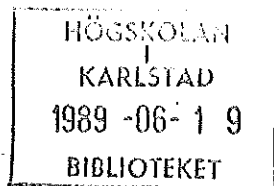


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SOCIAL CLASSES AND POLITICAL INSTITUTIONS:

THE ROOTS OF SWEDISH CORPORATISM.

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## The Roots of Swedish Corporatism

### Introduction

This article is part of a larger study of the evolution of power relationships between Parliament and organized interests in Swedish politics since 1920. Like many other social science projects, however, through its own inherent logic it has ended up extending further back in time than originally planned. The problem it addresses turned out to have a longer, more interesting prehistory than appeared to be the case at first glance. What this report will present is thus the actual origins of corporative institutions in Swedish politics. This will carry us back to the late 19th century. Corporative institutions are defined here as formal political arrangements by which organized interests are given an influence on the operations of the public sector. The term "organized interests" can mean many things, but in this particular report, our interest will focus on organizations representing capital and wage labor, respectively.

The purpose of this report is not, however, to write the history of Swedish corporatism. Instead, its theoretical starting point is that the various forms and mechanisms of political government, of which corporative government is one particular type (cf. Rothstein, 1987a), may be regarded as institutionalized systems. The way they originated has an important explanatory function. This line of thought implies that once political institutions have been established, they have an inherent inertia. In other words, these political structures are hard to change, and they leave their imprint on the national political culture over a long period -- i.e. on people's very thinking about what politics is, how it should be conducted and what is politically possible or impossible (Douglas, 1987, p. 45; March and Olsen, 1984;

Mouzelis, 1988; Ridley 1975 ; cf. Skocpol, 1985; Therborn, 1978). This approach means that institutional analysis is considered primary in relation to various forms of strategic decision analysis. It may be added that even such a confirmed advocate of methodological individualism as Jon Elster recently pointed to the importance of institutional analysis (Elster, 1987).

Examples of the importance of such institutionalized systems are political party systems (two-party vs. multiparty systems), election systems (majority vs. proportional elections) and various forms of public-sector administrative systems (federal vs. central). Once institutions of this kind have been established in a political system, they tend to influence the political culture for a long time. Sweden has rightly been described as a country characterized by unified, strong, dominant special-interest organizations (Heclo and Madsen, 1987; Micheletti, 1984; Therborn, 1987). Today these organizations assume a very prominent role in the political process and are also formally represented on the lay boards that govern many public agencies (Rothstein, 1988a). Despite these strong and uniformly organized interests, many observers say that Swedish political culture is characterized by pragmatism and the willingness of opposing and relatively evenly matched interests to bargain and compromise (Korpi, 1983; Heclo and Madsen, 1987; Therborn, 1987). Others say there is a political hegemony in favor of preserving full employment and social welfare programs, while pointing to the absence of political arguments based on issues of principle (Therborn, 1986). Some also argue that, at least during certain periods, dominant interest organizations have paid greater heed to the general interest than to their respective special interests in Swedish politics (Olson, 1982). It has also been shown that when representatives of a strong special-interest organization take seats on the boards of

public agencies, they tend to distance themselves from the demands of their own organization in favor of what they perceive as the best interests of the agency or the public (Rothstein, 1988a).

Whatever meaning one attributes to the concept of "corporatism," it is clear that Sweden is high on the international list in terms of the role that organized interests assume in the political system (Lembruch, 1982; Cawson, 1986). The present report argues that this political culture -- so strongly characterized by pragmatic negotiations and agreements between the government and strong organized interests -- can largely be explained by the way in which these interests were drawn into, or demanded to be represented in, various public agencies at the beginning of Sweden's modern political era.

We must seek the roots of Swedish corporatism in the late 19th century. At that time, Sweden was characterized by late but very rapid industrialization. In Marxist parlance, we were thus at the threshold of a new mode of production. It is typical of such historical situations that there are no established political-legal mechanisms that can deal with the new kind of dominant social conflicts generated by the new production system. Existing political institutions appear insufficient for the new type of social conflicts. A society does not, however, consist only of social classes. In every historical situation there is also a political system, a polity, of some kind. How this polity chooses to act when confronted by new types of societal conflicts may be assumed to play a decisive role in the shape these conflicts will take and how intensive they will be.

Although the structure of the fundamental conflict is determined by the production system in question, the fundamental assumption here is that the form of institution created to handle these conflicts is not. There is room both for genuinely random, purely actor-determined or certainly also other non-structural explanations. In the formative historical moment, where the superstructure is empty, so to speak -- i.e. no firm political-legal institutions for conflict resolution have yet been established -- there is considerable room for variations between how public institutions are shaped in different political systems (cf. Anderson, 1974, pp. 11-47; Ashford, 1988).

In short, the purpose of this discussion is to point out that whereas a mode of production such as capitalism is fairly similar throughout the world in terms of fundamental conflicts, there is substantial variation in what traditional Marxist terminology usually calls "superstructure," but which will be referred to here as political institutions. Many forms of Marxist politological analysis should be criticized for not having paid sufficient attention to these differences, analyzed what might be behind them and -- most importantly in this context -- analyzed their political and societal consequences (Skocpol, 1985). By the same token, various forms of behavioristic and rationalistic political analysis can be criticized for not according sufficient importance to the fact that individual and group political behavior may be based on the institutional systems in which it occurs (Ridley, 1977).

~~The Political Theory of Corporatism~~

This is not the place for an exhaustive presentation of the debate on corporatism. What should be stated here is that I do not intend to use the concept of corporatism to characterize a whole political system. Instead, the concept is used at a lower level of analysis to describe those political institutions in which the public sector, together with organized interests, shapes and implements various policies (see Rothstein, 1987a). The evolution of this kind of corporative political institutions has been explained as the result of concessions by legislative and other public-sector bodies, responding to demands presented by strong organized interests. Given their strength, these organized interests have had the potential to block various legislatively based reform initiatives. They have also been able to demand influence and/or representation in various public institutions (Lowi, 1969; cf. Offe, 1985; Lauman and Knoke, 1987). The mirror image of this discussion is the idea of a strong public sector (or "strong state") which creates loyal special interest-based organizations from above, so to speak, in order to facilitate the implementation of certain programs and measures (Schmitter, 1974). By analyzing the background, organization, motives and effects of the first corporative institutions in the Swedish polity, we can preliminarily test these different hypotheses. The question is whether it was strong special interest organizations that demanded representation in the public sector or a strong public sector that created loyal partners from outside the public sector.

#### The Background: Solving the "Labor Question"

The first proposal to establish a corporative agency in the Swedish public sector was presented by a special public

commission of inquiry known as the Workers' Insurance Commission as early as 1888. This commission had been appointed after Parliament decided in 1884 to ask the government to oversee the writing of a bill concerning such matters as occupational accident insurance and old age pensions for workers. The commission believed that, to the extent legal technicalities permitted, the state was obligated to try to reduce the insecurity "of the role assumed by manual laborers who are solely dependent on their labor." Generally speaking, the commission's arguments for state regulation in this field seem strikingly modern. According to the commission, the reason why the state should intervene to protect workers was that because of the new use of machinery, labor systems had become so complex that an individual worker was incapable of understanding or controlling them. It was thus incorrect to argue that the best interests of both parties could be ensured by letting them freely reach their own accords on working conditions. The commission cited the relatively weak and dependent position of wage laborers vis-a-vis capital. It added that workers lacked the ability to evaluate the possible risks that working conditions posed for them. They were simply forced to accept the jobs that existed, regardless of the physical risks they were subjecting themselves to. In addition, legislation in this field was necessary because -- unlike the funds provided by a capitalist -- the labor that a worker agreed to provide to his employer was physically inseparable from the worker. The commission thus said there was an unequitable relationship between capital and labor, caused by the differences between them and by their respective connections with the production process

(c.f. Offe, 1985, Ch. 8).



To resolve these problems, the commission recommended that a state labor inspectorate should be established and that a mandatory system of public occupational accident insurance should be introduced. According to its proposal, the system would be administered by a government agency newly established for this purpose, to which a corporatively structured advisory body consisting of 25 people would be attached. Aside from technical experts on insurance, it would also include "representatives of different social classes." In addition, disputes concerning insurance settlements would not be decided by the existing courts of law but by a board specially appointed by the government. This board would consist of an impartial chairman, a physician, an engineer plus two employers and two workers. It would not be possible to appeal the board's decisions on insurance cases.

The recommendations of the Workers' Insurance Commission were not backed by Parliament, however. Instead, a new public commission of inquiry was appointed in 1891. Known as the New Commission on Workers' Insurance, it presented largely the same arguments as its predecessor in favor of state intervention to resolve the "labor question" but recommended somewhat different technical solutions from an insurance standpoint. The commission felt that an additional reason for state regulation was that the accelerating industrialization of Sweden meant a rapid increase in the size of the working class. At the same time, the patriarchal responsibility that employers had previously assumed for their employees was disappearing because of the special character of the industrial labor process. According to the commission, the insecurity felt by individual workers about their chances of economic survival during illness or old age could easily make them feel "ill will and dissatisfaction with the existing social order."<sup>3</sup>

The commission admitted that its proposal for mandatory workers' insurance interfered with the social principles on economic freedom and personal responsibility that had prevailed until then. According to the commission, its recommendation would reduce personal freedom because the state would take away the right of the individual to dispose of part of his property. In addition, the individual's personal feeling of responsibility would be reduced. This would affect his thrift and power of initiative in ensuring his own economic security. But, the commission reasoned, the principles of freedom of contract and economic freedom were only justified if the interests of the individual and society coincided. If this was not the case, and if unrestricted freedom of contract was instead harmful to both the individual and the society, the commission reasoned, there was then no obstacle in the Swedish legal system to coercive state intervention.<sup>4</sup> The commission recommended that the insurance system in question should be administered by a central state agency which under it would have local "corporations or so-called pension boards, in which all interests would be represented."<sup>5</sup> These local corporatively structured boards would be responsible for making decisions on the crucial issues of the reform -- who would be entitled to insurance, who would have the right to receive a pension and under what conditions, the size of pensions and insurance fees etc.<sup>6</sup>

The recommendations of the New Workers' Insurance Commission did not receive the support of Parliament either. However, its proposal did not fail because of its recommendation that the reform should be administered partly by corporative institutions, but because of political opposition to the social insurance concept as such. In 1902, when a Conservative government pushed through the first public social insurance system in Sweden (accident insurance

for workers), it proposed that a corporatively structured workers' insurance council consisting of five employer and five worker representatives be attached to the national agency that would administer the reform. Parliament adopted the reform itself, but the First Chamber of Parliament, whose composition was more conservative than that of the Second Chamber, rejected the proposal to establish a workers' insurance council. What triggered the First Chamber's disapproval was not, however, the thought of corporative influence on insurance administration as such, but the technically complicated way in which representatives would be chosen under the reform proposal. On the contrary, a number of M.P.'s critical to the proposal felt that the establishment of such a council would be of value.

The first corporative institutions in the Swedish political system instead appeared at the local level. Beginning in 1903, municipalities and cities established publicly operated employment offices (or labor exchanges) whose boards were structured on a corporative basis, with half employers and half workers under the chairmanship of a neutral public official. These employment offices were not tied to specific occupations or industries, but were designed to provide leads on all types of work, free of charge. The development of these institutions occurred very quickly, and by 1907 such corporatively structured, publicly operated employment offices had been established in all major cities. This development differed markedly from the general European and Scandinavian pattern, in which control over the employment offices usually rested either with employer organizations or in trade union hands and had become a major source of conflict between the two sides. The reason was that control of the labor supply is obviously of pivotal importance to both unions and employers in the event of labor disputes. By controlling the employment offices, trade unions

can make their strikes and boycotts more effective and demand that those who seek jobs through the employment offices be union members. If the employers control the employment offices, they can recruit people willing to work, i.e. strikebreakers, thereby reducing the significance of strikes, while using the employment offices to winnow out undesirables (union activists, strike leaders etc.) from the labor force. Elsewhere in Europe, the struggle for control of employment office operations was therefore very bitter at times (Rothstein, 1985, 1988b).

In Sweden, however, developments took a completely different path. As early as 1903, admittedly, the Swedish Employers' Confederation (SAF) was interested in establishing its own employment offices as a weapon against the trade union movement. Scouts were sent to parts of Germany, where they were told about how employers had gained major advantages vis-a-vis the trade unions by controlling employment office operations. But probably because they organized relatively late, Swedish employers had no practical opportunity to set up their own employment office network before the issue was resolved in Sweden around 1907. In that year, Parliament approved state grants to the locally established publicly operated employment offices. As a condition for such grants, the employment offices were required to have corporatively structured boards, observe unconditional neutrality in the event of labor disputes and agree to provide information on all types of work free of charge, i.e. exactly the principles established by local initiative in 1903.

It may be added that at first, not only employers but also Social Democrats were suspicious of the publicly operated employment offices. In Parliament, party chairman Hjalmar Branting spoke against the proposal to give state grants to

these offices. He argued that because local political bodies in cities were not elected by universal suffrage, there was a great risk that the employment offices would act in favor of the employers. The Social Democratic press warned that the offices might be utilized to facilitate the employers' recruitment of strikebreakers. Very soon, however, opposition to the publicly operated employment offices both by the labor movement and the employers disappeared. From 1907 on, the fundamental principles behind their operations were never questioned by either side (Schiller, 1967; Rothstein, 1988b).

The principles that came to govern the publicly operated employment offices, i.e. a corporative structure, neutrality and cost-free service, had been adopted at the national level by a series of employment office conferences. The National Board of Trade -- the government agency responsible for commercial and industrial issues -- organized such meetings beginning in 1906. At state expense, it invited representatives of the local publicly operated employment offices to these conferences. Although they were a temporary phenomenon, the conferences were probably the first corporative institutions in the modern sense at the national level in Swedish politics. At the last of these gatherings, arranged in 1912 (it was the last because its work became permanent under other auspices; see below), the delegates agreed to work toward a rapid expansion of their programs. The chairmen of both the Swedish Employers' Confederation (SAF) and the Swedish Trade Union Confederation (LO) were among the conference participants.<sup>8</sup>

The concept of corporative representation rapidly took root in Swedish politics after that. The National Insurance Office, established to administer the public system of accident insurance that was introduced in 1903, requested permission in a 1908 message to the government to establish a

separate workers' insurance council on a corporative basis.<sup>9</sup> In 1909, a commission of inquiry that presented its recommendations for changes in workers' protection legislation also proposed the establishment of a corporatively structured advisory body.<sup>10</sup> Not until 1912, however, was the first permanent national corporative body established in the Swedish civil service system. This happened when a separate National Social Welfare Board was established by Parliament in 1912. In addition to its board, composed of civil servants as was traditional, it appointed two separate assemblies for employers and workers respectively, as well as a corporatively structured social welfare council divided into four different sections.

At first the task of the National Social Welfare Board was somewhat vague, but it is clear that the so-called "social welfare question" was in fact the labor question. In other words, a whole new social class had emerged, and its insecure working conditions constituted a problem for the country. The public commission of inquiry that recommended the establishment of the Social Welfare Board maintained that "in contemporary society, human labor has become a commodity, so to speak, the supply and demand for which are subject to fluctuations and which consequently have a value that is uncertain and dependent on circumstances."<sup>11</sup> According to the commission, this led to a concentration in cities and other large labor markets of "a lot of existences who never become rooted and never feel completely at home at any particular spot or even in the country as a whole."<sup>12</sup> Widespread poverty was thus not the focus of the government agency-to-be. For instance, the proposed National Social Welfare Board would have no connection with public poor relief, which was handled locally. Nor was the creation of the new agency related to the introduction of any social reform. Instead, its

establishment appears more to be the result of the state's general desire to build up its expertise, thus gaining an overview and better information about the problems caused by the "labor question."<sup>13</sup> According to the commission, it was increasingly urgent to do so, given the speed and complexity that characterized the growth of the "labor question." But there was also another reason:

The more clearly the dangers of industrialism became evident even to the most capable and most irreproachable workers -- and the more strongly manual laborers saw themselves as a closed class in relation to employers and other groups of citizens -- the more clearly the national dangers of this situation became discernible. The rising level of public education then gave workers the means to clarify for themselves and others the source of their worries, the organizational system gave them the collective power to work on behalf of their own interests, and in national elected bodies, these interests are being asserted by a growing number of direct worker representatives.... The feeling of solidarity that has emerged among the working masses, in itself praiseworthy, is limited to themselves and they do not appear to wish to extend it to the whole society in which they share responsibility and play a part. This obviously poses a national danger, which must be removed in the common interest of everyone. Everywhere the government therefore faces the difficult task of mitigating conflicts of interest and repairing the cracks that are opening in the social structure.<sup>14</sup>

Although the proposal to establish the National Social Welfare Board encountered some opposition at the 1912 session of Parliament, there was no comment whatever about the recommendation to create corporatively structured bodies

attached to the Board. The idea that corporative institutions were needed had apparently become generally accepted in Swedish politics. During the task of devising the actual proposal for how the Social Welfare Board would be organized, two "worker representatives" had participated. The Swedish Employers' Confederation, which submitted its written comments on the government bill to establish a Social Welfare Board, approved the creation of both the government agency as such and the corporative institutions that would be associated with it.<sup>15</sup>

In the following year, 1913, a new social welfare agency was established: the National Pensions Board, which was also furnished with an advisory, corporatively structured body. Before 1920 another two corporative agencies were established in Sweden: the National Industrial Injuries Insurance Court and the Labor Council. Neither of these was merely advisory. On the contrary, they were institutions resembling courts of law, and their decisions could not be appealed. The first was entrusted with deciding issues related to the public system of occupational accident insurance, the latter with issues related to the law that mandated an eight-hour working day. Neither the proposals to set up these agencies nor their corporative structure led to any debate in Parliament.<sup>16</sup>

### Organization

The result of this early corporative political culture was three different types of institutions. First, a number of corporative institutions had a purely advisory function vis-a-vis public agencies (for example the Social Welfare Council of the National Social Welfare Board). Second, the



National Social Welfare Board also selected two delegates from their labor and employer assemblies to participate directly in the major decisions of its governing board. The chairmen of the Swedish Employers' Confederation (SAF) and the Swedish Trade Union Confederation (LO) were appointed to these positions. Third, there were agencies resembling courts of law (the Labor Council and the National Industrial Injuries Insurance Court) whose task was to make decisions on the interpretation and enforcement of existing legislation. The usual pattern was that they consisted of equal numbers of worker and employer representatives, plus lawyers. The chairmanship was held by one of the lawyers.

Some of the early proposals for corporative institutions involved fairly complex systems for choosing representatives. The institutions actually established, however, did not use these selection systems. Instead, representatives of special-interest organizations were appointed by the government (for national agencies) or by local elected assemblies (for local employment offices). In practice, this was probably of no great importance, however, because there is strong reason to believe that in choosing representatives, public bodies always complied with the recommendations they received from dominant special-interest organizations. There is also reason to assume that both worker and employer organizations attached fairly great importance to representation in these bodies. As their representatives on the governing board of the National Social Welfare Board, both LO and SAF appointed their respective chairmen. Among their representatives on the National Industrial Injuries Insurance Court, the Social Democrats appointed their chairman, Hjalmar Branting. Branting was admittedly a Member of Parliament. He nevertheless represented the "workers' side" in a corporative agency. As for the latter agency, LO succeeded in pushing through without opposition a rule that

only national union confederations above a certain size were entitled to be represented. The motive for this, in all likelihood, was to exclude competing union organizations such as the syndicalists and Communists from representation.<sup>26</sup>

#### Motives: Flexibility, Legitimacy and the Public Interest

What, then, were the arguments behind the establishment of all these corporative bodies at that time? The first proposal for a corporative workers' insurance council in 1888 contained no arguments at all. It was apparently considered completely natural at the time to use a corporative system in these contexts. Three arguments, above all, emerge from later material: a) the need for flexibility in the actual implementation of social reforms, b) the need to legitimize programs in the eyes of those groups toward which reforms were directed and c) the desire to transform special-interest organizations so that they would also pay greater heed to the public interest.

The demand for flexibility is related to the difficulties of using legal technicalities to regulate social reforms with a sufficient degree of precision. Taking social insurance regulations as an example, it turned out to be difficult to adapt them to volatile labor market and social conditions. It was simply too complicated for the provisions of the law to specify who should be included in the insurance system and who would be entitled to receive what insurance compensation under what circumstances. As early as 1893, the New Commission on Workers' Insurance believed that "as ... indicated, it is not possible to set these limits in such a way that all doubt as to whether or not a person is entitled to insurance is eliminated in every single case."<sup>17</sup> To prevent unreasonable consequences from arising in the

enforcement of the law in individual cases, it was necessary to design the regulations so that they permitted fairly broad freedom of action in their concrete implementation. This was also the argument behind the establishment in 1919 of a corporative National Industrial Injuries Court to decide cases of this type. When the law on the eight-hour working day was passed, it contained various exceptions for certain types of companies and manufacturing operations. It also included provisions to apply for waivers. Because of this desire for flexibility in enforcement, the law was worded in a fairly general way. To decide how it would be enforced in individual cases and how waiver applications would be evaluated, the above-mentioned corporative Labor Council was created.

When the law on the eight-hour day was enacted by Parliament in 1919, Östen Undén, the Social Democratic government minister who introduced it (and who was also a professor of law), said the following:

Given the criticism that has been expressed here ... that the law contains too many exceptions, I would like to close by pointing out that in itself, it is not an ideal method of legislation to make the provisions of the law so narrow and so lacking in opportunities to adapt to practical life as these speakers seem to have intended. On the contrary, I believe that to the extent that the new Labor Council will win public confidence through its enforcement of this legislation, it is conceivable that there will be a desire to place additional powers in the hands of the Labor Council.<sup>18</sup>

This room for maneuver in implementing reforms, necessitated by the demand for flexibility, could of course be filled by different forces. One argument against letting the general court system decide these cases was that it could not be expected to handle them with the necessary speed. If

decisions were appealed through all levels of the public court system, an unacceptably long time would pass between a work injury and final settlement of the case, for instance. Court-like corporative institutions such as the National Industrial Injuries Insurance Court were believed capable of working with the speed required in these areas.<sup>19</sup>

Another argument against letting courts of law or regular civil servants handle discretionary aspects of implementing these laws was their lack of expertise on the special conditions characterizing different aspects of the "labor question."<sup>20</sup> It was pointed out corporative bodies could give "increased life and intensity to the administration (of the law) and prevent it from becoming too rigid."<sup>21</sup> Implementation required expert knowledge (medical and technical) but above all, it required a knowledge of what concrete effects different ways of enforcing and interpreting the provisions of a law might have. The corporative principle of representation would allow a balancing of interests to replace formal juridical interpretation of the law as a decision-making method. Furthermore, corporative bodies could take initiatives and make proposals for changes in legislation and public administration that might be justified on the basis of their actual enforcement experience.<sup>22</sup>

Another pivotal argument for establishing corporatively structured institutions was that this form of organization was considered capable of increasing the level of understanding and knowledge of their work among the groups they were aimed at. By offering representation in the responsible public agencies to such groups, it was hoped, the implementation of reforms could achieve a greater degree of legitimacy. Decisions on how to interpret these reforms often had a very intrusive effect on the individuals or groups that a public policy was aimed at.<sup>23</sup> It was believed that the

manner in which reform programs were implemented might also trigger social conflicts. The commission of inquiry that proposed the establishment of the National Social Welfare Board thus argued that:

For its part, the Commission firmly believes that such "councils" should be more necessary and useful in the social welfare field than in almost any field of public administration, because social welfare matters are difficult to resolve and involve strong confrontations between different interests.<sup>24</sup>

Others pointed out the great need for continuous contacts with both workers and business people. In its 1908 letter to the government requesting permission to establish a corporatively structured council on workers' insurance, the National Insurance Board maintained that such a council would cause both employers and workers to become more interested in the work of the National Insurance Board. At the same time, this agency would gain "knowledge of different opinions among those members of the public most closely affected by the work of the Board."

Finally, people hoped that corporative institutions might bring greater understanding and insight into the general problems of a given field. Because representatives of organized special interests were being asked to make decisions together with civil servants and experts, hopefully these representatives "would behave as guardians not only of special interests but also of the interests of everyone, of society as a whole ... It should certainly be expected that a representative body structured according to these principles, official and thus functioning with a sense of responsibility, should provide valuable support for the new social welfare administration."<sup>25</sup> By taking part in corporative

institutions, the labor movement -- with its emphasis on opposition and mobilization -- would thus learn the noble art of political government.

### Impact

At the current stage, it is of course difficult to state with any great precision the political impact of these early corporative bodies on political developments in Sweden. As for the boards of the local employment offices, it is generally accepted that their corporative structure was particularly instrumental in giving this institution a dominant position in the Swedish labor market (see Rothstein, 1986 1988b). In a 1916 statement to the government regarding the work of the publicly operated employment offices, the National Social Welfare Board declared that "no objection has appeared from any quarter against the organizational principles on which the publicly operated employment offices are based."<sup>27</sup> On the contrary, the Board believed that these principles were precisely what had helped the offices to grow and had strengthened the confidence in their work by employer organizations and unions, "which in our country have fortunately abstained from utilizing the referral of jobs as a weapon in the social struggle, which in Germany has partially distorted the whole employment office issue." The Board also observed that

Despite the sharp social and political conflicts that have emerged in other areas of public life between members of the employer and worker camps, on the boards of the employment offices the same persons have, in the experience of the National Social Welfare Board, continued to cooperate faithfully in the interest of objectivity.<sup>28</sup>

One of the officials at the National Social Welfare Board who was responsible for overseeing the employment offices said in a 1920 article, after concurring with the above statement, that "it appears as if this form of organization had a number of advantages over the majority principle that rules politically elected assemblies ... In any case it is outstandingly suitable for institutions where society needs the direct participation of the parties to class struggle."<sup>29</sup> In addition, there was no criticism whatever of the work of the publicly operated employment offices at any of the annual discussions in Parliament of state grants to these offices -- from 1907 until 1940, when the state took over the offices entirely from the local governments (see Rothstein, 1986).

In 1926 there was an overall evaluation of the National Social Welfare Board's corporative institutions, i.e. the system of worker and employer representatives and the Social Welfare Council. As for the representative system, i.e. the right of the respective chairmen of the Swedish Trade Union Confederation and the Swedish Employers' Confederation to participate in major decisions of the agency's board, the National Social Welfare Board declared the following:

The purpose of establishing the representative system was undoubtedly to give the National Social Welfare Board the necessary immediate contact with the main organizations in its most sensitive field of activity -- the labor market and its organizations. The choice of representatives was therefore not, as some people have later intimated, based on political or parliamentary considerations ... instead the Board selected persons who enjoyed a particularly high degree of confidence from employers and workers, respectively, and were suitable to represent their interests. The fact that persons in such a position became representatives with

the approval of their organizations, on the other hand, imposed on them an obligation to regard themselves also as representatives of the public.<sup>30</sup>

The National Social Welfare Board also noted that the contacts that its top officials had made as a result of the representative system had been of great importance. It also pointed to the importance of the informal and confidential deliberations that the head of the National Social Welfare Board occasionally had with one or both representatives on particularly sensitive issues. For these reasons, the Board strongly opposed the abolition of the representative system, and it was retained. The report also stated that

the system of worker and employer representatives has been and remains of value to the public, because it has made it possible to sweep away prejudices and create understanding of the measures undertaken by the state with regard to the legal or actual relationship between employers and workers. It is also useful in contributing to the smoothing of conflicting interests in relatively flexible fashion within its field of operations, even at an early stage of the discussion of an issue.<sup>31</sup>

The following table shows the frequency of participation by union and employer representatives in the board meetings of the Social Welfare Board between 1913 and 1919.

Table 1. Meetings in which these representatives took part.<sup>32</sup>

Year	Number of meetings	Number of issues
1913	48	118
1914	39	85
1915	48	90
1916	20	42
1917	17	20
1918	15	21
1919	4	21



It is worth adding that the above report indicates that the union and employer confederation representatives not only participated in discussions of broad issues but also, to a great extent, in concrete decisions made by the various departments of the Social Welfare Board. As the table shows, the respective chairmen of the Trade Union Confederation and the Employers' Confederation thus met nearly every week, joining with the Board's civil servants in the task of shaping and establishing Sweden's social welfare policy. In the above statement, the Social Welfare Board explained that the decline in the number of meetings and issues (see Table 1) in where the labor and employer representatives took part was not due to a decline in their interest or in the need for cooperation. Instead, the reason for their intensive cooperation during the first few years was the need to create practices and precedents while laying the foundations of Swedish social welfare policy. The gradual decline in the number of recorded formal meetings was offset, the Board declared, by an intensification of informal contacts. An additional reason for the decline was that the labor and employer representatives sometimes chose to participate only in the preparatory work on an issue but abstained from joining in the actual formal decision. The reason for this was that they did not want to commit themselves to a particular stance on issues on which they might have to make decisions later in another capacity. It should be added that the two representatives participated in decision-making on far more issues than the minimum required by the agency's instructions. This was because, according to the statement of the Social Welfare Board, it "was regarded as being of great value to the Board to gain the support of the representatives' experience and judgment."

The Social Welfare Council attached to the National Social Welfare Board, which consisted of four sections -- each with 15 members -- met less often than the board plus the LO and SAF representatives. Because many of its members were not residents of Stockholm and because of their large number, it was considered a fairly costly and complicated matter to call a meeting of the sections. The frequency of meetings can be seen from the following table:

Table 2. Meetings of the Social Welfare Council, 1913-1919<sup>33</sup>

Year	Number of meetings	Number of issues
1913	8	15
1914	5	9
1915	5	9
1916	8	4
1917	2	3
1918	2	5
1919	12	17

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In the above statement, the National Social Welfare Board maintained that it had found the Council's input valuable "not only through the expertise it has contributed to the handling of issues, but also because a more detailed awareness of the contents and purpose of issues could be communicated through members to circles interested in a particular issue, with the aim of eliminating prejudices, preventing misunderstandings and awakening understanding."

The minutes of the Social Welfare Council from this period are unfortunately not complete. The minutes that have survived indicate, however, that direct conflicts were rare. One particularly interesting example of this degree of consensus can be taken from the 1916 minutes. In 1915 the National Social Welfare Board had been entrusted with

conducting a study of what could be done through legislation to prevent Sweden's increasingly intensive labor disputes. For this purpose, the Board devised a complete draft of a collective bargaining law. According to this law, a valid collective bargaining contract would enjoy precedence over individual labor agreements. It also proposed a separate Labor Court and compulsory mediation of labor disputes. During 1916 the draft law was discussed in the Social Welfare Council's section for "workers' protection and worker issues in general." According to the minutes, the chairman of the Trade Union Confederation (LO) declared that "although no direct need for legislation of the present type has emerged on the worker side, and just as little as for employers, nonetheless neither side was entitled simply to reject the government's calls for adoption of such legislation. And in the form this appeared in the present bill, it should be largely acceptable to the workers."<sup>34</sup> Given the fact that a similar law, when pushed through Parliament by a non-socialist government in 1928, triggered violent protests from a united labor movement, this 1916 statement from the chairman of LO was a remarkable indication of the kind of mutual understanding that could be developed in these public agencies.

As for the work of the Labor Council and the Industrial Injuries Insurance Court, there is nothing to indicate that they did not function to the satisfaction of the state as well as the employers and the trade unions. The usefulness of the existing law on working hours was debated at regular intervals in Parliament until the end of the 1930s, but no criticism of the Labor Council's work emerged. The other court-like institution from this period, the Industrial Injuries Insurance Court, lasted until the 1970s in its original form, dating from 1919.

## Discussion

What conclusions can be drawn from this early corporative institutionalization of the Swedish political system? The first thing that must be noted is that in the current stage of study, such conclusions have to be both preliminary and speculative. But first of all, it is obvious that the principle of corporative representation was established well before the principle of democratic representation in Sweden. Several decades before the introduction of universal suffrage, it seemed uncontroversial to appoint working-class representatives to national administrative agencies. In formal terms, too, the corporative principle was introduced before the democratic principle -- during 1903 in local government and between 1906 and 1912 in the national civil service. It must also be observed that the "labor question" was the factor that triggered the introduction of corporative institutions. "The poor," a large general category of people who posed a bigger problem than the proletariat in both numerical and social welfare terms, were never considered for any representation. Nor did small farmers, another large category of people, receive any corporative representation until much later.

The above indicates that it was the organization of the working class and the resulting potential threat to the existing society that made it necessary to give workers some kind of representation in the political system. Third, it is important to observe that the principle of corporative representation first emerged on the output side of the political system, i.e. on the administrative level. This part of corporatism is often neglected in the modern literature. What appears to have made such representation necessary was the difficulty of achieving the requisite precision by using

the tools available to elected bodies (general legal provisions), given the flexible and complex social conditions that characterized the "labor question." If the legal rules were made sufficiently exact, they often had unreasonable consequences when applied in practice to individual cases. Furthermore, conditions in the area of desired intervention were so changeable that it was quite difficult to predict all the situations in which a law could, or should, be applicable. It was thus necessary to make the legal provisions less precise in order to achieve the required level of flexibility in applying them. This, in turn, gave fairly large maneuvering room to the agency charged with implementing the policy. It can be argued that with this type of legislation, policy is actually shaped at the administrative level,

How this room for discretion in the implementary stage was utilized was of crucial importance to the way that the groups who were the target of a policy would perceive the legitimacy of public regulations. This is an assumption based on the concept that the legitimacy of a government action is both a scarce and a necessary resource and is not exclusively -- or even mainly -- based on the wording of general legal provisions. Instead, the legitimacy of political intervention is determined by the way it is implemented in individual cases.

Instead of giving the usual legally trained civil servants this discretionary power, Parliament chose to give it to the organizations toward whose members the policy was aimed. If this argument carries any weight, it points to an important element of the power relationships between elected bodies and organized interests -- that the power of elected bodies is limited by the character of the instruments at its disposal, namely the passing of general laws. Because of its specific

institutional form, an elected assembly cannot participate in the actual implementation of the decisions it makes. If the nature of the issue requires it to write legal provisions that are fairly imprecise, this must imply that the elected assembly is delegating power to those who implement the policy. The elected assembly can, however, decide to give this power to different types of institutions, for example to bureaucracies, professions or corporative organizations. During the period before the breakthrough of democracy in Sweden, a unified Parliament obviously had great confidence in the ability of corporative organizations to handle these issues.

It furthermore appears as if this presentation of early Swedish corporatism refutes the assumption that strong special-interest organizations forced their way into a position of influence on public policy. Neither the labor movement nor the employers had established any national organizations at the time the first proposals on corporative institutions were presented in Swedish politics. Nor can one see any evidence that a "strong public sector" created loyal organizations from above. Instead, it appears as if a public sector that was weak and fairly unsure of itself in these areas established corporative institutions in an effort to seek knowledge, information and legitimacy for the policies it hoped would resolve the "labor question." Special-interest groups do not seem to have had any hesitation about participating, but there are no indications that they were particularly eager for the public sector to establish corporative organizations. It is somewhat surprising to note that civil servants with traditional legal training strongly demanded the establishment of corporatively structured organizations connected to their work.

As for the long-term effects of this early corporative institutionalization in the Swedish polity, a few comments are necessary. First, it is notable how rapidly the principle gained general approval by all parties concerned. As for the role of the employment offices, they are especially interesting because they comprise the organizational embryo of what would later become an "active labor policy" unique to Sweden (Therborn, 1986; Rothstein, 1986, 1988b). The principles established in 1903-07 still apply. Corporative institutions were apparently effective in terms of giving legitimacy to their work. Nor should we underestimate the importance of the fact that at the national level, the chairmen of the Trade Union Confederation and the Employers' Confederation met practically every week in a joint effort to help solve everyday public-sector problems related to implementing various programs to resolve the labor question. At the local level, we can only speculate about what impact it had when representatives of organized labor and the employers together succeeded in dealing with the often intricate problems of employment office operations.

This image of early cooperation and consensus in (certain portions of) Swedish politics must at least supplement the traditional description of this era as one characterized by extremely tough social and political conflicts. It is thus possible that the pragmatism, willingness to bargain and compromise and absence of conflicts on matters of principle said to characterize Swedish postwar politics have their origins in the institutionalization of corporative bodies that began back in the late 19th century.

## Notes

1. Arbetareförsäkringskommitténs betänkande 1. Utlåtande och förslag. [Report of the Workers Insurance Committee 1. Statements and proposals]. Stockholm 1888. p 4.
2. Idem.
3. Nya arbetareförsäkringskommitténs betänkande. 1. Utlåtande och förslag. [Report of the New Workers Insurance Committee 1. Statements and proposals]. Stockholm 1893.
4. Ibid. p 25-29.
5. Ibid. p 101.
6. Ibid. p 11.
7. Government Bill 1902 no 15 p 26.
8. Socialstyrelsens arkiv, Arbetsmarknadsbyrån. Arbetsförmedlingarnas historia. Riksarkivet. [Archives of the National Board for Social Affairs, the Labour Market Bureau, History of the Labour Exchanges. National Archives]. Stockholm.
9. Riksförsäkringsanstaltens arkiv: Utlåtande med förslag rörande ändring av vissa delar av lagen angående ersättning för skada till följd af olycksfall i arbetet, avgiftet af Riksförsäkringsanstalten den 10 jan 1908. Riksarkivet. [Archives of the National Insurance Board. Statement and proposal concerning changes of part of the Law regarding indemnification in work accidents, given by the National Insurance Board 10th of Jan 1908. National Archives]. Stockholm
10. Betänkande afgifvet den 9 december 1909 af den av Kungl. Maj:t den 20 januari 1905 tillsatta kommittén för revision av lagarna angående skydd mot yrkesfara. [Statement given the 9 Dec 1909 by the Royal Commission established the 20th Jan 1905 in order to review the Law against work-related accidents]. Stockholm 1909.
11. Departementalkommittéernas betänkande nr 5. Civildepartementet II. [Report by the Commission on the Organisation of the Ministries, no 5. Ministry of Interior III]. Stockholm. 1912. p 4.
12. Ibid. p 5.
13. Idem.
14. Departementalkommittéernas betänkande .... [Report by the Commission on the Organization of the Ministries...] p 6.
15. Government Bill, Records of the Swedish parliament 1912 no 108 p 224.



16. Government Bill, Records of the Swedish Parliamänts 1913 no 298; 1919 (fall session) no 10; 1919 no 333; 1917 no 228, 1916 no 111.
17. Nya arbetareförsäkringskommittén ...[Report by the New Workers Insurance Committee...] p 103; Alderdomsförsäkringskommittens betänkande [Report by the Old Age Insurance Committee] no 5, Stockholm 1915. p 94f.
18. Records from the Swedish Parliament, Second Chamber, 1919 no 9 p 31.
19. Government Bill 1916 no 111 p 95.
20. idem.
21. Departementalkommittéradets betänkande... [Report by the Commission on the Organization of the Ministries ....] p 164.
22. ibid. p 166 and Government Bill 1902 no 15 p 26.
23. Arbetarförsäkringskommittén...[Report by the Workers Insurance Committee...] p 101.
24. Departementalkommittéradets betänkande .... [Report by the Commission on the Organization of the Ministries....] p 166.
25. idem.
26. Government Bill 1919 no 247.
27. Socialstyrelsen, underdånigt yttrande angående statens medverkan för befrämjande av den offentliga arbetsförmedlingen m.m. den 17 april 1916. Socialstyrelsens handlingar, Riksarkivet. [Statement by the National Board for Social Affairs concerning the collaboration by the State to promote the growth of labour exchanges, etc.; of the 17 April 1916. Archives of the National Board for Social Affairs, National Archives] Stockholm.
28. idem.
29. Järte, Otto. "Ett steg mot arbetsmarknadens centralisering", in Sociala Meddelanden 1920 s 564.
30. Socialstyrelsens yttrande 30 sept 1926 till sakkunniga för verk ställande av utredning angående fullmäktigesystemet inom stats förvaltningen. Socialstyrelsens handlingar, Riksarkivet. [Statement by the National Board for Social Affairs the 30 Sept 1926 to the Commission on the representation by interest organization in the civil service. Archives of the National Board on Social Affairs, National Archives] Stockholm.
31. idem.
32. idem.
33. idem.
34. Socialstyrelsens handlingar, Social rådets protokoll, Riksarkivet. [Archives of the National Board for Social Affairs, records from the Social Council, National Archives] Stockholm.

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