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Notes and explanation of symbols

The following symbols are used in tables in the *Review*:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amount is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise specified.

A point (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1970/1971.

Use of a hyphen (-) between years, e.g., 1971-1973, indicates reference to the complete number of calendar years involved, including the beginning and end years.

Reference to "tons" mean metric tons, and to "dollars", United States dollars, unless otherwise stated.

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Features and phases of the "Swedish model"

*Olof Ruin**

Sweden and its social life are characterized by certain features which are frequently summed up under the term "Swedish model". This article deals with one of these features: the government system. For a long time now Swedish politics has been characterized by a considerable degree of consensus and stability. A very evident expression of this stability is the fact that the same party has managed to stay in power for the last 60 years, with the exception of a brief six-year period between 1976 and 1982.

In order to adequately understand the distinctive and persisting climate of consensus and degree of stability it is necessary to examine three periods of Sweden's political development. The first includes the phase preceding Sweden's transition at the end of the First World War to a parliamentary system based on the principles of universal and equal suffrage. Although this transition came about relatively late, the point is that it developed in a peaceful manner, without violence. The second period began in 1932 with the return of the Social Democratic Party to power and lasted practically to 1976, the year in which that party lost power. It was during those decades that what has come to be called the "Swedish model" was established. Finally, the third period includes the last 15 years; although it exhibits a greater degree of mobility and even tensions, from an international perspective it continues to appear very tranquil.

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I

The transition to a parliamentary system and universal suffrage

Sweden's transition to its current political system was—as we have already mentioned—very peaceful and at the same time late. The delay does not mean, however, that the transition came about suddenly. Sweden already had a long constitutional tradition when in 1917 it finally accepted a parliamentary system, i.e., a system with a government based on—or at least tolerated by—a parliamentary majority. Sweden also had a long tradition of popular participation in State management when universal and equal suffrage was established early in the 1920s. It was precisely the gradual nature of the development which preceded the establishment of a parliamentary system and universal suffrage that helps to explain why change could come about without any kind of revolution.

The Swedish national State—with a king from a Swedish family—was established, as in other European nation States, at the beginning of the sixteenth century. Unlike several other European States, however, what was distinctive about Swedish constitutional development was that the country never suffered periods of absolute autocracy. Alongside the king there was always a parliament whose roots dated back to the first half of the fifteenth century. However, during the last decades of the seventeenth century and the first decade of the eighteenth century—i.e., in the final stages of that long hundred year period in which Sweden rose to become a great European Power—the king's position was so strong that it came quite close to being absolute power. On the other hand, during the greater part of the eighteenth century—the so-called period of liberty—the parliament achieved a position of great power, with the monarchy thereby weakened to an equivalent degree. The constitution approved in 1809 was characterized by a balance of power between king and parliament. This balance in which the king held a considerable amount of personal power, was largely maintained throughout the whole of the nineteenth century.

Furthermore, this parliament —with varying degrees of influence— has always been part of the life of the Swedish State and has always included a popular element. Up until 1866 the Swedish parliament was comprised of four states or classes: nobility, clergy, bourgeoisie and peasantry. The popular "democratic" element was represented by the peasantry. At no time in its history did Sweden experience periods of open feudal serfdom or periods in which the landowning peasant class was in a totally marginal position, excluded by the landowning nobility. Down through the centuries the peasantry remained an independent force in Sweden's social affairs. Its situation was additionally strengthened by the two-chamber parliament which in 1866 replaced the old four-state parliament. The right to vote came to depend on a series of economic conditions, which were met by peasants who owned land. Nevertheless, this reform of the right to vote meant that only around 20% of the adult male population was enfranchised, while women remained totally disenfranchised. Workers and low-income and landless persons remained excluded from politics, in a Sweden which was still very poor.

What is significant about the peaceful nature of Sweden's development is that, although many people still lacked the right to vote, they all had the opportunity to participate in various popular democratic movements which emerged in the country at the end of the nineteenth century. In turn, these movements were influenced by the long Swedish tradition of popular activity in social life. For example, there was a *teetotalers'* movement which organized the fight against alcoholism, and various independent religious movements which offered an opportunity for practicing Christianity outside the State Lutheran Church. Trade union were formed in order to fight for better working conditions and co-operative groups for acquiring and distributing cheaper consumer goods. In the spring of 1889, exactly 100 years ago, the Swedish workers'

Social Democratic Party was created as one more popular movement. A person could be a member of several of these various organizations, fighting against alcoholism and at the same time for better working conditions, greater political rights, etc. In Sweden these popular movements provided a true democratic training ground, at a time when the parliamentary system and universal and equal suffrage were not yet fully developed.

During the first three decades of its existence the Social Democratic Party took up as one of its main tasks the definitive and full establishment of the right to vote and of a parliamentary system accepted by all, including the king. In pursuit of these objectives the party collaborated closely with the liberal sectors, while at the same time coping with those within the party who were impatient with the slowness of this reform work and dreamed of adopting revolutionary measures. The first real party leader, Hjalmar Branting, an intellectual from the upper class, always emphasized the importance of non-violence and peaceful reform. During those first decades the main adversaries of the social democrats were the conservative groups and the king. It was, however, a conservative government which in 1909 obtained the first extension of the right to vote in parliamentary elections. A second similar reform was approved almost a decade later, on the proposal of a liberal-social democratic government. The very existence of this government, which the king had been forced to accept in 1917, in itself constituted proof that the monarch, and following him the country's conservative groups, finally accepted the parliamentary system. Sweden remained a monarchy, despite the fact that a few years later, in 1920, a government was formed for the first time solely from members of the Social Democratic Party, which in principle was a republican party. We can thus say that with the maintenance of the old monarchic framework the peaceful transition to a new form of government was completed.

II

The establishment of the "Swedish model"

The characteristics which are usually associated with the so-called "Swedish model" developed between the early 1930s and early 1970s. A very significant factor underlying developments during this period—a factor which of course should never be forgotten—was the existence of favourable economic conditions. Sweden—previously a poor country and a latecomer to industrialization—little by little grew wealthier by gaining markets where it placed processed industrial products based on a series of inventions and innovations developed around 1900 and on its possession of natural resources of great value, such as forests, mineral deposits and hydraulic power. In the years following the Second World War this economic power grew even more, for the country's industrial capacity remained intact. Sweden had been spared the war and Swedish products were needed for the reconstruction of Europe.

First, I will deal with Sweden's political stability during those decades. This stability was expressed primarily in the structure of the parties and in the relationships between them. At the time when the parliamentary system was established in Sweden five political streams were represented in it. The remarkable fact is that this same five-party parliamentary structure was maintained practically unchanged until the general election of 1988, a year in which a sixth party managed to enter parliament. Three of the five parties to which we referred initially were non-socialist and generally described themselves as bourgeois parties. They were the Conservative Party, long known as the Right and originally skeptical of parliamentary government and of universal and equal suffrage as a method for electing both chambers; the party of the liberals, currently called the Popular Party with which the social democrats collaborated at the beginning of the century; and lastly, a party created by farmers, long known as the Peasants League and today as the Centre Party. Two of the five parties initially mentioned were socialist, namely, the Social Democratic Party and the Communist

Party, the latter originating in a split in the Social Democratic Party at the end of First World War. The sixth party is an environmental party called the Greens, which succeeded in entering parliament barely a year ago, taking its place alongside the other five parties.

The Social Democratic Party has always been by far the largest political party in Sweden. In the 1932 general election, which preceded the long period of social-democratic government, the party obtained only 41.7% of the votes cast. In the elections held during the next four decades the Social Democratic Party always obtained higher percentages. Six times it obtained more than 50%, winning majority electoral support on its own. The Communist Party's support has always been limited, except on a few occasions, with a usual share of 4-6%. Electoral mobility has always been greatest among the three bourgeois parties. For example, the Conservative Party was the largest bourgeois party between the two world wars, the liberals dominated the bourgeois field in the first decades after the Second World War and the Centre Party during the 1970s. In general, the electoral share common to each of the three bourgeois parties has oscillated between 10 and 20%. Owing to its parliamentary power, the Social Democratic Party—with the exception of 100 days in the summer of 1936—held uninterrupted power during the decades in which modern Sweden was being formed, although it was not always the sole party making up the government. Between 1936 and 1939 the social democrats governed in conjunction with the agrarian party, and during the Second World War, they established a government of national unity with the three bourgeois parties, from which the communists were excluded. Finally, in the 1950s the social democrats governed once again, this time for six years, in coalition with the Peasants' League, rebaptized that decade as the Centre Party. The governments in which the Social Democratic Party ruled alone were not always majority governments. Frequently it found itself in a par-

liamentary minority, dependent upon the support of other groups for approval of its proposals.

An additional manifestation of Sweden's political stability is that not only has the Social Democratic Party been the governing party for so long, but also that it has managed with so few leaders throughout its history. Hjalmar Branting, its first leader, was succeeded by Per Albin Hansson, who was Prime Minister from 1932, when the social democrats returned to power, until 1946, when he died suddenly of a heart attack. Per Albin Hansson was succeeded by Tage Erlander, who in turn was party leader and Prime Minister uninterruptedly between 1946 and 1969, a record period of 23 years. Tage Erlander was succeeded by his close collaborator, Olof Palme.

Next, I will refer to the high degree of collaboration and consensus which has characterized political development in the construction of the modern Sweden, although this did not exclude serious disagreements at times between political parties. I shall return to that point later. What it is important to point out is that the Social Democratic Party, as the party of government, managed to agree on various topics and issues with one or more opposition parties. We are not referring exclusively to those issues which often command co-operation between parties, as in the case of foreign, defence and constitutional policy, but also to those very topics which involved major steps in Sweden's development towards a vast and advanced Welfare State.

This began six months after the Social Democratic Party came to power in 1932, with what in Swedish politics has come to be called the agreement before the crisis. Industrial unemployment was high and the peasants were obtaining low prices for their products. The social democratic government and the agrarian party agreed in parliament on an extensive anti-crisis programme, consisting of the creation of new sources of jobs by means of public funds and various forms of protection and support for agriculture. During the years that followed various social-policy programmes were adopted one after the other, frequently involving measures based on the general idea that everyone should benefit from them, regardless of individual income levels. These measures were usually

financed from taxes. The objective of these programmes was to establish a veritable network of protection around the citizens. The term "Home of the People" coined by Per Albin Hansson was intended to symbolize the objective of the struggle: that people should feel as safe in society as they did in their own homes.

This social-reform work was continued and accelerated in the postwar period. A persistent effort was made to keep unemployment low, decisions were taken to provide free medical care for virtually everyone, pensions were improved, etc. Subsequently this social-assistance effort gradually changed in nature, becoming less a fight against poverty and more an increasing response to the growing social demands for different types of services and goods. Despite having already obtained a basic level of social security, the people continued to demand new benefits from the public sector. Contrary to expectations, the demands intensified. At the same time as the standard of living gradually increased there were demands for better housing, better public health, better schools and universities, better roads for automobiles, better assistance for regions with problems, etc. The public sector, responsible for financing and administering these activities, thus grew constantly and accounted for an ever larger share of GNP. Tage Erlander, true symbol of this successive enlargement of the public sector, coined the phrase "the strong society", which to a certain extent replaced the earlier slogan "Home of the People". This vast social-welfare system, financed in principle from taxes, which was mostly but not exclusively constructed within a context of political unity, constitutes a very essential part of what has been called the "Swedish model".

Another element usually included in the concept of the "Swedish model" is the set of relationships which make up the labour market. During the period in question these relationships were also characterized by a high degree of collaboration between employers and employees, between capital and workers. Both sides were extensively organized, a factor which facilitated the conclusion of various agreements, the 1938 Saltsjobaden Agreement being the most important. The agreements were aimed at promoting calm and efficiency in the labour

market. In this way, capital could count on a highly skilled labour force and the workers in return obtained relatively high wages. When situations arose in which companies went bankrupt as a result —among other things— very high wage levels, the State intervened with an active policy for the labour market, designed both to refrain and to relocate the affected workers. These relatively smooth relations between capital and labour also reached a peak in 1960, when leaders of the Swedish Employers Association (SAF) and the Swedish General Confederation of Workers (LO) undertook a joint international tour, speaking on the situation of class collaboration in Sweden.

The tensions and disagreements which also existed in Swedish political and social life during this period —often described as a golden era in Sweden's history— had to do with long-term ideological issues, as well as frequently with concrete and immediate economic-policy issues.

The social democrats portrayed themselves as socialists, while at the same time, renouncing in everyday politics any concrete ambitions in that direction, at least as this is usually understood by other similar parties, such as for example the nationalization of natural resources, industry, banking, etc. Social ownership was not defined as an objective in itself, and industry remained essentially in private hands. Nevertheless, there was a tendency —by means of various mechanisms— to discipline capital, combat capitalist distortions and excesses, confiscate profits, etc. For their part, the bourgeois parties reacted with mistrust to assurances by the social democrats that they did not seek to nationalize industry. Every so often they mounted public campaigns, attributing vast socializing ambitions to the social democrats, accusing them in particular of seeking unnecessary regulation and control of the industrial sector, and protesting against the unjustified appropriation of the sector's profits. For example, at the end of the 1940s, there was a major political debate over what was understood by economic planning, and 10 years later, at the end of the 1950s another fierce political battle was fought, this time over a specific social-policy issue, i.e., the proposed supplementary "pension" —something which at first glance might appear surprising. The enormous controversy

arose partly because this proposal contained elements which increased the degree of State influence on industry, which would have to pay contributions to publicly administered pension funds.

Current economic-policy issues continuously unleashed quite awkward disagreements between the government and the opposition. These tended to be particularly acute when taxes and their increase and purposes were involved. The social-democratic representatives argued in favour of income, property and the sales taxes, and in addition frequently proposed increasing these taxes as means of financing the public programmes previously approved by majority agreement among the parties. Although with varying intensity, the non-socialist parties tended to accuse the social democrats of underestimating the dynamic effects of a taxation system which imposed a lighter tax burden and of deliberately promoting a "socialization" policy which, by taxing profits, directed resources towards the public sector, which could then redistribute the available resources among the citizenry.

There is a question which is often asked by the non-Swedish public, about the period in question. How was it possible for one party, the Social Democratic Party, to dominate Swedish politics for such a long period and in such an effective manner? Part of the answer has already been given. The Social Democratic Party was reformist and pragmatic in outlook and instead of pushing proposals which could awaken fears, concentrated basically on those reforms which could command the support of broad majorities. However, there are also other factors which help to explain the durability of the social democrats in power. The party was able successfully to sidestep those issues which often generate splits in other socialist parties. We are referring to such matters as the importance and scope of socialization measures, defence policy, international relations, and the attitude to be adopted towards military blocs and other systems of alliance. The most difficult internal conflict faced by Swedish social democrats during this period was indeed in regard to an issue of defence policy, i.e., whether Sweden should acquire nuclear weapons, for whose development the country had sufficient technical know-how. At the end of the 1950s and begin-

ning of the 1960s, the party resolved —after successive postponements of the issue— not to add nuclear weapons to Sweden's already strong defences. Another explanation of the strength of Swedish social democrats, is that they have managed to maintain a very close relationship with the trade-union movement, although party-union relations have not always been free of friction and tensions. The behavioural pattern of Sweden's electorate was also for a long time consistent with the class structure and therefore

quite stable. A very sizeable part of the social-democratic vote continued to come from manual workers, even though during the 1950s the party had already begun to gain support from white-collar workers. Lastly, up until 1970 Sweden had a constitution which to some extent favoured the social democrats. The indirect mechanism for election of one of the two chambers—in principle equal in their powers— automatically gave a large party such as the social democrats a number of additional advantages.

III

The "Swedish model" questioned

In the 1970s and 1980s, the political temperature in Sweden rose several degrees, higher than it had usually been during the four previous decades.

The formal conditions of political activity had changed. A new constitution had replaced the one which had been in force in its essentials since 1809. The most important constitutional changes were made in three areas: first, the parliament, previously divided into two chambers, was replaced by a single-chamber system; second, the existing proportional electoral system was replaced by another and very much tighter one which guaranteed all parties obtaining at least 4% of the votes cast parliamentary representation identical in percentage terms to its electoral support; lastly, elections to parliament and local-government bodies, previously held every four years and separately, were now held simultaneously on the same day and every three years. All of this helped to dramatize Swedish politics.

Inter-party relations also changed somewhat. The three bourgeois parties which had often gone their separate ways now showed greater willingness for and success in collaborating with each other. The two socialist parties also developed better relations, although they remained unable to organize a regular system of collaboration. The Social Democratic Party remained by far the largest party although with a somewhat lower average vote than in preceding

decades. The almost permanent control of the government by the Social Democratic Party since 1932 was broken in 1976, and the three bourgeois parties formed a coalition government with a succession of various types of bourgeois ministry during the next six years. The social democrats, however, were able to regain control of the government in 1982. The modification of party relationships brought Sweden closer to the classical two-party situation although it maintained a multi-party political system: a bourgeois bloc opposing a socialist bloc. Recently, however, this kind of division of the political spectrum has once again begun to weaken owing to the arrival in parliament of the Greens, a new party and independent of the two blocs.

The dominant political figures in Swedish politics during these decades were also new faces. Olof Palme, who in 1969 had succeeded Tage Erlander as the social democrats' leader, remained leader for 16 years until that night in February 1986 when he was murdered in a downtown street in Stockholm. Ingvar Carlsson then became the fifth leader in the history of a party soon to be 100 years old. The most important political figure to emerge in the bourgeois parties during this period was Thobjorn Falldin, a farmer from the north of Sweden and leader of the Centre Party, who held office as Prime Minister for five of the six years during which the bourgeois parties had a parliamentary majority.

He has now retired from politics and returned to his farm.

During these two decades there emerged a kind of economic problem to which the country was unaccustomed. The oil crisis hit Sweden quite badly in view of the high degree of energy dependence of its industry. Furthermore, Swedish industry, which was heavily export-oriented, began to lose ground in the international market owing to its relatively high wage levels and growing competition from emergent new industrial nations. Central areas of Swedish industry, for example shipbuilding, had in fact to be closed down as a result of the conditions then prevailing in the international market. For some years the economic growth rate declined or came to a complete stop, inflation was quite high and budget deficits arose which were partially financed by foreign borrowing.

These problems in the Swedish economy basically emerged during the six years of bourgeois majority, although of course they cannot be attributed exclusively to the measures adopted by the bourgeois governments. The situation improved somewhat after the return to power of the social democrats in 1982. They drastically devaluated the krona and also adopted measures to stimulate employment. Swedish industry, which had transformed its structure in important areas, began to regain ground in the international market, and the external debt contracted earlier in order to finance the budget deficit could begin to decline. Full employment was restored, industry was allowed to accumulate large profits and at the same time public spending was curbed. Above all, this development in Sweden, often called "policy of the third way", coincided with a more favourable world economic trend.

The content of politics also took on a somewhat different character during these decades, with the emergence of issues which implied—or at least so it was supposed—a direct questioning of the system, resulting in a reinforcement of the political division into two blocs. At the same time sharp disagreements arose on totally new issues which cut across the political spectrum.

One issue which many saw as transforming the system was the "wage-earner funds" proposed by the Social Democratic Party and developed originally in the trade-union movement.

The proposal was to transfer part of the profits of enterprises of a certain size to special funds for each branch of industry whose management boards would have a majority of wage-earner representatives. The advocates of the proposal usually represented it as a third step in the struggle of the workers' movement to transform society: the first step had been the conquest of political democracy and the second the establishment of a Welfare State. Now at last the average citizen—the wage-earner—would be a co-owner of capital. Opponents of the proposal vociferously, accused the social democrats of having abandoned their earlier pragmatism, of showing their true colours and of wanting to establish a new and dangerous modality of socialism in Swedish society. The proposal which was finally approved in 1983, after much discussion and handwringing, nevertheless constituted a very diluted version of the original design. Since then the debate—previously so heated—has gradually cooled.

Another issue regarded as having transformed the system was raised by the bourgeois side, particularly by conservative groups. They levelled strong criticism at the public sector which, after the record years of the Swedish economy in the 1960s, had continued to grow, reaching a level of over 60% of GNP in the early 1980s. The criticism was of the size of the public sector itself, i.e., of the enormous amount of money which it handled and distributed among various groups of citizens and the large numbers of public employees. Furthermore, there was also criticism of the ineffectiveness and inflexibility of the public sector, due—it was argued—to its monopolistic position. The criticisms were accompanied by demands for reduction of the public sector and privatization of some of its activities. The social democrats, who felt responsible for the construction of this vast public sector so characteristic of Swedish society, reacted by branding such demands as a direct attack on the social-welfare system. However, this did not prevent an intense debate in the 1980s within the Social Democratic Party itself concerning the various possibilities of changing the public sector's way of operating.

Simultaneous with the development of this kind of conflict, which tended to deepen the division of Sweden's political spectrum into

Right and Left blocs, controversies also arose outside the framework of this traditional Left-Right arrangement. The issues involved can often be ascribed to another category, that of development and non-development. Here a different alignment tends to be produced, with conservatives, liberals and social democrats on one side and the Centre Party, the communists and the Greens on the other. The problems arising from the tension between these two poles—development versus non-development—may in some cases also divide an individual party; this is especially true of the Social Democratic Party. Where this kind of problem is concerned, the issue which has stirred the greatest interest in Swedish politics is the issue of nuclear power. Sweden has, thanks to its own comparatively successful technology, a considerable number of nuclear power stations in use. A referendum on nuclear power in 1980 prompted parliament subsequently to adopt a decision on principles which provided for the gradual elimination of the use of nuclear power, a process which must conclude by 2010 at the latest. However, the issue is and will continue to be a source of tension and disagreement about the rationality of such a plan to abolish nuclear power. Two issues have recently moved to centre stage in the political debate. Both are to some degree connected with the above-mentioned alignment (development versus non-development) and cut across traditional political blocs. We refer in the first place to Sweden's relations with the European Community, which, will of course be entering a new phase of development from 1992, and secondly to the possibilities of carrying through a fundamental tax reform in Sweden.

It is time now to sum up Sweden's development during the 1970s and 1980s. To some extent the Swedish model, as developed during the decades immediately following the Second

World War, has been coming under question in this latter period. The country's vast welfare system has begun to show certain shortcomings. Some sectors such as education and health seem to be functioning less efficiently than before, providing services regarded as substandard. The labour market has also undergone changes; the big trade-union organizations have been unable to negotiate workers' wages centrally and as effectively as before, giving rise to labour strife on many occasions.

However, these and other changes in what have been understood to be the fundamental characteristics of the "Swedish model" can hardly be interpreted as the beginning of the open abandonment of the model. In principle the extensive welfare system remains intact despite the deficiencies mentioned. Labour-market conditions are still characterized in many respects by calm and collaboration despite the tensions caused by the "wage-earner funds" and the more frequent labour conflicts. Lastly, there is still much collaboration and consensus on the way to conduct politics, which is precisely the aspect of Swedish society which I have undertaken to describe. And all of this despite the changes which have occurred during the last decades as a result of the new constitutional arrangements, the new relationships in the structure of the parties, and the emergence of a new type of problem. In general, it is my impression that the current political climate in Sweden is beginning to resemble—more closely than in the late 1970s and early 1980s—the climate characteristic of the first postwar decades. Once again the debate has turned less ideological, and the division of the political spectrum into two openly opposed blocs would today appear to be less marked once again, with the pragmatic tradition of co-operation prevailing in Sweden.

Comments on the paper by Professor Olof Ruin

*Adolfo Gurrieri**

The paper presented by Olof Ruin invites comment on very diverse aspects of Swedish and Latin American political development. I would like to concentrate on the question of the initial political conditions which made the transformation of the Swedish economy and society possible. This transformation, which began in the 1920s, is of special interest in that it managed to combine economic development, equity and democracy right from the start, without sacrificing any one of these objectives in favour of the other.

From this point of view, the overriding questions are: what were the initial political conditions which made it possible to realize the Swedish model? What conditions explain how the balance of power in Swedish society in those years could have brought such a transformation about and how could it have taken place without violent upheavals?

I will attempt to suggest some replies to these questions, as a way to stimulate additional comments from Olof Ruin and, of course, to raise some political issues which are of special interest to Latin Americans.

The *first condition* warranting examination is one which explains why the Swedish economic élite accepted this transformation, which did not coincide with its doctrinal outlook, or with its immediate interests. Doubtless the political lucidity of some of its leaders had an influence on their acceptance, but I think it would be erroneous to suppose that this was the main factor. Instead, I suspect that there were other factors which had a decisive impact.

First, this acceptance was spurred by a feeling of being under threat from popular pressure

from within Swedish society and from what was happening in some nearby countries in those years; the events in the Soviet Union and Germany must have convinced the economic élite that there was much to lose if it did not adopt a flexible position.

Second, the armed forces did not seem willing to repress this popular pressure on any large scale and to wreck democratic institutions.

Third, the economic élite did not have the possibility in those years of evaluating its interests and manoeuvring within the broad framework of the international economy, but instead saw itself obliged to decide its destiny within the confines of its national society.

A fourth contributing factor was a weakening of the electoral power of the parties of the Right and the élite's lack of confidence in its own proposals for coping with the crisis of those years.

Finally, the alternative proposal offered by the Social Democrats did not imply the elimination of the economic élite, but rather a restructuring, in which the élite would occupy an important position.

The *second decisive political condition*, second on my list but not in importance, was the existence of forces capable of serving as a social support for the transformation proposal. Three features of the two main social forces (the Social Democratic Party and the trade unions) should be highlighted:

- a) their political strength;
- b) their capacity to propose and promote a proposal which covered the whole of society, i.e., which was neither a sectoral nor a corporative proposal, but a national one;
- c) their pragmatism which allowed them successfully to perceive where the point of intersection lay between the maximum that their opponents were willing to concede and the minimum that they themselves were willing to demand.

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Presentation made at the seminar "Development, democracy and equity: the experiences of Sweden and Latin America", jointly organized by the ECLAC Social Development Division and the International Centre of the Swedish Workers' Movement and held in Santiago, Chile, from 29 to 31 May 1989.

The *third decisive political condition* was the prior existence of democratic institutions. Naturally, it was not just a matter of the democratic institutions providing a forum for negotiation and agreement, but rather, and primarily, of the existence of a democratic attitude among all the actors; this attitude implies a respect for one's political adversary and the conviction that inevitable conflicts of interest should be resolved through negotiation between the parties. This democratic attitude benefitted from the existence of solid national unity rooted in a homogeneous population in which there were no major ethnic or religious antagonisms.

Lastly, I would like to mention a *fourth condition*, which is directly linked to the way in which Sweden dealt with its peasant problem. A very important role in the Swedish political process, has been played by the significant group of small and middle-sized peasant landowners, with a concomitantly weak aristocracy or agrarian oligarchy. As Professor Ruin points out, the alliance between the Social Democratic Party and the Peasant Party in the 1930s constituted one of the bases of the transformation.

But, in addition, when the expansion of commercial farming in the nineteenth century created a rural proletariat in Sweden, international emigration provided a safety valve; between 1860 and 1910 around 20% of Sweden's population emigrated to the United States, easing rural poverty and the economic and political problems it would have caused. The way in which the Swedish peasant problem was resolved doubtless had an influence on both the content of the transformation and the non-violent nature of its evolution.

A comparison of these initial political conditions of the Swedish experience with those currently existing in Latin America provides some interesting material for debate; but it is always dangerous to generalize about a region such as Latin America which contains very different national situations.

First, it is my impression that the predominant economic élites in Latin America today are much less inclined to accept a deep transformation combining development, equity and democracy. There is no doubt that, in general terms, they feel threatened by mass pressure and political violence, but at the same time they feel they

are in a good position to defend themselves against this pressure. On the one hand, there is the possibility of repressing it by force; military coups that restore the *status quo* are an ever-present threat in Latin American politics. Furthermore, they are convinced that they know the only way out of the current economic crisis (the neoliberal proposal). Lastly, their transnational nature and their ample access to the international economy give them much greater room for manoeuvre than they would have if they had to decide their destiny within the narrow confines of a national State. Under these circumstances the economic élites of Latin America tend to adopt a rigid stance unfavourable for transformation on the basis of consensus.

Second, Latin America has traditional political parties with popular roots which could provide the political support for transformation, but their performance in recent years has been quite disappointing. In some cases they are already so enmeshed in the *status quo* that they cannot serve as the instrument of its transformation; in other cases, when they wished to transform their situation —and could have done so, at least at certain strategic moments— they did not know which way to turn.

The latter point seems to me of utmost importance: there is no viable transformation proposal articulated as an alternative to the neoliberal one and serving as a reference point for parties and movements struggling to bring about the transformation; this doctrinal vacuum has contributed to the failure in recent years to seize some decisive historical opportunities.

In addition, unfortunately, the trade-union movement in Latin America is very much weaker than it was in Sweden. Of course, there are structural factors connected with the heterogeneity of the labour force in our countries which have hindered the movement's development, but in recent years the disruptive force power of unemployment caused by the crisis and the repression by authoritarian governments have aggravated these factors. In the few cases in which the trade-union movement has been able to consolidate itself as a stable political force, it has tended to adopt corporative attitudes which weaken its influence at the national level.

Third, the Latin American peasant problem has not been resolved or has been poorly

resolved, with the expulsion of population from the countryside to the cities. Unlike in Sweden, land-ownership is heavily concentrated, and there is considerable rural poverty in many countries, as well as urban poverty which already affects the majority and is increasing.

As is known, owing to the combined effect of population growth, trends in the age structure and changes in participation rates, the economically active population will continue to grow substantially in Latin America in coming decades, creating a tremendous problem with regard to its absorption in a productive manner. Some countries have had recourse on a growing scale to international emigration, but it is obvious that Latin America will not have the same safety valve as Sweden had in the latter part of the last century.

Fourth, the existence of very unequal societies, in which there is greater rigidity at the top combined with an increasingly dissatisfied and mobile base, does not provide a suitable foundation for consolidating the institutional mechanisms and democratic attitudes which favour consensus action for transformation; moreover, several of our societies have marked ethnic and cultural inequality in addition to this deep socio-economic gulf, in contrast to the homogeneity and national unity seen in Sweden.

For all these reasons it is my opinion that difficult times lie ahead for those in Latin America who attempt to implement strategies which combine economic development, equity and democracy; and I would not be surprised if the prolongation of the crisis caused the sacrifice of equity and democracy in favour of economic growth and political order.