



SCANDINAVIAN SOCIAL-DEMOCRACY AND THE ECONOMICS OF REFORMISM (1890-1940)

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It is boilerplate knowledge that postwar social democracy abandoned Marxism and embraced cross-class alliances before governing as the most economically progressive arm of political liberalism. Yet this is a particularly continental European story. In Scandinavia, transformation had unfurled decades earlier and without much agony. Moreover, in the particular context of Northern Europe, the parliamentary alliance between social-democratic parties and parties representing rural interests established a political hegemony that lasted almost half a century and transformed many of market-society relations there. The German-Scandinavian comparison highlights the limited political value of theoretical sophistication in the history of the reformist Left, challenges the conventional view that social-democracy needed Keynesian macroeconomics to govern the capitalist economy with a clear class agenda and downplays the threat of the Soviets' authoritarian communism as a domestic political lever. Instead, the article shows that during the 1920s and the 1930s the Scandinavian social-democrats developed indigenous macroeconomic programs that they deployed to win and defend their political power before Keynes' ideas had been translated into political practice elsewhere. As for the threat of Soviet communism, the case of the (initially) Comintern-affiliated Norwegian social democrats shows that this threat worked not to scare capitalists into giving in to the demands of the office-seeking Left, as the conventional wisdom asserts, but to convince this Left and particularly their labor union base that organized labor interests and Leninist democratic centralism were mutually exclusive political phenomena.

Keywords: social-democracy, Scandinavia. SPD, Keynesianism, underconsumptionism, Bad Godesberg, revisionist Marxism



Misunderstandings around a Marxist offspring

Scandinavian social-democracy was a ruthlessly pragmatic reformist movement that missed on the intellectual spark of their German comrades. In the intellectual history of social-democratic reformism, one hears a lot about Bernstein, Renner, or Bauer but hardly anything about Stauning, Branting or Knudsen. But at

least in this regard, political history has been unkind to the value of ideological finesse in political practice. By establishing the foundations of a political hegemony that was to last for almost half a century (not far from that of the communist parties in Eastern Europe) and steadfastly pushing through their liberal-socialist agenda without morphing into full-fledged progressive liberals, the politicians and the technocrats of the Nordic Left such

as Stauning, Branting, Knudsen managed to change their societies more than the scintillating yet ultimately tragic minds of the SPD.

Ideologically speaking, European social-democracy was born as a revisionist Marxist project of democratic socialism at the cusp of the crisis of late nineteenth-century classic liberalism in early industrializers.¹ Then, the challenge of various communitarianisms (religious, nationalist) led to the emergence of social-liberalism (New Liberalism for the British), an intellectual tradition that aimed to save the capitalist order by addressing popular claims for more social justice in industrial societies marred by egregious exploitation² as well as political and economic inequalities.³ Revisionist Marxism rejected this attempt to put a human face on European capitalism yet it also junked the idea that the terminal crisis of capitalism was within the lifespans of those who established the First International. Instead, it aimed to represent an explicit articulation of Marxism into a political movement of the working class (and its allies) pushing for social, economic and political reforms. The job was to be carried out with parliamentary means and was meant to ultimately overcome capitalism and manage the transition to socialism. As Sheri Berman aptly put it, the path-breaking revisions made to Marxism by Eduard Bernstein in the 1890s, “advocated replacing historical materialism and class struggle with a belief in the primacy of politics and the value of cross-class cooperation—a conviction that individuals, motivated by belief in a better world, could band together and use the power of the democratic state to gradually reshape the world around them.”⁴

Bernstein was not really the intellectual superstar of the Marxist Pantheon. Indeed, when compared with Rosa Luxemburg, for example, his writings do not let one gasp for air. Nor was he very politically influential, with his desired cross-class alliances waiting to be adopted sixty years after he advocated for them. Yet in political terms, Bernstein’s editing of the Marxian script in the late 1890s got to switch the tracks of 20th century politics in many European countries, especially after World War Two. It is boilerplate knowledge that “postwar” social democracy took this intellectual moderation further, with its basic identity markers being the abandonment of central Marxist tenets and (outside of Germany, at least) the embrace of Keynesian economics. Egged on by the German Social-Democrats’ junking of Marxism at their Bad Godesberg Congress in 1959, between the 1960s and the early 1980s social democrats shunned Marxism and embraced the not so revolutionary agenda of welfarism, democratic corporatism and (outside of Germany) Keynesian demand management. Rather than the transition to socialism, the purpose of postwar social-democracy was to achieve a reformist agenda (going as far as decommodifying labor) while forging compromises with capital along the way. The end of this

period was symbolically marked in 1982 by the rightward turn of the lighthouse of social democracy: the Swedish SAP. During this phase, which can be termed “Third Way,” social democrats terminated their commitments to Keynesianism and pursued socio-economic policies anchored in a more orthodox neoclassical intellectual blueprint while generally keeping their commitment to the welfare state.

This is the conventional narrative of social democratic history in the 20th century, with most scholarly work going into the study of the postwar period. The narrative is backed by an immense and generally compelling literature produced in disciplines as broad as history, sociology, political theory and political science.⁵ The contributions one can still make to these stacks of books and articles are bound to be depressingly modest. Yet if we focus not so much on the postwar period but on the first half of the twentieth century, much analytical leverage can be extracted from comparing the canonical case of German social-democracy with that of Scandinavian social democracy. By building on the foundational insights of Sheri Berman, Mark Blyth and Sven Steinmo, this is precisely what this paper does. As such, its hoped-for contribution is threefold.

First, the German-Scandinavian comparison highlights the limited political value of ideological sophistication in the history of the reformist left. The evidence suggests that the ideological looseness of Danish, Swedish and, later on Norwegian social-democrats enabled them to build political hegemony via cross class alliances with farmers’ parties, while the ideological consistency of German social-democrats was one of the many factors that did not help them avoid political tragedy.

Second, the article challenges the conventional view that social-democracy needed Keynesian macroeconomics (or the Cold War) to work out a way to govern capitalism through class compromise. Instead, during the 1920s and early 1930s the Scandinavian social-democrats developed indigenous macroeconomic and welfare programs that they had crafted before Keynes’ ideas had been published, let alone translated into practice elsewhere. But, by themselves, ideas do not shape policy even in crisis-generating system uncertainty. Indeed, had these parties not been office-seeking parties open to cross class alliances (with the farmers in particular) and had labor activism not been compelling enough to make capitalists consider the social democratic class compromise, Scandinavian social-democracy would have faced something closer to the dire choices of their German comrades.

Third, while the “Bad Godesberg” story is a robust account of ideological change, it also remains a distinctively German (and to some extent a continental) one. Indeed, the history of European social-democracy should not be conflated with the history of the SPD. While Sheri Berman⁶ already paved the way for this Nordic-



German comparison, this article bolsters and nuances her findings with the understudied case of Norwegian social-democrats, a party that differed from its Danish and Swedish peers by being much more ideologically consistent *and* radical than the SPD, having gone as far as being an active member of the Comintern between 1919 and 1923, a period when the SPD did anything but. After 1923, the SPD-Norwegian Labor Party comparison brings to the fore the importance of having the “shovel ready” macroeconomic framework and cross-class alliance strategy for dealing with severe economic downturns and political deadlock that Berman had highlighted in her German-Swedish comparison.

Indeed, in Scandinavia in general and in Denmark in particular, the social-democrats had their Bad Godesbergs decades earlier, with their trajectory taking them closer to liberal socialism than to the offshoots of Marxism proper. In retrospect and if we keep the conversation within the possibilities of a parliamentary system, it was these ideological “sell-outs” who managed to transform capitalism the most by harnessing it into the service of the medium-term reformist agenda initially set out by Bernstein while going beyond it in many ways. They did so before the Cold War cast a long shadow over the choices of the Left, before Keynes’ ideas became a fixture of conventional economic thinking and before the fascists and the Nazis could pose as the parties of public works, reduced unemployment and politicized management of capitalism.

One caveat is in order at this point: this article’s scope is limited to addressing these underexplored issues in the political and intellectual history of European social-democracy between the 1890s and the late 1930s. Beyond some elementary context, it would be silly to expect it to be a short electoral history of social democracy during this period (let alone the rest of the century) or an assessment of its historical virtues, sins and tragedies. Neither is it an attempt to adjudicate between various strands of the Left in their search for political power. For those, the readers are referred to the truckloads of literature on these topics that this article packs in the footnotes.

Context: The ideology and political strategy of revisionist Marxism

Rather than “lead with the certainty of doom to the shipwreck of capitalist production,” as Kautsky had prophesied, in the early 20th century capitalist relations had emerged from myriad crises with seemingly renewed vigor. Instead of being completely instrumentalized by capitalists, the liberal state had begun to show signs of autonomy and began not only to devise instruments to “save capitalism from capitalists” (prudential regulations, complex commercial codes, central banks,

etc.), but also to respond to workers’ contestation with social and economic reforms.

All of this became more obvious as the early twentieth century wore on, splattered with the muck, blood and stench of World War One trenches. Famously, the earliest forms of social insurance were adopted by conservative parties from Germany and Denmark in the 1890s. In Britain, the Liberal governments of the Edwardian era reacted to labor union activism by establishing the first institutions of the welfare state. As a result of such political interventions, by 1926 the wages, the working conditions and the political voice of the British proletariat were still appalling but they had improved markedly from the abysmal state they had been in when Marx had penned his devastating treatises.

In this context, social democracy marked a redefinition of Marxism away from the focus on revolution as a cataclysmic event and toward revolution as a gradual process of consensual but nevertheless *socialist* transformation of society-market relations within the institutions of the bourgeois state. The basic idea during this period was to transform capitalism so deeply that at some point social democratic reforms would usher the world into socialism through a process so gradual that the shift itself would not be noticed. This transformation revolved around two main objectives. The first was immediate and consisted of reforming capitalism through parliamentary means so as to advance the political and economic rights of those who lived off selling their labor for a wage. The second objective was most distant and consisted of bringing about the socialization of the means of production through the ballot box, with electoral reversal being interpreted not as invitation to hasten the course of history, but as evidence that the moment was not yet ripe for socialist transformation. The reformist agenda included such concrete items as political secularization, universal education, social insurance, progressive taxation, state and municipal economic activities to mop up the unemployed, legislation on work conditions, old age and sickness benefits, freedom of speech and assembly, etc.

By contrast with their immediate list of political reforms, the transition to socialism had a relatively abstract list of goals: abolish exploitation, the destruction of class divisions, the removal of all political, cultural and economic inequalities, the end of capitalist production and the building of cooperative economic institutions serving genuine rather than fictitious human needs, freedom, rationality and justice. Moreover, as one scholar put it, in this early social-democratic scenario it was thought that “at some point mitigation becomes transformation, attenuation becomes abolition and at some point, capitalism’s ‘concessions’ annihilate capitalism.”⁷ The rhetoric was toned down, then, but at the end of the day the idea of revolution as tip toeing out of capitalist horror remained.

These objectives were born from a *fin de siècle* revisionist drive inside Marxism. As liberals were reinventing the center and broaching a liberal argument for the welfare state and state intervention in the economy, Eduard Bernstein began to take issue with the predictive failures of orthodox Marxism and to deemphasize the possibility of an immediate transition to socialism on the political agenda.⁸ Rather than putting history on fast-forward, as the Leninist strategy envisioned,⁹ social democrats saw parliamentary politics as the preferred *and* sufficient avenue towards a more humane capitalism at first and a progressive replacement of capitalist property by social property later on. While both Lenin and Luxemburg expected counter-revolution if socialism triumphed at the polls, according to Adam Przeworski “on several occasions Marx entertained the possibility that in England or in Holland counter-revolution would not occur if workers won the majority in the parliament.”¹⁰

From Austro-Marxists to Swedish social democrats, the center of the social-democratic strategy was to refrain from the orthodox Marxists’ choice to hasten the collapse of capitalism. Instead, the preferred strategy was to fight for socio-economic reforms that would lead to the overcoming of capitalism through evolutionary, non-violent and coalition-based *political* processes. The dream of overcoming capitalism remained, but at this time social democrats saw liberal democracy as finite and insisted that their project was about extending democracy from the political to the economic realm. Despite their fears that the outcome of the electoral struggle would be their own suppression,¹¹ the bottom line for social democrats was a clear rejection of the orthodox thesis of scientific progress towards that goal and the extra-parliamentary means of achieving it. This strategy was neither linear nor uncontested inside the social-democratic movement of the first half of the twentieth century, as even the Swedish and the Austrian parties showed skepticism that should the social-democrats win the elections and cut the privileges of the dominant class, the latter would resort to violence rather than stick to the parliamentary course.¹² Hence the social-democratic dilemma of the day, as summarized by Peter Gay in his biography of Bernstein:

“Is democratic socialism, then, impossible? Or can it be achieved only if the party is willing to abandon the democratic method temporarily to attain power by violence in the hope that it may return to parliamentarism as soon as control is secure. Surely this second alternative contains tragic possibilities: a democratic movement that resorts to authoritarian methods to gain its objective may not remain a democratic movement for long. Still, the first alternative—to cling to democratic procedures under all circumstances—may doom the party to continual political impotence.”¹³

These tensions reverberated inside Marxism with great intensity between 1914 and 1919 and particularly after 1917. The first rupture came over the issue of voting for the war credits, when the revisionists threw with their lots with the war party while the part of the Marxism that would then be associated with communism was anti-war. Of course, the tensions between revisionists and orthodox had been structural to the workers’ parties but what led to rupture was this conflict over political strategy in a litmus test moment. The split became deeper still over the support for the October Revolution of 1917, which led revolutionary social-democrats to form communist parties, and, most dramatically, with the SPD government’s suppression of revolutionary socialist democracy in Germany and the unleashing of paramilitary Freikorps organization to execute Luxemburg and Liebknecht.¹⁴ Ironically, Bernstein, the ideological founder of social-democracy who was a pacifist, left the party over the issue of the war. Consistent with his own writings, he nevertheless rejected the communists and the October Revolution, teaming up with prominent Marxists to form a by now forgettable party (Independent Social Democratic Party of Germany/*Unabhängige Sozialdemokratische Partei Deutschlands*).

As Leninism came to reign supreme in much of Eastern Europe, following the implosion of the far right in the West, social democracy became the movement for the reform of capitalism. Early successes in Germany or the municipality of Vienna ended with the Great Depression and the collapse of democracy in all of continental Europe barring Switzerland and Scandinavia. In most countries where social democracy survived, the Social democrats had strong support: 29 per cent in Switzerland in 1931, 46 per cent in Denmark in 1935, 40 per cent in Finland in 1939, and 54 per cent in Sweden in 1940. In France and its celebrated 1936 moment, the socialists commanded barely 20 per cent of the vote. This era changed the nature of capitalism from a “laissez faire” to an “administered” variety and made workers’ demands to increase consumption from a challenge to national interest to legitimate requirements to kick-start investment through increases in aggregate demand during crises. From Belgium to Austria, reform objectives like generous welfare states and labor regulations, steeply progressive taxation systems, and employment-producing/maintaining public sectors were often achieved with the consent of ruling liberal-conservative coalitions. But before they got here, the social-democrats had to figure out how to manage capitalist crises as ruling parties while pushing the ambitious social reforms demanded by the working-class base. It is to this challenge of economic theory and policy that I turn to next.



Death wish: The self-defeating economics of revisionist Marxism in Weimar Germany

From 1919 to 1933, the SPD was the dominant political force of the Weimar Republic. But its electoral successes exposed a major flaw: while the party inherited from the Marxist generation of the late 19th century the most sophisticated economic criticism of capitalism, their economic blueprints for how to govern under capitalism were blurry, to say the least. This flaw came to haunt the party by the 1930s.

Beyond social reformism (an issue where some progressive bourgeois parties were keen to compete) and endless agonies over nationalization, during the teens and the 1920s the social democrats were not all that different in their economics from liberals. As soon as they came to power, they understood that without nationalizations even the most conciliatory path to socialism has an elusive end. Nationalizations risked the militarized backlash of the owners of capital (which would have killed reforms) and were also to be difficult to operationalize so that they could actually help workers, rather than create penury. Discussions over nationalizations in the Red Vienna of the 1920s, for example, quickly pointed out that even if the backlash would be contained, the planning apparatus for the nationalized economy was missing and without it there was complete uncertainty about how to ensure the survival (let alone functioning) of the nationalized firms given the complexity of international supply chains and monetary system revolving around the dollar, a currency whose home social-democrats realistically expected no left turn for the foreseeable future.¹⁵

Owing to the political and technical difficulties of the matter,¹⁶ ruling social-democrats in Germany limited themselves to ad hoc measures meant to improve the conditions of workers (minimum wage, income taxes, old age benefits, affordable housing), but which were nevertheless consistent with the economic philosophy and political strategy of both progressive bourgeois parties and the emerging Nazis. This was tantamount to paralysis on economic policy in general and the macroeconomic management of capitalist recessions in particular. At the basis of this was the neglect of the economic short term and the surrender of Marxists to the economics of liberalism. As Mark Blyth put it with characteristic wit:

“Both orthodox Marxists and orthodox liberals were at one with Ricardo and Marx in their understanding of the economy. Both theorists (and both movements) were classicists, materialists, and both admitted no doubt as the ubiquity of economic forces and the futility of political intervention. Both ‘did nothing’ for different reasons, due to different (but strangely similar) interpretations of the same social reality; and both were destroyed in the maelstrom that followed their passivity.”¹⁷

In practical terms it meant the SPD would adopt austerity in recessions so that any gains made in income redistribution would be wiped out by the recurrent crises of capitalism.¹⁸ As Przeworski noted:

“The economic theory of the Left was the theory that criticized capitalism, claimed the superiority of socialism, and led to a programme of nationalization of the means of production. Once this programme was suspended—it was not yet abandoned—no socialist economic policy was left. Socialists behaved like all other parties: with some distributional bias toward their constituency but full of respect for the golden principles of the balanced budget, deflationary anti-crisis policies, gold standard, and so on.”¹⁹

More concretely, during the 1920s Hilferding, the SPD’s chief economist and author of the party’s economic program revised the orthodox Marxist line that the crisis of capitalism was imminent and terminal and instead advanced that capitalism had become more stable through reforms and from within its structures one can begin to work on the transition to socialism. However, he was ultimately a Marxist economist so he

“[c]ould not abandon the belief that economic forces and not political power were the ultimate arbiter of history. When placed in a position of power, he tended to base his actions on the prescriptions of orthodox economic theory, relying in crises on the ‘self-regulating’ powers of the capitalist system. Hilferding could not accept the possibility that market trends could, or should, be interfered with by politicians. Since both neoclassical and Marxist theory relied on ineluctable economic mechanisms and denigrated government intervention in the economy, orthodox Marxists, Hilferding once noted, were the last and best of the classical economics.”²⁰

In contrast to the party, the economists of the social democratic labor confederation ADGB, the country’s largest, proposed a proto-Keynesian demand management system similar to that of the Nordic parties. The program was reliant on deficit-financed public works, welfare rights and, going beyond Keynes, workplace democracy. However, their proposals were dismissed by the party, with Hilferding chastising the program’s economic activism as inconsistent with the Marxist thesis that the “capitalist logic” of the business cycle had to run its liquidationist course in recessions, no matter how deep they may be. As he put it, “we can’t say anything concrete to the people about how and by what means we would end the crisis,” adding that demand management “questions the very foundations of our program (...) Marx’s theory of labor value (...) the conviction that labor, and labor alone, creates value (...)” Like a textbook liberal economist, Hilferding warned that the union’s policy program would be inflationary. In

so arguing from his high pulpit in the party, Hilferding merely articulated the SPD's orthodox Marxist line that "depressions result from the anarchy of the capitalist system (...) either they come to an end or they must lead to the collapse of this system."²¹ The twin fact that the ADGB's demarche was supported by a number of bourgeois economists and that the SPD rejected the unions' "Nordic" economic program yet again after the disastrous elections of 1932 when the Nazis became the largest party only added insult to the ensuing historical injury.

It is on this uncontested terrain of economic policy that the Nazis became the party of public works and counter-cyclical spending.²² The political disaster that followed with the appointment of Hitler as Chancellor in 1933 had the known world-historical ramifications. Given the particular German context analyzed ad nauseam in an immense literature,²³ it would certainly be silly to see this catastrophe as caused by the rigid Marxism of the SPD. Yet, as the next section shows, ideological flexibility, responsiveness to labor unions and a macroeconomic framework within which class compromise could be engineered enabled social-democrats to not only avoid failure, but to become politically hegemonic for the decades to come.

Early "Bad Godesberg": Scandinavian social-democracy (1872-1936)

The politics of reformist hegemony

One of the key tropes of the literature on the moderation of German social-democracy is that this political force became a post-Marxist project in the 1960s, following a party congress in the spa town of Bad Godesberg where Marxism was demoted from the party program, relegated to the status of a seminar debate.²⁴ The German turn was not the result of some pure intellectual warfare inside the party's wings. Instead, it was the strategic climax of years of disappointments in the party (contrary to a somewhat folksy Marxist imagination, the SPD was then a pacifist, radical party bent on socialization and economic democracy in the workplace) with their failure to capitalize on the collapse of National-Socialism against their conservative foes.²⁵ During their long years in government (1966-1982), the German social-democrats liked to remember the Marxist critics of the Bad Godesberg shift that whatever its ideological problems (such as the betrayal of the party's intellectual history) the shift paid off in electoral terms. Other scholars, in contrast, emphasize the inevitability of the choice given Germany's transformation into a pillar of the US security complex in Europe. This was a structural constraint that would have disabled the rise to power of any radical left political agenda in this country (as demonstrated in US intervention in the Italian elections after the war).

This is a distinctively German story, however, and the history of European social-democracy should not be conflated with the history of the SPD. Indeed, social-democracy's first "Bad Godesberg" was the thirty-year long period of pragmatic reformism that structured the transformation of Danish and Swedish social-democracy from a revisionist yet ultimately utopian set of Marxist ideas and strategies to a combination of syndicalism and technocratic management of reformed capitalism. After governing these countries for most of the 20th century, they left behind the most domesticated forms of capitalism in the world.

These social-democratic forces were born into an ideological moderation, yet without this leading them to a slippery slope to liberalism. The first movers were the Danish social-democrats who quickly junked revolutionary Marxism following a brief and, by historical standards, unviolent episode of bloodless repression by the state in 1872, almost twenty years before Bernstein and others deigned to suggest the first calibrations. Thus, although the party effectively used a slightly modified version of the Gotha Program of the SPD as the Danish Socialdemokraterne program, in practice the leadership quickly moved away from serious ideological concerns and concentrated on building a trade-union centric party keen to seek office, accept compromise with capital and forge alliances with the parties of farmers and progressive urban bourgeoisie (rather than try to shove them into their own party). Indeed, already during the *belle époque*, the Socialdemokraterne (SD) became the country's largest party and initiated the earliest form of the Nordic model of class compromise via an encompassing labor-capital agreement signed in 1899. Decades before anything similar happened in postwar Germany, the agreement set the terms of pay and working conditions for the whole country.²⁶

The same story unfurled with some delay in Sweden, where Danish-style reformist pragmatism within the constraints of the bourgeois society was layered with a more serious concern to theorize reformist pragmatism.²⁷ Unlike the original German revisionists like Bernstein, who had envisioned class cooperation as an intermediate phase on the path towards a socialist society, the Swedish SAP's horizon was social progress by coalition, all without upsetting corporate-led growth with talk of nationalization.²⁸ This transformation was captured by Steinmo as follows:

"Replacing radical redistributive and nationalization policies, Social Democratic elites gradually came to perceive the interests of their working-class constituents in economic planning and economic growth. Taxation, one of the tools at the disposal of government, was to be the advance troop in the new economic planning game. Importantly, the right of private ownership was no longer seriously questioned. Rather, its economic ill effects were



to be brought under control. The question was gradually becoming, as Erik Asard has put it. 'How can we abolish the negative effects of capitalism without, at the same time, injuring the laws and mechanisms of the system itself.'²⁹

In both countries the social-democrats rarely espoused anti-capitalist views per se, saw peasants and some sections of the middle class as potentially progressive social forces and emphasized the urgency of training a social-democratic ministerial and technocratic elite with actionable policy templates meant to improve the lot of their electoral base, an ideological-praxis complex that brought them close to the liberal socialism of Karl Polanyi. This particular orientation and a highly centralized party structure made sure that revolutionary Marxists would be regularly pushed to the margins (at best) and expelled (most of the time) even before the October Revolution began to divide the ranks of Left elsewhere. In contrast to Germany, Austria, or Hungary³⁰ the revolutionary Marxists of Denmark and Sweden who had supported Leninists and formed communist parties that never managed to amass sufficient support in the popular strata to stage revolutionary movements. Critically, despite conflicts with the party over wage moderation during their terms in government, the labor unions remained a social-democratic affair.

One of the popular narratives of revolutionary Marxism is that social-democrats were forever compromised by voting for the war credits, while the revolutionary faction did not, thus holding its moral high ground. This fact is certainly accurate in Germany,³¹ a case that excessively dominates the narrative, yet it does not travel in Scandinavia, where the social democratic reformists were staunchly against the war and contributed to keeping their societies away from the killing fields of continental Europe. Similarly, in Scandinavia the same split of social-democracy over the October Revolution did not bring about a serious revolutionary Marxist alternative despite the lack of state repression (typically a galvanizing factor). Indeed, Danish and Swedish social democratic parties became unambiguously anti-Leninist and, unlike the German Social-Democrats of the 1920s, they never had to face more than Lilliputian and worn-by-internal dispute Comintern-linked parties to their left.³²

The big exception from the Scandinavian rule was Norway, where the Labor Party went in favor of support for Leninism as early as 1919 and joined the Comintern. The internal battle over this choice was bitter, however, with leaders in the Norwegian trade union movement remaining anti-Leninist social democrats, especially after the enforcement of Leninist democratic centralism meant that the collective membership of the union members was terminated. Given that in the Scandinavian tradition the union was as important as the party this did not go down well and in 1923 the Labor Party voted to

leave the Comintern. Overall, the transition back to social democracy proper took ten years and in 1927 the party moved closer to the positions of Danish and Swedish social-democrats, with the expelled Leninists forming a communist party of marginal electoral relevance which later on went on to become one of Western Europe's most hardline Stalinist parties. Soon after the split, the Labor party embraced a cross-class political strategy and became the largest party in Norway.

In the 1930s the reformist socialist and social-democratic parties on the continent faced either fascism, civil war or, at best string conservative rule. In contrast, in Sweden, Denmark and to some extent in Norway they had massive electoral support and governed throughout the decade. Emboldened by their experience in minority governments throughout the 1920s, they set their eyes on winning office, an objective impossible to attain when workers made up only 30 percent of the electorate. Therefore they became cross-class parties who began to speak more to the interests of the petty bourgeoisie, the professional middle class and farm laborers, with references to Marxism disappearing. This enabled these parties to avid spending precious political energy on whether to ally with farmers' parties or not. From the onset of Great Depression (1929) to the reverberations of the Thatcher "revolution" (1982), the ensuing social block enabled a hardly interrupted 44-year of social-democratic rule in Sweden and 36 years in Denmark (1929-1940; 1947-1950; 1955-1968; 1971-1973; 1975-1982), a tenure length comparable to that of East European communist parties propped up by the Soviet order.

The economics of reformist hegemony

To Marxists, Nordic social-democracy may appear as an ideologically shallow liberal-socialist contraption but to anyone it is clear that it was anything but shallow when it came to the economics of reformism. Indeed, they did not wait for Keynes's foundational work (published in 1936) and for the extreme strain of the Great Depression to push them into intellectual experimentation.³³ Both Swedish and Danish social-democrats' road to power and assertion of "politics against markets"³⁴ began with their short-lived minority governments in the 1920s, with their agendas hamstrung by conservative majorities.

The task of laying the foundations fell on the Danish social-democrats, who were unlucky to win the 1929 and 1932 elections and face an economic collapse that led to a catastrophic 40 percent unemployment by 1932 (the figure was a close 30 percent in Sweden).³⁵ Nevertheless, like in Sweden, in Denmark SD had the technical skills and policy templates to take Left rhetoric, process it into actionable economics and stress test it into reality once they formed strong governments in coalition with the progressive liberal party representing small landowners (Radikale Venstre). Thus, in 1920, an SD technocrat (Karl Kristian Steincke) published one of the basic texts in the history

of Danish and later Nordic welfare policy (*The Future of the Social Security System/ Fremtidens Forsørgelsesvæsen*). This proposed (and backed with numbers) a full-scale reform of the social security system in Denmark that was based upon the principle of full social rights for all individual citizens irrespective of class and gender and that the state was to secure a minimal level of economic decency for all regardless of the cause of their need (the “unworthy” poor were equally entitled to benefits). This was different from the contribution-based conservative welfare state and liberated the needy from the discretion of the local potentates. The reforms also raised the level of the reservation wage for the working class, in part by a substantial increase in unemployment benefits even as the state was running large deficits as a result of the Great Depression and left behind large districts of affordable and (to the contemporary eye) bourgeois-looking housing for the working class that are today regarded amongst the *beau quartiers* of Copenhagen and Aarhus.³⁶

Rather than respond with the deflationary policies of the German Social Democrats or the British Labor Party, the SD set the foundations of a deficit-financed universal safety net: unemployment insurance, the accident insurance, welfare law, massive new housing, public relief work.³⁷ It is then that Denmark became the first country to introduce an organization of the labor market based upon the mutual recognition of the employers’ and the trade unions’ associations in close cooperation with the state power.³⁸

Finally, the social-democrats’ cross class strategy was egged on by a material incentive: Danish modernization was dominated by the development in the agricultural sector and food processing and not in heavy industry. This meant that the party who represented farmers was essential for Social Democrats’ strategic calculations and for Denmark being the first Nordic country to adopt a comprehensive social policy that liberated a large proportion of the lower classes from the yoke of the Poor Law.³⁹ To top it off, they resembled their Swedish peers in defining the progressive factions of the middle class as “economically dependent” “working people” not as capitalists, thus attracting substantial numbers of urban professionals into their political bloc.⁴⁰

Sweden followed a similar yet distinctive path, spurred by the fact that by 1927 a group of young Swedish economists (Wicksell, Lindahl, Myrdal and Ohlin) who would be known as “The Stockholm School” and who were close to the social democratic labor union and confederation began working on an “underconsumptionist” economic approach that related unemployment to insufficient demand and, under the influence of Fabian reformers such as G. D. H. Cole and Sidney Webb, framed the government’s duty to use its powers to cure rather than simply relieve unemployment.⁴¹ This contrasted sharply with the neoclassical principle that unemployment

is a natural phenomenon and markets clear at full employment. In addition to deficits, wealth and estate taxes helped finance the effort (combined wealth and death tax culled 42 percent of the rich people’s revenues as a result).⁴² SAP fully embraced these ideas that gave the state a radically new function: guarantor of both full employment and business confidence via the stabilization of demand carried out by what was then (1932) the first countercyclical fiscal policy in the world. All this was done before Keynes even published the *General Theory*.

But rather than pacify labor, the SAP reforms had to content with the fact that Sweden continued to have Europe’s highest strike activity. As we saw, for ideological and electoral reasons the SAP had no revolutionary inclinations so the party elite did not use the momentum to nationalize the industry. Instead, they used it to pitch employers a new growth regime that enabled class compromise. In 1938 in the spa town of Saltsjöbaden, labor, capital and the state signed the fundamentals of what came to be known as the Swedish model of social democracy. Its details were further worked out and its problems fine-tuned in a series of similar social pacts over the next fifteen years by the SAP’s economic architects (Rehn and Meidner).⁴³ The system was built in a three-pillar structure and oozed pragmatic class compromise:

“First, fiscal policy was to be restrictive rather than countercyclical, because a policy of general reflation would simply produce inflated profits and wage drift. Correspondingly, profits were deliberately squeezed to push employers to resist inflationary wage claims. Second, despite profit capping, wages still had to be controlled, so Rehn and Meidner proposed the solidarity wage; that is, unions would operate a centralized wage policy that stressed the principle of equal pay for equal work across sectors. This policy effectively raised the reservation wage of low productivity sectors, which in turn forced inefficient firms either to increase productivity or to go bankrupt, while at the same time furthering redistributive policy goals.⁴⁴ The third element of the model, an active labor-market policy, was designed to make profit capping and the solidarity wage more effective by promoting labor mobility through supply-side training, relocation, and investment programs. The point was to encourage further industrial adjustment and employment growth as two sides of the same coin.”⁴⁵

This inclusive growth regime forged by SAP at Saltsjöbaden was attractive to labor because it brought public pay-as-you go pensions, paid vacations, public works to prop up working class wages and mop up unemployment. It was also attractive to a capitalist class who was shocked by the effects that the deflation and strike activity had on their assets and profits and who was promised that private property and business



concentration would be left untouched and that labor would be pacified via union-employer negotiations that would deliver not just social peace but also predictable labor costs while serving the imperative of stable domestic demand and efficient use of all available resources. Even the introduction of progressive taxation was designed so as to serve both the demands for downward income redistribution as well as business interest in increasing investment. Thus, high marginal income, wealth and inheritance taxes pushed capital owners' resources into investment rather than consumption while the SAP gave up on its longstanding progressive corporate income tax policy and devised a tax regime that favored large firms (via deductions for reinvested profits) in the name of rationalizing the private economy, a move that made Saltsjobaden stick with big capital.⁴⁶ Overall, in recognition of the fact that social democratic reformism depended on private investment, the tax system gave Swedish capitalists one of the lowest corporate income tax rates in Europe while having the highest taxes on was not central to growth: luxury consumption and wealth holdings. As Mark Blyth put it:

“What enabled these new ideas to be accepted by both business and labor, which at that time had some of the most fractious industrial relations in the world, was the ability of the state to use these new ideas to recast the problem of deflation in terms of the interdependency of business, labor, and the state, rather than as the fault of any one of them.”⁴⁷

Like in Sweden and Denmark, the political moderation of Norwegian social-democrats enabled an alliance with a small farmers' party and proto-Keynesian economics gave the left a toolbox to rule the capitalist economy with. Norwegian economists such as Ole Colbjørnsen and Ragnar Frisch agreed with the Swedish and Danish economics of reflation but went further, advocating for state planning, albeit without the multi-layered policy architecture of that their Swedish counterparts had devised. The result was an employment-based stimulus and a Saltsjobaden-style class compromise. Unlike the economic irrelevance of the SPD's ideas about how to counter the Great Recession, the Norwegian Labor Party's homegrown para-Keynesianism locked in transformations that would deeply transform state-market relations in Norway from the 1930s onwards.⁴⁸ In other words, the Scandinavian model of social democracy had a lot of “class collaborationism” in it. At the same time, although the welfare state proper did not arrive until the end of the war, in the 1930s this political angle convinced capital owners to share with workers the benefits of growth through limits to personal wealth accumulation, while making the labor market work as in the idealized neoclassical economics model. Liberal economics, it seems, needed big government and big unions to work as promised.

It is important to stress that this Nordic tightrope walk between the imperatives of capitalism and the imperatives of delivering extensive social goods for a broad social block had benefitted from an extraordinarily favorable condition: bourgeois parties with relatively progressive ideas about market-society relations and who in fact laid the foundations of the welfare state and labor-capital coordination via democratic corporatism. Indeed, the early history of the Nordic welfare (1890-1920) was largely the work of these parties, with the Social Democrats having a more scattered influence. This should not be confused with the oft claimed Bismarckian social reforms. Scandinavia developed differently, with a universalist welfare model funded by way of general taxes, which uncoupled access to benefits from their financing. Or, the evidence indicates that the bourgeois parties, and in particular those representing agrarian interests, also played a significant role in this regard during this period and, occasionally later on as well. The battle for universalism and tax funding in early Swedish welfare policy was fought primarily by the peasantry and in Denmark liberals and conservatives supported critical elements of the budding welfare state and social policy the SD governments wanted. Indeed, even the fundamental bases of corporatism had been laid with the support and often the initiative of these parties.⁴⁹ The contrast with the known reactionary positions of the bourgeois parties in France, Germany, Austria or Britain is manifest.

Conclusions

During the first half of the twentieth century, Nordic social-democracy was an ideologically unambitious and ruthlessly pragmatic reformist movement that ended up being only loosely steeped into revisionist Marxism. This political movement may have lacked the theoretical spark of their continental and especially of their German comrades. But in retrospect, it seems that this conceptual aloofness in the realm of ideology proved to be an asset in terms of practical political gains once nationalization ceased to be focus of economic policy. Indeed, the German-Nordic contrast as well as the internal variations in the Norwegian case leads one to realize that the most ambitious and long-lasting transformations of capitalism in the direction of decommodification and the highest quality of life available for “the many” were engineered by these philosophically inconsistent but economically astute “class collaborators.”

Through achieving political hegemony for more than half a century and pushing through their agenda without morphing into mere progressive liberals, these parties and their labor union allies managed to change for the better the fate of ordinary people more than the scintillating and occasionally tragic minds of the

SPD could ever change theirs. Of course, it would be ludicrous to attribute the German political disaster to the disastrous economics of the SPD during the Weimar Republic. Material factors, context, culture, location and other factors played a critical role in the buildup of this hegemony. But letting the Nazis be the party of unemployment-mopping public works, rejecting the stimulus program proposed by the bread-and-butter economists of the unions and shunning the alliance with the farmers (so essential in Scandinavia) certainly did not help.

Marxist-Leninists have been sarcastic with the blandness of the melioristic and utilitarian ambitions of the Danish, Swedish and Norwegian descendants of Bernstein. They have also piled mordant criticism on Nordic social-democrats' anti-communism. The Marxist-Leninists' ire is understandable. To paraphrase Sven Steinmo, what remains is that by making capitalism a lot more humane and compatible (at least for a while) with the interests of wage earners, women, the unemployed, farmers and the precariously self-employed, Nordic Social-Democrats also made capitalism harder to topple by the Marxist-Leninist left, a political current that in Scandinavia was reduced to irrelevance not by state repression but by the social-democrats' success as decommodifying labor to an extent that was unimaginable under liberal democratic conditions elsewhere.⁵⁰ Bernstein would certainly have deplored the abandonment of their ambition to surpass capitalism.

But in Nordic Social-Democracy, at least, few got to shed tears over that. There, the political struggle to walk into socialism via a long march through the institutions of the bourgeois state had ceased to set political hearts alight even before Social-Democracy came anywhere close to rule over capitalism in other parts of Europe. To top it off, as soon as the social-democrats of the 1990s–2010s began to renounce their historical mandate as the party of decommodifying labor under capitalism, they faced robust competition on the left from political parties steeped in a brand of democratic socialism that reclaimed the more radical days of Nordic social-democracy.

Conversely, as much as they managed to make capitalism harder to topple by the radical left, the Nordic Social Democrats also made the system of social solidarity harder to kill by neoliberals when the shift to smaller units of production, the growth of private nonindustrial employment and financialization began to eat away at the material and class basis of their project from the 1980s onwards⁵¹. After all is said and done and if politics is ultimately judged by how many lives were spared early death, sickness, material hardship, insecurity or political oppression in Scandinavia in the 20th century relative to their peers in other (often richer) countries (let alone in Eastern Europe), this particular offshoot of European social-democracy has a lot to show for it at the roll call of history.

Notes:

1. For an overview of social liberalism see Michael Freeden, *The New Liberalism: An Ideology of Social Reform* (Oxford: Clarendon Press, 1978); *Liberalism Divided: A Study in British Political Thought, 1914–1939* (Oxford: Clarendon Press, 1986).
2. Eric Hobsbawm, *Age of Empire: 1875–1914* (London: Hachette UK, 2010).
3. For a contrast between social liberalism and social democracy see Peter Clarke, *Liberals and Social Democrats* (Cambridge: Cambridge University Press, 1978).
4. Sheri Berman, *The Primacy of Politics: Social Democracy and the Making of Europe's Twentieth Century* (New York: Cambridge University Press, 2006), 43.
5. William E. Paterson and Alastair H. Thomas, eds., *Social Democratic Parties in Western Europe* (London: Croom Helm, 1977); Carl Landauer, *European Socialism*, vol. I (Berkeley: University of California Press, 1959); William A. Lafferty, *Economic Development and the Response of Labour in Scandinavia* (Oslo: Universitetsforlaget, 1971); Steven Koblick, ed., *Sweden's Development from Poverty to Affluence, 1750–1970* (Minneapolis: University of Minnesota Press, 1975); Herbet Tingsten, *The Swedish Social Democrats* (Totowa, NJ: Bedminister, 1973); Ralph Miliband, *Parliamentary Socialism: A Study in Politics of Labor* (London: Merlin Press, 1975); Peter Clarke, *Liberals and Social Democrats* (Cambridge: Cambridge University Press, 1978); Carl E. Schorske, *German Social Democracy 1905–1917* (Cambridge, MA: Harvard University Press, 1955); Fritz Wilhelm Scharf, *Crisis and Choice in European Social Democracy* (Ithaca, NY: Cornell University Press, 1991); Sheri Berman, *The Primacy of Politics: Social Democracy and the Making of Europe's Twentieth Century* (New York: Cambridge University Press, 2006), 43.
6. Sheri Berman, *The Primacy of Politics*.
7. Benjamin Barber qtd in Adam Przeworski, *Capitalism and social democracy* (Cambridge University Press, 1986), 31.
8. Eduard Bernstein, *Evolutionary Socialism* (New York: Schocken, 1961).
9. Przeworski, *Capitalism*, 25.
10. Ibid.
11. Peter Gay, *The Dilemma of Democratic Socialism: Eduard Bernstein's challenge to Marx* (New York: Collier Books, 1970), 7.



12. Przeworki, *Capitalism*, 26
13. Gay, *The Dilemma*, 7.
14. Carl E. Schorske, *German Social Democracy 1905–1917* (Cambridge, MA: Harvard University Press, 1955); Fritz Wilhelm Scharf, *Crisis and Choice in European Social Democracy* (Ithaca, NY: Cornell University Press, 1991).
15. Quinn Slobodian, *Globalists: The end of empire and the birth of neoliberalism* (Cambridge, MA: Harvard University Press, 2020).
16. As Przeworski wrote, “[t]he choice of industries which were to be nationalized, methods of financing, techniques of management, and the mutual relations among sectors turned out to be technical problems for which social democrats were unprepared. Hence they formed study commissions and waited.” Przeworski, *Capitalism*, 34.
17. Mark Blyth, *The Primacy of Politics: The Past, Present, and Contested Future of Social Democracy*, Crooked Timber, October 30, 2006. Accessed May 25, 2020.
<https://crookedtimber.org/2006/10/30/the-primacy-of-politics-the-past-present-and-contested-future-of-social-democracy/>
18. Scharf, *Crisis and Choice*, 22.
19. Przeworski, *Capitalism*, 35.
20. Sheri Berman, “Path Dependency and Political Action: Reexamining Responses to the Depression,” *Comparative Politics* 30, no. 4 (1998): 379–400.
21. *Ibid.*, 393, 395.
22. The problem was compounded by ideological resistance to a class alliance with farmers, Germany’s largest occupational category, but whom Kautsky and followers framed as a reactionary class that had nothing in common with socialism and whose small farms were expected to be anyway destroyed by large scale agribusiness. Opportunities with progressive middle-class strata were also missed. In contrast to the SPD, the Nazis had no qualms to incorporate the two groups in their social bloc.
23. Here is the short list of relevant readings: Heinrich August Winkler, “Choosing the Lesser Evil: The German Social Democrats and the Fall of the Weimar Republic,” *Journal of Contemporary History* 25, no.2 (1990): 205–227; William Smaldone, *Confronting Hitler: German Social Democrats in Defense of the Weimar Republic, 1929–1933* (Lanham, MD: Lexington Books, 2010); Martin Ejnar Hansen and Marc Debus, “The Behaviour of Political Parties and MPs in the Parliaments of the Weimar Republic,” *Party Politics* 18, no.5 (2012): 709–726; Eberhard Kolb, *The Weimar Republic* (London: Routledge, 2004); William L. Patch Jr. and William L. Patch, *Heinrich Brüning and the Dissolution of the Weimar Republic* (Cambridge: Cambridge University Press, 2006); Stephen J. Lee, *The Weimar Republic* (London: Routledge, 2013); Stefan Berger, “The Attempt at Democratization under Weimar,” in *European Democratization since 1800*, eds. John Garrard, Vera Tolz, and Ralph White (London: Palgrave Macmillan, 2000), 96–115; John Hiden, *The Weimar Republic* (London: Routledge, 2014); John A. Moses, “German Social Policy (Sozialpolitik) in the Weimar Republic 1919–1933,” *Labour History: A Journal of Labour and Social History* 42 (1982): 83–93; Albrecht Ritschl, “‘Dancing on a Volcano’: The Economic Recovery and Collapse of Weimar Germany, 1924–33,” in *The World Economy and National Economies in the Interwar Slump*, ed. Theo Balderston (London: Palgrave Macmillan, 2003), 105–142; Barry Eichengreen and Peter Temin, “The Gold Standard and the Great Depression,” *Contemporary European History* 9, no.2 (2000): 183–207; Theo Balderston, *Economics and politics in the Weimar Republic*, vol. 45 (Cambridge: Cambridge University Press, 2002).
24. Gerassimos Moschonas, *In the Name of Social Democracy: The Great Transformation, 1945 to the Present* (London: Verso, 2002); William E. Paterson, “Reprogramming democratic socialism,” *West European Politics* 16, no.1 (1993): 1–4; Mark Wickham-Jones, “British Labour, European Social Democracy and the Reformist Trajectory: A Reply to Coates,” *The British Journal of Politics and International Relations* 4, no.3 (2002): 465–478.
25. Herbert Kitschelt, *The Transformation of European Social Democracy* (Cambridge: Cambridge University Press, 1994); Andrei S. Markovits and Anton Pelinka, “Social Democracy in Austria and West Germany in the 1970s and 1980s: A Comparative Assessment,” *German Studies Review* 12, no.2 (1989): 333–352; Andrei Markovits, *The Politics of West German Trade Unions: Strategies of Class and Interest Representation in Growth and Crisis* (London: Routledge, 2016).
26. Sven Jochem, “Nordic Corporatism and Welfare State Reforms,” in *Renegotiating the Welfare States: Flexible Adjustment Through Corporatist Concertation*, eds. Frans van Waarden, Gerhard Lehbruch (London: Routledge, 2003), 114–41.
27. Timothy Alan Tilton, *The Political Theory of Swedish Social Democracy: Through the Welfare State to Socialism* (New York: Oxford University Press, 1990).
28. Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century* (Cambridge: Cambridge University Press, 2002); Sheri Berman, *The Social Democratic Moment* (Cambridge, MA: Harvard University Press, 1998).
29. Sven Steinmo, “Social Democracy vs. Socialism: Goal Adaptation in Social Democratic Sweden,” *Politics & Society* 16, no.4 (1988): 403–446.
30. Such political orientations were not relegated to Scandinavia. In the Austro-Hungarian Left, similar views were espoused by Karl Polanyi, Oszkar Jászi and their followers; yet they never got to shape the thrust of the Left in that part of the world. Gareth Dale, “Karl Polanyi and Oszkar Jászi: Liberal socialism, the Aster Revolution and the Tanácsköztársaság,” in *Magyarországi Tanácsköztársaság - 90 éve*, eds. T. Krausz and J. Vértés (Budapest: ELTE, 2010). Online at <http://bura.brunel.ac.uk/handle/2438/4123>.

31. Francis Ludwig Carsten, *War Against War: British and German Radical Movements in the First World War* (Berkeley and Los Angeles: University of California Press, 1982).
32. Nik Brandal, Øivind Bratberg, and Dag Thorsen, *The Nordic Model of Social Democracy* (Berlin: Springer, 2013).
33. Przeworski, *Capitalism*.
34. Gøsta Esping-Andersen, *Politics Against Markets: The Social Democratic Road to Power* (Princeton, NJ: Princeton University Press, 2017).
35. Palle Svensson, "Support for the Danish Social Democratic Party 1924–39—Growth and Response," *Scandinavian Political Studies* IX (1974): 127–146.
36. Niels Finn Christiansen and Klaus Petersen, "The Dynamics of Social Solidarity: The Danish Welfare State, 1900–2000," *Scandinavian Journal of History* 26, no.3 (2001): 177–196.
37. S. H. Steinmo, *Taxation and Democracy: Swedish, British, and American Approaches to Financing the Modern State* (New Haven: Yale University Press, 1993); J. D. Stephens, *The Transition from Capitalism to Socialism* [1979] (Chicago: University of Illinois Press, 1986).
38. Alexander Hicks, *Social Democracy and Welfare Capitalism: A Century of Income Security Politics* (Ithaca, NY: Cornell University Press, 2018).
39. Przeworski, *Capitalism*.
40. Berman, *The Primacy*, 157.
41. Bent Hansen, "Unemployment, Keynes, and the Stockholm School," *History of Political Economy* 13, no.2 (1981): 256–277; Donald Winch, "The Keynesian Revolution in Sweden," *Journal of Political Economy* 74, no.2 (1966): 168–176.
42. Steinmo, *Taxation*, 417.
43. The classics here are Timothy Tilton, *The Political Theory of Swedish Social Democracy: Through the Welfare State to Socialism* (New York: Oxford University Press, 1990); Jonas Pontusson, *The Limits of Social Democracy: Investment Politics in Sweden* (Ithaca, NY: Cornell University Press, 1992).
44. Francis Castles, *The Social Democratic Image of Society (Routledge Revivals): A Study of the Achievements and Origins of Scandinavian Social Democracy in Comparative Perspective* (London: Routledge, 2009).
45. Blyth, *Great*, 6–7.
46. Steinmo, *Taxation*, 420.
47. Blyth, *Great*, 5.
48. Francis Sejersted, *The Age of Social Democracy: Norway and Sweden in the Twentieth Century* (Princeton, NJ: Princeton University Press, 2011).
49. Asbjørn Sonne Nørgaard, "Party Politics and the Organization of the Danish Welfare State, 1890–1920: The Bourgeois Roots of the Modern Welfare State," *Scandinavian Political Studies* 23, no.3 (2000): 183–215.
50. Steinmo, *Taxation*, 438.
51. Jonas Pontusson, "Explaining the Decline of European Social Democracy: The Role of Structural Economic Change," *World Politics* 47, no.4 (1995): 495–533.

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