

Book Review

Henry Milner (ed.): *Social Democracy and Rational Choice: The Scandinavian Experience and Beyond*. London: Routledge, 1994, 304 pp.

In his new book on the Scandinavian model as it stands in the early 1990s Henry Milner employs the rational choice framework. This gives to his analysis much more depth than his previous *Sweden: Social Democracy in Practice*. Milner now also includes the other three major Nordic countries, which again strengthens the points he wants to make. The result from the new theoretical angle and the broadened empirical basis is an excellent volume, the best book on the Nordic welfare state by an Anglo-Saxon scholar.

Milner's rational choice analysis is elementary, perhaps somewhat lacking in sophistication. It is also true that his empirical studies tend to be superficial in a few places. But the combination of theory and data is extremely well balanced. Milner really shows how the rational choice concepts can be applied to illuminate real life events of great importance.

Milner is thoroughly familiar with the Nordic realities. Not only has he frequently been a guest in the Nordic countries, but he has also collected a wealth of information from different sources, including a large number of interviews with various people who follow policy-making and policy implementation closely.

Milner stands in his analysis almost exactly where the Swedish model is stuck. On the one hand, he values the justice implications of the Scandinavian model highly, but on the other he is well aware of the efficiency difficulties with such huge redistributive programmes. Milner's analysis of the mounting problems for the Swedish model provides very informative reading.

Milner's volume makes two important contributions. On the one hand, he shows how rational choice theory may be applied to illuminate the development of political events. The basic problem with the so-called Scandinavian model is the tension between incentives and institutions. If one does not naively assume that the major players in the political system maximize something nobody knows anything about – the public interest as it were: "politicians have noble motives" – and if one accepts the public choice starting-point that individual actors as well as groups are in the game for their own sake, then the chief problem becomes: how can institutions be designed that minimize the disruptive consequences of opportunistic behaviour? When a country such as Sweden fails with institutional design, then the outcome will be disaster.

On the other hand, Milner succeeds in pinning down the special difficulties of the Swedish model by a painstaking empirical analysis of the decline of the Swedish version of the Scandinavian model since round about 1975. Milner examines a number of areas where difficulties cropped up, which the key players could not handle before the onset of the economic retardation in the early 1990s: the excessive redistributive ambition, the overheated labour market, the lack of consistency in macro-economic policy-making, the trade union militancy, the overexpansion of the

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public sector, particularly the local governments, the internationalization of the economy and the resulting loss of autonomy. Milner covers the strategic retreat on welfare-state objectives by Swedish governments in the 1990s.

Interestingly, Milner sees a future for the Scandinavian model, if it balances efficiency and justice differently than in the Swedish model. Such a reformed model, claims Milner, is still the best way of life there is. Milner's book comprises a fascinating interpretation of state and society in the four Nordic countries.

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