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Peter Baldwin

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# The Scandinavian Origins of the Social Interpretation of the Welfare State

PETER BALDWIN

*Harvard University*

*If a question can be mal posée, surely an interpretation can be mal étendue.* This has been the fate of the social interpretation of the welfare state. The cousin of social theories of bourgeois revolution, the social interpretation of the welfare state is part of a broader conception of the course of modern European history that until recently has laid claim to the status of a standard. The social interpretation sees the welfare states of certain countries as a victory for the working class and confirmation of the ability of its political representatives on the Left to use universalist, egalitarian, solidaristic measures of social policy on behalf of the least advantaged. Because the poor and the working class were groups that overlapped during the initial development of the welfare state, social policy was linked with the worker's needs.<sup>1</sup> Faced with the ever-present probability of immiseration, the proletariat championed the cause of all needy and developed more pronounced sentiments of solidarity than other classes.<sup>2</sup> Where it achieved sufficient power, the privileged classes were forced to consent to measures that apportioned the cost of risks among all, helping those buffeted by fate and social injustice at the expense of those docked in safe berths.

One of the attractions of the social interpretation of the welfare state has been its snug fit with a broader social interpretation of Western European history. In this, the bourgeois revolution paved the way for liberal capitalist democracy, which, in turn, would eventually be swept away in the proletariat's rise to power. Merely a reading of past events, the first half of this analysis was left to historians to pick over. The second contained a prediction that has proven to be inaccurate. As a result, there developed an alternative

This essay is part of a larger study on "The Politics of Social Solidarity and the Class Basis of the European Welfare State, 1875-1975" that will also cover France, Germany, and Britain. I am grateful to Lawrence Stone, Peter Mandler, and other members of the Davis Seminar at Princeton for a thorough working over, and to the American-Scandinavian Foundation for resources to conduct the research. I also owe Daniel Levine a helpful reading of the manuscript.

<sup>1</sup> Jean-Jacques Dupeyrou, *Evolution et tendances des systèmes de Sécurité sociale des pays membres des communautés européennes et de la Grande-Bretagne* (Luxembourg, 1966), 55-59.

<sup>2</sup> Franz-Xaver Kaufmann, *Sicherheit als soziologisches und sozialpolitisches Problem: Untersuchungen zu einer Wertidee hochdifferenzierter Gesellschaften* (Stuttgart, 1970), 18.

version of the social interpretation, a reformist socialist account that sought to identify significant victories won peacefully by the Left to mark a gradual transformation from the bourgeois era to that of the working class. In this scheme, certain social-policy reforms in certain countries took the place of the socialist revolution. Under the right circumstances, social policy went beyond fine tuning the capitalist system or appeasing the laboring classes. Certain kinds of social policy restricted the rule of the market over basic conditions of existence, taking a step beyond capitalism. The social interpretation of the welfare state became part of a social-democratic variant of the traditional Marxist reading of modern history. Its outcome was social reform, not socialist revolution; a pensioned, not a dictatorial, proletariat; not the stateless society, but the welfare state.

Although simple, the social interpretation of the welfare state was not immediately obvious. It seemed to work only for some countries. It fit certain periods better than others. In liberal Britain, the working class was at best partially responsible for first forays into welfare statism. Even worse, Bismarck's Bonapartist goals were impossible to reconcile with the social interpretation. The working class was the passive object of social policy, not its initiator. Welfare measures were meant to preserve an unjust order by improving, while not fundamentally changing it. On the other hand, William Beveridge and Labour's reforms in Britain after World War II and the success of egalitarian social policy in socialist Scandinavia, offered examples of an alternative approach to the welfare state, one that went beyond liberal tinkering, one that reflected the interests of workers, not their masters. Out of this contrast a conceptual tension developed between at least two kinds of social policy, two kinds of welfare states: the conservative and the authentically reformist. Observers of the Anglo-Scandinavian scene (especially after World War II) could, and largely did, rest content with some variant of the social interpretation.<sup>3</sup> Observers of other countries were left to seek explanations for why social policy there did not resemble this ideal. The result has been a curious ambivalence about the social interpretation. Often taken for granted, rarely articulated, it frequently lies implicit in discussions of social policy without informing them. The cause of this mixture of widespread assumption and rudimentary expression is a fundamental ambiguity at the heart of the welfare state as an historical concept.

The bourgeois revolution, in the manner that construct was used before its recent decline, assumed its classic form in France. Subsequent and analogous events in Germany were judged a failure in comparison to what they ought, by

<sup>3</sup> This is why general histories only of Britain and Sweden seek to define the essence of their current incarnations as welfare states: T. O. Lloyd, *Empire to Welfare State: English History, 1906-1967* (Oxford, 1970); Pauline Gregg, *The Welfare State: An Economic and Social History of Great Britain from 1945 to the Present Day* (London, 1967); Kurt Samuelson, *From Great Power to Welfare State: Three Hundred Years of Swedish Social Development* (London, 1968).

this account, to have been. The ideal nature of the French phenomenon was not marred by Germany's inability to emulate it. On the contrary, not the model, but the circumstances across the Rhine were pronounced an aberration. For the welfare state, the path from event to interpretation, from the classic historical example to its deviations, was reversed. At almost the same time as Bismarck tainted the bourgeois revolution in Germany by imposing it from above on the class that ought, in the traditional social interpretation, to have been its initiator, he associated the inauguration of the welfare state with the preservation of an archaic social order, the smooth functioning of the capitalist system, the political domination of conservatives.<sup>4</sup>

The social interpretation of the welfare state has been made possible only to the extent that social policy was freed from its tie to Bismarck and Bonaparte and associated positively with the downtrodden, particularly the workers, and their strivings for greater equality and a fairer distribution of burdens. Based on a selective reading of certain historical experiences, it was first made plausible by the world-wide push for a universalist, egalitarian social policy that culminated during the final years of World War II, spilling over into major attempts at change, of which the Beveridge Plan and Clement Attlee's legislation were the crowning achievements. The postwar wave of reform undermined the Bonapartist view of social policy that Bismarck's legislation had encouraged. Social policy could be used for reactionary purposes, but, given the right circumstances, social legislation could also be the autonomous, authentically emancipatory action of the underprivileged.

While Labour's reforms inaugurated a new conception of social policy, they were unable to sustain it alone. Illuminating the sky like a flare, brilliantly but briefly, wartime efforts permitted the discovery of a non-Bismarckian strain of social policy that both preceded and was to outlive it. Developments in the Scandinavian countries had generally passed unremarked until Beveridge.<sup>5</sup> With the attention devoted to reform during and after the war, it no longer escaped notice that, in the North, long traditions of socialist power coincided with social policy of an universalist, egalitarian sort. Neither social policy nor Scandinavia has ever been the same. With the failure of postwar reforms in France and Germany, and Britain's decline from welfare ideality, the Scandinavian countries came into their own as examples of nations where enlightened, egalitarian social policy seemed to have been the independent achievement of the neediest classes. Where Scandinavia had earlier attracted the attention mainly of those interested in, say, pig farming or temperance movements, the North suddenly found itself the center of international atten-

<sup>4</sup> Asa Briggs refuses to anoint Bismarck's reforms with the title "welfare state" because of their Bonapartist intent ("The Welfare State in Historical Perspective," *Archives européennes de sociologie*, 2:2 (1961), 247-49).

<sup>5</sup> An exception is discussed in Daniel Levine, "The Danish Connection: A Note on the Making of British Old-Age Pensions," *Albion*, 17:2 (Summer 1985), 181-85.

tion. Admired by many, it was reviled only by a shrill coterie, whose use of epithets like "the new totalitarians" for what more reasonable spirits described as "the middle way" suggested a degree of hyperbole likely to defeat its own purposes.<sup>6</sup> Languishing on the periphery of European history, Scandinavia, in certain respects, suddenly became its cynosure. By extending its geographical horizons, the social interpretation seemed to have demonstrated its continued power. The ideal case of the bourgeois revolution had been French. The peaceful victory of the working class proved to be Scandinavian.<sup>7</sup>

Novelty and accuracy have not in this case been completely compatible bedfellows. The result of this new focus has been an anachronistic reading of the history of Nordic social policy. To the extent that Scandinavia is taken, in these respects, as the standard against which to measure other countries, this distortion has consequences for an understanding of developments south of the Eider. The long tradition of social-democratic rule in the North has encouraged a tendency to associate even reforms inherited from another age with the socialists who followed. The Nordic welfare states came, with good cause, to be hailed as the pinnacle of social-policy achievement. More important for the social interpretation, they were regarded as the antithesis of the Bismarckian approach.

Bismarck's social policy is usually considered reactionary, Bonapartist, and unsolidaristic. It reflected these characteristics in at least three ways: It focussed only on the workers, in the hope of politically defusing that dangerous class. It avoided any wide-ranging social equalization and gave expression to existing market hierarchies through benefits differentiated according to wages. It relied on unredistributive financing collected directly as premiums or through regressive consumption taxes. Conversely, Scandinavian welfare policy was the fruit of the common masses' political power, represented by the socialists. It therefore incorporated a solidarity of the entire community by including all citizens, offering them egalitarian flat-rate benefits, and relying heavily on tax financing to distribute burdens by ability to shoulder them. Socialist success in implementing measures of universalist, flat-rate, tax-financed social policy, it is claimed, qualitatively distinguishes social-democratic welfare states from liberal and conservative systems elsewhere. Scandinavian social policy is seen as most closely embodying the ideal "institutional" model of the welfare state that fulfills the concept of social

<sup>6</sup> Roland Huntford, *The New Totalitarians* (London, 1971); Marquis Childs, *Sweden: The Middle Way* (New Haven, 1936).

<sup>7</sup> On Sweden's career as an ideal type, Arne Ruth, "The Second New Nation: The Mythology of Modern Sweden," in *Norden: The Passion for Equality*, Stephen R. Graubard, ed. (Oslo, 1986), 240-82.

citizenship, limits the free working of market relations in important areas, and lessens inequalities.<sup>8</sup>

The social interpretation asserts that the Scandinavian welfare states were the autonomous achievement of the underprivileged classes, that their nature was determined by the needs of the impoverished. In other countries, where social policy reflected a fear of social upheaval, measures were restricted, divisive, and manipulative. The features that define the exceptionalism of Nordic welfare policy were, in contrast, the result of the Left's ability to forge a coalition of the downtrodden powerful enough to implement the demand of the poor and unfortunate for help from the affluent and favored.<sup>9</sup> This view—that there was an essential link between the apparent solidarity, the universalism of early Scandinavian welfare policy, and the socialists—is misleading.<sup>10</sup> It anachronistically reads back a misunderstanding of postwar reforms to an earlier period in which other factors were at work.<sup>11</sup> The characteristic features of Scandinavian social insurance were not born in the postwar period, when socialist power reached its height, but were formed at the time the first legislation went on the books, at the turn of the century. They were determined at the behest of parties and social groups not associated with the Left. Universalist, solidaristic social policy was, in this case, not the sort of qualitative change claimed by social interpretation. Only apparently did it

<sup>8</sup> On the Nordic, institutional model of the welfare state, Richard Titmuss, *Social Policy* (London, 1974), 30-31; Anne-Lise Seip, *Om velferdsstatens fremvekst* (Oslo, 1981), 11-18; Norman Furniss and Timothy Tilton, *The Case for the Welfare State* (Bloomington, 1977), 14-20; Bent Rold Andersen, "Rationality and Irrationality of the Nordic Welfare State," in *Norden: The Passion for Equality*, Stephen R. Graubard, ed., 117-21; Michael Shalev, "The Social-Democratic Model and Beyond: Two 'Generations' of Comparative Research on the Welfare State," *Comparative Social Research*, 6 (1983), 315-51.

<sup>9</sup> "The congruence of Scandinavian social-democratic welfare policy," one recent account would have its readers believe, "is explained by two critical factors. One was that the parties chose to abandon the ghetto model in favor of parliamentary majoritarianism. They had to cultivate, and fabricate, unity among workers, peasants, and the rising white collar strata. This naturally led to an insistence on universalism" (Gösta Esping-Andersen, *Politics against Markets: The Social Democratic Road to Power* (Princeton, 1985), 154, 145, 148).

<sup>10</sup> Examples of an anachronistic misattribution of the apparent solidarity of early Scandinavian welfare reforms to the socialists: Åke Elmer, *Från Fattigsverige till välfärdsstaten: Sociala förhållanden och socialpolitik i Sverige under nittonhundratalet*, 7th ed. (Stockholm, 1975), 127; Stein Kuhnle, "The Beginnings of the Nordic Welfare States: Similarities and Differences," *Acta Sociologica*, 21, supplement (1978), 26; Guy Perrin, "L'assurance sociale—ses particularités—son rôle dans le passé, le présent et l'avenir," in *Beiträge zu Geschichte und aktueller Situation der Sozialversicherung*, Peter A. Köhler and Hans F. Zacher, eds. (Berlin, 1983), 40-41; Thomas Wilson, ed., *Pensions, Inflation, and Growth: A Comparative Study of the Elderly in the Welfare State* (London, 1974), 159; Gösta Esping-Andersen and Walter Korpi, "From Poor Relief to Institutional Welfare States: The Development of Scandinavian Social Policy," in *The Scandinavian Model*, John Erikson et al., eds. (Armonk, 1987), 45-46.

<sup>11</sup> An explanation of why the universalism of postwar reforms in Scandinavia was not a socialist initiative is given in Peter Baldwin, "How Socialist is Solidaristic Social Policy? Swedish Postwar Reform as a Case in Point," *International Review of Social History*, 2 (1988), 121-147.

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transcend narrow class or group interests. Only in retrospect has it come to seem the demand of the rising working class and the Left. When first introduced in Scandinavia, universalist, egalitarian, tax-financed welfare measures were a goal some bourgeois groups and parties were able to inflict in their own interests on the rest of society.

The rest of this account argues the case for these assertions by examining the origins of Scandinavian social policy's unique features. It analyzes the reasons why measures here were universalist, covering all regardless of social class, and why they were financed significantly through taxes, not premiums. It takes pension policy as the most convenient gateway to these issues. It concludes that universalism and tax financing were not the expression in terms of welfare policy of any uniquely Nordic sense of social solidarity and certainly not one inspired by socialists or workers. Instead, these features were the result of narrow interest disputes fought out between the rising rural middle class and the entrenched bureaucratic and urban elites. It follows that the social interpretation of the welfare state rests on shaky foundations even in its Scandinavian redoubt.

### FARMERS, CONSERVATIVES, AND THE ORIGINS OF UNIVERSALIST SOCIAL POLICY: DENMARK

The first Danish social-insurance reforms were articulated in the context of the major political dispute of the late nineteenth century. This crisis was sparked by the unwillingness of the conservative Højre (the party of the monarchical bureaucracy, the urban professional and manufacturing classes and the aristocratic landowners) to grant the mainly agrarian liberal Venstre Party the political representation to which farmers' growing social and economic importance gave them a claim. Farmers sought reforms that would benefit them financially. When the constitutional conflict dragged on, social policy became part of the larger political struggle between liberals and conservatives, and eventually was an element in its resolution. Social reform was taken up as an alternative way of achieving the effects of the fiscal demands still blocked by the conservatives. Farmers used social policy tailored to their specifications to squeeze concessions from a state they did not yet control, before more direct solutions were possible. Without coverage of all, agrarians would not benefit from social measures. Without tax financing and state subsidies, farmers, as employers, would be disadvantaged by higher production costs that they, as exporters, could accept less sanguinely than the urban manufacturers among their political opponents, who aimed only at the home market. The political victory for the liberals that permitted farmers to reform the tax system and shift burdens from the countryside to the cities had to wait until the turn of the century. Universalist, tax-financed social policy was its herald.

Early discussions of social-policy reform gave farmers their first chance to

demand a respite from the growing burdens of poor relief on local authorities.<sup>12</sup> As more of the population was granted a voice in politics during the late eighteenth and early nineteenth centuries, the contradiction was aggravated between the absolutist monarch's comparatively generous social policy, and the disinclination of farmers, who paid the lion's share of local taxes, to bear a heavier load than necessary. Especially after 1835, with widened representation in the estates, farmers lamented the growing cost of poor relief, and debated the merits of workhouses on the British model and a declassing treatment of the poor. In 1874, liberals first tried to reduce their costs through another, and ultimately more successful, approach, demanding subsidies from the state for self-help, praising the relief this would bring to tax burdens.<sup>13</sup> The report of the Commission on Workers' Conditions in 1878 continued the liberal farmers' interest in state subsidies.<sup>14</sup> They worried, lest employers bear the brunt of the social provision, especially in agriculture, where a dependence on foreign markets made it difficult to pass along expenses. If low wages in the countryside were not to be raised, costs would have to be shifted to consumers or employers. Neither possibility was attractive, so the farmers' solution for pensions was based on voluntary arrangements, with the state responsible for half of the funding.<sup>15</sup> The commission's conservative minority, on the other hand, saw no justification for state financing. Shifting the burdens from local governments to the state did not lessen the demoralizing effect of public subsidies as such. Farmers had long exploited poor relief as a subsidy to their laborers' inadequate wages, but it was not the public's task to supplement incomes. Since wages that were sufficient

<sup>12</sup> Older, but still useful, accounts include Danmarks sociallovgivning (Copenhagen, 1918-20); Harald Jørgensen, *Studier over det offentlige Fattigvæsenes historiske Udvikling i Danmark i det 19. aarhundrede* (Copenhagen, 1940); Kjeld Philip, *Staten og Fattigdommen: Fem Kapitler af dansk Kulturpolitik* (Copenhagen, 1947); Cordt Trap, *Om Statens Stilling til Ubemidledes Alderdomsforsørgelse i flere europæiske Lande* (Copenhagen, 1892); Jørgen Dich, "Kompendium i socialpolitikens historie: I. Udviklingen indtil 2. Verdenskrig," manuscript, 2d ed. (1967). Systematizing and expanding the rather schematic works of Dich and others is Jørn Henrik Petersen's recent and extensive account of pension policy in *Den danske alderdomsforsørgelseslovgivnings udvikling: Bind I. Oprindelsen* (Odense, 1985) (citations from Petersen are to the more detailed, unpublished manuscript of the dissertation of the same title (Odense University, 1985).

<sup>13</sup> Dich, "Kompendium," 19. Petersen, *Den danske alderdomsforsørgelseslovgivnings udvikling*, 143-48.

<sup>14</sup> *Betænkning afgivet af den ifølge Kgl. Resolution af 20de September 1875 til Undersøgelse af Arbejderforholdene i Danmark nedsatte Kommission* (Copenhagen, 1878), 71-77, 81-83. Background in G. Warmdahl, "Statens Stilling til Arbejderspørgsmaalet i halvfjerdsene: Arbejderkommissionen af 1875," in *Sociale studier i dansk historie efter 1857*, Povl Engelstoft and Hans Jensen, eds. (Copenhagen, 1930), 64-81.

<sup>15</sup> Rigsarkivet, Copenhagen, PR 404-07-2, Arbejderkommissionen af 1875, Minutes of a meeting 8 December 1875 or 1876. This was the argument put forth by V. Falbe Hansen. A professor of statistics, he was a conservative deputy at the time, but later joined the upper house in 1909 as a royal appointee and a liberal.

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even in times of old age and disability were the employer's responsibility, contributory financing was the solution.<sup>16</sup>

For the time being, fanners' hopes for state-subsidized social policy failed with the sharpening of the constitutional conflict that pitted the liberal majority in the lower house against a conservative government. Once moderates in the opposing camps wearied of battle, a rapprochement, phrased in terms of social policy, became possible, and eventually it was consummated in the 1891 pension law that sent Denmark into the welfare vanguard as the bearer of a universalist, tax-financed pension system unlike that of Bismarck.<sup>17</sup> Among liberals, the conflict was coming to a head between radicals, who resisted cooperation with the government before settlement of the constitutional issue, and moderates, who were willing to compromise.<sup>18</sup> Moderates were willing to trade an end to the hostilities for conservative support of agricultural tariff reform.<sup>19</sup> They proposed replacing tariffs on raw sugar with a tax on the urban workingman's beer, and to distribute small garden parcels to otherwise landless agricultural laborers.<sup>20</sup> Cheaper sugar and land redistribution might, they hoped, stimulate a preserves industry and supplement rural incomes. Among the conservatives, estate owners were encouraged to compromise with liberals by the problems they shared in common as agrarians.

In 1890, poor relief and reform of tariffs and taxes intersected with the chance to resolve the constitutional dispute to bring forth the first pension legislation. Faced with an understanding between moderate liberals and conservatives for new taxes on the urban and laboring classes' favorite inebriants, radical liberals proposed using their income to finance noncontributory pensions for the poor of all classes.<sup>21</sup> Four months later, in March 1891, moderates from the parties to the future rapprochement agreed on a response. A compromise over tariffs foundered on the upper house's unwillingness to relax protectionism, but was reached instead on pensions. The moderates' move was an overbid that shifted tax burdens from sugar to beer and carved

<sup>16</sup> Betænkning, 87-89.

<sup>17</sup> On the complicated negotiations leading up to 1891, Petersen, *Den danske aldersforsørgelseslovgivnings udvikling*, ch. 12; Dich, "Kompendium," 23-26; Trap, *Statens stilling*, 260-77.

<sup>18</sup> N. Neergaard, *Erindringer* (Copenhagen, 1935), 235-40. Frede Bojsens politiske erindringer, Kristian Hvidt, ed. (Copenhagen, 1963), 189ff.

<sup>19</sup> *Rigsdagstidende*, FT, 14 October 1890, col. 44-46. A general account is Poul Kierkegaard, "Frede Bojsen som Socialpolitiker," in *Mænd og Meninger i Dansk Socialpolitik, 1866-1901*, Povl Engelstoft and Hans Jensen, eds. (Copenhagen, 1933), 67-107.

<sup>20</sup> *Rigsdagstidende*, FT, 30 October 1890, col. 440-47.

<sup>21</sup> Marcus Rubin, "Hvad koster en Aldersforsørgelse for de danske Arbejdere?" *Nationalekonomisk Tidsskrift*, 26 (1888), 357-58; idem, "Aldersforsørgelsesforslaget," *Nationalekonomisk Tidsskrift*, 29 (1891), 44-48; Trap, *Statens stilling*, 256; Marcus Rubin, *Om Aldersforsørgelsen* (Copenhagen, 1891), 12-16; Letter, Rubin to Edvard Brändes, 9 December 1890, in Marcus Rubins brevveksling, 1870-1922, Lorenz Rerup, ed. (Copenhagen, 1963), I, 319-20; Marcus Rubin, *Nogle erindringer* (Copenhagen, 1914), 143-44.

out of a previous government proposal on poor relief a bill on statutory aid for the worthy elderly.<sup>22</sup> Local authorities were to grant pensions to all morally upright needy over age sixty, with half their expenses reimbursed by the state.<sup>23</sup> What the moderate liberals and conservatives had agreed on was to begin to end the constitutional conflict and, in return, to shift a significant fraction of local poor-relief expenses from agrarians' shoulders, to the state. Two points stand out on the socialists' attitude to this effort at social-policy reform. First, Denmark's agrarian society prevented the socialists, to the extent they entertained ambitions to power, from limiting their concern to the urban working class.<sup>24</sup> In social policy, this meant not restricting arrangements to any particular class. Nor could special consideration for urban areas be pressed.<sup>25</sup> The socialists' need to appeal to the petite bourgeoisie also introduced an ambivalence in their relations with the unskilled lowest layers of the working class, allowing them to accept the demeaning criteria of moral worth and respectability that remained a persistent characteristic of Danish social policy.<sup>26</sup> Second, like their British colleagues, Danish socialists rejected the contributory and self-help principles of pension policy. Members of the extensive network of voluntary sickness funds could pay premiums, but further contributions, for other forms of social policy would strain the average budget.<sup>27</sup> Wages were modest, the right to work was not recognized, and workers were the source of surplus value; unconditional help from the state was, therefore, their right in times of distress.<sup>28</sup> This derivation of the right to

<sup>22</sup> In 1890, the government had proposed legislation to reform poor relief by granting it, shorn of its usual demeaning consequences, to the worthy needy. *Rigsdagstidende*, 1890/91, Tillæg A, col. 3393ff.; FT, 11 March 1891, col. 4537-45, 4591-97.

<sup>23</sup> The conservatives managed to limit the state's obligation to refund municipal expenses to two million crowns annually. Not until 1902, after the final resolution of the parliamentary battle and liberal victory was this limit removed.

<sup>24</sup> An excellent account of the relation between socialists and their political clientele in Denmark's agrarian society, with important implications for the history of socialism in general, is Hans-Norbert Lahme, *Sozialdemokratie und Landarbeiter in Dänemark (1871-1900)*, (Odense, 1982). Also, Henning Grelle, *Socialdemokratiet i det danske landbrugssamfund, 1871-ca.1903* (Copenhagen, 1978), and Georg Nørregaard and Hans Jensen, "Organisationsforsøg blandt Landarbejderne," in *Bidrag til Arbejderklassens og Arbejderspørgsmaalets Historie i Danmark fra 1864 til 1900*, Povl Engelstoft and Hans Jensen, eds. (Copenhagen, 1931), 54-202.

<sup>25</sup> Thus, for example, socialists rejected the assumption of the Radical Liberals' bill that life was cheaper in rural than urban areas and that differential benefits were necessary. *Rigsdagstidende*, FT, 20 December 1890, col. 1823.

<sup>26</sup> Torben Berg Sørensen, *Arbejderklassens organisering og socialpolitikens dannelse* (Copenhagen, 1978), 104-05, 168-74.

<sup>27</sup> This is the argument made, with much supporting evidence on wages and contributions, in P. Knudsen, *Sygeforsikring og Alderdomsforsørgelse: Betænkning afgiven af det paa de københavnske og frederiksbergiske Sygekassers Fællesmøde den 29de og 30te August 1883 nedsatte Udvalg* (Copenhagen, 1888), 245-63 *et passim*.

<sup>28</sup> Else Rasmussen, "Socialdemokraternes Stilling til de sociale Spørgsmaal paa Rigsdagen, 1884-1890," in *Mænd og Meninger i Dansk Socialpolitik, 1866-1901*, Povl Engelstoft and Hans Jensen, eds. (Copenhagen, 1933), 149.

aid from the theory of surplus value was a common socialist position at the time, shared with the German Left.<sup>29</sup> The right to benefits founded on the production of surplus value remained a purely theoretical ideal among German socialists, soon replaced in practice by contractual entitlement based on contributions.<sup>30</sup> In Denmark, where a happy overlap of interests between socialists and liberals allowed significant public participation and a non-contributory system, reliance on the state remained both theory and practice.

Socialists, however, were not the ones who mattered in this period. Without a doubt, liberals and conservatives hoped to dampen the Left's appeal by supporting social policy and other improvements for rural laborers and smallholders. Nevertheless, the nature of social reform was determined by the agrarian liberals, for their own reasons. The constitutional conflict saw Danish politics split between the conservatives and liberals. Much has been made of earlier land reforms, the influence of popular education, and the flowering cooperative movement to explain the political liberalism of Danish farmers.<sup>31</sup> These were certainly factors. Their liberalism was provoked by conservative unwillingness to grant them political power proportional to their social importance. One of the peculiarities of the Danish situation, however, was the manner in which farmers reacted to the agricultural crisis, undergirding their political opposition with economic motives that prevented their division into protectionists and free-traders.

Danish farmers, who were exporters dependent on cheap foreign fodder, had obvious cause to be economic liberals. What distinguished them from their German and Swedish colleagues was their ability, once grain prices began to drop, to shift to dairy farming and livestock and continue exporting.<sup>32</sup> Their consistent support for free trade, even as the rest of Europe turned coats, made impossible the common ground behind high tariffs between some agriculture and some industry, that Germany achieved with the marriage of iron and rye in 1879.<sup>33</sup> Because Danish industrialists and manufacturers produced for the home market, political realignments—based on a common

<sup>29</sup> Hertha Woolf, *Die Stellung der Sozialdemokratie zur deutschen Arbeiterversicherungsgesetzgebung von ihrer Entstehung an bis zur Reichsversicherungsordnung* (Berlin, 1933), 45-46.

<sup>30</sup> The German socialists' interest in contributory financing was tied to the relation between premiums and representation in the social insurance administrative councils, a motive absent in Denmark, where local authorities were to run the system.

<sup>31</sup> Danes boasted that, whereas among their larger neighbors the cities were progressive and the countryside reactionary, in Denmark the situation was reversed (Edvard Brändes, *Fra 85 til 91: En politisk Oversigt* (Copenhagen, 1891), 82).

<sup>32</sup> Svend Aage Hansen, *Økonomisk vækst i Danmark* (Copenhagen, 1972), I, chs. 8, 9; Ole Bus Henriksen and Anders Ølgaard, *Danmarks udenrigshandel, 1874-1958* (Copenhagen, 1960). Overviews in English in Michael Tracy, *Agriculture in Western Europe* (New York, 1964), and Roy Millward, *Scandinavian Lands* (London, 1964), ch. 8.

<sup>33</sup> The comparison between Germany and Denmark in this respect was memorably drawn by Alexander Gerschenkron in *Bread and Democracy in Germany* (Berkeley, 1943), 39-40.

protectionist position, cutting across occupational categories—were hampered. The farmers' inability to compromise with protectionist conservatives laid the socioeconomic foundation of the constitutional conflict. The political deadlock, in turn, prevented liberal agrarians from introducing the tax reforms on their agenda, above all income and wealth taxes to lessen those on land, until after social reform had passed.<sup>34</sup>

Tax reform was a longstanding agrarian demand. Direct state income and wealth taxes had been on the liberal program since 1882. The large aristocratic landowners among the conservatives wished to retain land and property taxes that, though weighty, founded their claim to disproportional power. Since land taxes affected them only slightly, the conservative urban mercantile and manufacturing classes agreed. On the other side, farmers resented the old tax structure, since their debt burdens, increased during the shift to livestock and dairy farming, were ignored. Local taxes seem to have prompted the most justified reason for complaint. Unlike the income of the state, raised largely from indirect taxes, local revenues were the fruit of direct property taxes that increased during that century.<sup>35</sup> As agriculture gradually became more differentiated, with other professions making inroads in the countryside, the inherited local tax system was unable to adjust, prompting increasingly vociferous complaints.<sup>36</sup> Since poor relief was funded by local taxes, there was a direct connection between social and tax reform. State-financed pensions promised to shift the costs of maintaining the indigent elderly from local authorities' property taxes to the central state's indirect consumption levies. Farmers expected to gain most from this displacement. Because the constitutional conflict blocked more direct reforms, publicly-financed pensions became a partial substitute for tax reform.

Both state financing and premiums on the German model would have relieved the weight that instead fell on the most progressively assessed levies of the day: local cadastral taxes. While farmers' ambition to reduce their fiscal burdens could have been satisfied by either means, financing through taxes promised them several advantages. First, it eliminated the need for an employer's contribution. Far and away the largest group of employers, farmers

<sup>34</sup> The tax reforms of 1903 confirmed the political shift of 1901, when liberals finally replaced conservatives in government. Urban property was drawn into the distribution of burdens, and a general tax on income and wealth was introduced. Burdens were markedly shifted from rural to urban areas. Accounts are in H. C. Henningsen, "Beskatningsproblemet i Nutiden," in *Den danske Stat*, 2d ed. Even Marstrand *et al.*, eds. (Copenhagen, 1933), 320-64; Sven Røgind, *Danmarks Stats- og Kommuneskatter* (Copenhagen, 1915), 7-12; Michael Koefoed, "Skattesystemerne af 1802 og 1903," *Nationaløkonomisk Tidsskrift*, 41 (1903), 337-63; K. A. Wieth-Knudsen, *Dansk Skattepolitik og Finansvasen* (Copenhagen, 1928), 47-52.

<sup>35</sup> Helge Nielsen and Victor Thalbitzer, *Skatter og Skatteforvaltning i ældre Tider* (Copenhagen, 1948), 127; K., "Hvorledes fordele Skatterne i Danmark sig paa de forskellige Samfundsklasser?" *Nationaløkonomisk Tidsskrift*, 32 (1894), 203-05.

<sup>36</sup> A. Clausager, "Godsernesbeskatningsforhold," in *Herregaardene og Samfundet*, Therkel Mathiassen (Copenhagen, 1943), 283-84.

stood to bear the brunt of costs distributed in this way. Because most farms were small or medium-sized enterprises practicing labor-intensive agriculture, they could not bear premiums with the same facility as the large protectionist industries of Germany.<sup>37</sup> Second, the use of tax financing avoided the higher wages needed to enable workers to pay premiums.<sup>38</sup> Unlike the protectionist Germans and Swedes, Danish farmers sold at prices determined on the world market and could absorb higher production costs only at the risk of decreased competitiveness. State financing held out special economic advantages to farmers to the extent they could side-step the higher taxes that would follow. Related to these considerations was a third factor born of the severity of the late nineteenth-century agricultural crisis. Funded contributory social insurance could have begun only after a lengthy transition period during which the currently needy would still be without aid. Tax-financed, noncontributory measures, on the other hand, took effect at once.<sup>39</sup>

Such factors determined agriculture's reluctance to assume social burdens directly. There still remained the question of where they could be placed. The inherited tax structure and antagonisms between urban and rural groups gave state financing the advantage of shifting burdens not merely away from the farmers, but from the countryside to the cities. Farmers attached great importance to the state-financed pensions' ability to reduce their local poor-relief costs by displacing the expense of providing for the elderly to state taxes.<sup>40</sup> The countryside contributed proportionally less to the state's revenue (raised largely from indirect taxes) than cities. The new taxes introduced to help finance pensions, they reasoned, would affect urban workers more than their rural colleagues, and, generally, economies based on cash more than in kind.<sup>41</sup> Finally, there was also an element of institutional inertia that tipped the balance toward tax financing. The 1891 pension law resembled the old poor-relief system, shorn of its most disagreeable aspects. Avoiding a massive new bureaucracy in the train of a Bismarckian system appealed to the

<sup>37</sup> In general, large businesses throughout Europe, especially if protected by tariffs, feared the increased productive costs of contributory social insurance least, small businesses most. Free-trading small businessmen, like Danish farmers, were therefore the strongest supporters of tax-financed social policy. Where they won, so did it. On business interests elsewhere, see Hans-Peter Ullmann, "Industrielle Interessen und die Entstehung der deutschen Sozialversicherung 1880-1889," *Historische Zeitschrift*, 229: 3 (December 1979), 574-610; Henri Hatzfeld, *Du pauperisme à la Sécurité sociale* (Paris, 1971), 137-41.

<sup>38</sup> The German contributory system worked because it was aimed at the well-paid industrial labor aristocracy. Since Danish legislation focussed first and foremost on agricultural laborers with their lower wages, this would not do.

<sup>39</sup> Poul Møller, *Gennembrudsår: Dansk politik i 50'erne* (Copenhagen, 1974), 2.

<sup>40</sup> A later account found that rural localities had profited most from the pension legislation. *Rigsdagstidende*, 1896/97, Tillæg B, col. 3101-10.

<sup>41</sup> Frede Bojsen, *Lovgivningsværket 1890-95 og dets Følger* (Copenhagen, 1898), 4-5; L. V. Birck, *Toldog Accise* (Copenhagen, 1920), 217; Michael Koefoed, "Skatterne i Danmark 1870-1900," *Nationaøkonomisk Tidsskrift*, 40 (1902), 374.

liberals' penchant for administrative minimalism and their disinclination to swell the ranks of civil servants, who usually voted for conservatives.<sup>42</sup>

Taxes were only one of the reasons why farmers favored reform that promised to ease their burdens. Despite a successful shift in products, they faced worsening problems as the agricultural crisis deepened.<sup>43</sup> Agrarians were affected simultaneously by two problems. The transition to animal production was profitable because livestock and dairy prices remained stable, while feed costs declined. In the 1890s, transportation efficiencies intensified competition with the New World and pressed livestock prices. As profits were squeezed, labor problems arose. Animal and dairy farming were more labor intensive than grain, while, perversely, the new productive techniques allowed smallholders to withdraw from wage earning to cultivate their own land. Large farmers needed more labor at the same time that competition and falling prices limited their ability to improve conditions and to stem migration. How to make rural life more attractive was an important concern. Pensions were but one of the most successful measures considered that demonstrated the close connection between the agricultural crisis and social reform. Because agrarians sought to improve the lot of their laborers, and because their work force included both wage earners and smallholders, dependent only partially on outside employment, limiting social measures to wage earners, not to mention the urban working class, was out of the question.<sup>44</sup>

#### FARMERS, CONSERVATIVES, AND THE ORIGINS OF UNIVERSALIST SOCIAL POLICY: SWEDEN

Although the political circumstances surrounding pension reform in Sweden differed from those in Denmark, the most important features were shared. Above all, universalist legislation was rooted in its agrarian social structure. Both the government administration and the socialists initially favored pensions aimed at the working class alone. The bureaucrats and the Left could do little against the wishes of farmers not to be excluded from statutory benefi-

<sup>42</sup> Aage Sørensen, "Om Alderdomsunderstøttelse i Danmark, Australien med Ny Zeland og England," *Tidsskrift for Arbejderforsikring*, 5 (1909/10), 3-7.

<sup>43</sup> The most sustained analysis linking the agricultural crisis, tax policy, and social reform is undertaken in Petersen, *Den danske alderdomsforsørgelseslovgivnings udvikling*, ch. 10, which fleshes out the hypotheses mentioned, but never developed, in Philip, *Staten og Fattigdommen*, 68-70, and Jørgen Dich, *Den herskende klasse: En kritisk analyse af social udbytning og midlerne imod den*, 4th ed. (Copenhagen, 1973), 25-28. Also, Hans Jensen, "Landarbejderspørgsmalets Udvikling i Danmark fra ca. 1870 til ca. 1900," in *Bidrag til Arbejderklassens og Arbejderspørgsmalets Historie i Danmark fra 1864 til 1900*, Povl Engelstoft and H. Jensen, eds. (Copenhagen, 1931), 48-54.

<sup>44</sup> It was no coincidence, Frede Bojsen, leader of the moderate liberals, explained in retrospect, that social reform was concerned with the groups most in need, with the working rural population that had not yet fallen to socialist agitation. The legislation passed was, in the main, aimed to fit rural conditions, without, however, giving other groups reason to complain (Bojsen, *Lovgivningsværket*, 4).

cence and their disinclination to pay for measures from whose enjoyment they were barred. The decision against contributory social insurance on the German model was the result of similar forces. Extending pensions to all citizens undermined financing by premiums. The self-employed, especially farmers, saw no reason to pay for their benefits alone, while workers were helped out by their employers. Tax financing proved necessary in a country where most citizens were still independents. While contributions were tolerable for large businesses, they were, for the mass of small agricultural employers, an unacceptable burden that could be transferred to the state and the tax-paying community at large. The universalist and largely tax-financed pension system, in these ways, reflected the demands of small farmers.

Attempts to solve the pension problem in Sweden at the end of the nineteenth century failed, with success reserved for a law in 1913 based on novel principles. This legislation introduced, for the first time, "folk pensions" that gave all citizens at least token benefits, regardless of class or income. Reform came late because farmers opposed the bureaucracy's inclination to follow Bismarck's example but, for the time being, they could only obstruct government plans, not yet implement their own. At the same time, while farmers were still unable to dictate change, their desires were less clearly opposed to the conservative program than in Denmark. Previous satisfaction of agricultural demands on tax and military issues, that to the south were resolved only with or after disputes over social policy, moderated antagonisms between farmers and landed aristocrats on the one hand, and industrialists, manufacturers, urban professional classes, and the civil service on the other.

Among the issues of concern to farmers, two were closely connected: military reorganization and tax reform. Military burdens were distributed unevenly, resting with particular weight in the countryside. Taxes, too, were archaically and unfairly apportioned. The conservatives' ambitions to modernize the armed forces and the farmers' contradicting hopes of a frugal administration and their determination not to concede military reform without tax reform were reconciled by degrees over two decades. Taxes that especially burdened agricultural land were gradually reapportioned, and the army was reformed.<sup>45</sup> Unlike in Denmark, where social reform coincided with the political deadlock between urban and rural groups, major agrarian demands had been satisfied in Sweden by the time social reform was first put on the agenda. Tariffs were another issue over which the Swedish agrarians and conservatives fought less bitterly than across the Kattegat. Rather than

<sup>45</sup> Accounts of military and tax reform are in Per Hultqvist, *Försvar och skatter: Studier i svensk riksdagspolitik från representationsreformen till kompromissen 1873* (Göteborg, 1955); *idem*, *Försvarsorganisationen, värnplikten och skatterna i svensk riksdagspolitik 1867-1878* (Göteborg, 1959); and Torgny Nevéus, *Ett betryggande försvar: Värnplikten och arméorganisationen i svensk politik 1880-1885* (Stockholm, 1965).

following their Danish colleagues on free trade, Swedish farmers reacted much like their German counterparts.<sup>46</sup> Those with rye for sale, generally larger farmers in central Sweden, welcomed high tariffs. Dairy and livestock farmers, who were grain consumers, opposed them.<sup>47</sup> Protectionist agriculture, represented by landed aristocrats in the senate and rye-producing farmers in the lower chamber, made itself heard. Politically, the tariff dispute had far-reaching effects. The agrarians split, dividing into free-trading and protectionist wings, with other parties following suit. Large farmers in the lower chamber, and landed aristocrats and industrialists in the senate, identified common interests and inaugurated a tradition of agrarian-conservative cooperation that lasted until the 1930s. In the lower house, the traditional opposition between city and countryside was moderated by new realignments over tariffs as workers and free-trading liberals found common ground.<sup>48</sup> Developments in social insurance began in Sweden at about the same time as in Denmark.<sup>49</sup> For pensions, the First Workers' Insurance Commission's report in 1889 unsuccessfully proposed measures covering all with flat-rate contributory benefits. Deciding whom to include, the commission defied its mandate to provide only for workers and those in comparable circumstances. Insurmountable difficulties, it concluded, would plague attempts to distinguish workers from the self-employed and to deal with the many who would cross any such line during their careers.<sup>50</sup> The Second Workers' Insurance Commission's proposals differed.<sup>51</sup> Following Bismarck's lead, measures were now limited to the working class.<sup>52</sup> The need for insurance varied

<sup>46</sup> Jörn Svensson, *Jordbruk och depression 1870-1900: En kritik av statistikens utvecklingsbild* (Malmö, 1965). An overview in English is G. A. Montgomery, *The Rise of Modern Industry in Sweden* (London, 1939), 145ff.

<sup>47</sup> Sten Carlsson, *Lantmannapolitiken och industrialismen: Partigruppering och opinionsförskjutningar i svensk politik 1890-1902* (Stockholm, 1953), 65-81; Arthur Montgomery, *Svensk tullpolitik 1816-1911* (Stockholm, 1921), ch. 7; Jan Kuuse, "Mechanisation, Commercialisation, and the Protectionist Movement in Swedish Agriculture, 1860-1910," *Scandinavian Economic History Review*, 19: 1 (1971), 23-44.

<sup>48</sup> Dankwart A. Rustow, *The Politics of Compromise: A Study of Parties and Cabinet Government in Sweden* (Princeton, 1955), 40-42; Edvard Thermænius, *Rigsdagspartierna*, Vol. XVII of *Sveriges Riksdag* (Stockholm, 1935), ch. 6, esp. pp. 128-30; Per Sundberg, *Ministärerna Bildt och Åkerhielm: En studie i den svenska parlamentarismens förgårdar* (Stockholm, 1961).

<sup>49</sup> The standard work on pensions is Åke Elmer, *Folkpensioneringen i Sverige: Med särskild hänsyn till ålderspensioneringen* (Lund, 1960). Detailed accounts of the early phase of Swedish social insurance are Karl Englund, *Arbetarförsäkringsfrågan i svensk politik, 1884-1901* (Uppsala, 1976), and Hans Peter Mensing, *Erscheinungsformen schwedischer Sozialpolitik im ausgehenden 19. Jahrhundert: Adolf Hedin, das Arbeiterversicherungs-komitee und die Gewerbeaufsicht nach 1890* (Kiel, 1979). An account in English is in Hugh Hecllo, *Modern Social Politics in Britain and Sweden: From Relief to Income Maintenance* (New Haven, 1974), 178-95. The beginnings of the social-insurance debate are surveyed in Arthur Montgomery, *Svensk socialpolitik under 1800-talet*, 2d ed. (Stockholm 1951).

<sup>50</sup> *Arbetareförsäkringskomiténs betänkande* (Stockholm, 1889), I, 3, 43-73.

<sup>51</sup> *Nya arbetareförsäkringskomiténs betänkande* (Stockholm, 1893), I, 25-107.

<sup>52</sup> The working class was defined to include those employed by others and having an income lower than 1,800 crowns annually, but to exclude casual laborers on the fringes between wage

among social groups, it concluded. Wage earners were more dependent on poor relief than independents, who enjoyed a certain protection through their property. As increasing numbers of workers relied on poor relief, burdens that were unequally distributed through local taxes increased. The workers and their employers were therefore to pay premiums. The clarity of the commission's proposal was marred, however, by the dissenting opinion of the agrarian leader, A. P. Danielson.<sup>53</sup> Speaking for the interests of farmers not to be barred from what otherwise threatened to become exclusively working-class legislation, he regretted the exclusion of the most rural inhabitants, classified by the law as employers. And he wanted the financing foreseen for employer contributions to be assumed by the state, in order to distribute the required sacrifices among all.

The government's bill, introduced in 1895, was able closely to follow the commission's recommendations because the farmers had not yet made their objections felt.<sup>54</sup> In parliament, however, the relevant committee, more influenced by Danielson, remained unpersuaded.<sup>55</sup> Employer contributions, even as limited in the bill, hurt small employers, while the greater reliance on tax funds spared unreasonable burdens for independents.<sup>56</sup> The government's next try, still unsuccessful, was a compromise bill in 1898 that took another step toward the universalist, state-financed measures that were farmers' goal.<sup>57</sup> The classes covered remained largely limited to workers, but employer premiums were eliminated altogether, and state subsidies increased.

With this bill's defeat, the government's efforts reached their final rest in this round. Matters lay fallow until, at the end of 1907, the Old Age Pensions Commission was appointed. Its report, five years later, surveyed the field.<sup>58</sup> Industrial workers now challenged agrarians as the dominant social group. Even though social insurance was related to the increased importance of wage earners as a class, it should not cover them alone. The German system was inadequate in excluding independents and reserving the blessings of state subsidies for only one group. Complete state financing of universalist pensions, on the other hand, was prohibitively expensive.<sup>59</sup> Were all included,

earners and the self-employed. These laborers had been included in Germany but with unfortunate results that the Swedes saw no reason to duplicate. To start with, 15 percent of the total population (35 percent of the working population) were to be included.

<sup>53</sup> *Nya arbetareförsäkringskommitténs betänkande*, I, 141-48.

<sup>54</sup> Prop. 1895:22, pp. 37-39, 43-58.

<sup>55</sup> 2SaU 1895:2, pp. 42-44, 49-50.

<sup>56</sup> FK 1895:26, 27 April 1895, pp. 11-12, 45; FK 1895: 27, 27 April 1895, pp. 10-11.

<sup>57</sup> Prop. 1898:55, pp. 12-21.

<sup>58</sup> Ålderdomsförsäkringskommittén, I, *Betänkande och förslag angående allmän pensionsförsäkring* (Stockholm, 1912), 19-21, 40-44.

<sup>59</sup> An important cause of the Swedes' concern with costs related to their demographic peculiarities. Blessed by unusual longevity and cursed by high emigration, the population's age profile was markedly skewed toward the older end. In 1900, Sweden had almost twice as many inhabitants over age seventy as Britain and Germany, and 15 and 20 percent more than even France and

contributions would have to be collected. Employer contributions played no role in a system not limited to wage earners, but state subsidies allowed higher benefits than otherwise possible. To keep residents of expensive urban areas off poor relief, means-tested local supplements to the otherwise inadequate pensions were permitted. The government's bill followed the commission.<sup>60</sup> Had measures been passed some decades earlier, it admitted, they would probably have been limited to wage earners. Favorable economic developments now allowed all to be included. Employer premiums had been replaced by state financing for fear that wage earners would be privileged while small employers were called on to pay both for themselves and their workers.

The socialists' approach to this reform was interesting. Unlike their Danish colleagues in the late nineteenth century, Swedish socialists focussed attention on the urban industrial working class, undistracted by the desire to appeal to agrarians. The social and economic complexions of the two countries partially explain this result. Sweden's mining and timber gave the economy an industrialized hue.<sup>61</sup> Denmark was still more urbanized than Sweden, but agriculture played a dominant role. Danish agriculture was characterized by comparatively large farms worked by laborers, who were riper for socialist recruitment than Sweden's generally small independent farmers.

Socialist ideology in Sweden reflected these differences. When formulating its first party program, the Swedish Left ignored the agrarian question, assuming, and therefore assuring, the futility of winning support among rural workers.<sup>62</sup> A Kautskian approach to agriculture squared off against a Danish-style attempt at a "folk party" in internal debate.<sup>63</sup> Only after the turn of the century did the orthodox approach make way for a more reformist angle. In part, the Swedes replicated an adjustment of Marxist doctrine to political reality found across European socialist parties. In equal measure, they took

Denmark, respectively. Ålderdomsförsäkringskommittén, *Kostnadsberäkningar*, (Stockholm) II, 120; Ålderdomsförsäkringskommittén, *Allmän pensionförsäkring*, 61-63; Riksarkivet, Stockholm, 20/1, Ålderdomsförsäkringskommittén, Letter, Commission to Statsrådet, 9 March 1910; And. Lindstedt, *Förslaget till lag om allmän pensionsförsäkring* (Stockholm, 1913), 8-10.

<sup>60</sup> Prop. 1913:126, pp. 28, 34, 48, 50, 126-27, 186-87.

<sup>61</sup> Overviews in Lennart Jörberg, "The Industrial Revolution in the Nordic Countries," *The Fontana Economic History of Europe*, IV, 2; *idem*, *Growth and Fluctuation of Swedish Industry, 1869-1912* (Lund, 1961); *idem*, *The Industrial Revolution in Scandinavia, 1850-1914* (London, 1970).

<sup>62</sup> This program, formulated by August Palm, was largely a translation of the Danish Gimle program from 1876, in turn a rendition of the German socialists' Gotha program with, as its particular twist, a separate point on the agricultural question: John Lindgren, *Det socialdemokratiska arbetarpartiets uppkomst i Sverige 1881-1889* (Stockholm, 1927), 291-94.

<sup>63</sup> In Denmark, agricultural workers were significantly represented in the party; this was not the case in Sweden in the 1890s. Axel Danielsson was the main Kautskien, Hjalmar Branting the reformist in the party (G. Hilding Nordstrom, *Sveriges socialdemokratiska arbetarparti under gennombrottsåren 1889-1894* (Stockholm, 1938), 184-85, 256, 261, 388-98, 613-23). On Branting's attitude, his "Industriarbetarparti eller folkparti?" (1895) in *Tal och skrifter*, 8, (Stockholm, 1929), 48-50.

account of domestic social peculiarities, the political costs of ignoring rural classes with too blindered a favoritism for workers. The advantages of appealing to agrarians became especially obvious after the electoral reforms of 1907-09 extended the franchise. In 1911, the year of the first elections with universal manhood suffrage, a major revision of the party's platform shifted its focus from the working class, narrowly defined, to all oppressed, whatever their social origin.<sup>64</sup>

Despite such shifts, socialist support for the 1913 pension bill, coinciding with a sharpening internal conflict between doctrinaires and reformists, was far from unanimous.<sup>65</sup> Early in the year, the party's parliamentary deputies had decided for an universalist approach. Later discussion revealed the presence of a minority in favor of treating various social groups differently. Several supported a contributory system.<sup>66</sup> Although the parliamentary group accepted the government bill, conflicts arose within the broader movement. The party executive was displeased that the deputies had abandoned employer contributions, and were seconded in their doubts by the unions.<sup>67</sup> Some, like Gustav Steffen, the well-known sociologist in the senate, preferred pensions on the German model that treated workers and independents separately. Imposing on all citizens a social-insurance system developed for wage earners was unfortunate, he admitted, but no worse than the government's converse choice of extending to all a system formulated in the interests of the self-employed. The productive process ought to meet the cost of old age and disability through employer premiums.<sup>68</sup>

On the other side, Hjalmar Branting, leader of the socialists, accepted the bill. His defense of it in parliament was a masterful summation of the pension issue and its social background. Had the Swedish working class been more powerful when legislation was first proposed, he conceded, the problem might have been resolved as in Germany. But even with measures limited to workers, changes would have followed. Contributory workers' insurance could not have been extended beyond the ranks of large industrial employers. In Sweden, small employers were powerful and able to resist contributory financing more resolutely than their counterparts across the Baltic.

<sup>64</sup> Herbert Tingsten, *The Swedish Social Democrats: Their Ideological Development* (Totowa, N.J., 1973), 115-95. More specifically on agrarian issues, Lars Björlin, "Jordfrågan i svensk arbetarrörelse 1890-1920," *Arbetarrörelsens årsbok*, (Stockholm, 1974).

<sup>65</sup> Seppo Hentilä, *Den svenska arbetarklassen och reformismens genombrott inom SAP före 1914* (Helsinki, 1979), 228-29; Ragnar Edenman, *Socialdemokratiska riksdagsgruppen 1903-1920* (Uppsala- 1946), 165-99, 278-80.

<sup>66</sup> Arbetarrörelsens Arkiv, Stockholm, SAP, Riksdagsgruppen, minutes, 19 February 1913, 28 March 1913, 31 March 1913, 10 April 1913.

<sup>67</sup> Arbetarrörelsens Arkiv, Partistyrelsen, minutes, 14 April 1913. The unions wanted public subsidies raised substantially and the question of employer contributions re-examined because, they argued, some way had to be found to allow higher benefits than those foreseen in the 1913 law. LO, *Berättelse*, 1913, p. 10.

<sup>68</sup> FK 1913:34, 21 May 1913, pp. 31-36.

The socialists had shifted their stance, he admitted. They had supported insurance limited to workers, but now favored universalist measures. This broad acceptance of all-inclusive arrangements was due to the advance of the popular classes in the countryside, whose interests had been given representation through electoral reform. Sweden was not an industrialized society like Germany or Britain, and small independents relied on poor relief as much as wage earners. Thus social insurance that focussed only on workers ignored Sweden's social structure. Conceding that universalist social policy was unavoidable, Branting went on to the difficulties of securing fair treatment for workers within a system that covered all: That harmonizing the interests of the poorest rural inhabitants, with those of urban workers, was troublesome. State subsidies should be given in proportion to the premium paid, more to urban than rural groups. Eliminating urban municipal supplements that would have given workers larger pensions than farmers had been a step backwards. It was difficult with universalist national insurance to maintain sufficient differentiation between well- and poorly-paid groups. Improvements for the worst-off should not be brought at the expense of the industrial working class.<sup>69</sup>

In both Denmark and Sweden, social-policy reform was born during a period of major political change and struggle as the child of native social and economic circumstances. The late nineteenth century saw the breakthrough of democratic politics and the coming to power of the broad middle classes, in Scandinavian circumstances primarily farmers and peasants. In this clash, agrarians wrested from the traditional political elites of urban professionals, royal bureaucrats, and aristocratic estate owners that influence to which their growing social and economic importance entitled them. Social-policy reform was colored by its coincidence with this battle. Reforms reflected the strengthened power of farmers and their determination not to be deprived of new forms of statutory benevolence. Socialists were not without a presence during these changes. Vaguely Bonapartist fears encouraged the bourgeois parties to implement some form of statutory social measures. Nevertheless, the content and nature of those finally chosen were determined by the needs of the agrarians, who were emerging as dominant among the bourgeois groups. The occasional and grudging approval by the socialists of those features of social reform for which they would later take and be given credit were responses to demands advanced by agrarians and liberals.

In 1891 Denmark introduced universal, noncontributory, tax-financed pensions. The universalism of these reforms was the result, most generally, of Denmark's agrarian society, more specifically of the farmers' desire to improve their conditions through social measures during the rural crisis. Because their work force included cottagers and small holders as well as landless

<sup>69</sup> AK 1913:48, 21 May 1913, pp. 44-64; AK 1913:49, 21 May 1913, pp. 31-36.

laborers, attempts to distinguish between the dependency employed and independents, focusing measures on one or the other, made little sense. The agricultural labor force was poorly paid because remuneration was still partly in natura, because rural conditions hindered workers' claims for higher incomes, and because costs were low in the countryside. Contributory social insurance of the sort Bismarck had aimed at the urban worker aristocracy, could help the agricultural labor force only if farmers raised wages. State financing, however, especially in the context of longstanding agrarian demands for tax reform, provided a solution. The tax system of nineteenth-century Denmark had evolved to suit the needs of a predominantly rural nation in which tillers of the soil had not yet developed the political clout to shift burdens elsewhere. Direct taxes on land and its products supplied the local administrations on which the cost of poor relief fell. The manufacturing and industrial classes were treated leniently. Social policy financed through indirect state taxes helped shift the cost of poor relief and local taxes to urban groups. Even though an income tax, long a liberal agrarian demand, was not introduced until after the turn of the century, farmers were convinced that the consumption taxes now used for statutory social policy would afflict urban more than rural workers. Before the era of graduated income taxes, state-financed welfare policy in effect shifted the weight of social risk away from the most progressively assessed levies of the period, cadastral taxes, and onto the shoulders both of the liberals' urban opponents and of those classes supposedly among the direct beneficiaries of the new measures.

In Sweden, matters took a somewhat different course. Well-developed, efficient, and insulated by the rudimentary nature of Swedish politics from outside pressures, the government bureaucracy was initially able to formulate plans for social reform that followed lessons learned from Bismarck more closely than native social circumstances and the wishes of not yet powerful groups. Reformers at first set their sights on contributory social insurance restricted to the working class. But, while capable of formulating reforms in isolation, they could not pass and implement measures that ignored the wishes of important interests.<sup>70</sup> Because antagonisms between liberals and conservatives, and rural and urban groups, were less pronounced than in Denmark, the main dispute in Sweden arose between farmers and the powerful government bureaucracy that was eventually forced to consider their desires. Attempts at reform were stymied for over two decades until, in 1913, Sweden finally implemented universalist, largely tax-financed, pensions. This ar-

<sup>70</sup> This is, of course, where the analysis here differs most markedly from that in Hugh Hecló, *Modern Social Politics in Britain and Sweden* (New Haven, 1974), and in other attempts to "bring the state back in," for example, Ann Shoia Orloff and Theda Skocpol, "Why Not Equal Protection? Explaining the Politics of Public Social Spending in Britain, 1900-1911, and the United States, 1880s-1920," *American Sociological Review*, 49: 6 (December 1984), 726-50; and, more generally, Peter B. Evans *et al.*, eds., *Bringing the State Back In* (Cambridge, 1985).

rangement rejected Bismarck's legacy, anticipated Beveridge, and embodied the major features later regarded as the essence of the Nordic welfare state. Far from being the realization of demands put forth by the oppressed or the Left, they reflected farmers' wishes not to be deprived of state-subsidized measures that were otherwise targeted at workers only.

In the social interpretation of the welfare state, Bismarck's reforms exemplified social policy used for reactionary, Bonapartist purposes. They were limited to workers, who posed the most immediate threat to social stability. Benefits were differentiated by income to preserve the hierarchies of the marketplace even outside its sphere. Financing was assured through employer and worker premiums with little state financing in order to hold redistribution to a minimum. The Scandinavian welfare states, on the contrary, were qualitatively different in realizing the need of the disadvantaged for solidarity. Nordic social policy supposedly demonstrated that real reform could be wrung from the privileged by the oppressed themselves, on their own terms. It embodied equality, not hierarchy; consensus, not conflict; solidarity, not separatism. Scandinavian measures were universal in their embrace of all citizens. They were financed through taxes that fairly apportioned burdens and had a penchant for being formally egalitarian flat-rate benefits.

The social interpretation anachronistically attributes these features to the power of the social democrats and the working class. Decisions in favor of universalist, tax-financed, egalitarian measures were taken before the socialists had much say in the matter and often against their will. The cornerstone of the unique Nordic welfare edifice was set already during the late nineteenth century, not in the 1930s or after World War II, when the social democrats gained power. Social insurance had been formulated first in Germany to deal with well-paid urban workers. In Scandinavia, these classes could not be the focus. North of the Eider, priorities were defined by the emerging agrarian middle classes. Scandinavian pensions were made universalist because farmers refused to be excluded from these new forms of statutory generosity. They were tax-financed because, in this way, the rural classes expected to gain more than they lost. State-financed social policy is no better than the tax system on which it rests. To attribute the (often dubious) progressivity of twentieth-century measures to an earlier period is to misunderstand the nature of battles then fought out between social groups, in the guise of fiscal and welfare reform. In Scandinavia of the late nineteenth century, government-financed social policy was an element of a drawn-out dispute between rural and urban elites whose resolution allowed farmers to shift social burdens to their urban opponents.

Both of these characteristics—universality and tax financing—did, in fact, later become progressive, solidaristic aspects of welfare policy in the North. When the decision was first made to follow this *Sonderweg* in Scandinavian social policy, however, these features were the result of demands put forth by

the emerging agrarian middle classes on their own behalf. Such characteristics were not created, only continued, by the socialists in the 1930s and later. This is not necessarily to denigrate these aspects of Scandinavian social policy. It is, however, to take a realistic look at their genealogies and to make an accurate appraisal of their origins, one that can explain why the Nordic welfare states were unusual without resorting either to the vagueness of supposedly unique Scandinavian social virtues or to the anachronism of socialism's heroic march in these most quintessentially petty bourgeois of European nations. The origins of virtue turn out to be mundane: The solidarity of one age has its roots in the selfishness of another.