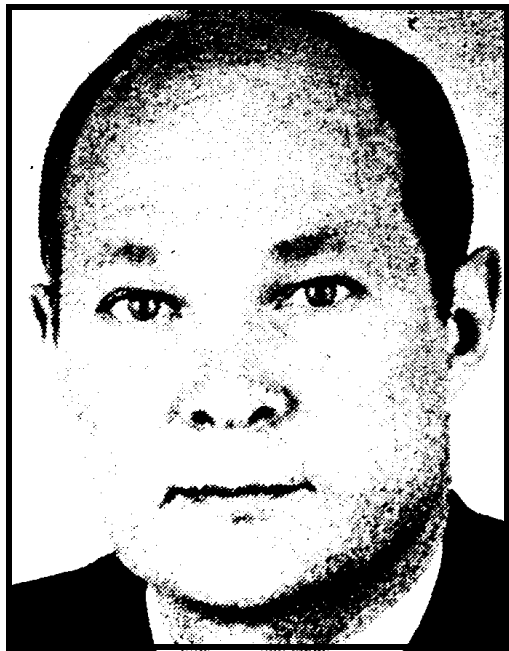
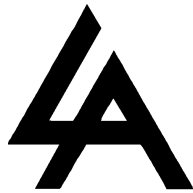


THE ORIGINS AND NATURE OF THE SCANDINAVIAN WELFARE STATE

**JOHN-HENRI
HOLMBERG**



Is “Scandinavian” a misnomer? I do not feel competent to talk in any detail about the welfare systems in Norway, Denmark, Finland or Iceland. However, Sweden has been the pre-eminent exponent of the welfare state in Scandinavia, and to a degree the other countries have followed the Swedish lead. In this sense, what is true of Sweden is to a greater or lesser extent true also of the other Scandinavian countries.

THE CHARACTER OF SWEDISH HISTORY

You can start in either of two ways. One is the sweeping, historical perspective. Gustavus Vasa in the sixteenth century introduced the Lutheran reformation, confiscated the land and property held by the Catholic church, consolidated centralised monarchical power and brutally crushed

the Dacke uprising. During the reign of Gustavus Adolphus, and later of Christina, First Minister Axel Oxenstierna instituted the first national credit institution in Northern Europe, the first Department of Buildings in Europe and a number of other bureaucratic firsts. Oxenstierna was a genius at statist expansion and bureaucratic befuddling, particularly considering that this reign was as early as the 1620s and 1630s. Gustavus III, in the later 18th century, was the Swedish Sun King, a patron of the arts, and so instituted state censorship of most art forms as well as institutions such as the Swedish Academy, whose original charter demanded that they keep close reins on the use of the Swedish language in order to stave off any influx of undesirable foreign words or phrases. Imitating the French kings, he also built imposing castles which had

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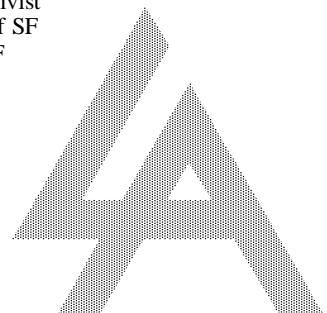
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FOR LIFE, LIBERTY AND PROPERTY



the unbelievable distinction of being even more expensive than Versailles, at least if you consider the relatively much smaller number of Swedish taxpayers. And you could go on.

THE SWEDISH "MILL TOWN"

However, a better way might be to start with what I think is a very vivid comparison, initially made by the German writer Hans Magnus Enzenberger.

In the late nineteenth century, Enzenberger wrote, Sweden boasted an almost unique institution: the "Brukssamhälle" or (roughly) "Mill Town", built to unique specifications.

Industrialisation in most countries was the result of greater civil and economic liberties and of a growing, entrepreneurial middle class. In Sweden, however, society had been basically stable for centuries. The upper class consisted of landed nobility; the lower class of peasants, in most cases tilling the land of the gentry in exchange for a small percentage of the crops. The middle class was infinitesimal and located in a very few large towns; industrialisation came late and in a manner peculiar to Sweden. Gradually the gentry became aware of the rise of industry, particularly in Germany where they had their closest international trading contacts. In order to emulate the successful German industrialists, the Swedish noblemen imported German engineers and builders and put up mills on their land, scattered around the country. Thus grew the Swedish mill town, totally distanced from the Swedish cities which did not grow particularly large until early in the twentieth century.

The Swedish mill town consisted of a single street. At one end of the street was the factory; along the street were the small homes of the mill workers - and notice that these were in general the same semi-serfs who had previously tilled the nobleman's lands, now retrained - as well as a school, a primitive infirmary and later on a small store, probably owned by the mill owner. At the other end of the street was the small church and cemetery where the mill hands were buried. Apart from this single street stood, probably on a hill, the mansion of the mill owner. And the entire small town was surrounded by a stone wall, originally put up in order to keep the wolves out.

This development, says Enzenberger, is unique in one particularly important respect. Whereas industrialisation elsewhere liberated the impoverished farm labourers, enabled them to move from the countryside to the cities and to increase their standard of living through selling their labour to the highest bidder, in Sweden none of this happened. Industry came to the farmlands. It did improve the lot of the population to an extent, but it never had the effect of liberating the farm workers from their subservience to a single, landholding master. The early Swedish factory workers did not experience welfare through their own efforts in a free market; rather, welfare was brought to them from above, by the gentry.

In this, Enzenberger concludes, Swedes from the start were presented with an emotionally and intellectually distorted view of both industrialisation and material improvements. And so they have built their entire twentieth century welfare state in the image of the nineteenth century mill town. There is still the main street, still the

schools, infirmaries and shops provided by the gentry, still the factory at one end and the cemetery at the other. And apart from it all, unreachable on its hill, is the mansion of the rulers, now a massive state bureaucracy with no less control over the livelihood and the lives of the inhabitants than the mill owners of the last century.

The wall, of course, is still there, although for building blocks today's Swedes use mental blocks instead of blocks of stone. And it is no longer intended to keep the wolves out. Now, it is intended to keep the Swedes inside.

THE SWEDISH CITIZEN AS SERF

A Swedish citizen is born in a state hospital, delivered by state-employed doctors and nurses. His first gift is a wrapping imprinted with the legend: "Property of the XX Local Government"; his second, the ten-digit personal number which will follow him throughout his life and which will be used on his driver's license, library card, school report card, prison record, credit cards, bank accounts, employment certificate, marriage license, tax returns, identity card, passport, voter registration, book club membership form, army draft induction form and every other document, record and file where he will ever be entered, and where his name may well not even fit if it is more than twenty characters in length but where his number will always be found.

At about one week, a new Swedish citizen will be allowed home with his parents. During his first week, his mother has been given training at feeding, diaper changing and basic child care at the hospital maternity ward. When the child has been at home for two or three weeks, an inspector from the local government child care agency will visit its home in order to check whether the parents seem able to care properly for the child. If not, they will be called first to talks, then to further training, and if even this does not work, the child care agency will decide whether there is cause to remove the child from its parents and put it in a foster home. If the case is a severe one, the biological parents will not be informed of the whereabouts of their child, nor will they be allowed any further contact with it until the child care agency decides that such contact is desirable.

If the parents pass inspection, they will be called to regular medical controls of the child at the local government child health centre, and when the child is from one to one-and-a-half years old, he will almost unfailingly be admitted to local government child care, since it is for all practical purposes impossible in Sweden for any parent to stay at home with a child after the eighteen month infant benefit has ceased being paid out. The child will stay at a day-care centre until he is six years old; then he will be entered in a preparatory school, which is obligatory, and a year later start first grade in the obligatory nine-year basic school. Both of these schools, incidentally, will also be run by local government. There are in fact three private schools for every thousand in Sweden, but again the difference is slight since to exist these must also conform totally to the standards, curriculae, and grading as well as pedagogical system defined by the Department of Schools.

At sixteen, our new citizen has the option of trying to get work, but there will be none to be had, and so along with

97% of his peers he will go on to another three or four years of gymnasium school, again run by local government. Fifteen is an important birthday: now he can go to all movies not banned outright by the state censors, and he can drive a motorised bicycle. At eighteen, he can drive a car or a motorcycle if he has managed the obligatory driver's certificate and got his license from the Traffic Safety Agency; he can also vote, be drafted, marry, or borrow money without his parents' permission. But he will still have to wait until he is twenty to buy alcoholic beverages containing more than 3.5% alcohol, and then he can buy these only from a government liquor monopoly store.

When our citizen moves into his own place, it will be built on government loans and to more than 16,000 government agency specifications. When he walks into his town, it will be strictly regulated by zoning ordinances, city architects, beautification councils, public art councils, sports and leisure activity councils, and social council ordinances. He will get his water, his electricity, his telephone and his garbage collection from public monopolies. He will listen to public monopoly radio and watch public monopoly network television, although lately he has also been able to tune in to satellite cable channels, which irritate his government by not being public monopolies. His newspaper, his books and his Swedish-produced movies will be tax supported; his cigarettes, carpets, liquor, gas, restaurant bills and sundry other consumer goods will be specially taxed since they are deemed either detrimental to his health or unnecessary to his well-being. His rent will be heavily subsidised, as will his Swedish-produced food; nevertheless both will be very expensive since Sweden has an intricate system of price regulations concerning such products. When he goes to work, on \$1,000 income he will pay an average of 45% income tax to local and national government; his employer will pay a further average of 39% labour taxes on top of his salary, and he himself will then pay a further average of around 30% in sales and special product taxes out of what he has left to spend. This means that our citizen gets the actual spending value of \$385, while government gets \$1,005 in taxes.

We could go on more or less indefinitely. Videos are censored, so are magazines and book advertisements, so are advertisements and live sex shows. Trains, aircraft and most buses are state or local government monopolies; so are tobacco import and retailing. The government licenses lawyers, doctors, veterinarians, suppliers of building materials, restaurants, bars, grocery stores and landlords. The military draft is in effect; the state church will tax you even if you resign as a member; the political parties represented in local government will appoint jurors at trials. Rents and wages are set in central negotiations between public landlords or employers and respectively the tenants' association and the major unions. When our citizen retires, he gets a basic state pension, a state general supplementary pension, and if he is lucky he may get either a local government agency home welfare assistant to cook and do shopping, or a room in a terminal prolonged care centre for the aged and infirm. When he dies, his last government benefit will be an all-free, low-cost urn where his ashes may be kept for the specified number of years during which you retain your cemetery plot. After that period, the plot may be preempted for a new user. After all, graveyard land is at a premium.

THE PSYCHOLOGICAL ORIGINS OF POLITICAL VALUES

It would seem to me that just as I sneakily suspect that most people pick a political conviction primarily because it suits their personality, and later add the rational reasons for holding on to it (incidentally, I believe this is true of libertarians just as much as of socialists), so the governmental and bureaucratic institutions of a country develop in accordance with the rule of least resistance, while the ideological rationale as well as the analyses of why a particular policy was instigated and fulfilled are secondary rationalisations. I am of course well aware that this is not only an unorthodox view but in most respects also one on which most libertarians, as well as most other people will look askance, and in rather a snide way.

There are of course some prerequisites for a development such as the one characteristic of Sweden. One is a fundamental belief in the efficaciousness and benevolence of central rule. But we have had close to five hundred years of unopposed central rule. Another is a basic wish for security, superseding the wish for personal accomplishment or for taking risks. At the hazard of sounding extremely racist, it might be mentioned in this connection that close to 25% of the entire Swedish population emigrated to the United States during the 50-year period from 1860 to 1910, and that if we at all accept the tenet that inclinations may be genetically inherited, then this suggests that the emigrants were the most daring, most motivated and least psychologically conservative of the Swedes.

A third prerequisite must be a fundamental belief in the inability of the individual to make his own way, and its corollary: a basically subservient mentality, making the vast majority of people accept unquestioningly, and in particular without protest, even the most absurd, unintelligible or downright silly decrees laid down by the bureaucrats. It is my contention that this mentality at least to a large degree has been fostered through the institution the mill towns and by their gradual development into local government towns and the welfare state.

THE SWEDISH CORPORATE STATE

Let us look at political labels.

The Swedish governing party, which for fifty one out of the last fifty seven years has been the Social Democrat party, will not unnaturally claim that Sweden is a basically mixed economy welfare state with a number of "democratic" institutions in order to ensure popular control of the negative aspects of the free market. The word "socialism" is currently out of fashion and so is not mentioned; some years ago, however, it was.

Is Sweden, after more than a half century's worth of Socialist rule, a Socialist country?

According to the classical definitions of Socialism, it is not. Neither the means of production nor capital as such is to any noteworthy degree owned by the government. The classical features of a one-party state are and are not present. There are currently six parties in parliament, and another two will according to the polls gain entry in the election held in three and half weeks' time. There is censorship, but in general not of political statements, although

racist slurs are an exception here; instead, censorship is directed against dirty movies and graphic depictions of violence.

My contention, in brief, is that the traditional, ideological way of looking at politics does not in any meaningful way apply to or explain the Swedish welfare state. Possibly the one term best applicable is “corporatism”, but in a very real sense even this fails to describe reality.

The Swedish welfare state is, I believe, in the most basic sense of the world *apolitical*: a power structure where the one basic, unchallengeable tenet is that the power of the structure must at all costs be preserved. It is the political embodiment of George Orwell’s classic statement: “The purpose of power is power” - not power to implement specific policies, not power to do what the agents believe to be good, but power for its own sake, power purely for the sake of holding power.

Fundamentally, this means that any given political level in Sweden, it is impossible to discern from either the suggestions put forward, or from the pro and con votes cast, which of the parties does in fact hold a majority. At this particular time, it should be obvious that the ruling Socialists are in many cases deregulating the economy far more drastically than has been suggested by the liberals or the conservatives in opposition. The communists are in favour of privatising parts of the child care system; the centre party, again belonging to the non-socialist opposition, wants to reinstate more elaborate government controls and subsidies regulating farm produce. Borrowing a word from American 1960s politics, Sweden is basically ruled by a consensus doctrine where the welfare state as such, and its instrument, the absolute rule of government and its various bureaucratic offspring, is the implicit object of the consensus. This given, anything goes: the various major pressure groups, which in Sweden include the political parties, the labour unions, the various employer organisations, the several “people’s movements” recognised by government as legitimate interest groups and including such preposterous things as the tenants’ movement, the handicapped movement, the pensioners’ movement, the study group movements and the sports movements, as well as a number of smaller but vociferous organisations such as the journalists, authors, artists, major corporations and leading public opinion makers at universities, all these pressure groups are implicitly granted the right to varying degrees of influence on actual political decisions.

THE BASIC TENETS OF SWEDISH CORPORATISM

I would of course not deny the existence of some classical political catchwords in the Swedish public debate; however I would seriously question their actual relevance. Much more fundamental to the pressure group welfare state consensus are a number of tenets which are never questioned by any of the players, be they political parties, organisations, or powerful individuals. These common convictions, basic to the preservation of the welfare system and its numerous implementers, include the following:

* All assets are fundamentally controlled by political decisions. No individual or company has any “right” to

its income; a tax decrease, in this particular view, is - as is always the case - quite correctly described as a “bene-fit” given by government to those thus taxed at a lower rate than previously.

- * All physical property and its use and disposal are subject to political decisions.
- * All citizens of the welfare state, in exchange for the benefits bestowed on them by the state, owe a moral debt to the state which is subject to political decision regarding its payment. The idea that an individual should not on principle be subject to military draft, social services control, social work draft or similar things is fundamentally alien to the consensus.
- * The proper care of the physical and mental health of its citizens is the prerogative of the welfare state, and thus even their most vehement critics normally criticise only the workings, never the existence, of institutions ranging from the government school, health and social services, to state support for the arts or the censorship of “dirty” movies.
- * And, finally, the correctness of a given decision is directly proportional to the institutionalised democratic support of its adherents - or, in other words, opposing a specific piece of legislation on principle is seldom heard of and always untenable, but opposing it either with a list of pressure groups or with a public opinion poll showing a majority against it is generally efficient.

Obviously, what we have is a terminal case of “do goodism”; a system where - to quote Ayn Rand - anything goes for anyone who can get away with it, and where the only guiding principle is indeed on the one hand the supportive factor favouring any new legislation, which is always the size of those pressure groups due to benefit from it, and on the other hand the only limiting factor opposing any legislation, which is, correspondingly, the size of the intended victims’ gang.

CONCLUSION: THE PROSPECTS FOR CHANGE

I will finish here. My claim is that the Swedish welfare state is not an ideological construct, in fact not a basically moral or political entity at all, but something much worse: a power structure motivated, run and supported by three basics: lust for power among those actively entrenched within its structure, lust for unearned benefits among those belonging to the major pressure groups receiving handouts from it, and fear of insecurity and the unknown among the losers in the system - who are, of course, in the long run everybody in the country.

Can it be reformed? No, not readily; there is in practice no one in the country who does not in some way benefit from or who is not part of the system.

Can it be gradually dismantled? No, not easily; the pressure groups supporting it are so vast, and its lethargy so immense, that any gradual approach will be fairly easily averted by its adherents.

Can it be toppled? Yes. It will be. Reality will topple it. But when this will happen, and in what manner, and how many victims it will claim, remains tragically to be seen.