

INSTITUTIONALISATION OF SCANDINAVIAN CONSENSUAL DEMOCRACY

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ABSTRACT. The paper takes as a point of departure the notion of consensual democracy as a characteristic element of the so called Scandinavian Model. Both terms, i.e. the consensual democracy and the Scandinavian Model got really famous only after World War Two as potential Scandinavian 'export goods'. The author argues that singularity of Scandinavian solutions within the labour market and politics started already before World War Two. The key to understanding the origin of the Scandinavian Model lies in understanding of the nature of collective bargaining in the Nordic countries. The September Agreement of 1899 in Denmark and the Saltsjöbaden Agreement of 1938 in Sweden are examples of institutionalisation of labour relations, while the Danish Kanslergade Agreement and the Swedish Kohandel of 1933 are instances taken from parliamentary politics. These examples show how the pattern for conflict resolution in the Scandinavian countries was institutionalised.

Undoubtedly, consensual democracy and consensus-based decision making are the two cornerstones of the so-called Scandinavian Model. Consensual democracy is not a specific Scandinavian invention but it is in Scandinavia that the institutions which help arriving at political consensus lie at the very foundation of the democratic process. Through this process of democratic decision making a number of societal goals could be defined with participation of a maximum possible number of political bodies representing different ideas. These bodies, however, do not represent any random collection of politically incoherent views, but are organised orderly as parties, unions, associations, etc. They attempt to provide a number of solutions for the society in which they function. More often than not the solutions offered by different par-

ties and associations are not compatible with one another and there is a need to seek consensus in order to work out an efficient policy. Reaching consensus, especially as far as different societal goals are concerned, is a characteristic feature of modern democracies. When studying the nature of consensus in democratic systems, Scandinavian countries included, the basic question which has to be asked is under which conditions the different types of societal goals can be institutionalised.

At the crux of this problem lie the conditions under which various social groups are willing to accept certain conceptions of social order and societal goals as binding and the conditions under which they, together with entrepreneurial groups that formulate and present such goals, are capable of developing the requisite organisational mechanisms that can assure meeting needs generated by such goals.¹

In Scandinavian circumstances one of the most significant organisational mechanisms which helped to institutionalise societal goals was a net of collective agreements based on the system of collective bargaining.

COLLECTIVE BARGAINING THE SCANDINAVIAN WAY

As a general rule, the Scandinavian countries are often referred to as consensual democracies. However, the process of constructing institutions which guarantee consensual policy making has been long and difficult. Even in such peace-loving countries as those of Scandinavia conflicts do occur. Effective conflict resolution has become one of the most positive features of Scandinavian labour relations after World War Two. Moreover, the ability to resolve conflicts in a cultivated way, thereby doing the conflicting parties the least harm, has become one of the characteristics of the Scandinavian Model. In this respect, however, developments before World War Two contributed substantially to institutionalisation of this particular characteristic feature. It is in the solutions implemented before World War Two that we first find application of the consensus seeking procedures so typical of the post-war arrangements within the labour market and in politics in the Scandinavian countries.

In order to analyse the phenomenon of collective bargaining effectively it is necessary to make a few preliminary remarks on terminology. According to one definition, *bargaining* or *negotiation* is a process in which two or more parties exchange goods or services and attempt to agree on the exchange rate for them. There are two general approaches

¹ Eisenstadt, S.N.: *Power, Trust and Meaning. Essays in Sociological Theory and Analysis*. The University of Chicago Press, Chicago & London 1995, 136.

to negotiations – *distributive bargaining* and *integrative bargaining*.² Distributive bargaining, which is most common in negotiations over wages, operates under so called zero-sum conditions. This means, that any gain obtained by one party in the process of negotiations is made at the other party's expense, and vice versa. The essence of distributive bargaining boils down to who gets what share of a fixed pie. Typically, in labour-employers negotiations over wages the representatives of the unions come to the bargaining table determined to get as much money as possible out of the employers. Since every pay increase that the unions negotiate increases employers' costs, each party bargains aggressively and treats the other as an opponent who must be defeated.

In contrast to distributive bargaining, integrative problem solving procedure operates under the assumption that one or more settlements exist which can create a win-win solution. To illustrate this with the above mentioned example of wage bargaining, employers may agree to increase the pay only if the unions commit themselves to increasing efficiency. In this situation the focus is on what both parties gain as a result of the agreement, and not so much on what they have to renounce. Moreover, integrative bargaining is better than the distributive one because it builds long-term relationships and facilitates working together in the future. It bonds negotiators and allows each of them to leave the bargaining table having the feeling that he or she has achieved a victory. Distributive bargaining, on the contrary, leaves one party a loser. It tends to build animosities and deepen divisions.

Despite the obvious advantages of integrative bargaining, it is not the dominant problem solving procedure. The reason is that there is a number of conditions necessary for this type of negotiation to succeed. These include parties which are open with information and candid about their concerns; a sensitivity of both parties to the other's needs; the ability to trust one another; and a willingness by both parties to maintain flexibility.³ As it will be shown below, in the case of early Scandinavian negotiations on the labour market there was one more precondition which favoured the application of integrative bargaining rather than the distributive one, namely the balance of power. In other words, the party which took part in the negotiations had to feel that its ability to exert pressure on the other party involved in the bargaining process was limited or balanced by the relative strength of the other party. As a result, no sooner had an agreement been struck, than the bargaining parties felt insecure in their position to dictate the solutions.

² Robbins, Stephen P.: *Essentials of Organizational Behavior*, Prentice Hall, New Jersey 1994, 177-181.

³ *Ibid.*, 179.

The rationale of integrative bargaining may be paraphrased as a battle between two enemies in which it is uncertain which party is going to win since neither of them knows exactly the enemy's power or potential. The possible outcomes of the battle are that either one party wins and destroys the other, or nobody wins but the fight brings about significant losses on both sides. In this way the absolute fighting potential of both sides after the battle is severely diminished as the number of weapons has been destroyed. Now, what the integrative bargaining is about, is that the two seemingly equally strong enemies instead of fighting with each other would rather choose to negotiate a peace treaty and together agree to attack a mutual enemy. Their overall fighting potential and security grows considerably since now they not only are not in war with each other but can join forces to realise a mutual goal. The target of the bargaining procedures and especially the bargaining practice in Denmark and Sweden before World War Two bear great resemblance to the above presented pattern of increasing the fighting potential.

It is my understanding that the success of collective bargaining and collective agreements in Scandinavia seems to be determined by the fact that at a very early date integrative bargaining has been preferred to distributive bargaining. In order to support this thesis I would like to discuss here some institutional solutions in Denmark and Sweden as examples of integrative bargaining. Even though the analysed processes of institutionalisation concern solutions of a different nature, in my opinion, they apply the same administrative pattern of negotiations. The examples presented below, i.e. the September Agreement, the Saltsjöbaden Agreement, the Kanslergade Agreement and eventually the so called Kohandel, exemplify the solutions from the domains of both economics and politics. The September Agreement of 1899 in Denmark and the Saltsjöbaden Agreement of 1938 in Sweden are examples of institutionalisation of labour relations, while the Danish Kanslergade Agreement and the Swedish Kohandel are instances of how parliamentary politics were institutionalised. They are, in my opinion, an excellent case in point as far as the innovatory Nordic approach to bargaining is concerned.

In both Denmark and Sweden the economic situation in the inter-war years brought about numerous political and industrial conflicts of varying intensity. The situation required unconventional economic solutions and innovative approaches to politics and conflict resolution. Institutionalisation of the new solutions took place in different years in both countries but by the end of the 1930s the framework for resolution of conflicts in the labour market was very similar. Already in the 1920s, when Social Democrats in both Denmark and Sweden created government, they

gradually gained recognition among the non-socialist parties as a responsible partner. The trade unions, which maintained a close relation to the Social Democrats, also got a chance to be treated as serious partners. The fact that labour grew stronger contributed to the successful institutionalisation of the bargaining procedures. Only under the condition that both parts felt that each of them was able to balance the strength of the other, was there a possibility of mutual recognition. As a result, thanks to the integrative approach, all parts had a chance to strike an agreement and neither of them seemed to be a loser.

SCHOLARSHIP ADVOCATES INSTITUTIONALISATION

The 1930s were years characterised by gradual acceptance of science as a possible framework for societal changes. The Great Depression hastened the process of accepting economics as a potential source of inspiration for solving the oncoming problems. In Scandinavia, and especially in Sweden,⁴ it was natural for academics not only to engage in public debates but also to provide solutions to contemporary economic problems. In Scandinavia the scientists who became politicians were not stigmatised. On the contrary, their competence and participation in government created the image of the then ruling Social Democrats as the only politicians able to act with energy (*handlingskraftiga*).⁵ The Stockholm School of Economics and the role of its leading characters in striking the historical agreements in Sweden is the best proof of the modernistic approach to the role of science and research in solving social and political conflicts. Thanks to the scholarly approach the conflicts of interests could be transformed into issues to be interpreted within a narrow discursive framework. Keeping the above remarks in mind, let us now have a look at some examples of the early practice of conflict resolutions in Denmark and Sweden.

⁴ By comparison, the influence of academics on current policy making in the 1930s was somewhat weaker in Denmark. However, when the political and economic situation required it, Bramsnæs, the Danish minister of finance, did not hesitate to make references to the authority of Professor Warming from the University of Copenhagen and J.M.Keynes as sources of inspiration for his policy. Comp.: Hansen, Svend Aage, Ingrid Henriksen: *Dansk social historie 1914-39, Sociale brydninger*. Gyldendal, Copenhagen 1984, 278.

⁵ "Det nationaløkonomiske videnskab er blevet accepteret af alle parter som rammen omkring konflikterne; interessekonflikter er blevet transformeret til tolkningsproblemer inden for en snæver diskursiv ramme." in: Guðmundson, Gestur: *Er der noget nordisk ved den nordiske model?*, in: Kettunen, Pauli & Tapio Rissanen: *Arbete och nordisk samhällsmodell*, Papers on Labour History IV, Tammerfors 1995, 30.

INSTITUTIONALISING LABOUR RELATIONS – DENMARK

The roots of institutionalised collective bargaining can be found in Denmark. Already in 1899 Septemberforliget (the September Agreement) provided for a broad framework of peaceful conflict resolution in the labour market.⁶ It resulted in the establishment of the first collective bargaining platform. The centrally organised trade unions (DsF) and employers (*Arbejdsgiverforening*) recognised its legitimacy to represent the two potentially conflicting sides. The road towards the agreement was quite complicated. The years before 1899 were characterised by the liberal approach towards work and wage agreements, i.e. it was a private matter between the employers and the employees. Workers organised trade unions which were meant to bargain with employers about working conditions and wages. When the employers did not want to negotiate or locked the workers out, they would use the strike as the last resort. In 1899 the economic prosperity and lack of work force in Denmark permitted some trade unions to negotiate better pay for their members. The method of bargaining normally used during the conflicts then was distributive and, as a result, it was only natural that the employers who, this time, were losers would sooner or later strike back to make up for the lost income. Since other workers (initially only carpenters in seven towns in Jutland) also wanted to improve their work and pay conditions, they would strike and when the negotiations did not bring the desired result, the employers locked them out and, as a warning, applied the same action to different trades. Consequently, some fifty per cent of all industry workers remained unemployed.⁷ During the negotiations the employers initially presented eight points which were meant to regulate labour relations, but along with radicalisation of the conflict the demands were supplied with eleven more points which aimed at giving the employers full control over labour relations.⁸ According to the logic of distributive bargaining it was now the employers' turn to win completely and leave labour as total losers. Remarkably enough, the initial eight points of the employers' preconditions to negotiations included ideas which nowadays can be regarded as foundations of the integrative bargaining procedures. On the one hand, most of the demands were meant

⁶ Ibid., 43.

⁷ Comp. Haue, Harry, Jørgen Olsen, Jørn Aarup-Kristensen: *Det ny Danmark 1890-1985, Udviklingslinjer og tendens*, 3rd edition, Munksgaard, [Copenhagen] 1985, 36-43. The exact number of the working force employed in industry can be found on page 36.

⁸ Mikkelsen, Flemming: *Arbejdskonflikter i Skandinavien 1848-1980*, Odense Universitetsforlag, Odense 1992, 51-56.; Agerholm, S., A. Vigen: *Arbejdsgiverforeningen gennem 25 år 1896-1921*, Copenhagen 1921, 82-83.

to centralise the system of bargaining. On the other hand, they aimed at regulating this system in a modernistic manner. As a point of departure, the initial eight points were based on full recognition of labour's right to organise. In this respect the insight shown by the employers should not be overrated or regarded as very original from a Danish perspective. Its origin may have been derived from the long-lasting Danish tradition of guilds. Nevertheless, these eight points (without many changes) constituted the foundation of the September Agreement signed on 5 September 1899 after four months of conflict.

Centralisation of the collective bargaining procedures resulted in more effective bargaining and stabilised relations within the Danish labour market.⁹ Septemberforliget initiated the integrative bargaining in Scandinavia. It built long-term relationships and facilitated mutual solving of problems. It bonded negotiators and allowed both DA and DsF to leave the bargaining table feeling they had just achieved a victory. As a result, the growing expertise in application of the collective bargaining procedure even at times of great conflicts in Denmark in the 1920s made it easier for the government to face the extreme conditions connected with the world economic crisis in the 1930s. Thanks to the notion associated with integrative bargaining the Social Democratic government could count on the existing institutions to alleviate the urgent need to resolve the growing number of conflicts. In most cases conflicts could be settled by arbitration without government mediation. Only in the most severe cases, when the economic crisis was at its peak, was it necessary for Thorvald Stauning to use the best of his skills (Kanslergade Agreement in 1933) to convince the opposition of the necessity of governmental intervention in the labour market.

INSTITUTIONALISING LABOUR RELATIONS – SWEDEN

In view of the early Danish institutionalisation of the bargaining procedures and successful application of collective bargaining it may appear surprising that distributive bargaining remained the main means of conflict resolution in Sweden until the late 1930s. Swedes, who were quite late in reaching an agreement regulating industrial relations in a peaceful manner, had to rely, to a great extent, on the unstable market dependent practices. Although the first steps towards institutionalisation of the labour market were made in Sweden in 1896 together with the foundation of the Trade Union Confederation (LO) and in 1902 when, in

⁹ Comp. labour conflicts in other Scandinavian countries in: Mikkelsen, Flemming: *Arbejdskonflikter i Skandinavien 1848-1980*, Odense Universitetsforlag, Odense 1992, 370.

response, the Employers Association (SAF) was organised, the more stable solution in the shape of institutionalised collective bargaining was worked out as late as 1938. One of the first attempts to provide for a comprehensive system which would resolve conflicts on the labour market was made in 1928 when the government of Independent Liberals produced a bill introducing arbitration tribunals made up of members of the government, employers and labour, with the power not only to reconcile conflicting interests, which they had had since 1909, but also to interpret collective wage agreements. It is first in 1938, though, that the Saltsjöbaden Agreement provided a solid framework for conflict resolution in line with the Danish solution from 1899.

Similar to the Danish situation prior to 1899, no serious and sincere collective bargaining on the Swedish labour market could take place before there was a balance of power between the workers and the employers. Only in the 1930s can the labour movement in Sweden be described as transformed from a network of organisations designed to defend workers from capitalist exploitation to a confident alternative source of national leadership. The SAP signalled this by launching the notion of Sweden as the people's home. The way towards this construct of an efficient and caring society was among others collective bargaining. Social Democrats gradually gained the power to put their convictions into practice and after 1932 they potentially had a chance to realise it. The world economic crisis and relative weakness of the Social Democratic government at that time forced them to abandon the plans for a general agreement. Only after the Social Democratic election victory in 1936 were the employers incited to take a more conciliatory attitude toward the SAP and the LO.

Undoubtedly, the development which led both parties and especially the Employers' Association to Saltsjöbaden was to a great extent fostered by Ernst Wigforss, from 1932 to 1949 the minister of finance and one of the leading members in the Stockholm School. Scientific rationality based on economics was Wigforss' strongest argument. He convinced the employers by telling them that:

the working-class movement [and] private capitalists should co-operate to achieve their common interest – increased efficiency in production [through] detailed discussion ... on methods for increasing capital formation, exploiting natural resources and new technology, promoting exports, and avoiding recessions.¹⁰

In this way Wigforss presented the *raison d'être* of integrative bargaining as a potential foundation of the Swedish labour market. Accord-

¹⁰ Tilton, Timothy A.: *The Social Origin of Social Democracy*, in *American Political Science Review*, 1974 vol. 68, 569.

ing to his reasoning both the employers and the workers had a chance to become winners if only they would co-operate. Keeping this in mind, the representatives of both the working-class movement and private capitalists held a series of formal conferences at Saltsjöbaden beginning in 1936. Peace within the labour market was at stake and each of the sides knew its value very well. Although the LO leadership claimed it was not interested in the state interventionism in the labour market and, as a consequence, the ruling Social Democrats were excluded from the final negotiations between LO and SAF, unquestionably, the spirit of Social Democratic achievements made the employers compromise a bit more than before.¹¹

The Swedish Basic Agreement concluded in Saltsjöbaden in 1938 contained the following stipulations, among others:

1. A bipartite, six-member Labour Market Board was established to deal with specified questions pertaining to the discharge of workers, labour disputes affecting essential public services, and restrictions upon the right to resort to direct action.

2. A fairly detailed procedure for negotiating agreements was provided.

3. Certain restrictions on the right of employers to discharge individual workers were adopted.

4. Certain forms of direct action were prohibited, e.g., strikes or boycotts for purposes of religious, political, or personal persecution.¹²

The fact remains that the Saltsjöbaden Agreement was not a completely new solution or a breakthrough as far as applying bargaining procedures for labour conflict resolution in Sweden is concerned. Earlier experiences with arbitration tribunals provided for plenty of expertise in institutional solutions within the labour market. The real value of the deal struck in Saltsjöbaden lies in the qualitative change in relations between the unions and the employers. As the unions grew stronger their power to press for more favourable solutions was also on the rise. LO became an agent capable of outweighing the employers and only in this position did they become equally powerful partners in the negotiations. What is spectacular, and what the Swedish Social Democratic governments in the 1930s should be thanked for, is that the strong position acquired by the LO did not make them continue the practices of distribu-

¹¹ Comp. Åmark, Klas: *Social Democracy and the Trade Union Movement*, in: Misgeld, Klaus, Karl Molin, Klas Åmark (ed.): *Creating Social Democracy. A Century of the Social Democratic Labour Party in Sweden*. The Pennsylvania University Press 1992, 75.

¹² The four points based on the summary of the agreement are included in: Friis, Henning (ed.): *Scandinavia Between East and West*, Cornell University Press, Ithaca and New York 1950, 131.

tive bargaining, but rather stick to the cultivated and far-reaching methods of integrative negotiations. Whatever the justification, it seems that Ernst Wigforss' argumentation originally meant to convince the employers was also plausible for the trade unions. It required good will on both sides but also the rational insight to be able to calculate the consequences of the compromise.

One of the history books dealing with Sweden gives the following summary of the Saltsjöbaden Agreement.

Underlying the agreement itself and the human relationship growing out of it was the understanding on both sides of the bargaining table that labor and management had not only conflicting interests but common interests in the productivity and prosperity of the country – a solid fact perhaps easier to recognize in a small country than in a large one and a fact that some foreign observers have found it difficult to appreciate. Obviously it was the advantage of everyone to compromise differences peaceably rather than engage in destructive strife.¹³

The above quotation conveys the essence of the Scandinavian principle. Striking collective agreements by solving the mutual problems in an integrative manner is the key to understanding the singularity of the Scandinavian labour relations. It is this pattern of behaviour that constitutes one of the main elements of the Scandinavian Model. Eventually, as shown above, institutionalisation of this pattern was given solid foundations already before World War Two.

INSTITUTIONALISING POLITICS

The next two examples of successful application of integrative bargaining can be found in the domain of Scandinavian politics. In the 1930s both Denmark and Sweden applied it and, but for the fact that both agreements were struck under the pressure of the world economic crisis, it is possible to claim that there was a common philosophy of compromise and pragmatism that lay behind these political contracts.

On 30 January 1933 the government and the Liberal Agrarians (Venstre) reached the so called Kanslergade Agreement (named after the Kanslergade street in Copenhagen where the prime minister lived) with the aim of counteracting the economic crisis. Unemployment was now at a level of forty four per cent and agriculture was no longer profitable. On the one hand, before the negotiations started both parties sent out signals about their willingness to reach agreement, but there were many preconditions which had to be cleared before this could be done. On the

¹³ Scott, Franklin D.: *Sweden, The Nation's History*, Southern Illinois University Press, Carbondale and Edwardsville 1988, 498.

other hand, both negotiating parties were well aware of the extremely difficult situation both in agriculture and the labour market. By the end of 1932 the prices for agricultural products continued to fall, among others, because of an unfavourable exchange level of the krone to pound sterling. The fall in prices, which so far could be helped by increasing production, reached the level insufficient for the farmers to maintain production. Similarly, massive unemployment in the industry was not a good sign of the policies pursued by the Social Democratic cabinet.

The immediate reason for starting the negotiations in Kanslergade was that the employers' demand to reduce wages by 20 per cent was rejected by the labour unions. This meant the lock-out for some 100,000 workers and, as a result, an open conflict with the participation of many more workers. The message reached the government on 27 January 1933 and the Social Democrats decided to propose a bill banning strikes and lock-outs for one year, while the wage agreements should also remain unchanged during this period. During the first reading of the bill in the Folketing the Social Democrats emphasised that such a solution was an extraordinary measure which they otherwise would never support under normal circumstances. Of course, the proposal received utmost criticism on the part of Venstre and the Conservatives, but the representatives of Venstre hinted at the possibility of a broader agreement. The negotiations lasted the entire day on the 29th January and were continued throughout the night. Several times the negotiations were about to break but finally, as the Social Democratic party history describes it, just before the politicians were about to leave the prime minister's home Stauning offered them a night-cap and they eventually accepted the deal.¹⁴

The most important results were that strikes and lock-outs were forbidden and the Danish krone was devalued by ten per cent and linked to sterling at the rate of £1= kr. 22,40. Under the terms of the agreement, the government obtained the assurance of Venstre that it would not vote against a social reform bill introduced by Karl Kristian Steincke. Despite much internal criticism received by the negotiators from other members of their own parties, the outcome of the negotiations put both the government and Venstre in the position of winners. Both parties achieved the solutions they regarded as satisfactory and they could also present themselves as pragmatic visionaries in difficult times. This is clearly visible in Th. Stauning's statement in Politiken, where he claimed the agreement was a proof of will to life and activity among the Danish people. He said:

¹⁴ Bertolt, Oluf, Ernst Christiansen, Poul Hansen: *En bygning vi rejser*, vol. 2. Forlaget Fremad, Copenhagen 1955, 220.

Jeg har som de øvrige, der deltog i forhandlingen, set bort fra en og anden principiel opfattelse; thi jeg så tidens alvor. Jeg vidste, at folket stod foran katastrofen, og her gjaldt det at handle frygtløst og sikkert. Forliget vil ikke blot befri landet for den store krig, men det vil sætte millioner af kroner ind på arbejde. Det genskaber købe- og forbrugsevnen i landbruget, og det vil i form af vinterhjælp og anden social hjælp give en kraftig håndsækning til alle, der lider nød.¹⁵

Disregarding a few principal standpoints created a win-win situation for both parties. Integrative bargaining served its purpose.

In Sweden unemployment reached its peak in the winter of 1932-33. The government wanted not only to mark its Social Democratic standpoints but, first and foremost, to introduce the promised crisis package. Both Gunnar Myrdal, the economist, and Ernst Wigforss, the minister of finance, presented a rational programme for fighting unemployment. The key macroeconomic decision was replacing the yearly balancing of the budget by the long term balancing adjusted according to the economic cycle. As far as application of the appropriate methods of fighting the crisis was concerned, there was quite a strong division between the governing Social Democrats and the non-socialist opposition in the Riksdag. In the beginning of May the debate over the popularly called 'welfare bill' approached a dead end as the opposition basically favoured the old means of handling the crisis. However, during the debate the Social Democrats started looking for a more pragmatically inclined politicians among the opposition in order to secure the majority in favour of the bill.

In the beginning of April 1933, after a short period of informal talks, the SAP started regular meetings with representatives of the Agrarians (*Bondeförbundet*) in order to negotiate a mutual policy against the crisis. During the informal talks Social Democrats were represented by its high ranking politicians, the minister of finance E. Wigforss and the minister of agriculture P.E. Sköld. The Social Democrats, who in September 1932 built its fourth minority government, proposed to the Agrarians a new crisis policy constructed with due attention to the interests of the countryside. It concentrated mainly on fighting unemployment and was quite an attractive policy for the Agrarians. *Bondeförbundet* was the only non-socialist party which in 1932 gained new voters. However, the party as such had no chance to realise its promises unless it supported the Social Democratic program. After all, the Agrarians gained more seats in the Parliament thanks to the group of voters who, apart from the industrial workers, were the most severely hit by the Great Depression. Common sense and pragmatism of the Agrarians were the elements that let the two parties join forces and attack the mutual enemy, i.e. unprecedented unemployment. The result was that the Agrarians agreed to sup-

¹⁵ Ibid., 220.

port the Social Democratic 'welfare bill' if appropriate help was granted to the farmers. The agreement was announced on 27 May 1933 and it provided grounds not only for a successful implementation of the crisis policy, but, until the election in 1936 proved to be quite a stable political platform for other legislation as well.¹⁶

Undoubtedly, the Danish solution in the shape of the Kanslergade Agreement served as an example for the Swedish Social Democrats.¹⁷ Danes showed the way by proving that at the times of crisis it was not only necessary but also easier for all parties to bury the ideological hatchet and look for more pragmatic solutions. The Swedish Social Democrats, who originally looked only for a good tactical solution in order to introduce their own crisis package, realised that the long term success of their politics and ability to stay in power could only be guaranteed if there existed a stable majority in favour of their policy. This majority could only be achieved through the practice of integrative bargaining applied to ever more numerous spheres of economy and politics.

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¹⁶ More detailed account of the bargaining process before the deal was struck can be found in, e.g.: Hadenius, Stig, Björn Molin, Hans Wieslander: *Sverige efter 1900, En modern politisk historia*, Bonniers, Stockholm 1978, 125.

¹⁷ Comp. Elvander, Niels: *Skandinavisk arbetarrörelse*, Liber/Publica, Stockholm 1980, 99.

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