

UNDERGRADUATE ESSAY

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Neither Prophets of Doom nor Facile Optimism

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ABSTRACT: This paper views the Swedish wage earner fund debate in the context of various theories about the transition to socialism. It reviews the ideas of the participants in the debate and of various theorists. The conclusion is that a transition to socialism may come about at some time in the future through either a revolutionary or gradual transition.

In this paper, I will examine the Swedish wage earner fund debate and place it in the context of various theoretical perspectives in order to determine whether wage earner funds can be considered a step towards socialism. I will begin by reviewing the history of the debate and the positions taken by the different participants. I will proceed to describe different theoretical perspectives and the meaning each gives to the wage earner funds reform. I will then draw some conclusions about the wage earner funds reform and its ramifications for a transition to socialism.

Wage earner funds consist in "a system of funds financed out of company profits and or wages and owned by employees for investment in private companies" (Hecló 1987: 253). Wage earner funds would serve several functions. They would secure labor solidarity, increase the total capital, and lead to a labor-managed economy.

As Einhorn and Logue point out, during the 1930s through the 1960s questions of authority in the work place were neglected. But,

Prior to taking power in the 1930s, Scandinavian Social Democrats assumed that when they won power, they would deal with economic inequality at its source by socializing the means of production, and that workers' organizations would have a direct role in running industry (Einhorn and Logue 1989: 230).

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Wage earner funds once again brought the issue of worker control and economic equality to the fore.

In 1951 the first wage earner fund proposal was presented to the LO Congress (Hecló 1987: 257). This plan would allow workers in high profit industry to push for wages, rather than practice wage restraint for solidarity, and then turn over a share of the wage to "wage equalization pools." Then in 1959, Ernst Wigforss, a leading intellectual, proposed his "social enterprise without owners." He wanted profits to be under the joint control of employers, workers, and representatives of the public (Hecló 1987: 260). The 1961 LO Congress discussed Rudolf Meidner's report *Economic Expansion and Structural Change*, which mentioned branch rationalization funds. These funds were introduced as a way to meet the need for capital formation without adding to the concentration of wealth. Once again the idea was given little attention.

But in 1971 there were problems with economic stagnation and strong pressure by the metal workers' union for more worker control (Hecló 1987: 263). Thus at the LO Congress, Ake Nilsson asked for an objective study of the merit of wage earner funds. That year Meidner was asked to return to the LO as special research consultant and began to work on a report on wage earner funds (Hecló 1987: 264).

In 1974 the liberals advocated a compulsory system of profit financed and decentralized funds (Hecló 1987: 267). They succeeded in getting the Social Democrats to agree to an official investigatory commission (Hecló 1987: 268). And, Hjalmar Mehr was appointed to chair this commission.

Also in 1974, Meidner offered to inform party leaders of his plans for a wage earner fund report, but his briefing of Palme never occurred. In 1975 Meidner released his report which called for evening out the differences in wealth and increasing workers' influence with a shift in ownership. Meidner viewed his proposal as a small reform which was only "one part of a comprehensive work of reform" (Meidner 1987: 122). He claims, "To ask what ideological label is to be attached to a society with employee funds is to us a secondary question" (Meidner 1987: 122). Thus, Meidner was more concerned with the purpose of the funds than whether or not they were or were not part of the transition toward socialism. But he states, "Employee funds are not intended as a deviation from, but as a new step on the long road towards, our continuing goal of equality and economic democracy" (Meidner 1987: 124). So, he did defend wage earner funds as another small step towards a better society (Meidner 1987: 106).

The Unions strongly supported the Meidner plan upon its release. Anna and Rudolf Gunnar proclaimed, "If we do not deprive capital owners of their ownership, we can never fundamentally alter society and carry through economic democracy" (Hecló 1987: 298). But "The 'Meidner fund,' as it was quickly labeled, became the most controversial reform proposed in

Sweden since the supplemental-pension debate of the 1950s" (Einhorn and Logue 1989: 254). "For the labor movement, the Meidner report exposed a serious cleavage between the policy aspirations of the LO and the political calculations of the Social Democratic Party" (Hecló 1987: 270). For, the plan was met with silence from the Social Democratic Party and protest from the business community. Business felt the plan was a major act of confiscation, violating the right to private property, and that it would bring about a dangerous concentration of union power (Hecló 1987: 286). Thus, in 1976, the SAF tentatively endorsed the idea of individual owned tax-free wage supplements to be invested for five to ten years. The non-socialist parties attacked the Meidner plan and the Social Democrats lost the 1976 election (Einhorn and Logue 1989: 254).

The 1976 LO Congress re-emphasized the funds as a complement to solidarity wage policy and endorsed the plan with minor revisions. And, in 1976 a joint LO and Social Democratic Party group was founded. The report it produced in 1978 consisted of two loosely related parts. It advocated a decentralized system of funds in order to placate opposition about the centralized aspect of the Meidner plan (Einhorn and Logue 1989: 254). The first part called for funds financed by a 20% levy on the 200 largest firms. The second part dealt with the economy's need for increased savings. But, Palme endorsed only the second part.

In 1979 the Social Democrats lost the election and the non-socialist government proposed a tax-subsidized individually owned stock purchase program (Einhorn and Logue 1989: 254). The Mehr Commission had been waiting to see the positions the actors involved would take, and in 1979, Mehr resigned. Allen Larson succeeded him and Berndt Ohman finally liquidated the committee (Hecló 1987: 274). Ohman's factual proposal stated that the funds were too small to contribute to capital formation or change the distribution of wealth.

In 1981, the LO and Social Democrats presented a united plan. In composing the plan they had invited all parties for discussion, but business had refused to attend (Milner 1989: 134). The proposed plan consisted of a one percent increase in ATP pension contribution and a twenty percent levy on excess profits. There would be 24 county boards of directors and the funds were required to earn a reasonable return because they had to pay an annual return to the pension system.

But there was still dissent within the labor movement. For instance, Berdt Oham spoke out publicly against the debate. He stated, "It has become an oversimplified debate for or against the market economy instead of a debate about how the funds can be designed to solve certain problems in society" (Hecló 1987: 299). He, like Meidner, was not interested in ideological labeling, but in the concrete purposes of the reform. And, he felt the ideological debate was obscuring the real issue. "The efforts to realize magnificent ideas can, therefore, become an obstacle to sensible but

moderate reforms" (Heclo 1987: 301). Thus, he was not at all in favor of proposing the funds as a means to abolish capitalism, or move toward socialism.

Business, on the other hand, felt the abolition of capitalism was the purpose of the funds. Erland Waldenstrom, former chairman of the Federation of Swedish Industries, pointed out that the purpose of the funds had been answered differently each time. He claimed, "The most honest answer was given, as usual, in the first Meidner report: the basic purpose of the funds is to act as an aid on the way toward a socialist society" (Heclo 1987: 306). The SAF took the position that there was no problem with a lack of capital and that wage-earner funds would only transfer power to unions. They stated, "Sweden's economy has been built through free enterprise and private ownership. That foundation would be destroyed if wage earner funds are introduced" (Heclo 1987: 304).

Yet, although voters opposed the funds four to one (Einhorn and Logue 1989: 255) the Social Democrats were victorious in the 1982 elections. The final plan of 1983 was the Edin plan. It consisted of 5 funds and a 2% rather than a 1% levy. The funds could not have more than 49% of voting power in any given company and would be completed in 1990. (Heclo 1987: 282).

Finance Minister Feldt saw the funds as a means to bring Sweden out of its economic crisis and to achieve more worker control and counteract the concentration of wealth (Heclo 1987: 311). He assured the public that the funds would not replace the market economy with a planned economy. He stated, "Therefore the introduction of employee investment funds is a reform in the traditional, Social Democratic and reformist spirit" (Feldt 1983: 22).

Thus, "The plan was put into effect in early 1984 but SAF and its affiliates refused to have private-business representatives take the seats to which they were entitled on the boards, while the non-socialist parties, led by the resurgent Conservatives, vowed to abolish the WEF if elected in 1985" (Milner 1987: 135). Business leaders admitted that the amount of money involved was trivial, but they could not accept the principle that a public body should invest money (Milner 1989: 136). In addition, this was the first time a party had refused to abide by a parliamentary decision. And the TCO unions remained divided and, to a degree, negative concerning the funds (Esping-Andersen 1989: 301).

It is obvious that most of those involved in the debate felt that the wage earner funds reform was a step toward socialism. Those in favor of the fund advocated this step, while those against it wished to keep the capitalist system functioning in the usual manner. For a broader view on whether the wage earner funds were actually a step towards socialism, we need, however, to look at the debate in light of different theories about how a transition to socialism might come about.

John D. Stephens, in his book *The Transition from Capitalism to Socialism*, briefly outlines various perspectives from which one might view the transition to socialism. The first view he discusses is the conservative liberal approach. In this view, structural developments, such as the growth of the middle class, increasing affluence, and the separation of ownership and control, have made Marx's theory and socialism irrelevant (Stephens 1979: 1).

Although Heclo and Madsen do not explicitly profess it, we can gather from their comments what a liberal view entails. They are theoretically unconcerned with the transition to socialism and view the wage earner fund debate as the usual politicking. They state, "One of the familiar and classic movements of Swedish politics was now underway" (281). They view a socialist proposal for a reform and a conservative protest as the usual order of things. And, they criticize those who would view the funds as a step toward socialism.

Some foreign observers have been eager to read far-reaching implications into the Swedish experiment with wage-earner funds (Dahl 1982: 204; Stephens 1979; Esping-Andersen 1981). Looking past the messy details of actual policy-making it becomes fairly easy to absorb the rhetoric of a new agenda and Social Democratic grand design for democratizing the economic order. The reality is less clear cut and more interesting (Heclo 1987: 285).

And, they feel that from the start there was no question that the funds would not be implemented. The Social Democrats have power and will use it. Thus they conclude,

With or without the agreement of others, LO and the Social Democrats carried out their desire, all the while spinning out various accommodating interpretations for internal and external consumption. Such is the nature of hegemony (Heclo 1987: 285).

The liberal view is unconcerned with the transition to socialism and views the debate in terms of typical power politics and piecemeal reform.

This conservative/liberal view seems to disregard the fact that the Social Democrats may have power in Sweden, but that capitalist parties have power in most of the rest of the developed world. This places limits on how effectively the Swedish Social Democrats can implement reform. Looking at the debate, the installation of the funds may not have been as much of a sure thing for the Social Democrats as Heclo and Madsen conclude. And, perhaps there was more to the debate than politics as usual. The actors themselves certainly felt so.

The second view mentioned by Stephens is that of moderates in the right wing of labor and social democratic movements (Stephens 1979: 1). He states, "In their view, through the expansion of the welfare state, the

working class in the West has been politically and economically integrated to play a major role in capitalist society" (1979: 1). This view is well illustrated by C. A. R. Crosland's theory. Crosland argues in *The Future of Socialism* that ownership of the means of production is becoming irrelevant and that classes do not really matter. He states, "Capitalism had been undergoing a slow, though painfully slow, metamorphosis since the turn of the century" (Crosland 1977: 23). Just like collective ownership, private ownership can be conducive to democracy, equality, and workers' control. In addition, class struggle and militancy is outdated. He concludes, "Revisionism draws attention to this new reality. It is an explicit admission that many of the old dreams are either dead or realized" (1977: 63).

Crosland's definition of socialism entails five things, a protest against poverty, a concern for "social welfare," belief in equality, cooperation rather than competition, and a protest against the inefficiency of capitalism. He cannot say these things would further improve our society, only that they are the elements of socialism our society does not have. Crosland feels, "The ideal (or at least my ideal) is a society in which ownership is thoroughly mixed-up — a society with a diverse, diffused, pluralist, and heterogeneous pattern of ownership, with the State, the nationalized industries, the Co-operatives, the unions, Government Financial Institutions, pensions funds, foundations, and millions of private families all participating" (1977: 340).

Thus, it seems that Crosland would favor the wage-earner funds proposal as they were finally was put into place. He would favor implementing them because it would mix up the economy and give more power to unions and people. He would probably also view them as a step towards socialism since they entail a protest against the inefficiency of capitalism and a belief in equality. He believes that as society becomes more Social Democratic then society can turn its attention to other spheres. The wage earner funds would be more Social Democratic and give people another reason to turn to other things, besides socialism, of more importance.

Stephens says of reformist Social Democrats, "They forget that they had to fight for those reforms and conclude that the reforms developed completely within the capitalist system rather than representing a step towards transforming it" (1979: 70). He re-emphasizes the role of class consciousness in achieving previous Swedish reform and shows that ownership does matter. Even with these corrections, Crosland's assertion that the conditions under capitalism have improved and that further improvements can be made is correct. But, this is no reason not to strive for an entirely different system which is more humane and has different limits. Also, wage earner funds are a step toward what Crosland defines as socialism. But, it is limiting to assume a society can focus on only one thing

at a time. The wage earner funds may not be another reason to focus on other things, but rather a reason to continue the struggle towards socialism.

The third approach Stephens discusses is that of revolutionaries. They contend, "That the basic exploitative structure of advanced capitalist society is unaffected by the welfare state or affluence" and that all the changes have been cosmetic (1979: 1). This view is amply illustrated by Ralph Miliband's theory. In his book *The State in Capitalist Society*, Miliband develops a theory of the elitist control of the capitalist state and advocates a mass party revolution as the only road to socialism. He states that there has not been a separation of ownership and control as Crosland claims. The capitalist class is dominant and politicians "whatever their political labels" do not differ fundamentally (Miliband 1969: 69). They all believe in private ownership and private appropriation. Even the labor and socialist parties have either taken a gradual and piecemeal approach to the "ultimate transcendence of the capitalist system" or they have abandoned it altogether. He professes:

For their part however, social-democratic leaders in their moment of victory and even more so after, have generally been most concerned to reassure the dominant classes and the business elite as to their intentions, to stress that they conceived their task in 'national' and not in 'class' terms, to insist that their assumption of office held no threat to business (Miliband 1969: 99).

Leaders, he claims, are always more moderate than followers. And, there will be no gradual transition from capitalism to socialism, but without a democratic party revolution there will be a gradual transition into authoritarianism (1969: 274).

Thus, Miliband would probably critique the handling of the implementation of the wage earner funds as a social-democratic sell-out. For, the wage earner funds began as a revolutionary proposal but were implemented in the name of "national" economics. Miliband would feel that the leaders should have encouraged the union fervor and started mass revolution. Thus, Miliband would claim the wage earner funds are not a step towards socialism.

Stephens claims revolutionaries, like Miliband, exaggerate the power of leadership. He also states that "It was a question of maintaining a radical stance and remaining a minority or moderating their program in order to win a majority and get some changes through" (Stephens 1979: 74). This may be true to some extent, but in the wage earner fund debate the Social Democrats did not seem to lead the union workers very well and they did not win any majorities by moderating their stance. Still, it would have been unrealistic to expect Swedish leaders to encourage mass revolution. They have a reformist tradition and have produced one of the most equal and affluent societies with it. Thus, the majority of people were not concerned enough to incite revolution. This is not to rule out revolution, for there is much truth

in Miliband's theory. But neither should we rule out the wage earner funds as a step in a gradual transition.

Another type of revolutionary approach is that of Andre Gorz, who advocates revolutionary reform. Like Miliband, he argues in *Socialism and Revolution* that parties are set up as vote catching machines and the issue of superseding capitalism is set aside. This means the credibility of the system is affirmed. He states, ". . . the bourgeoisie will never relinquish power without a struggle and without being compelled to do so by revolutionary action on the part of the masses" (Gorz 1973: 135). This revolution

... can be brought about only by deliberate, long-term action of which the beginning may be a scaled series of reforms, but which, as it unfolds, must grow into a series of trials of strength, more or less violent, some won and others lost, but of which the outcome will be to mold and organize the socialist resolve and consciousness of the working classes (1973: 136).

Thus, there can be no gradual, imperceptible transition to socialism, but there can be a genuinely socialist policy of reform. Political leaders must have the full awareness of the nature of the process of the transition to socialism and must be ready to disrupt the system and take advantage of the disruption (1973: 149). Sweden is an example that a movement cannot add up "rag-tag" programs and expect to have social welfare within a capitalist framework. In Sweden, they will have to cut public spending or a revolutionary mass party must carry out a dramatic process of socialization.

He states that socialists are not concerned with "relative and partial improvements but with absolute and global betterment.... It means that every partial improvement, every reform that is campaigned for, shall be related in the context of a comprehensive plan to produce overall change" (1973: 158). And, in his latest work, he uses Karl Polanyi's definition of socialism. He terms it "subordination of the economy to society" (Gorz 1989: 130). In *Socialism and Revolution*, he elaborates on how reformists want things whereas socialists want the power of the workers. "In the formal sense any reform, including workers' control, may be robbed of its revolutionary significance and absorbed by capitalism if it is introduced by an act of government and operated under bureaucratic control — that is to say, reduced to the status of a 'thing'" (1989: 159). But, reforms from active struggle can be meaningful.

Thus, Gorz would probably feel that wage earner funds were reduced to the status of a "thing." It is not wage earner funds per se with which he would disagree, but he would disagree with the piecemeal social democratic way of instituting them without a comprehensive plan. He would agree with Miliband that the Social Democrats set aside the issue of transforming capitalism in order to gain power. And, he would say the Social Democrats

and the labor movement should have been more aware of the odds, managed the implementation better, and shown more resolve.

Stephen's agrees with Gorz that reforms must be presented as part of a comprehensive plan. He states "One of social democracy's great weaknesses is that it has tended to present reforms only as ends and has tended to exaggerate the degree to which a given reform transforms the system" (1979: 83). He disagrees, however, with Gorz's analysis that at some point the capitalist will draw the line. But the events of the debate, such as the response of business and the bourgeois parties, would seem to support Gorz on this point. This does not mean, however, that the Social Democrats will never be able to move forward. At some future point they may be quite successful in making a gradual transition to socialism. Thus, Gorz should not completely rule out the gradual transition approach.

The fourth view Stephens discusses is his own. He is a left Social Democrat. He states, "We will argue that capitalist society has been modified in a socialist direction for reasons identified by Marx" (Stephens 1979: 2) and that the transition to socialism can be achieved through reforms gained through an extension of class struggle. This type of gradual transition theory is also illustrated in the work of Ulf Himmelstrand (1981) and Gosta Esping-Andersen (1985).

Stephens claims it was white collar growth that allowed the Social Democrats to bring democratic ownership to the center of its program (1979: 182). But he notes, "Their class analysis of society meant that most Social Democratic reforms were steps, however small, on a path leading to socialism, even in a period when the party had no clear strategy for the transition to socialism" (1979: 187). For the Swedish leadership has always had an ideology, a goal of a classless society. And with the Meidner plan they made a concrete proposal for socialism. Stephens states, "Given the directives from the Congress, the Meidner group had to come up with a proposal for collective ownership of the principal means of production, a proposal for socialism" (1979: 189). He felt the proposal adopted in 1976 by the LO Congress would entail the socialization of the Swedish economy in the long run and claims "though it represents a fundamental change in the future organization of the Swedish economy, it has an element of gradualism in it that makes it politically feasible" (1979: 190). He also proclaims,

Though the question of collective ownership is yet to be decided, we think we have established conclusively that the transition to socialism has not and will not be prevented by the absorption of the Social Democratic labor movement into the capitalist system (190).

Evidently Stephens views the funds as a critical step towards socialism, but he also states that the system could stagnate at this more stable transitional stage (1979: 47).

Perhaps Stephens' definition of socialism is too narrow. As Gorz and Crosland point out, collective ownership does not necessarily bring about equality, democracy, or worker control. Nor does it ensure that economics will be subordinated to societal goals, as called for in Gorz's definition. And, Stephens is correct in asserting that a gradual transition is politically feasible and possible, but as Heclo and Madsen claim, he overemphasizes the extent of the change. Stephens corrects his own optimism when he mentions the international character of the capitalist system and the limits this entails and the necessity of the support of TCO if the bourgeois are not to come out victorious (Stephens 1979: 200).

Himmelstrand, in his book *Beyond Welfare Capitalism*, examines the purpose of the wage-earner funds and the role they might play in a gradual transition to socialism. He defines socialism as the "capability ... to overcome or reduce the various contradictions of mature capitalism" (1981: 303). And, he believes that only when unions are a certain power can limited reform be accepted without fear of co-optation and that only when comprehensive demands are made at one and the same time can the system be transcended. He feels the wage earner proposals will make for a smoother transition. He sees the funds as a means of democratic control over the economy and also as a means of dealing with the inability of the capitalist system to insure stable investment and employment (1981: 267). He states "Wage-earner funds are not designed to deprive present shareholders of their current assets, but to distribute increases in wealth and profits more equitably, with decisive labor control as a final goal" (1981: 267). The purpose to controlling wealth is to reduce work alienation and excessive power differentials in decision-making (1981: 312). Thus, he claims that wage earners funds address the contradictions within mature capitalism (1981: 289). And, he sees the funds as a "step on the road to socialism" (1981: 304).

Himmelstrand adds to Stephens theory by defining when reform can be nonco-optive and by pointing out that capitalism can be transcended only when comprehensive demands are made. Thus, Himmelstrand sees the funds as a step towards socialism but does not overemphasize them in the manner Stephens does. But, perhaps Himmelstrand's definition of socialism is too vague. For, the contradictions of capitalism could be overcome in other than socialist ways — a totalitarian ruler could reduce them.

Jonass Pontusson critiques Himmelstrand's and Stephen's gradualist approaches. He also points out that Crosland's theory, that private ownership of the means of production does not matter and that Swedish capitalists are being deprived of the real functions of power, is not empirically justifiable. He agrees with Himmelstrand and Stephens that the transition to socialism is a change of economic systems and a product of class conflict (1984: 72). And, he also agrees that social democracy had to compromise with

capitalism historically, in order to pave the way for "structural reforms of a more radical nature" (1984: 72). But, he claims, these authors fail to comment upon the structural constraints to working class power and deny the possibility of co-optation. They, like Crosland, fail to see the limits of reformism (1984: 73). Pontusson feels wage-earner funds should be viewed as a response to a crisis in the Swedish labor movement (1984: 94).

My discussion of the Swedish case suggests that social-democratic rule, and the development of the welfare state in particular, has contributed to the unification and strengthening of the working class and the development of a coalition between the working class and new middle strata. But it has only very partially curtailed the systemic power of capital embedded in the structures of the economy (1984: 95).

It is important to emphasize the structural limits of capitalism. But Pontusson is not correct when he states that Himmelstrand and Stephens do not see the limits of reformism. Himmelstrand is aware of co-optation if the unions are weak, and Stephens is aware of the limits of the world system. They are aware; perhaps, they just did not put enough emphasis on these limits when developing their theories.

Like Himmelstrand and Stephens, Esping-Andersen is an advocate of the gradualist approach. In *Politics against Markets*, he deals with whether or not the socialist movement is doomed to fail. He says it is, if it does not make an alliance, because it does not have the numbers for a socialist majority (xv). He concludes

Essentially, the problem for social democracy as it entered the 1970s was how to mold a policy that reconciled the interests of its conventional working-class base with those of the new white-collar strata. The future of social democracy is contingent on such a historical realignment, and it is the fate of economic democracy that will largely decide the prospects for that realignment (1985: 296).

He feels that winning over popular opinion to favor economic democracy and forging a coalition between white and blue collar earners, based on the wage earner funds was crucial for the future of social democracy (1985: 305). Thus, Esping-Andersen feels the wage earner funds were not only a step towards socialism but a crucial step. He is claiming that without an alliance behind the funds there can be no possibility for a gradual transition, and socialism is doomed to fail.

With the political need to forge a new, lasting and broad wage-earner alliance, and with little else to offer as an economic strategy under current economic conditions, the future of social democracy is heavily dependent on the fate of economic democracy (1985: 305).

He feel without a wage earner alliance the trend toward Social Democratic party decomposition will continue.

It is true that at that point in time the wage earner alliance was critical, and it now seems socialism is doomed to fail. But, this does not mean we must rule out a new rise of socialism in the future. Working class parties, by continuing to work towards a gradual transition or by organizing a mass party revolution, may at some time in the future succeed in implementing socialism. And, at that future time Esping-Andersen's theory will again be relevant, for most likely a class alliance will be necessary.

In reviewing these different theories, I have determined that we cannot rule out either a revolutionary or a gradual transition to socialism. What either transition will involve is those elements which are common to many of the revolutionary and gradualist theories. A transition to socialism must be brought about by a strong working class movement in alliance with other classes. For, without a strong working class, a transition is infeasible. Also necessary to bring about the transition is a comprehensive plan. Piece meal reform, although it may improve society, is unlikely to bring about a transition to socialism. The plan should always keep the ultimate goal of socialism in mind. And, the definition of socialism should be specified. It must include not only moving toward a system of collective ownership, but also moving to a system of economics which is subordinate to societal goals.

In Sweden a gradual transition is probably more likely to occur than a revolutionary one for the Social Democrats are a reformist party. As Meidner claims:

It is a familiar pattern that a reformist proposal such as that for employee funds is distrusted by the social revolutionaries as a defense of the old class order and by the conservatives as a social revolution. Both these groups have demonstrated that they are persistent losers when it comes to having some influence on the way society develops. Employee funds are not intended as a deviation from, but as a new step on the long road towards, our continuing goal of equality and economic democracy (1978: 124).

Thus, in the Swedish context of reformism, the wage earner funds can be seen as a small step towards socialism. The funds are evidence of the Swedish labor movements' continuing willingness to put theory into practice. They may not be able to achieve socialism in a day, but they consistently implement reforms that improve society and that will make it easier to switch systems in the future. As Stephens states, "Despite the fact that the Western labor movement has not yet fulfilled the historic role assigned to it by Marx, there is no denying that its achievements have been substantial" (1979: 195). Indeed, the Swedish labor movements accomplishments should not be denigrated just because there are many structural limits to the amount of success a reform can have. There is a long way to go, but the Swedes should

keep their overall goal in mind and continue on their path. Then perhaps, someday, the rest of the world will learn from their example, and a transition to socialism will become more feasible than it is today.

In this paper, we have viewed the wage earner fund debate in the context of various theories about the transition to socialism. We have seen that the participants in the debate viewed themselves as carrying out a process of reform which was a step towards socialism. We then saw how some theorists see the transition to socialism as irrelevant, others see it as unnecessary, some view it as a gradual process, and others feel it will come about only with a revolution. I have concurred with the view that the transition to socialism is not irrelevant. It may come about at some time in the future through either a revolutionary or a gradual transition. But, in the meantime, Swedish Social Democrats, and people around the world, must continue to strengthen the working class, make alliances, and practice concrete reform. For, as Himmelstrand states,

We need neither prophets of doom nor facile optimism. We live in an exciting period of history surrounded by obvious dangers and perhaps somewhat less obvious challenges and possibilities. The clarification and realization of these possibilities, and a reduction of these dangers, is a momentous task requiring the concerned efforts of labor movements, 'managerial revolutions,' concerned citizens, social scientists, innovative technologists and moral philosophers (1981: 315).

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