learning from the Swedish experience, with the struggle for economic democracy and the decline of the “Swedish model/people’s home” afterwards, is that building a general welfare system without dealing with persisting unequal power/property conditions, is not possible in the long run. It is not enough to only focus on social reforms, and at the same time leave the ownership relations of enterprise out of the question. Sooner or later these issues will come back and break through, whether initiated from the left or from the right. The Swedish experience was that when social democracy was achieved, people realized that economic democracy was still far away. Demands for economic democracy were raised among workers, a wave of wild strikes put among other things pressure on organized labour, and the LO wage earner fund proposal has to be seen in this light. When economic democracy was demanded and private ownership of the means of production was questioned, the capitalist owners of big industry and the whole bourgeois mobilized, and then the real power balance of society was manifested. A power balance which had prevailed beneath the “Historical compromise” and the “People’s home”, based on the ownership conditions.

#### **4. ...together with social democracy in Europe?**

Drawing on these Swedish experiences, I believe a European left strategy for defending/reconstructing/creating a general welfare system, needs to comprise power/property/ownership issues as a natural part in the strategy. If these issues are forgotten it seems it is not possible to build any long living general welfare model. In a longer perspective, it is my conviction that social democracy is not possible without economic democracy. It seems necessary to stress this, since these aspects seems much to absent in the left discussion today. In the short term prospects for the European welfare state does not look too well. The development in Europe today seems to be more and more in the direction towards the liberal/american kind of “welfare capitalism”<sup>24</sup> than the general welfare model that Sweden was a famous example of.

In order to change that development it seems to me there is a need to form a two edged European Left strategy; to try to reconstitute the general welfare state and at the same time point at the necessity for changes of the fundamental power/property conditions. This should mean no less than to openly challenging the development driven by global capitalism and its interests. Perhaps a united European Left and labour movement in a longer perspective could constitute a strong enough hegemonic force for this challenge.

From a marxist point of view the balance of power is something way beyond the balance of parliamentary forces; it is something which covers the whole social formation and the balance between organised and not organised class actors and powers. Out of this perspective a future hegemonic force aiming at economic democracy, a new Socialist Subject, needs to be a broad formation including a variety of progressive actors, inside and outside the parliaments as well as the institutionalized labour organizations; “old” movements like trade unions and political parties as well as the new social movements. At the same time I would say the organized working class and the labour movement needs to be the centrality in this Subject if it should have any possibility to succeed.<sup>25</sup>

For the Democratic Left Parties of Europe one part in this work would mean coalition building with social democratic parties and unions, at a first step building links with the left

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<sup>24</sup> In Esping-Andersens sense of the concept

<sup>25</sup> In this lies a critique of Laclau/Moffes famous “post-marxist” interpretation of the concept of Subject and its possible formation, a subject which in their meaning is without any kind of centrality.

wing of these forces. This is strategically important since there is a strong will for defending the general welfare state and “social democracy” in a societal meaning, in these left wings, often in opposition to the social democratic leadership. The second part is perhaps even more difficult; tightening the connections with new social movements to put pressure on the parliamentary forces for another policy, which goes beyond defending the welfare state. That would be similar to the social situation that pushed Swedish social democracy to raise demands for economic democracy.

As always, the social democracy is a core problem in forming a left strategy. The European social democracy of today is no progressive force. At the same time it seems not likely to form a hegemonic force strong enough to challenge the neo-liberal European project (and “Globalization”), without the participation of social democracy. The trick for the European left parties seems to be to both put pressure on social democracy (together with the “new movements”) and to build coalitions with social democracy (starting with left wing forces), at the same time. It seems nevertheless not too unlikely in the long run that a social democracy, pressured by a growing European social movement for another Europe, would open itself for a rapprochement towards European Left Parties with consistent demands for a progressive policy.

A crucial question is of course which kind of Left Party action will best suit this purposes in practice. In the previous the strategical considerations of the Swedish Left Party, regarding the parliamentary compromises with the social democrats, have been touched upon. A possible alternative approach, which is possible to recognize in the Swedish Left Party debate, is to put the politics and the outcome of the collaboration in the foreground, rather than the importance of the collaboration itself. This could for instance mean that the Left Parties declared that they would not take part in a policy which results in increasing social gaps in society and a gradually decreasing public share of BNP (which means gradual decline of the welfare state). As long as social democratic parties still insisted on such a policy, the Democratic Left Parties could instead focus on helping forming a new hegemonic force together with social movements and labour unions. The result is of course impossible to tell. One way is the one many inside the left parties are afraid of; social democratic collaboration with bourgeois parties, the decline of the left parties, marginalisation and loss of votes. Another possibility is that the pressure from social movements on EU and parliamentary forces for a new policy, would help strengthen the left wings within social democracy opposed to compromises with bourgeois forces, which could lead to a radicalization of the social democratic parties (and perhaps even a strengthening of the left parties). However, these strategical considerations is a delicate issue for every Left Party in Europe today, and I believe it is an important issue to pose at the European Left Party level.

As has been mentioned earlier I believe not only the Swedish, but also the democratic left parties of Europe, can learn something out of the Swedish experience with building of “the Swedish Model”, the struggle about economic democracy, and the decline of the “People’s Home”. But the European Left of today has not only the opportunity to take part of these experience from the North. Today there is the important opportunity to also take into consideration the experiences of the East, as the “new” Left Parties from eastern Europe will take part in the EU party system. Although it is of course rather risky to compare the Swedish “People’s home” with the former East European so called “communist” systems, some notions can be made.

I believe a common problem was a lack of democracy and related to that a lack of real participation. This may seem very strange, since Sweden often has been considered as one of the most democratic countries of the world, and like have been mentioned, has achieved both political and social democracy. However, in the big public sector, the little worker did not and

still do not have much possibilities to influence the conditions at the workplace. The distance from the “top to bottom” in the hierarchical organization was/is far. Public sector was/is not characterized at all by self governance. The progressive development of the Swedish welfare state, was considered and was in fact, in large a result of the SAP in cooperatin with LO. I believe this in some meaning “elitist” implementation led to a way of thinking among the people that the SAP party will arrange everything to the best. This is one explanation why today, when SAP are implementing a policy of deregulation, privatization etc, there is very little of social protests on the workplaces and on the streets. The workers in public sector did not and do not experience democracy and real participation in the work, and people are not used to actively participate in struggling for their own rights and interests, and when SAP has changed policy there is almost a sense of chock or apathy instead of struggle.

Perhaps this has at least some similarities with the situation in for instance east Germany of today, when it comes to the privatization of former public goods an enterprises. There are no massive defense against privatizations, partly because people did not have any democracy and real participation before it was taken over by private contractors. The former lack of democracy and participation now means a lack of will for struggle against privatizations. Now of course the people have among other things gained political democracy, but the social democracy is I believe sometimes not stronger than before, and economic democracy is far away in the new capitalist economy. Fading away is also the sense of collectivity in a positive meaning, experienced at the workplace, in the sports club, in the local community etc. And this is also an aspect which partly is shared in the present Swedish society, which has been becoming more and more privatized and individualised, on different levels of society.

Perhaps it is then correct to say that a common “North” and “East” experience - although at the same time of course with very fundamental differences - is a very large public sector, with a lack of democracy, participation and self governance. In other words an experience that a public ownership is far from enough, like is stated in the Left Party document on Power and ownership: “common ownership must be combined with a democratic form of organization. Common ownership is a necessary, not a sufficient condition. Economic democracy comprises two central perspectives; an overarching structural perspective which concerns ownership and control of productive means, and a strong perspective from below which is about democratic organizing, self-governance and influence.”<sup>26</sup>

This in a way common experience would mean an understanding of the very importance of stressing the economic democracy, in a possible future political project for the democratic Left Parties of Europe. In this way the “north” and the “east” could contribute in the forming of a new European left strategy, taking into consideration these perspective derived out of their experiences. A strategy for a European Left once again forming a “third way”, in the classical meaning not capitalism not “communism” in the Soviet meaning of the concept, but a democratic socialism based on economic democracy.

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<sup>26</sup> *Power and ownership*, Left Party, Sweden, 2002