

# Rise and Decline of Nations: Sweden

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The development of the Swedish political economy is interesting in the perspective of the Mancur Olson theory about the rise and decline of nations. It is shown that the general argument of RADON is not in agreement with facts about the growth of the affluent society in Sweden between 1870 and 1970. The strong growth in the overall economic output took place in a society where a number of distributional coalitions were strongly organized. Also the special argument in RADON about the reversed consequences of broad interest organizations meets with little support. Whatever is meant by an encompassing interest organisation, what was crucial in the Swedish case was the strong position of party government and the broad participatory nature of the political process. Directly contradicting the RADON argument is the fact that the structure of distributional coalitions has in general become even more encompassing since 1970, yet the economic situation of Sweden has deteriorated considerably. The predicament of party government must be emphasized, as the period since 1970 has witnessed a decline in the capacity of political leadership to govern the country.

## Introduction

The *Rise and Decline of Nations* is a most stimulating book. Mancur Olson argues with great persuasion that stable societies develop a strong network of distributional coalitions or interest groups over time that operate according to a logic of collective action that results in economic stagnation. The basic goal of the distributional coalitions is to promote the interests of various special interest groups; this implies that the free operation of market forces is contained. To many observers the development of the Swedish welfare state can be interpreted in terms of the concepts of a rise and decline of a nation, and thus we may ask whether the Olson theory advances our understanding of the development of Sweden.

In the preface to the Swedish version of RADON, Olson writes that Sweden and Norway had an important impact on its theme (Olson 1984, 10). Concerning Sweden, Olson states that the country experienced a most rapidly growing economy during the time period 1870-1970 relatively speaking, compared to other nations. Even after the Second World War there was a fairly substantial growth in the economy up until 1970, in spite of the fact that after the war Sweden had a good rate of growth to proceed from (Lindbeck 1975).

It could be added that still in 1981 as regards GNP per capita Sweden is one of the richest countries in the world, only surpassed by Norway and Switzerland if the tiny Arab countries are excluded. Yet, in the perspective of the Olson theory it must be emphasized that Sweden has had for many years strong interest

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## Introduction

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groups, not only trade unions, participating in social decision-making in many fields of society, as fully documented in political science research (Westerståhl 1945, Lindblom 1938, Back 1967a, Heckscher 1946, Lindblad 1960, Ruin 1960, Wieslander 1966, Elvander 1969, Westerhult 1969, Hellström 1976). Thus, it seems as if the Swedish case is a potential falsifier of the Olson theory. Olson tries to save the theory by arguing that it requires a more refined application to Swedish realities (1984, 10).

Maybe the limits of a theory are most readily seen when it is confronted with a special case which requires that the theory be changed in order to apply. The weakest evidence for the Olson theory stems exactly from the Nordic countries. Sweden appears to fit nicely into the premises of the Olson argument. From a historical point of view Sweden has experienced an internationally unusual stability in various ways: absence of war and revolutions, constitutional government as well as a peaceful introduction of democratic rule, and the slow but steady ossification of social life by creation of a tight network of distributional coalitions. However, the conclusion does not apply; predicting from the *main* Olson theory, Sweden should long ago have suffered from national decline, meaning that its growth rates should be nil. Rescuing his theory, characterized by the simplifications of the school of public choice, Olson advances a *special* theory that is presumed to account for the deviant case of Sweden, based on the notion of encompassing distributional coalitions (Olson 1982, 89 ff). Does this procedure work? How about the evidence for the main theory and the special theory contained in RADON concerning the Swedish case?

Testing empirically the validity of the Olson theory about the implications of the existence of a structure of distributional coalitions on economic growth in relation to the Swedish case, it is appropriate to make a distinction between the period up to 1970 and the period from 1970 and onwards. Is it possible to explain the first period – the rise of Swedish affluence – with reference to the structure of the interest group system? And can the same argument or some version of it be employed to explain the second period – the beginning of a decline of the Swedish nation?

## The Period from 1870 to 1970

In order to account for the rise of the Swedish nation, Olson has to use the *special theory of collective action* stating that encompassing distributional coalitions have an incentive to care about and promote economic growth. What is meant by ‘encompassing’? It seems as if this crucial concept is never given a more explicit definition in RADON. Olson seems to refer basically to the number of members in interest groups. But can we be certain that the existence of a high membership ratio in various organizations also implies encompassing decision

making? Is it not possible for other important actors to engage in far reaching social coordination that is conducive to economic stability and growth?

In the definition of 'encompassing', qualitative aspects should be taken into account. Do the organizations of the labour market cover both the private and public sector, do they comprise both employers and officials, are they complete when it comes to different branches of business industry, in a regional sense, as regards sex, income brackets, social status, etc.? Have the organizations functionally worked for overlapping and wide interests or have they worked for their special interests? Considering the importance of the concept of encompassing, it is somewhat annoying that it is not penetrated more carefully in RADON.

It is no doubt true that the first period – 1870 to 1970 – witnessed a slow but steady expansion of distributional coalitions in several areas of social life. It should be pointed out, though, that the average economic growth between 1890 and 1907 was 2.5%, 1.7% for the years between 1907 and 1930 as well as 2.6% for 1930 to 1951 (Jörberg & Krantz 1978). At the same time the development of the structure of interest groups displays little of a simple linear expansion curve.

The LO, the Swedish Trade Union Confederation, founded in 1898 and today comprising more than two million members, organizes roughly 90% of Swedish workers but there have been periods when LO has shrunk. It was not until the Second World War that the LO acquired enough authority to start encompassing policy-making (Casparsson 1947-48, Westerståhl 1945, Elvander 1969, 1980). The strong emphasis on coordination – *solidarisk lönepolitik* – developed during the 1950's, that is after the foundation of the Swedish economic miracle. It seems difficult indeed to account for the long period of economic growth between 1870 and 1970 by reference to an encompassing trade union movement, in spite of competent and far-sighted trade union leaders with greater interest in re-education and labour turnover mobility than in subsidies for industries in order to maintain the employment in unprofitable businesses.

Olson does not deal with the white collar movement which is unfortunate because it is now as important as LO. Compared with LO, the clerical and administrative workers' movement displays a more heterogeneous structure. Although the white collar workers in private and public service constituted a much smaller collectivity than the blue-collar workers, they were organized much later, which negates the general Olson prediction that smaller groups are more easily organized than larger groups. TCO organized in 1944 and SACO/SR (academic employees) founded in 1947 have grown into sizeable organizations during the post War period (Elvander 1969). TCO is about half the size of LO, whereas SACO/SR counts about one-fourth of the members of TCO. However, it can hardly be claimed that these two organizations have been encompassing in the sense of LO, as TCO and SACO/SR have a much more fragmented structure, nor that they have engaged in encompassing decision-making in the manner of LO. During the seventies various attempts have been made to create more coordina-

tion between the various membership unions of TCO and SACO/SR as well as between TCO and LO, but it is hardly possible to explain the first period of economic growth by adducing the structure of the white collar movement (Elvander 1969, Fredriksson-Gunnmo 1984, Molin 1975).

Olson points out that the Swedish Employers' Association (SAF), founded in 1902, has had a strong position, very much reminiscent of an encompassing organization with greater interest in growth and investments than in lower tariff protection and subsidies. It is true that SAF enjoyed an exceptional position as the representative of many Swedish enterprises through strong centralization and hard policy, but it should be pointed out that it in no way has included all the major branches of industry. Like the case of LO, the breadth of its activity has not existed during the whole period from the turn of the century. During the seventies in particular, SAF has shrunk in terms of the extent to which it covers Swedish industrial life (SAF 1970-1983, Elvander 1969). It is also not true that SAF has always been interested in peaceful and harmonious relations with the organizations of the employees. The period of encompassing cooperation with LO is a post-World War II phenomenon and it cannot account for the period of economic growth up until the outbreak of the Second World War. As a matter of fact, industrial relations up until 1938 (*Saltsjöbadsavtalet*) were often characterized by open or tacit conflict. The Swedish case is more paradoxical than Olson recognizes; the period of economic growth between 1870 and 1970 only partly coincides with the existence of encompassing distributional coalitions engaged in nationwide coordination, and the strong increase in the encompassing nature of the interest organizations after 1950 has been accompanied by a sharp reduction in economic growth during the seventies.

## The Period after 1970

It must be admitted that the year of 1970 constitutes a dividing line not only for the Swedish economy but also for the international economy. It appears from Olson's statistics that the year 1970 was a breakpoint with decreased rate of growth for practically all the 18 countries he investigated (Olson 1982, 6). Surprisingly, he does not discuss at all the problems behind these changes. However, the economic set back was no doubt strong in Sweden compared with many other countries. Table 1 shows that several of the years from 1970 onwards have been very meagre.

Whereas the average yearly percentage increase was about 3.8% between 1963 and 1973, the average growth rate was about 1.5% from 1973 and onwards. Even if the rate of growth has increased for the years 1983 and 1984, the long-range trend has not changed. Other indicators of national economic decline carry the same message: the state debt has risen to a level that was hardly imaginable

Table 1. Annual Change in the GNP in Sweden 1970-1984. (In percentages, 1980 prices)

1970	4,4	1978	1,8
1971	0,9	1979	3,8
1972	2,3	1980	1,7
1973	4,0	1981	-0,3
1974	3,2	1982	0,8
1975	2,6	1983	2,5
1976	1,1	1984	2,8 <sup>1</sup>
1977	-1,6		

Note 1: The figure for 1984 is from the Budget, appendix 1.1. Prel. National Budget for 1985.

Source: Statistiska Meddelanden N. 1984:5.5. Table H:5. Balance of resources (SCB).

earlier and unemployment figures have gone up sharply. Whereas payments on the state debt used to be small, they now represent about one-fourth of the budget. Each year the government has to borrow about one-third of the state revenues in order to pay for its share of the public sector (The Budget 1984). According to Olson, national decline is due to the existence of a fragmented structure of distributional coalitions, but the fact is that during the seventies the trade unions in Sweden became even more encompassing in the Olson sense of relative membership organization.

#### *Trade Union Strength*

From 1970 until 1983, LO has expanded from 1,540,000 to 2,160,000 members, TCO from 621,000 to 1,080,000 members, and SACO/SR from 108,000 to 246,000 members. Consequently both white collar workers' organizations have increased in figures as much as LO and in relative terms considerably more than LO. Most of the increase for all organizations has taken place within the public sector (Fredriksson & Gunnmo 1984). In 1978 roughly 79% of the employees in Sweden were members of some trade union (Levnadsförhållanden 1982). After that year the membership ratio has increased further. There is some variation between various groups of employees - between 90% and 50% - but in general Swedish trade unions have become even more encompassing in terms of members; Sweden has the highest level of organization of trade unions in the world (Kjellberg 1983). By international comparisons it should be observed that, owing to the formulation of labour laws and collective contacts, a Swedish employee must in practice belong to an established trade-union organization in order to fully maintain his/her interests. Functionally LO's importance as a broad overarching organization decreased through the increased role of the organizations of white collar workers, through the cleavages between blue-collar workers and white collar workers, and the increased tension between private and public employees within LO.

Table 2a. Membership in Labour-Market Organizations of the Members of the Riksdag (terms of office 1971-1979). Percent\*

	LO	TCO	SACO/SR	Employers'/ Business associations	No member- ship	
M	4	15	39	26	20	N = 54
C	4	24	8	14	25	N = 80
FP	5	29	33	12	24	N = 58
S	65	36	4	2	7	N = 183
VPK	53	21	16	—	11	N = 19
Tot	35	29	15	9	17	N = 394

\* Including some overlapping.

Source: Gustafsson 1984 d.

The growth of trade union membership has had consequences for the role of trade unions in national policy-making. Today about 75% of the members of the Riksdag have connections with the trade unions as either members or former members (Table 2a). Only about 9% of the members of the Riksdag have similar ties with the private industrial organizations. As many as 90% of the members of SAP in the Riksdag have a trade union background, which is far more than for the other parties: the Conservatives (54%), the Peoples' Party (64%) and the Centre Party (55%). Of course, there are close ties between the Centre Party and organized agricultural interests (the LRF) as roughly 40% of the Centre Party *riksdagsmän* are members of the LRF, The Federation of Swedish Farmers (Gustafsson 1984 c-d).

Membership is not the only corporatist indicator. Contacts in policy-making matters are just as important as permanent representation of trade-union representatives on the boards of government agencies and other authorities (Hadenius 1978, LO-80-report 1981, Westerståhl & Persson 1975, Gustafsson 1979a, 1979b). In the basic transformation of Swedish working life that took place during the seventies, the role of the trade unions was quite substantial. It has been shown that as many as 73% of the members of the Riksdag had contacts with trade unions concerning the new legislation about working life. There were also numerous contacts with the employers' associations, 50% of the riksdagsmän reporting such contacts (Table 2b) (Gustafsson 1984 c-d, Gustafsson & Jonsson 1984).

#### *Decline of SAF*

If during the 1970's as regards structure and membership strength, the trade union organizations have assumed a wider character, this does not apply to the opposite partner. The broad character of the employers' associations has been weakened during the 1970's, structurally and functionally (SAF 1970-83, Gu-

Table 2b. The Contacts of the Members of the Riksdag with Party Organizations and Labour Market Organizations in Industrial Relations Matters (terms of office 1971-1979). Percent

	Party organizations	Trade Union organizations	Employers'/ Business associations
M	67 N = 28	58 N = 26	66 N = 29
C	81 N = 57	66 N = 44	65 N = 48
FP	68 N = 34	46 N = 31	50 N = 28
S	81 N = 128	83 N = 143	36 N = 77
VPK	92 N = 15	92 N = 13	25 N = 4
Tot	78 N = 264	73 N = 257	50 N = 186
Missing cases*	(71)	(78)	(149)

\* The missing cases are partly due to the questionnaire lay-out.

Source: Gustafsson 1984d.

Legend:

- M = The Moderate Party (previously the Conservative Party)
- C = Centre Party (previously the Agrarian Party)
- FP = The People's Party (Liberal)
- S = The Social Democratic (Labour) Party
- VPK = The Left Communists.

stafsson 1984b). In his book Olson deals only with SAF, as if SAF alone represents the employers' responsibility in Swedish society. This is not the case. Even if SAF is a big employers' organization, its members employ today less than one-third of all employees in the Swedish labour market. In 1983, 36 societies were associated with SAF, representing more than 40,000 associates or employers, giving work to a little over 1.2 million workers out of 4.2 million employed (Fredriksson & Gunnmo 1984). In relation to the great increase in the number of members of the trade union top organizations SAF has decreased considerably. In 1970 the number of employees working within enterprises connected to SAF amounted to about 54% of the number of members in the three trade union top organizations, but in 1983 this share had decreased to about 35%. While LO, TCO and SACO/SR had increased their number of members by approximately 1.2 million members between the years 1970 and 1983, the number of employees within the enterprises connected to SAF was about 1.2 million in 1983, the same as in 1970. Simultaneously, the structure has changed in such a way that since 1970 the number of associates has nearly doubled; this is because more and more associates are small enterprises (SAF 1970-1983). This structural change is likely to contribute to a worsening of SAF's position as a wide employers' organization. There are internal conflicts of interests and a tendency among the small enterprises to question broad solutions.

The aggravated ideological confrontation between SAF and LO, which started around 1970, has marked the character of SAF as an interest organization for the



Table 3. Percent of Work Force in the Public Sector and in Commerce and Industry 1965, 1970, 1977 and 1983

	1965	1970	1977	1983
National administration	5	5	6	7
Municipal and county council administration	9	15	21	25
State utilities and state-owned, municipal and county council enterprises	4	8	10	9
Commerce and industry	82	72	63	59
	100%	100%	100%	100%

It should be noted that industrial employees make up a large proportion of the work force of State-owned enterprises. The figure for the State-owned enterprises (roughly 155,000) in the 1983 column refers to 1981.

Source: Gustafsson 1983.

*private* enterprises in the country (Hansson 1984). As an important part of this confrontation, public companies have left SAF. Quite deliberately SAF participated in the 1982 elections against public sector expansion, and the socialist majority of the Riksdag in 1983 declared that public enterprises should not be part of SAF.

The decline of SAF reflects an even more profound process, viz. the successive weakening of the concept of employer in various sectors of society. SAF covers about 1.2 million employees, the public employers about 1.6 million and remaining employers roughly 300,000 employees (state-owned, municipal and county council enterprises, the consumers' cooperation etc). Thus, there are in addition about 1 million employees that have an employer that belongs to none of the major organizations of employers. This process has made broad solutions to various problems less likely. The conduct of a very large strike in 1980 on the part of SAF further eroded its position, and in 1982 the rules of SAF were changed such that its various branch organizations were given more autonomy in deciding about wage settlements with the trade unions (Broström 1981). However, the outcomes of the movement towards more decentralization in the wage settlement process have not been socially beneficial, as the wage increases have been conducive to inflation. The present socialist government has tried to get the organizations back to the old system.

The decline of the power of the employer in relation to the employee, in particular at the organizational level, has two basic causes: the rise of the public sector and the introduction of a new labor law legislation. The drastic increase in the public sector appears from Table 3 (Cf. Lybeck 1984).

There has been such a rise in the share of those employed in the public sector that it is accurate to talk of a structural change. In 1965, 18% of those employed were working within the public sector. In 1970 the corresponding figure has risen to 28% and in 1983 it amounted to 41%. The increase in the public sector

employment which continued even during the non-socialist government in 1976-1982 has first and foremost taken place in the local government sector (Gustafsson 1983, 1984a). A corresponding increase in the public sector trade union members has taken place. During the years 1944-1979 the number of members within public sector unions connected to LO increased by 274%, within the service sector by 131% and within the construction and industrial sectors by only 45%. The Swedish Local Government Workers' Union organizing the major part of the staff in the municipalities and county councils had become the major membership union in 1979 (Fredriksson & Gunnmo 1984, LO-80 Report).

During the seventies a quite new system of rules governing the interaction between the employer and the employee was introduced that no doubt strengthened the position of the trade union organization. The rules reacted to the heavy emphasis on scale and size as well as to the structural change in industrial life during the 1950's and 1960's. New rules have increased job security for the employee, making the dismissal of employees much more difficult. Other rules have introduced a system of representation and participation that benefits the organizations of the employees. Thus, the trade unions have a right to appoint board members in public and private organizations, they have to be informed about any changes in work routines and they have a right to negotiate about such changes (Westerståhl & Persson 1975, Elvander 1975, Gustafsson 1979 a-b). The co-determination law of 1976 covers both public and private organizations calling for trade union participation in the decision-making. Trade union representatives have been given a number of rights in order to conduct union duties within public and private organizations including paid absence of leave, facilities for trade union work, and the right to take action against hazardous risks in the work environment. Generally, there has been an improvement in the rights of the employees, including paid absence of leave for education and longer holidays. On the other hand, there is the counterargument that salaries have gone down in real economic terms, making the overall position of the employee worse than before. The transformation of the labour law system has been guided by the overall ambition to do away with any distinction between public and private employees. In 1965 employees within the public sector were given the right to strike. And it is no exaggeration to state that the trade union organizations on the public side have been rather militant during the seventies. Simultaneously, the responsibility of the employers in the county has deteriorated by SAF's weakened position and by the public employers' inability to affirm their role as a partner representative. The president of Volvo, Mr P.G. Gyllenhammar, with assent from the then chairman of SAF, Mr Curt Nicolin, has commented on the development: 'The balance between the trade union movement and the employer is in disorder. In my opinion it will never be restored. This is what a couple of Swedish governments have discovered. The employer has been weakened and can no longer take the responsibility for the cost development. This is a matter for the

government only' (DN 23/4, 24/4 1983). As a result of the new labour laws there has been an increase in the corporatist features in society which were strong already before the transformation of the labour law system. Attempts have been made to create institutional limits for the exercise of corporatist influence, but it is true that the more encompassing the system of distributional coalitions the more corporatism and special group politics (Gustafsson 1979 a-b, 1984 b-d, Gustafsson & Jonsson 1984, Nykorporatismen 1984).

Typical for the seventies has been the decline of the economy and the rise of the corporatist pattern of policy-making, at the same time as the ossification of society has increased in many ways. My main argument against the analysis of Sweden in RADON is that it overemphasizes the contribution of the interest groups to the kind of encompassing decision-making that is conducive to economic growth. In order to understand the economic development of Sweden both during the coming of the affluent society, 1870-1970, and during the decline of the affluent society, since 1970, it is necessary to take other factors into account. Looking at the growth period one must pay attention to the growth of mass democratic movements other than the trade unions (Lundkvist 1977). The development of the local government system, having such a major significance in Sweden owing to the municipal taxation power and its comprehensive competence, is also of great importance as it involved large groups of citizens in social decision-making as well as created many employment opportunities (Gustafsson 1983, 1984a). An important example of considerable municipal efforts for the infrastructure and economic growth are the contributions of the municipalities and the county councils to the financing of separate railway constructions at the end of the 19th century and the beginning of the 20th century (Oredsson 1969). But above all, Mancur Olson underestimates the basic importance of the political parties.

## The Role of Political Parties

It seems to me impossible to explain the rise of the Swedish nation and its prosperous welfare state without taking into account political parties as instruments of popular opinion and as the pillars of the parliamentary system. The Swedish electorate was mobilized around a core of ideologically oriented political parties about 1900. The party system expressed the alignment of the voters in accordance with an interest orientation, but the parties balanced their close ties with various core groups by broadly defined policies (Back & Berglund 1978). Up until 1970 the political parties were far more important than the interest groups in influencing the main course of social events. It may be argued that the political parties have had a more encompassing position than the interest groups in two ways.

Firstly, there is a long tradition of strong electoral participation both at parliamentary and municipal elections, as the Swedish national political parties have dominated the local and regional elections for a long time. Since 1970 all elections have been held on the same day. The polling at the general election of 1982 was 91.4% in the parliamentary election and about 90% in the elections to municipal councils and county councils (Holmberg 1981, Gustafsson 1984a).

The high level of participation in elections in all social groups is an indication of the importance of public policy-making in shaping the development of the nation. Moreover, it has also made the parties sensitive to citizen opinion, as the parties have been forced to search for broadly defined solutions to fundamental problems in order to be able to compete for power. The extent of membership participation in the political parties has also been considerable, even if it is more difficult to get relevant statistics here (Westerståhl & Johansson 1981, Levnadsförhållanden 1982). In 1962 33% of the electorate were members in one or another party and in 1977 26% (Back & Gustafsson 1980, 117; Back & Berglund 1978). A number of party members, however, are members as a result of the collective membership of some blue collar unions in the Social Democratic Party.

Secondly and more important, the political parties used to maintain position of social responsibility in relation to the demands of organized interest. In short, the distinction between party and interest organization was sharply institutionalized. As a response to the economic depression in the thirties, the strength and legitimacy of party government were underlined. And the shift in power from the legislature to the executive that accompanied the coming to power in 1932 of the Social Democratic Party (SAP) resulted in encompassing decision-making. From 1932 up until 1976 the executive has been dominated by one large party which has formed the government in various combinations. The position of SAP within the public body as well in society at large, connected with several democratically built organizations, was conducive to a *folkhemspolitik*, which was made possible through parliamentary cooperation over ideological bloc boundaries (Lewin 1967, 1984). The rise of SAP to executive power had a number of very important consequences in a short period of time. As a matter of fact, it has been argued that the parties and encompassing decision-making has never had such a strong position as in the thirties (Back 1966, Back & Berglund 1978, Stjernquist 1966).

In Sweden the well-known industrial pact in 1938 between LO and SAF - *Salsjöbadsavtalet* - must be interpreted against the background of a strengthening of party government. The agreement meant an end to a prolonged period of difficult industrial strikes. The interest organizations agreed on a number of premises for industrial life as well as on trying to reach peaceful solutions to industrial problems as far as possible. However, arriving at an agreement was not the outcome of a spontaneous process in which the interest organiza-

tions wished to protect common interests, but was strongly influenced by the threat of sanctions of the state against too much industrial instability.

The coming to power of the Social Democratic Government in 1932 also meant that various deprived groups could count upon the use of the governmental machinery to solve problems that had proved difficult to settle by means of collective bargaining. And a number of new laws created the foundation of the welfare state in Sweden (Korpi 1978). Although the reforms met the demands of various interest groups, there can be no doubt that the initiative rested with the Social Democratic Government (Casparsson 1949, Söderpalm 1969, 1976, Westerståhl 1945). In 1937 the Prime Minister and the head of SAP, Per Albin Hansson, declared that the state had a right to control also the extensive economic powers that the trade unions exercised. Thus, we may conclude by observing that the basic condition for the development of peaceful industrial relations and the protection of wider societal interests in the atmosphere of the Saltjöbad agreement was not the logic of collective action according to the Mancur Olson theory, but rather the threat of government action in the form of a law protecting the citizens against the repercussions of sharp industrial conflict. It should be emphasized that after the parliamentary election in 1936 Sweden was governed by a government (Social Democratic Party and the Agrarian (presently Centre) Party) with its own majority in the Riksdag for the first time after the franchise reform 1918-1921. The encompassing nature of the solutions favouring economic growth instead of redistribution had a political background in the rise of strong party government.

Mancur Olson assumes that the traditional strong integration between SAP and the blue collar trade unions fostered social efficiency and economic growth. This is no doubt correct. Integration takes several forms like collective membership of the trade unions in SAP, trade union representation in various decision-making bodies of the party, as well as economic and organizational support from the trade union to the party not least at times of election. On the average about two-thirds of the members of SAP have been recruited on the basis of the collective membership principle and roughly 40% of the members of LO are members of SAP. The strong integration of party and interest organization within the Swedish workers' movement has provided a number of interest organizations with access to government policy-making, but it also means that the Social Democratic Party can influence the trade union movement to accept social responsibility. This is a good example of positive correlation between organizational ties and party engagement (Sainsbury 1983, Westerståhl & Johansen 1981).

## Party Government Decline

Concerning the development after 1970, it again seems important to take the state of party government into account. It is no exaggeration to claim that the year of 1970 may be considered a turning point in Swedish society. The stability

characteristic of industrial life was lost in a number of severe strikes and the atmosphere of cooperation between LO and SAF was replaced by suspicion and sometimes open confrontation. To some extent it was the outcome of a generation shift within the trade union movement as well as within some of the political parties. The general outcome was less confidence in the Swedish model and an uneasiness about the premises of Swedish society. This in turn meant that encompassing decision making lost much of its relevance (Birgersson et al. 1981, Elvander 1980, Isberg 1982, Ruin 1981).

The constitutional reform enacted between 1970-1974 was not conducive to government stability. The introduction of a single chamber system meant that the position of the government became much more dependent on fluctuations in public opinion. The Social Democrats receded strongly at the first unicameral election in 1970 and lost power in 1976 after more than 40 years of government. After that year there has been no less than five governments in less than ten years. The intensified competition between the political parties has taken the form of a confrontation between a socialist bloc and a non-socialist bloc, although the internal cohesion within both blocs has hardly been substantial (Isberg 1982). Party government has withered and the amount of influence of organized interests has grown. At the same time the rapid public sector growth of the seventies has increased the demands on party government. Also, the structure of the public sector has become such that it is more difficult to manage from the centre. Several developmental trends thus point in the same direction: less power for party government and more influence for organized interests (cf. Damgaard 1984). The publicization of the work force has been attended by a strong process of corporatization (Elvander 1975, Westerståhl & Persson 1975, Gustafsson 1979 a-b, Nykorporatismen 1983). It is a symptom that a new constitutional committee was recently appointed in order to analyze the position of the Riksdag in a new pluralistic power structure with strong organizations and mass media.

In the seventies the trade unions have become more and more encompassing in the structure of their membership, but they have hardly supported broad social solutions to the basic problems in society. Instead they have increased their powers in relation to management both within the private and the public sectors. The fundamental reorientation of the system of labour laws has strengthened the position of the trade unions in several ways. Public trade unions are allowed to go on strike and there is an extensive system of negotiation and information operating within both public and private organizations even at the governmental level. A number of decisions have been taken that improve the conditions for the trade unions while making management more difficult. Wage-earner funds have been introduced in order to encourage 'economic democracy' (Lewin 1984). The fine for illegal strikes has been lowered and trade union fees have been declared tax-deductible. We have witnessed more and more public policies oriented towards the specific interests of various organized groups. And the response

from the trade unions has not always been one of social responsibility. Instead it is widely considered that the Swedish model of industrial life is going to break down. The encompassing nature of the procedure of wage settlements is going to be replaced by a more decentralized structure where each group looks after its own interests in the first place. This trend may be connected with the fact that membership figures within trade unions as well as the activity within these organizations today are higher among civil servants than among workers, higher among elderly than among young people, higher among well-educated people than among those with a low education and higher among high-income employees than among low-income employees (Levnadsförhållanden 1982). Economic growth in a country like Sweden with its broad net of interest organizations which are integrated with the public authorities and the public decision-making process has not become less dependent on political decisions than before.

## Conclusion

The book by Mancur Olson underlines the urgent need for more research into the conditions for economic growth, in particular the contribution of institutional and environmental factors (cf. Jörberg 1984). Although this article has been critical against the basic argument of RADON, it can be pointed out that the main, not the special, theory of Olson may apply to the long-term development of Sweden. However, whether the main theory will come out true or not depends on what decisions are taken today and in the future, as economic development is hardly a fatalistic process.

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