

Mjøset, Lars (2016), “The Nordic Route to Development”, 533-569 in Erik S. Reinert, Jayati Ghosh & Rainer Kattel, editors, *Handbook of Alternative Theories of Economic Development*, Cheltenham: Edward Elgar 2016.

---

## 29. The Nordic route to development

*Lars Mjøset*

---

The label ‘Nordic model’ is applied in increasingly diverse ways, but the following account concentrates on one of the classic uses: the suggestion that the development of the Nordic countries can serve as a role model for the development of developing countries aiming to catch up with the leading economies. The label ‘Norden’ here refers to the five larger Nordic countries: Denmark, Finland, Iceland, Norway and Sweden, the main members of the regional organization, the Nordic Council. While many actors – such as the Nordic agencies of development assistance – claim that there are Nordic policy ideas that may be transferred, my point of departure is a detailed historical and comparative investigation of Nordic development patterns since the industrial revolution and on to the 1970s. If experience is to be transferred, I provide a lot of historical experiences, but the crux of the matter is that there can only be learning if there is symmetric contextualization at the receiving end. I return to this topic in the conclusion.

This chapter has two major points of departure: First, my use of the term ‘model’ as a social science concept applies to large units, such as nation-states, phases of the world economy, regions (in the world economy or within countries), or international regimes. In the following, I deal with nation-states and regional clusters of such states. I rely on social science research leading to case-based macro-comparisons between countries, but of course not disregarding their integration into a broader world-economic setting.

Second, the study of institutions plays a crucial role. These may be of national scope, at other times broader (Western world), at other times again regional, or even local. In particular, my reasoning is in line with the historical-institutionalist tradition (Mahoney and Rueschemeyer 2003; Mjøset 2015). This converges with non-neoclassical institutional economics, which may be seen as an integral part of case-based comparisons as a broader approach, one which pursues the study of large processes in historical contexts. It is important that research on institutions exploits the full potential of macro-comparative methods. Alternative development theory must rely on case-based social science (Mjøset 2009).

### THE LAYERING OF INSTITUTIONS IN NORDIC DEVELOPMENT

Local research frontiers are taken to indicate properties of development, and they point to domains (issue areas) in which institutions are formed (Mjøset 2009, 60–64). These frontiers provide keys to the properties it is necessary to distinguish in order to make analytically precise comparisons. They must be related to one core category. In the following, this is socio-economic development. I use this term as a shorthand for economic, political and social development – the core concerns of development studies as an academic field. While this is my core category, other local research frontiers can be relied upon, partly

by defining their outcomes as properties, partly by relying on their analysis of shared properties. I shall employ a terminology based on the institutionalist study of varieties of capitalism (Mjøset 2015). I shall present the main terms with reference to the periodization in Table 29.1.

The first two columns provide an external periodization of the world economic and geopolitical context that influenced the Nordic countries. The basis is a historical timeline drawn from Perez's (2002) periodization of five long surges since the earliest industrial revolution. The techno-economic paradigms implied (the leading capitalist economy is given in brackets) are: the cotton textiles-based first industrial revolution since the 1770s (Britain), the age of steam and railways since the 1830s (Britain), the age of steel, electricity and heavy engineering since the 1870s (Britain, United States, Germany), the age of oil, the automobile and mass production since the early twentieth century (United States), and the age of information and telecommunications since the 1970s (United States). All the small Nordic economies were exposed to international trends that were threatening but that also implied options for development. For instance, as Pax Britannica reached its peak in the 1840s and 1850s, the Nordic countries felt British economic competition but could also benefit from the new technologies (textiles, railways) that were diffused from the core of the world economy.

Perez's framework works well in situations of full hegemony in the world economy (Pax Britannica, Pax Americana), but must be modified for periods marked by extensive uneven development and fragmenting warfare in the world economy, that is from the 1870s to World War II (WWII). I refer to three features characterizing the international context: diffusion of leading technologies, phases of openness and closure in international economic relations (trade, capital flows), as well as geopolitical relations (war or peace).

In the second column of Table 29.1, the period 1914–1945 is neutrally defined as the war/interwar period. Perez lets her fourth surge of Fordist mass production, mass consumption extend from 1908 to 1974. But due to uneven development, the United States (US) was clearly ahead of the Nordic countries at that time. Perez's periodization does not capture the Nordic countries in the first half of the twentieth century. They were still busy industrializing on the heavy engineering platform, and despite the growing number of cars and the more generous consumption levels in some urban areas, the economic situation was difficult for both workers and peasants. The broad surge of mass consumption was a post-war phenomenon.

The third column depicts the political system with reference to the state of democracy: a first long period is prior to democracy, then there is the breakthrough of mass democracy, followed by two varieties of routinized democracy. With this property added, the periodization traces what Rokkan (1999) calls the interaction of the industrial and democratic revolutions in the Western European area. It traces the mobilization of the main social movements in a macro-situation marked by an international context of evolving techno-economic paradigms and international institutions, and national-level processes of democratization connected to state formation and nation-building.

Starting with the fourth column, I define six Nordic periods corresponding to the six world-economic periods. For each of these periods, the fifth column indicates one or more main areas of institutional development, based on social scientific and historical studies of the various institutions that have influenced the economic, political and

Table 29.1 *Periods of Nordic capitalism in a world-economic and geopolitical context*

1. Long surges	2. Internationalization	3. Political system	4. Type of Nordic capitalism	5. Institutions	6. Aggregated	7. Dynamics
Preconditions	Mercantilist structuring of the world economy	Authoritarian absolutist		Family farms, church, state and dominant export sectors		
1. Textiles 1780s–	Napoleonic wars (protection, blockade, then opening)	Predemocratic	Transitional, agrarian	Educational and other institutions of skill formation	Liberal	Peasants
2. Railways 1830s–	British hegemony Pax Britannica		Agrarian, peasant mobilization	Institutions of local governance		
3. Heavy engineering 1870s–	Weaker British hegemony; international gold standard	Emerging mass politics	Paternalist	Paternalist institutions at the firm level; early social protection	Corporate	Workers
3/4. War/inter-war period 1910s–	International fragmentation, collapse of world trade	Turbulent mass politics	Capitalism with fragile democracy	Institutions of social partnership. Social protection institutions revised		
4. Mass consumption 1945–	Pax Americana; peak of US hegemony; open for trade, tight regulation of financial flows	Routinized democratic mass politics	Embedded	Institutions of social protection and social partnership generalized; institutions of expert knowledge	Interventionist	New middle classes
5. ICT 1975–	US weakening – coping with financial openness		Internationalized welfare	Regulatory institutions mitigating global/ national processes		

*Notes:*

Long surges (techno-economic paradigms) follow Perez (2002).  
 ‘7. Dynamics’ indicates elite/movement dynamic.

social developments of the Nordic countries. In the sixth column, I sketch an even more aggregate periodization, combining the six periods into three pairs, defining three broad periods of Nordic capitalism: liberal, corporate and interventionist. The seventh column roughly indicates that the dynamics between social elites and social movements can be seen as drivers of institutional change.

Liberal capitalism in Norden was marked by peasant mobilization, corporate capitalism was marked by working-class mobilization, and interventionist capitalism was marked by middle-class mobilization. Given the institutionalist perspective, this dynamic can be discussed with reference to a modern term such as 'institutional design'. The institutional complexes analysed are not generally the result of conscious designs. They are responses in distinct historical conjunctures by collective actors with limited foresight. Still, the sequence suggested above may be reformulated as follows: it is as if an initial elite blueprint for institutional design is countered by mass mobilization that envisions institutional designs in which the role of the mobilizing group is greater than in the initial blueprint. This entails the assumption that in times of major social change, elites start to work on institutional designs early on, while movements need time to organize and move into positions of influence. One therefore often finds a pattern marked by elite offensives that are later countered by mobilization from below.

Institutional frameworks consist of layers of different historical vintage that can be located along the periodized historical timeline. Moving through historical periods towards the present, the institutional framework consists of an increasing number of institutional complexes. Roughly speaking, this chapter studies three types of institutional complexes: capacity institutions (schools, other skills-related organizations, innovation and technology policies), short for capacity-building institutions, including what is called systems of innovation or 'systems of competence building' (Miettinen 2013; Lorenz and Lundvall 2009); social protection institutions (health, age, family, social policies; Esping-Andersen 1990, 1999; Huber and Stephens 2001); and social partnership institutions (routines, formal agreements and legal provisions related to incomes policies; Vartiainen 2011; Moene and Wallerstein 2008).

In analysing the relationship between these complexes, the concepts of complementarity and co-evolution are useful. Complementarity indicates the degree to which institutions – due to co-evolution – match each other, thereby coming together to produce the outcomes studied. In this case, this outcome is socio-economic development, understood as the combination of growth and social development, where the latter indicates that the benefits of growth are distributed in ways that avoid social polarization, in terms of strongly skewed distribution of income and other resources, chronic economic strife between groups (defined in ethnic, religious or other terms), and/or authoritarian breakdown of democratic political institutions.

Co-evolution indicates adjustment processes between older and more recent institutional complexes. The closer the co-evolution, the stronger the complementarities. The more incoherence between various institutions and institutional complexes, the weaker the complementarities. The theoretical foundations of this perspective can be elaborated with reference to historical institutionalism (Thelen 2014), varieties of capitalism (Iversen and Soskice 2012) and heterodox, institutional economics (Hodgson 2004).

Patterns of institutional complementarity are consolidated as elite and movement representatives interact – in more or less conflictual ways – to face structural changes in the

small state, depending entirely on its open economy. One might be tempted to conclude that in the Nordic cases, the resulting ‘institutional design’ has strengthened complementarities between institutions of various vintages.

The question of institutional complementarities must be raised anew for each period. The moulding of institutional complementarities is not always frictionless. Co-evolution may lead to stronger or looser institutional complementarities. Some ‘projects of institutional design’ have threatened to undermine elements of the historically established complementarities. As will be seen, there have been periods of instability, and some major institutional developments have not been retained; they have proven to be non-complementary, and quite different institutional solutions have emerged (see the section on ‘Paternalist Capitalism’ below).

In retrospect, the Nordic sequence of institutional co-evolution appears as cases of ‘successful’ development. But the closer focus on three different institutional areas and six periods at least shows that the recent virtuous circles – most recently visible in the fact that all case countries except Iceland had no problems during the financial meltdown of 2008 – should not be identified with overall success. A period of conflicts may reach a productive solution (for example, Nordic labour-market constitutions in the interwar period) and thus yield virtuous development in a longer-term perspective. It is important to note – and I intend to show this below – that there have been projects of institutional design that have been undermined by social mobilization processes.

In six sections below, I provide brief portraits of each historical phase since the late eighteenth century. I start with the international context, then focus on the institutional area in which the most significant new developments take place. I also provide some – however selective and partial – analyses of the co-evolution of the older institutions with the most recent institutional complexes.

For a short chapter like this, there are major limits to how much detail can be provided. A more comprehensive treatment could start from the comparative differences, thereafter specifying limited generalizations for each period. That would yield distinct comparative portraits. The short account here cannot provide such portraits, but at least it can illustrate important institutional features in the history of Nordic capitalism. The conclusion will refer to these historical features in light of challenges for present-day developing countries.

## PRECONDITIONS

As Rokkan (1999) made clear in his analysis of democratization in Western Europe, processes of state formation after the industrial revolution were partly determined by specific sets of preconditions. I shall briefly summarize the most important ones, given this chapter’s focus on political-economic development.

### Family Form

The oldest precondition worth mentioning is the family form. Historical demography claims that a North-Western European family form emerged some time between 1000 and 1300 (Hajnal 1965; Laslett 1976). The geographical extent of the North-Western

European family form when it first emerged was roughly: England, Scandinavia (except Finland), Germany, Poland, Northern France, Benelux, Switzerland, Austria and parts of Bohemia (Oesterdiekhoff 2008, 87).

This form can be contrasted with the patrilineal extended family, which still exists in several varieties across the world. The latter has unilinear affiliation (descent is traced through the father's lineage), while the North-Western European form is cognatic (line of descent is arbitrary). The patrilineal form has the extended family as the main unit, while the North-Western form is based on the parent couple. Marriage patterns differ significantly. In the patrilineal form young men marry early, and the proportion of unmarried men is relatively low; the North-Western European form, in contrast, is marked by a high age at marriage and a high proportion of unmarried men. In the patrilineal form, the wife moves in with her husband's family; while in the North-Western European form marriage depends on whether a new household – under the given economic conditions – can be formed. As an ideal type, it includes only two generations (parents and children) living in a separate household. The new family is socially, legally and economically self-reliant. It is not part of a complex, larger family group or clan.

In the North-Western form, then, women are co-founders of self-reliant households, not just a new element introduced into the husband's family. Both spouses contribute inheritance, savings and capabilities. Varieties of the patrilineal extended family tend to accept polygamy, and divorce on the male initiative is generally allowed. The North-Western European form, in contrast, tends towards strict monogamy and prohibition of divorce (except for specific circumstances, such as infertility of the wife). Uniquely, the widow is allowed to remarry if the husband dies. Thus, it often takes the form of 'successive polygamy', and in this way, the unity of family, household and business is maintained. The consequence is that, before the industrial revolution, the status of women was better than in any other known civilization, and patriarchy was weaker (Oesterdiekhoff 2008, 92–93, 99–100). Both women and children were better protected from death and misery in hard times.

This long-term historical difference is a relative one. It does not contradict the obvious fact that even in Northern Europe, there were marked elements of patriarchy. But the strong position of women in the present-day Nordic model should be seen in light of these longer-term features. Note, however, that the analysis above relates to families in an agricultural and craftwork setting. With industrialization, household and production are separated, and the two-generation nuclear family spreads in urban, industrialized areas across the world. Obviously different European and non-European roots still play a role through institutions, both informal ones such as customs and norms connected to marriage and family life, and formal ones, particularly family law (regulating inheritance, rights at divorce; Bradley 1996). The challenge is to understand the precise processes whereby such historical roots are reproduced under industrial capitalism, both as normative and legal structures.

### **Protestantism**

Another cluster of preconditions can be linked to Protestant religion. The Reformation started in the early sixteenth century. Lutheran propaganda reached Denmark in the 1520s. Its impact in Sweden was less direct, linked to Sweden's warfare with Denmark.

There were more High Church elements in Sweden and this church retained more independence of the state than in Denmark/Norway (Thorkildsen 1997, 139ff.). Despite these differences, in both cases church and state became very close. In Catholic Europe the church 'remained supraterritorial and did not to the same extent prove an agency of nation-building' (Rokkan 1999, 144). The North European 'break with Rome not only nationalised religion, it legitimised the national vernacular standards as languages of worship as well as of statecraft' (Rokkan 1999, 164f.). The next three preconditions are specifications of this Protestant legacy.

#### **Administrative Traditions**

There were important differences between Danish and Swedish bureaucracy during absolutism. In Denmark, the King – in alliance with the merchant bourgeoisie – kept the nobility out of his administration (Østerud 1981). In the eighteenth century, Pietists were given priority as administrators under the Danish King. There was strong inspiration from Prussia, where the Kaiser relied on administrators from Pietist universities (Sørensen 1998, 368). In Sweden, nobility remained a part of the state apparatus much longer than in Denmark. Thus, the Danish tradition was more meritocratic (Mungiu-Pippidi 2011).

#### **Early Reading Skills**

In the seventeenth century, steps were taken 'to enforce elementary education in the vernacular for all children. The established national churches simply became agents of the state' (Rokkan 1999, 286f.). Johansson (1977, 29) noted three main features. First, in the Nordic area, the ability to read came much earlier than writing skills. These did not need to develop together. Second, reading skills were promoted from above; in Sweden, for instance, by the Church Law of 1686 under King Charles XI. All across Norden, this development preceded industrialization. Third, reading campaigns were enforced without schools. The state placed the responsibility on the parents, and the church would conduct yearly examinations at the household or village levels, testing reading abilities and knowledge of the Bible. This institutional complex entailed strong social pressure. No person could be confirmed until they could read and repeat the catechism. Only confirmed people could get married, and give their oath in a court of justice (Johansson 1977, 30).

In sum, the Nordic countries had high literacy rates early on. The least-developed and smallest member of the Nordic group, Iceland, was particularly early, since it also had an 'unbroken literary heritage' (Johansson 1977, 34). By the 1780s, around 90 per cent of the population above 12 years was literate (Karlsson 2001, 171). The Nordic indicators are extreme, but literacy figures were relatively high for the whole Reformist-Protestant area. For all of Protestant Europe, the estimate is that about 35–45 per cent (of the total population) could read in the late eighteenth century (Cipolla 1964, 61). This may be related to the North-Western European family form (its extension mostly converges with that of Protestantism), and the church's emphasis on the national vernacular. However, I cannot explore these features in more depth here.

**Early Social Mobilization**

The Protestant state churches in Denmark and Sweden exerted an elite influence from above, but there was also the unanticipated consequence of religiously charged mobilization from below: small, unofficial religious meetings of laypeople, conventicles, multiplied. They practiced religious worship led by lay preachers, thus requesting the right to assemble without consulting the Protestant state church, represented by the local parish preacher. In the Nordic eighteenth-century agrarian societies, Pietism emphasized the individual's faith and the autonomy of the congregation. These family gatherings and broader congregations can be seen as early promotion of an independent civil society, although couched entirely in religious terms. The mobilization of these revivalist movements allude to core topics in the mobilization of later, more secular movements, such as the right to assemble and freedom of opinion. Pre-political and political vocabularies were intertwined (Nielsen 2009; Thorkildsen 1998). The state had required its citizens to read, but by the mid-eighteenth century, the state actually had to pass conventicle ordinances, restricting the activity of the revivalists. In Sweden, the state and the church clearly considered Pietism a disturbing element, issuing a strict ordinance in 1726. In Denmark, Pietism was influential even in the state, so its law (1741) was milder.

In line with a general sociological multi-level approach, I have so far – using Rokkan's (1999) terms – covered culture and politics. It is also necessary to look at economic preconditions.

**Dominant Export Sectors**

One set of such preconditions are the staple export sectors, as analysed in economic geography. All the countries had experience with exports of staple goods: Iceland and Norway were traditionally major suppliers of dried fish; Norway, Sweden and Finland were major exporters of timber; Sweden also had a major tradition of iron exports, due to its rich iron ore deposits; Denmark, finally, was a major corn exporter (Senghaas 1985 [1982]; Berend and Ranki 1982; Mjøset et al. 1986; Mjøset 2007). Denmark/Norway, and even Sweden, were also important in shipping.

**Transformation of Agriculture**

Another set of economic preconditions concerns the social structure of agriculture. In all these countries, a development towards a family farm structure had started before the Napoleonic Wars. The process started first in Norway (late seventeenth century), where a degree of peasant ownership already existed. In the late seventeenth and early eighteenth centuries, freehold was established in Norway as well as Sweden/Finland (starting in the 1720s), mainly linked to developments in other trades: forestry, mining and fishing. In Sweden/Finland peasants could buy land from the King, becoming crown peasants, and after 1789, non-nobles could buy land from noblemen. In Denmark, peasants were legally emancipated in the late eighteenth century. Feudal ties (*stavnsbånd*) were abolished in 1788. Some peasants could acquire land but often became heavily indebted. In Sweden, the legal system of the estate society and its system of taxation (*jordnatur*) defined ownership and rights connected to the possession of a property, which was a function of the



owner's position in the social hierarchy. This system was revised, stripped of differential privileges, becoming more like a regular property register (Østerud 1978, 150). At this time, there was considerable population growth, and enclosures were implemented as a response. These processes continued into the nineteenth century.

### **The Development of Nordic Capitalism**

I have provided a list of preconditions for socio-economic development in the Nordic area. One can think of them as elements of a conjuncture: the family form possibly co-evolved with agrarian transformations, and the state with its state church after the Reformation interacted with religious individualism and autonomous organizations of revivalist movements. However, there is no space here to specify such an analysis. I shall leave my loose sketch of the historical preconditions, in order to investigate how Nordic capitalism developed under the long-term influence of the industrial and democratic revolutions that diffused through Europe from the late eighteenth century.

### **TRANSITIONAL, AGRARIAN CAPITALISM, 1780S–1830S**

The British industrial revolution transformed the textiles industry, with cotton as the most important input. But soon the European state system exploded in more than 20 years of the French Revolutionary Wars (1792–1802) and the Napoleonic Wars (1803–1815), including naval blockades. The two Nordic units ended up on opposite sides in the war. As a consequence, Sweden (siding with Britain) lost Finland to Russia (1809), while Denmark (siding with France) lost Norway to Sweden (1814) (Mjøset 2003). With the region plagued by war and blockade, not many technological impulses were spread before post-war reconstruction began after 1814 (Vienna Congress). When Britain emerged as the dominant centre of the world economy, the Nordics, in close geographical proximity just across the North Sea, benefited from the diffusion of technologies. When the economy picked up again after a first post-war slump, the institutional legacies from the eighteenth century proved important.

The institutional feature noted in Table 29.1 – mainly education, the most crucial part of capacity institutions at the time – represents the coming-together of the economic, administrative and cultural preconditions. Literacy as well as relatively good health conditions (low infant mortality; Thorvaldsen et al. 2008) indicate a capacity to adapt to external impulses.

In a contribution of central relevance to the comparative study of Nordic development, Senghaas (1985 [1982]) claimed that the key feature was the (relatively) egalitarian distribution of land and income. Secondary employment in forests and fisheries secured some cash incomes to even the poorest farms, so there was rudimentary domestic demand for simple manufacturing goods, such as stoves for the households. Senghaas sees this as an early and basic generative structure behind the virtuous circle of economic development in the Nordic area. This structure was fertile ground for backward and forward linkages based on the dominant staple-export sector (Senghaas 1985 [1982]; with reference to Hirschman's staple theory of economic development).

In Denmark/Norway, Hans Nielsen Hauge (1771–1824) was a lay preacher who also

founded businesses. He created the largest religious revival ever to have occurred in Norway. With a huge reading public, Hauge naturally focused on the paper and printing trades, but also engaged in the traditional Norwegian staple trade in fish. He was also active in farming, as well as in salt production along the coast during the harshest years of blockade. Hauge organized conventicles as collectives that could produce material goods in order to earn money for further religious mobilization. He engaged in what Max Weber termed 'worldly asceticism': believers should engage in production, thereby challenging the rich producers. In his movement, women were largely on an equal footing with men (Furseth 2002). This is one case of preconditions coming together: literacy, entrepreneurship, religious mobilization, pushing for the right to speak one's own faith and to publish in a public sphere. The setting was a non-democratic one, and Hauge's deeds led to his imprisonment.

Considerable elite restructuring took place during and at the end of the war (Sweden/Finland 1809, Norway 1814). The Vienna treaty established a European framework, and this was the context for elite offensives. As noted, Denmark and Sweden's administrative systems differed: the relatively meritocratic Danish system contrasted with Sweden's Vasa state, which united the interests of the King, parts of the nobility, and the freeholders. Sweden oscillated between full absolutism and old-style representative rule (Rokkan 1981, 56–58), and its bureaucracy remained unreformed for many decades: offices were sold, but such excesses were counterbalanced thanks to the long tradition of including lower strata in political structures (Knutsen and Rothstein 1994). However, peasants were uniquely represented as a separate (fourth) estate in the estates system until the parliamentary reform of 1866, and they also held a favourable position thereafter.

The two new states, Norway and Finland, had most of their old regimes cut off, being ruled by a state elite of bureaucrats with considerable autonomy. As a separate grand duchy within Russia, Finland was allowed to retain its Swedish legislation. In Norway, similarly, there was home rule, based on a constitution rushed through in 1814. The new elites had to accommodate the freeholding peasants, as they were represented in the parliament, established by the constitution. Norway's ties to Sweden were weaker than Finland's ties to Russia; the personal union through the Swedish King above all affected foreign policies. In both these countries, the bureaucrats had more autonomy vis-à-vis the King or Czar than in the older states (Sweden and Denmark).

The end of the European wars was followed by a post-war downturn, but as soon as economic activity picked up again, the above-mentioned elites basically aimed to restore their dominance, facing the new situation of agrarian restructuring and early industrializing impulses from Britain. Towards the end of this period and into the next, elites faced a growing wave of associations.

In Denmark and Finland, rulers were highly sceptical of voluntary associations (religious, temperance). Religious mobilization was largely co-opted by the state church. In Norway and Sweden, in contrast, such mobilization flourished on the margins and outside of that organization (Jansson 1988). Iceland was only exposed to conservative versions of Pietist revivalism through the Danish colonial administration. But in that case, there was no bottom-up, radical revivalist response; rather, there was a more direct, nationalist response (Pétursson 1992).

As noted, a structure of freeholder family farms emerged before and through the Napoleonic Wars. Peasants constituted the majority of inhabitants in all these cases.

I covered some trends in the section on 'Preconditions', but the organization of the agrarian sector still differed considerably: Norway's freeholder system was old; while in Denmark, these peasant farmers gained dominance step by step through the early nineteenth century. The various elite offensives through this period all were attempts by the old and more recent elites to stem the pressure from a literate peasant class who knew how to legitimate their claims in religious terms.

## INDUSTRIALIZING AGRARIAN CAPITALISM WITH PEASANT MOBILIZATION, 1830S–1870S

From the 1830s on, Europe experienced the high tide of Pax Britannica. Given British technological superiority, they considered free trade beneficial, and even exports of machinery were allowed (1842). Nordic neighbours across the North Sea benefited from the diffusion of the leading textiles and railways technologies that had been pioneered in Britain. The adaptive capabilities noted as a main institutional feature of the earlier period now facilitated industrial transformation – in a still agrarian society – on a British model.

Scattered textiles firms had been established earlier; a pioneer was the English producer Findlayson with a Finnish textile plant producing for the St Petersburg market, benefiting from the customs zone (1811) between Russia and Finland. But the main expansion of textiles production was in the 1830s. Early on, local workers needed instruction from travelling British specialists to make the various ideosyncratic mechanical technologies work (Bruland 1989).

During the mid-Victorian boom (1850s and 1860s), the first railway lines were constructed: in Denmark from 1847, in Norway from 1854, in Sweden from 1856 and in Finland from 1861 (Mitchell 1978, 315ff.). While state capacity had mainly related to territorial integrity, domestic order and safeguarding of economic resources (Rose 1976), the first main addition to this was infrastructure (roads, canals), and above all railways, connected to postal and telegraph services in this part of the nineteenth century.

In this agrarian society with pockets of industrialization, the essential new institutions are related to the mobilization of the broad masses of peasants. I can here provide only a very rough comparative sketch of the particular set of institutions formed under the influence of peasant mobilization from the 1830s and onwards.

In Denmark, peasants were not represented at any level, but step by step the freeholders (*gårdmenn*) gained influence. The relatively 'reformed' bureaucracy of the late-absolutist King – an absolutism guided by 'public opinion' (Seip 1958) – responded to peasant mobilization, and clearly also took into account the mobilization going on elsewhere in Europe. Danish peasants gained influence at the local level in the early 1830s, achieving close to full manhood suffrage in 1849. Denmark then got one of the most liberal constitutions in Europe, and revolutionary riots were avoided. Norway's freeholders could vote since 1814, but it took some decades before they returned their own candidates to parliament. By action 'from above' they secured influence in local government through new laws in this field (Norway's local government laws, *Formannskapslovene*, 1837).

In Sweden and Finland, freeholders were integrated in the estates system, and it is harder to discern separate peasant movements in these countries. In Sweden, the estates

system co-opted the peasants until 1866. In Finland, elite response to popular support for the European revolts of 1830 and 1848 led to a fierce response from the Czar. In 1850, he banned all publications in Finnish 'with the exception of religious and economic literature', and Finland experienced a period of 'dark reaction' (Puntila 1975, 33).

It seems that peasant mobilization in this period was less extensive in Sweden and Finland. But in all countries the impact of the religious revival movements grew stronger. Despite regional differences (north/south, coast/inland), they were all rural movements, and they were 'primarily movements of the peasantry', excluding the landless agrarian population. The clergy (and especially the lower clergy) was the 'connecting link' with the upper classes (Soulinna 1981, 601). This indicates that the reasoning of the rural population was mainly couched in religious terms. In Sweden and Finland, this was the dominant style of mobilization, while Norway and Denmark also had more overt mobilization with direct reference to peasant interests. In Iceland, peasant mobilization was more directly nationalist.

More broadly, the period was marked by a 'spirit of association'. Among the main cases were the temperance movement (Anglo-American influence, for example via the American preacher Robert Baird in the 1830s and 1840s) and the free churches. Jansson (1988) shows that Sweden and Norway proved particularly open to the growth of associations. Neither Norway's bureaucratic state nor Sweden's more aristocratic state worried much about these associations. The Swedish elites seemed happy that they would relieve the state of a number of responsibilities.

In Denmark and Finland, where autocrats (King, Czar) still strove to strengthen their control of municipal institutions to dampen lower-class pleas for national representation, most voluntary organizations were banned well into the nineteenth century. At least, the state was more eager to control them, aiming to co-opt the religious ones (such as the various missionary movements) into the state church. Another cross-cutting difference related to the fact that the Swedish and Finnish church retained more High Church elements.

A liberal vision of possessive individualism spread from Britain during the textiles and railways phase of Swedish and Norwegian capitalism. It was also very influential in Denmark after the last remnants of absolutism withered away in 1849. A peculiar version of such liberalism also spread among many of the peasant groups gaining political influence, as they wanted a very slim state. This view conflicted with the bureaucrat elites and – as will be seen – also with the emerging bourgeoisie, as soon as it came to discover the '*Arbeiterfrage*'.

It is important to note that this was the age of nationalism, voiced mainly by a small intelligentsia of writers and academics, and with particular force in the three countries that were still subjected to rule from the outside. I have already noted the Czar's harsh actions in Finland in the mid-century. Furthermore, Denmark had similar problems with war on the southern front, eventually losing areas in North Germany, events that generated a brief period of intellectual 'Scandinavianism'. Pétursson (1992) sees Iceland's nationalist mobilization since the 1830s as a functional equivalent to radical revivalism, which was lacking in that country.

As early industrialization picked up, conditions for mobilization were clearly most difficult in Finland, while Denmark became increasingly open to mobilization, and associationism flourished most significantly in Sweden and Norway. Given this differentiation,

one can still conclude that in the nineteenth century, Nordic states became open to mobilization. In the earliest cases, this was more than 50 years before fully democratized mass politics. The peasant populations were not turned into clients, represented by various elite patrons. They were at the core of the religious revivalism, based on a reading public that conceived faith as an individual matter. In various fashions, the freeholders also influenced local government. These associations and organizations formed the backbone of an evolving civil society. By the mid-nineteenth century, the peasants had influence, to varying degrees, in their own local 'peasant republics'.

A crucial feature here is the element of trust between the elites and the rural peasant population, incarnated above all in the institutions of local government. Many concepts have been used to characterize this relationship between state institutions and citizens: trust is one (Aubert 1989), 'statist individualism' is another one (Trädgårdh 1997), and 'embedded autonomy' (Evans 1995) could also be used. The main activity of the local governments was poor relief, compensating for some of the most glaring rural inequalities. The fact that the agrarian structure was egalitarian compared to non-Nordic cases should not obscure the fact that there was much poverty, as population growth led to differentiation in the countryside between freeholders, landless peasants (crofters) and free-floating rural labour.

A main element of co-evolution pertained to the school system, developing further the reading capacity already existing as a precondition. Capacity institutions were upgraded. Denmark had already introduced general compulsory schooling in 1814. This was one concession to the peasants, decades before they were granted full representation. Most of the early school reforms – comprehensive primary school – fall in this period. Schools were now organized in relative autonomy from the church. Denmark extended its school to seven years on six days of the week in 1849, Norway introduced it in 1827 (extended to seven years, six days, in 1889), Sweden in 1842 (six years, six days, 1878). Finland's earliest legislation was in 1866 (transferring responsibility from the church to communes) and in 1898 (an Act establishing the principle of compulsory schooling). Iceland was the last in 1907, but on the basis of continuous literacy for more than 100 years (Sysiharju 1981; Flora 1983, 567, 608, 613, 572).

## PATERNALIST CAPITALISM, 1870S TO 1910S

Roughly counted, each of the four large Nordic countries had about 100 km of railway lines by the end of the 1850s. By 1890, this had increased twentyfold in Denmark, Finland and Norway (to around 2000 km), and eightyfold in Sweden (8000 km; Mitchell 1978, 315ff.). This extension of the transport infrastructure indicates a much broader industrialization than in the earlier periods. There were numerous linkage effects on small firms and workshops reflecting the capacity of the literate population to acquire skills, producing various inputs and spin-offs (Amsden 2004; Bruland 1989).

Sweden's pace of railroadization was four times that of the others. Sweden's transition into the new techno-economic paradigms – heavy engineering industry based on basic natural science, especially electricity and chemistry – was also particularly rapid (Krantz 2001). By the end of the 1870s, Sweden's Sandviken firm was the largest pig-iron producer in the Nordics, producing heat-change-resistant Bessemer steel for cannons and as

steel plate for shipbuilding. Since the 1890s, production was upgraded to more flexible and tougher Martin steel. The firm founded several subsidiaries abroad to resist protectionism. A further case is ASEA, founded in the 1890s, which became Sweden's leading producer in its field, developing a three-phase system for electrical power transfer, including generators, transformers and motors. This firm was thus crucial in the extension of an electricity grid, another huge infrastructure, following – with a lag – the construction of the railway infrastructure. This shows how the earlier and the most recent techno-economic paradigms interacted (Schybergson 2001; Fellman et al. 2008).

Another Swedish firm, Separator, patented the separator, a machine separating cream from milk by centrifugal force, a highly relevant tool in the upgrading of the family farms. Founded in the early 1880s, the firm soon expanded internationally, and by 1900 it was the most specialized of all Swedish machine shops. Only when separation was centralized to dairies in the late 1920s did it go into decline. This case illustrates how areas of innovation were linked to the transformation of agriculture, the very sector upon which earlier social mobilization had been based (Edquist and Lundvall 1993).

Sweden is the most prominent case, but the earliest industrializer, Denmark, kept up despite its dependence on export agriculture. By the late 1870s, B&W was the largest industrial enterprise in Denmark, producing steam engines, mill machinery, steamships and supplies to postal services and the navy. It entered the separator business around 1900, competing with Separator. B&W had acquired the diesel motor patent in 1898 and gained international leadership in diesel engines for ships in the 1910s, as oil was now replacing coal. Like ASEA, it also produced standardized production for power stations. As a response to the cheap corn brought by the railroad transportation revolution, Denmark saw a major transition of its agricultural exports from corn to dairy and slaughterhouse products.

In Norway and Finland, the transition to heavy engineering was concentrated in the paper and pulp business. Finland's leading firm, Gutzeit, was founded by a Norwegian in 1872, and one of the firm's advantages was its command of a transport infrastructure for timber, connecting several large lakes to export harbours. In the early twentieth century, Norway also developed linkages in connection with the development of hydro-powered foundries producing, for example, aluminium. Iceland was clearly the laggard, but a major transformation of its fisheries started with the introduction of internal combustion motors on the fishing vessels.

Agriculture lost much of its dominance. The labour force in agriculture dropped below 50 per cent (of the total labour force) in Denmark in 1887, in Norway in 1895, in Sweden in 1909, in Iceland in 1916, but in Finland as late as 1949 (Alestalo and Kuhnle 1987; Mjøset et al. 1986, 336f.). Note, however, that on the tiny island of Iceland, urban concentrations did not emerge until the early twentieth century. Most of the population lived on farms (but some farms were mainly engaged in fisheries), and the local church was the main cultural and social centre. In other Nordic countries, the agricultural sector supplied labour both to industry and to emigration, which was highest in the 1880s and 1900–1910 for Norway and Sweden, for Finland only in 1900–1910 (Mjøset 1992, Table 4.5; Svaldstuen 1971). Productivity increased due to technical progress.

Throughout this heavy industrialization, capacity institutions were extended and upgraded. Given the relationship to natural science, basic research capacity evolved in the few universities that existed, and engineering high schools and technical universities

were founded. However, there is insufficient space to analyse this co-evolution in more detail here.

Earlier elites consisted of leading state personnel (with lawyers and priests as the main professions), organizers of the traditional export trades, and whatever there was of an aristocracy. As the Nordic countries were able to renew their adaptive capacities and as heavy industry technologies became available, a new fraction of the bourgeoisie developed: owners of larger factories, organizing not just workers, but also hierarchies of managers and engineers. Some of these firms were family firms, others were controlled by financier families. A main case of the latter is Sweden's Wallenberg family, from the 1850s onwards. Most of the firms that became permanent features of Nordic capitalism were eventually organized according to the model of managerial capitalism (Fellman et al. 2008).

The growing size of factories implied a concentration of workers. More complex work environments added to risks, such as the danger of work accidents. There was an ascending labour movement. The founding years for labour parties and trade union federations (in Nordic: LO, *Landsorganisasjoner*), respectively, were: Denmark 1871 and 1898; Norway 1887 and 1899; Sweden 1889 and 1898; Finland 1897–1899 and 1907; Iceland 1916 and 1916. The timings show that only by about 1900 (Denmark somewhat earlier) were there both central union movements and labour parties. Furthermore, at that time there were very few labour members of parliament (MPs).

This implies that for most of this period there was a business-elite offensive to organize work conditions in the factories. There were elements of paternalist thinking. The company would care for the workers, providing services and benefits that would make it unnecessary for them to fight for their rights by means of an external organization. Workers would act collectively at the local level, in line with the spirit of associationism. To varying extents, they set up funds that would serve as insurance for new risks, such as work accidents and unemployment. These distinct working-class risks were investigated in factory law and social insurance commissions appointed in the 1870s and 1880s. The question, then, was whether employers, with or without state encouragement, should join in the financing of these funds.

Some employers wanted to be like parents to the workers, the firm would be like a home for them as long as they were able to work (occupational welfare). There were elements here of an institutional design for paternalist capitalism. But once hit by accident or sickness (which may be unrelated or related to the work environment), employers needed state help.

Across Europe, states began to admit responsibility for a set of tasks that went beyond the defence of the territory: they had to consider policies and institutions that addressed the risks that wage earners encountered in the work situation (Baldwin 1990, 93 uses the term 'statutory generosity'). This social question was also political, since workers at the time did not enjoy full political rights, so they might well organize and threaten social order. Also in the Nordic area, we observe the first, however moderate, efforts to develop institutions of social protection. The state would support a social security net, subsidizing the workers who would also save to prepare for the new risks connected to periods when they might be without work, due to accidents, disease, unemployment or ageing. These were largely local initiatives, as neither capitalists nor workers were organized in comprehensive national associations. Basically, this was a constellation between the state,

bourgeois employers and engineers, and a working class whose organizational efforts were at an early stage.

These questions were raised in Denmark even before Bismarck. But from the 1880s, all of Europe looked to Bismarck's German model of compulsory insurance for workers organized along occupational lines: sickness in 1883; accident in 1884; old age and disability in 1889. This also inspired the Nordic commissions in the mid-1880s. In the following, I briefly survey the various early social protection schemes, with unemployment insurance added to Bismarck's triad.

As for sickness insurance, Sweden (1891) and Denmark (1892) granted subsidies to existing voluntary sickness funds. This was also proposed at the time in Norway, but not passed. The model was an English one, supporting already existing (collective, local) self-help efforts. While Sweden and Denmark had many such voluntary funds, there were fewer in Norway. Thus Norway later (1909) chose the Bismarckian model of state-organized compulsory insurance.

Similarly, in the case of accident insurance, Denmark (1898) and Sweden (1901) established voluntary, employer-financed accident insurance laws; while Norway (1894) again chose the compulsory, Bismarckian version; and Finland (1895) a semi-compulsory one (Kuhnle 1981, 401f.). These schemes were restricted to the working class (sometimes even to only the most accident-prone groups among the workers), fitting the framework of paternalist capitalism.

As for unemployment insurance, the background was that any worker who lost their wage would soon become poor. The first discussions about social protection of the unemployed considered them in light of the much longer experience with the rural poor. As peasants were represented in the political system, their experience was that they had to carry all expenses when support was granted to the rural poor. In Norway's 1863 poor law, the able-bodied did not deserve assistance. According to the iron law of wages, able people had to work for the wage offered. Poor relief would only bid agricultural wages up. This rural experience clashed with the experience of the new working class, risking involuntary unemployment due to unfavourable business cycle movements. In Norway (1900) and Sweden (1918) revised poor laws offered work at low wages in public workhouses.

Schemes reflecting the experiences of unemployed workers in heavy industry developed in the field between political parties and labour movements. There were two models. The Ghent model was like the sickness funds: voluntary, union-managed funds were supported by the state, mostly administered together with public labour exchanges (Hatland 2013, 131). The alternative model was Britain's 1911 system of compulsory, state-financed unemployment relief. The Ghent model was the first choice in all the Nordic countries. It suited the labour unions, which had already begun to organize funds on their own, but appreciated state support as funds were vulnerable in economic downturns and periods of financial instability. The system was established in Denmark in 1901, in Norway in 1906, and in Finland in 1917. In the next period some interesting differences evolved, as I shall show below.

Finally, I turn to age insurance, which in later developments would be the most important type of insurance. Bismarck's triad of early social security arrangements did not include unemployment relief, but it did include (old-age) pensions. Comparing Denmark, Sweden and Norway, there is no convergence, and the pattern differs from the sickness, accident and unemployment schemes. In 1890, Iceland was the first Nordic country



to establish old-age pensions, but it was a very weak system, just a somewhat more legitimate system of poor relief. It was paid for and organized by local government. In Norway, liberal politicians held on to a Bismarckian approach in which the state would introduce compulsory insurance. Denmark and Sweden deviated; in 1891, Denmark introduced a system that the Norwegian liberal and peasant elites rejected: a compulsory, tax-financed system. Unlike any Bismarckian system, it was not restricted to certain working-class groups. It was universal, relating to the whole social formation, not just to the specific capitalist relations between labour and capital. Any citizen could potentially receive it, dependent on a means test. In 1913, Sweden passed a similar scheme that was even more explicitly universal.

In the post-war period, under different political constellations, means-testing was abolished, making Nordic old-age pensions universal. Thus, the potential universality of these early schemes started a path-dependent development. According to Baldwin (1990), it was the result of farmers pursuing their interests in the pre-democratic parliaments. He also notes that this was long before the (post-war) era of progressive income and wealth taxes. The basis of state finances was the central state's indirect consumption levies. Poor relief, which was organized at the local level, was underwritten by local land taxes, paid only by farmers and peasants. Discussions on tax and welfare reform brought major class interests to the fore, and peasant politicians hoped that a system which included the rural poor under a universal, means-tested system would imply savings on land taxes, since it would be financed by state levies. Since they feared being trapped as distributional losers, peasant politicians pushed for a universalist, tax-financed, non-contributory old-age pension system. To Baldwin (1990, 93) this is the 'cornerstone of the unique Scandinavian welfare edifice', and the Danish decision (1891) was certainly taken at a time when labour interests hardly had a strong representation in Danish political institutions. Baldwin claims that the Swedish 1913 scheme can be explained in the same way.

All these systems were means-tested. The low benefits accrued only to citizens whose income was demonstrably under a poverty line. Those who received poor relief were not covered. Note also that ageing was a limited problem. Life expectancy of males at the age of 20, by 1900, was roughly 45 years, except for Finland, where it was 42 (Flora 1987, 98 f., 105 f.). None of these early age-pension schemes were much more than a less stigmatizing poor-relief system.

Apart from this, the other early cases of social protection – also with low benefits – targeted workers specifically. To the extent that working-class organizations were involved, they were junior partners. They had more to say regarding unemployment relief, since by the end of the period their position was stronger.

The working-class-related cases of social protection can be seen as institutional designs implying complementarity between state-sponsored social insurance schemes and employer-worker relations at the firm level, in matters such as wages and working conditions. I hypothesize this as a major elite offensive, starting during the great depression of the 1870s–1880s, continuing into the belle époque, the new economic upturn that started ahead of World War I (WWI).

The early universalism of the old-age pension arrangements in Denmark (1891) and Sweden (1913) was less compatible with the paternalist approach to labour relations. Peasant influence (Baldwin 1990) was here due to the role that these groups had gained in local and national politics, thanks to mobilization since the earlier period. In

macroeconomic terms, these old-age pensions were surely unimportant, but they marked a turning point, since in the longer term – especially in the early post-war period, as will be seen – the remaining working-class-related pensions were made universal, too. Only unemployment insurance was organized differently, as I show below. Social protection went through several phases, located at various points on the historical time line. The laws would be revised, extending coverage (for example, of types of accidents and diseases) and eligibility (groups eligible for relief), also stepping up benefit levels. The various branches of this social safety-net were administratively coordinated to ensure efficiency. In my analysis of post-war embedded capitalism, I shall discuss the peculiar influence of labour parties and of inter-Nordic learning on the universalist pensions.

At the end of this period, and into the first decades of the twentieth century, mobilization was broadened, consolidating the major political institution of parliamentary democracy. This became the era of big and well-organized popular movements: the temperance movement, the free church movement, the youth movement, the sports movement, the women's movement – in addition to the labour movement. They differed in most respects, but agreed to one common goal: universal voting rights. When that goal was achieved, they split along party-political lines (Soulinna 1981, 604f.). First male, then universal suffrage was established right at the threshold of the next period. The next section will show how universal suffrage, the core of mass politics, and parliamentarism, became the crucial political framework for twentieth-century developments, particularly in the areas of social protection and social partnership.

## CAPITALISM WITH FRAGILE DEMOCRACY, 1910S TO 1940S

As noted in connection with Table 29.1, the periodization in terms of new techno-economic complexes does not work for the interwar period. Economic problems in a fragmenting world economy led to the breakthrough of a new techno-economic paradigm (Fordist mass production and mass consumption) in the US only, while Europe was hampered by institutional inertia and persistent social tensions. Certainly, after 1917, we find a consumer culture spreading in Norden too, but mainly in the upper layers of the middle classes.

The extension of the railway infrastructure reached its peak in this period. Maximum railway infrastructure (in kilometres) was reached in Denmark in 1930, in Sweden and Finland in 1939, and in Norway in 1960. Sweden peaked at roughly three times the range (in kilometres) compared to the others (Mitchell 1978, 315ff.). Only in Iceland, with no railway infrastructure, was a modern infrastructure developed entirely for automotive transport. In the other Nordics, cars and lorries became an alternative to railway transport, but the real improvements of that infrastructure happened in the post-war period.

As for the development of the core sectors (heavy industry) of Nordic capitalism, the contraction of world trade caused grave trouble for the small, open economies. Many firms were already vulnerable because of the financial instabilities during the 1920s deflation. I cannot here provide an overview across countries and sectors, but will just note that in some sectors, exports did keep up even under the difficult circumstances in the 1930s. The years of protectionism were also years of escalation towards a new world war. Most of the successful exports were directly or indirectly defence-related products, based

on strategic raw materials (metals). This was possibly of greatest importance to Sweden. Furthermore, given the rise in protectionism, some amount of import substitution also played a role.

Within the heavy engineering complex, one new feature was the development of a furnace sector based on hydro-electricity in Norway after 1905. In Sweden, the engineering firm SKF expanded spectacularly, producing its patented 'spherical, double-rowed and self-regulating' ball-bearing (Schybergson 2001, 117). Soon the firm had subsidiaries in Germany, France, the United Kingdom, and even in the US, where in 1923, it received a huge order from Ford for ball- and roller-bearings. With this latter subsidiary, SKF became an integral part in Fordism's early breakthrough in the US. It was SKF that provided Volvo with production facilities and capital. In 1935, Volvo became independent, the first big Swedish firm to produce cars, a main feature of Fordist mass production and mass consumption. None of the others developed car production. The great depression created big problems for SKF as a producer of business-to-business products, but still, its share of the entire world market (ball-bearings) in 1934 was nearly 20 per cent, and it had 70 per cent of global exports, enjoying huge demand from the armaments industry (Schybergson 2001).

From the earliest years of this period (strictly speaking, 1906–1945), the institutions of parliamentary democracy established new rules of the political game (Table 29.1, column 3). Parliamentary democracy was not a Nordic peculiarity; my focus here is on how this set of political institutions in this period became a framework for the co-evolution of social protection and social partnership in the Nordic area. The dates for universal suffrage (arranged from first mover), male suffrage and parliamentary rule, respectively, were: Finland 1906, 1906, 1919; Norway 1913, 1898, 1884; Denmark 1915, 1848, 1901; Iceland 1920, 1915, 1904; and Sweden 1920, 1909, 1917. There are interesting timing differences here, but I only have space to discuss the Finnish case.

The striking position of Finland as first mover has been thoroughly analysed (Alapuro 1992; Fryklund and Peterson 1981). By the turn of the twentieth century, structural changes in a poor agrarian society with an expanding forest industry block had led to strong polarization. On one side, the rural and urban proletariat were joined in the social-democratic party from 1899. On the other side, most of the agricultural freeholders allied with the Finnish ruling class of bureaucrats and industrialists.

Due to the instabilities in Russia, and given the strong Finnish nationalism, Finland experienced a dramatic, once-off democratization. Universal suffrage was effective as of the 1907 election; the second country in the world after New Zealand (1893). The social democratic party gained 37 per cent of the votes, emerging as the largest socialist party in Europe. In the period 1907–1917, class struggles interacted with the struggle for national independence. The collapse of the Czarist regime in the Russian Revolution of 1917 was the external impulse Finland needed to gain national independence. But the underlying polarization exploded in a vicious civil war between the reds and the whites in the first months of 1918. The victory of the whites (many reds died in prison camps) put its stamp on Finland's interwar developments. In this respect Finland is an extreme case, one that displays developments that were more easily countered in the other Nordic states. Still, despite this extreme position, parliamentary democracy did survive. Finland, like the other Nordic states, emerged in 1945 as a country that would catch up, developing more similarities with its Western neighbours.

In all the countries, the period is characterized by a back-and-forth movement in which the labour movement challenged the old elites. By the end of World War I, the various state elites were combinations of older, bureaucrat layers; more recent bourgeois politicians with links to the most important industrial sectors; and some groups representing the dominant social movement of the mid-nineteenth century (peasants and farmers). The elite (state and employer) offensive of the earlier period had implied an institutional design that would block autonomous working-class mobilization and wage-bargaining with reference to workers organized across many firms. Through the interwar period, it turned out that this paternalist institutional design could not co-evolve with the institutions that were formed as working-class mobilization created relatively autonomous organizations across firms within the framework of parliamentary democracy. It proved impossible to restrain worker mobilization by tying workers to particular firms and undermining the formation of their own parties by establishing specific welfare arrangements accruing to distinct occupational groups (the Bismarckian roots of the German or Continental welfare state; Esping-Andersen 1990). Worker mobilization became autonomous, relatively homogeneously across sectors.

This was not a smooth, but rather a conflictual process. Elements of the preceding elite offensive (paternalism) were relaunched, but they were encountered by extensive mobilization from below. Only at the end of the period, just before World War I, do we find indicators of major changes in the two main areas. In social partnership, the employer strategy of decentralized, firm-specific wage bargaining had been weakened (but there are main national differences). In the area of social protection, some of the countries saw changes that pointed towards more emphasis on universalism. Strong complementarities, however, were not forged before the end of World War II. While Finland was the extreme, four general features of the interwar turbulence can be distinguished.

First, this was the infant phase of parliamentary democracy. The parties and organizers engaged in various compromises and alignments, pursuing shifting strategies before – in the late 1930s – the various party systems ‘froze’ (Rokkan 1970). By that time, the old liberal/conservative parliamentary division had been replaced by a socialist/non-socialist division. Second, international developments influenced political institutions: World War I ended in the Russian Revolution (February and October 1917), in the very country that Finland was a part of. Russia had traditionally been feared in the region, especially by Sweden. Thus, just as the labour and social-democratic parties entered into the game of parliamentary politics for the first time, the labour movement also had to grapple with complex internal strife on the strategic questions of reform or revolution. Third, a brief post-war boom was followed by economic crisis (1921–1922), and recovery from this crisis was hampered by the then hegemonic British international monetary policy: return to normalcy, defined as the pre-war gold standard parities. Fourth, political and economic destabilization also led to mobilization on the right-wing side. The five Nordic cases can be compared with reference to these four properties.

First, degrees of fragmentation on the non-socialist side, and the role of autonomous parties for both farmers and workers (with no clientelist ties to fragmented elites, with the exception of Iceland) differed. The string of tense encounters and realignments in the infant parliamentary system brought representatives of the most recent mobilizing class, the working class, into government positions. Denmark and Sweden had long-lasting labour (minority) governments in the early 1920s, while this only occurred in Norway

as of 1935. In the 1920s, these parties were not in a position to influence class-struggle tactics (such as many local strikes) at the shop-floor level. Such actions were also supported within an autonomous worker public sphere. In Finland and Iceland, the party systems were split 50/50 between communists and social democrats, and the latter only managed to be weak partners in coalition governments. On this basis, one can further analyse the agrarian-labour parliamentary alliances that emerged in the mid- and late 1930s (Mjøset et al. 1986, 53–64).

Second, the significance of revolutionary impulses differed, with Norway and Finland as the most pronounced cases. Norway's Labour party did become a member of the Comintern, but only from 1919 to 1923. Labour parties only considered parliament an area for propaganda; they actually shared the bourgeois parties' conviction that there were no alternatives to balanced budgets. In Finland, moreover, communists were more or less excluded from politics for long spells. With differences in timing, however, the labour movement went through various learning processes. On the whole, it arrived at the reformist position: there were gains to be made for the working class within capitalism. The labour movement then tended to claim that when it captured an absolute majority, privately owned firms could be socialized. The economic miracles of a planned economy would supposedly reproduce this parliamentary majority in the long term, leaving democracy intact.

Third, an economic situation marked by dramatic debt and unemployment problems, created due to deflationary monetary policies, proved a fertile ground for such learning. The concrete problems differed: Finland did not return to pre-war parity (devaluing in 1925–1926 to 13 per cent of the 1913 parity). Iceland left the gold standard early and devalued in 1927. Sweden had a short way to go before officially reaching pre-war parity in 1924. Norway and Denmark were the worst off, with protracted deflationary policies lasting to 1926 (Denmark) and 1928 (Norway). The dismal economic performance led to dramatic bursts of support for the labour parties. The weak upturns of the later 1920s were soon strangled as the world economic situation deteriorated. The US had gained greater impact on the world economy, and the Wall Street crash of 1929 had repercussions in Europe. Britain departed from gold on 9 September 1931, establishing protectionist imperial preferences in 1932.

Fourth, infant parliamentary democracy was doubted not just by the revolutionary left, but also by right-wing groups, some of which were fascist. The partial gains made by labour caused some intellectuals to embrace populism and even fascism, claiming that parliament should be transcended in favour of benevolent right-wing authoritarianism that would put an end to 'bolshevism' and 'trade-union monopolism'. Many groups and parties in Finland supported the fascists through the short Lappo period between 1928 and 1932 (Alapuro 1980). Among the various party-forming groups there were other processes of divergence and realignment. By the end of the 1930s, somewhat permanent party structures were 'frozen'.

As economic problems (unemployment, deflation, debt) multiplied in the early 1930s, labour and agrarian parties learned to cooperate. Labour gave up its ideas about class struggle at the firm level, as well as the belief that only fully socialized business could be managed. Labour also appealed to the farmers' and peasants' party via an ideology of the 'people's home'.

Labour party intellectuals discovered that they had support among a growing

contingent of 'Keynesian' economists, willing to commit their mathematical and economic skills to the goal of planning mixed economies. The connections were forged before WWII, although the practical consequences of the Stockholm and Oslo schools of interwar economics followed only in the post-war period, the era of economics expertise.

The labour parties realized that they could not field a majority of their own, but the advice of economics experts indicated that state support that eased the burden for indebted small farmers could benefit economic recovery as it stimulated effective demand. The result were various parliamentary alliances around economic policy offensives under labels such as 'the cow trade' (Sweden 1933), the Kanslergade compromise (Denmark 1933) and the alliance generating the 1935 Labour government in Norway (Mjøset et al. 1986, 60f.). Above all, they involved support to ease the burden on debt-ridden farmers. Here was a link back to earlier phases of labour mobilization, marked by fruitful collaboration with associations originally linked to peasant mobilization: co-operative, temperance and revivalist movements.

This chapter has traced the development of a layer of social-protection institutions, mediating between economics and politics. As we have seen, they were top-down efforts to deal with the worker question, aiming to conserve social order. As social security arrangements they were weak, means-tested with low benefits. By the late 1930s, however, the social democrats in Denmark, Norway and Sweden had begun to establish their cadre as new elements in the elite. The presence of strong, autonomous labour parties came to play a crucial role in the extension of social protection to new items, improved benefit levels, and universalization as means-testing was terminated. This influence is clear-cut, despite the fact that most of the decisions were based on broader parliamentary majorities than just labour and farmer parties. As for Norway, sickness insurance was extended to cover fishermen and sailors, and a means-tested old-age pension was introduced in 1936. Benefit levels were significantly increased. This was the largest extension of social insurance coverage in Europe since Bismarck's laws from the 1880s (Kuhnle 2013, 171f.). In the post-war period, this trend was even broader and stronger.

As for unemployment insurance, I have noted the Ghent system (Denmark 1901, Norway 1906, Finland 1917): voluntary insurance managed by the unions, with state support. But Sweden was a latecomer, maintaining (even under several minority Labour governments) its stigmatizing relief-work system with very low compensation levels. The Ghent system was introduced in Sweden only in 1936, the same year that it was introduced in Iceland. Strikingly, Norway abandoned the Ghent system that same year, switching to the British system: a compulsory, fully state-financed system for all wage earners.

We see here the start of a process in which earlier, weak paternalist arrangements are replaced by social protection institutions enforced through broad parliamentary alliances with worker and farmers' parties as main pillars. In parliamentary democracy, their strength of numbers was translated into decision-making power and control of the administration. Among the fragmented non-socialist parties there were always some non-socialist parties that would vote with the centre-left, or they just ceded to the parliamentary majority.

Turning now to social partnership: despite considerable differences between the countries, firm-level, decentralized encounters between labour and capital began to be replaced by routinized negotiations. These two well-organized and autonomous social

partners of the Nordic capitalist systems countered each other in civil society, signing 'main agreements' that served as labour-market constitutions. The timing varied: Denmark's September settlement took place in 1899. In Norway (1907) and Sweden (1905), employers and unions in the metals and engineering (leading) sectors entered into sector-wide agreements. In the late 1930s, Norway's main agreement was signed in 1935, and Sweden's (Saltsjöbaden) in 1938. In Finland, such an agreement was blocked by employers, in continuity with the civil-war polarization (Nilsson 2001).

Such frameworks securing collective bargaining was a main institutional novelty, developing through the period, simultaneously with the parliamentary back-and-forth adjustments and the debt and unemployment problems periodically hampering the economy. Nationally distinct developments can be specified by means of the categories I have referred to here, but it would take too much space.

There were significant variations in the timing of the turn to reformism, in the mix of national and international factors behind the economic problems, and in the strength and timing of social partnership and social protection upgrading. However, in all cases, parliamentary democracy survived, with state-society relations marked by what Evans (1995) describes as 'embedded autonomy', open to further mobilization by social movements. In Finland, conditions for such survival were often bleak. Although narrowly political, a red-green, agro-labour alliance emerged even there in 1937. Its economic underpinnings were weak; collective bargaining was only agreed in 1940 and effective in 1943. This meant that social partnership was accepted by Finnish employers only during war-time emergency, at a time when the 'great Finnish' right-wing authoritarian and militarist elite segment took Finland on a dubious wartime adventure. The government sought revenge for the USSR's 1939 winter war conquest of strategic parts of Finnish territory: it attacked the USSR in 1941, a Finnish parallel offensive to Hitler's eastwards Operation Barbarossa. A fragile balance between the social partners was not reached until the peculiar realignments that took place as Finland switched from German to Allied orientation in 1944-1945. As will be seen, this placed Finland in a peculiar situation during the Cold War.

We have seen that the period was marked both by economic turbulence and political polarization, as well as difficulties in the relations between economics and politics. There were only weak complementarities between the three institutional novelties I have discussed. The first, parliamentary democracy, introduced a whole new context that may be modelled in power-resource theory. The second, social partnership, implied the development of collective bargaining with different timing and coverage. The former related to politics, the latter to the economy and civil society. The third, social protection, mediates between politics and the economy. It consists of designs by the state to sustain social order by politically induced regulation of the economy.

As noted, the decentralized paternalist arrangements about to emerge in the earlier period did not survive. What started as a one-sided attempt by employers (assisted by the state) to develop institutions that would facilitate paternalist integration of the working class, by the end of the period had been transformed into a quite different social partnership pattern in which two labour-market partners faced each other as autonomous collective actors. The earlier inferior social partner had gained equality, thanks to masses of votes gained in democratic elections. Thanks to parliamentarism these votes could be translated into legislation on social protection that could potentially balance the

bourgeoisie's control over capital. There was no easy consensus, but both collectives were able to learn from the conflictual process.

By the late 1930s, at least Denmark, Norway and Sweden were predisposed for strong complementarities. Such a development, however, was interrupted by WWII. Like WWI, it yielded further experience in planning, although under emergency, and at least Norway and Finland had extensive war damage.

## POST-WAR INTERVENTIONIST CAPITALISM, MID-1940S TO MID-1970S

US post-war hegemony stabilized the Western (or Atlantic) world. It had two basic elements. The geopolitical element was the Cold War. The economic feature was the Western area as the extended market for products and technologies in which the US had developed excellence before and during the fragmentation of the world economy in the preceding period. This implied the diffusion of the Fordist techno-economic paradigm, a model of economic growth in which productivity-indexed real wages connect assembly-line mass production with consumerist mass markets.

As the international system was restructured along a Cold War axis, the Nordic countries thrived. In the new strategic situation they had different geopolitical preferences: the western Nordics, Denmark, Iceland and Norway, joined the North Atlantic Treaty Organization (NATO). The eastern Nordics stayed neutral. These different preferences precluded deep regional integration, but the reality is that all five became integrated in the Western world; even Finland, with a lag. In this setting, they successfully implemented a set of low-key regional integration measures (Wendt 1981): a passport union (1952) and a common labour market (1954).

Cold War geopolitics influenced the way in which the US exercised its world economic hegemony, particularly in the crucial international regimes of trade, money and technology. Since the Eastern bloc was to be contained, these international institutions were organized along the lines of what has been called 'embedded liberalism' (Ruggie 1982). While US international economic policies at the time were torn between earlier isolationist ideals and more recent liberal visions, the actual strategies pursued did not require its Western European allies to liberalize right away. In the Cold War, the US needed allies with stable political economies. This was all the more challenging since there was urgent need for reconstruction due to wartime physical damage and economic disruptions. If that required accepting the mixed economy preferences of most left-liberal groups in the area, the US accepted this. As part of post-war reconstruction, the Western European countries were allowed to pursue infant-industry protection, while the US supported technology diffusion to Western Europe. The US could spend some of its surplus as aid by which the Europeans purchased US export items. Politically, this would integrate the working classes and consolidate reformist and/or Christian democratic labour parties. Although the Western European states were markets for US goods, they were primarily Cold War allies. They were not seen as competitors, and they were given access to technologies that would – in the long run – enable them to catch up economically with the leading US economy.

The Atlantic economic system thus embedded its liberal features in a number of



international institutional features such as a framework of fixed exchange rates, managed international payments (Bretton Woods) and only gradual trade liberalization (the General Agreement on Tariffs and Trade, GATT). This system affected the neutral, eastern Nordics (Sweden, Finland) as much as the NATO members. This international institutional framework suited the Western-European countries well. As for the Nordic countries, they would be allowed to realize just the complementarities that were there in embryo stage in the late 1930s.

This Cold War context facilitated the productivist style of reconstruction and catch-up, fuelled by diffusion of leading US technologies. The Nordic countries adopted the latest techno-economic paradigm, the mass production, mass consumption, oil-based paradigm, 'Fordism'. In Norden, only Sweden – with its iron and steel sector – had the industrial preconditions to develop an automotive industry (Volvo, Saab). They also relied on further raw materials exports to gain foreign-exchange incomes that financed imports both of sophisticated investment goods and items of mass consumption. This was also facilitated by Marshall Plan aid and US-led payments arrangements.

This was particularly so with Denmark, Norway and Sweden, the countries in which social democrats had become influential even before World War II. Iceland had thrived with Allied bases and high economic activity during the war, but like Finland its social partnership institutions were more burdened by conflicts than in the three other cases. But, as will be seen, both countries also caught up. In the case of Finland, war reparations, elite realignments and national unity following dramatic policy shifts towards the end of WWII led to convergence with the three others in the medium term. Both Iceland and Finland had capacities to counter whatever peripherization pressures emerged during this Golden Age.

Throughout the 1950s and 1960s, the five countries took part in the overall Western European catching up with the leader (the US). They sustained and developed their own national systems of innovation, serving as modules in a larger Nordic and West European Fordist division of labour, nourished by US technology transfers. Rather than broad mass production, the small Nordic economies gave priority to certain selected sectors and excelled in certain specific skills.

We have seen how institutions of social protection and social partnership emerged in the interwar period, but they did not really co-evolve to become complementary. Under Cold War 'embedded liberalism' conditions, they came together, co-evolving with upgraded institutional features of other vintages, notably capacity institutions and openness to mobilization. At least in the social democratic Nordic states, a new elite had blended with the older elites since the late 1930s, representing a broader stratum of the population. Various organic intellectuals had been part of working-class mobilization, so in addition to the most crucial working-class leaders, a number of intellectuals (lawyers, engineers, economists) were ready to work with and within the new administrations. The Cold War system of strong complementarities was a result of their elite offensive.

A new institutional feature was social and economic planning based on expert knowledge. It was not so much a question of new organizations, but of new professions taking important positions in the administrative apparatus that had earlier been entirely dominated by lawyers. A wider spectrum of professions was now engaged in the planning and management of Nordic capitalism, most importantly engineers and economists. They helped to develop interventionist capitalism, beyond non-interventionist 'rule of law'. In

addition, for some fields – particularly the health sector as part of state-provided social protection – voluntary organizations played important roles (Stenius 2010). They possessed valuable applied knowledge, knowledge that was later to be codified in new health professions. Together with older professions, these groups were crucial elements in the growing new middle classes.

Ever since the coming of heavy industry, engineers had been involved in private managerial hierarchies. Now they also had a say in national planning of upgraded physical infrastructure and heavy industries that would earn export incomes. Economists related both to social partnership (modelling applied to income-policy settlements) and social protection (developing a national accounts system, modelling fiscal policy strategies). Both professions focused strictly on the growth of the real economy. Monetary policy was subordinate, a key point in the Bretton Woods system. Well into the 1980s, financial capital was repressed to conform strictly to the needs of the production economy (Andersen 2010), which is Perez's (2002) criterion of a 'Golden Age'.

In line with the late 1930s 'labour-market constitutions', varieties of coordinated wage bargaining became routine. Bargaining would be more or less centralized, but always also allowing for local-level negotiations in which the actual market conditions of the firms were taken into account. Owners of capital retained their prerogatives in terms of investment decisions and work management, but even in these fields, sets of regulations were imposed.

Liberals, guided by ideals of the self-regulating market, had feared that such state intervention would undermine existing complementarities. Some of them even held that the planning experiments would collapse into authoritarian rule. They understood that democracy had brought labour into power, but did not trust the reformist turn, fearing that parties of the working masses would turn democracy into authoritarian rule on a 'Bolshevik' model once they were threatened. More moderate liberals feared that economic planning would impair the capacity to adapt flexibly to world-economic changes.

Reformist labour, in contrast, insisted that their mission was to deepen democracy: political democracy would be followed by social democracy. The strike as 'non-democratic' class struggle was replaced by a democratic class struggle in which full employment and welfare measures such as health, social insurance, pensions and education would benefit the broad, working masses, thus reproducing and strengthening political support for the reformist labour movement (Korpi 1983). Even elements of economic democracy, such as co-determination on the shop-floor level, would be implemented. Such measures would spur economic growth.

The mixed economy combines three channels or agendas for discussion of various types of issues. First, the parliamentary agenda is the main democratic arena, a forum for issues pursued by the parties of the established, 'frozen' party system. Second, the corporatist agenda is a number of councils, committees, hearings and consultative routines through which the state apparatus involves the social partners and other organized (interest-based or voluntary) groups. These groups may all employ expert advice based on various professions. Third, there is the more loosely defined arena for social movements mobilization, through the public sphere, addressing issues that are marginalized in the two other channels.

In retrospect, the mixed economic system planned by engineers and economists – balancing private pursuit of profit with regulation for fairness and equality in line

with social-democratic reformism – was managed quite successfully. Both physical and welfare-state infrastructure was extended. Political support was sustained by alliances. Between the 1930s and the 1950s, the alliance with the poorest strata of farmers was crucial. But due to policies for increased agricultural productivity, structural change caused this social stratum to diminish. The agricultural share of the labour force dropped below 30 per cent in these years: Denmark in 1935, Sweden in 1940, Iceland in 1943, Norway in 1948, Finland in 1963 (Mjøset et al. 1986, 336 f.). The new middle classes in both public and private organizations grew. At the parliamentary level, Labour's alliance strategy shifted towards these groups in the 1960s (Rokkan 1966). Competing for the votes of the same groups, the larger parties grew more similar.

In Sweden, Norway and, to some extent, in Denmark, social-democratic parties dominated government for long spells, while the non-socialist side was fragmented. Whenever some non-socialist coalition government took over, a 'Weberian' bureaucracy – typical of non-clientelist systems – remained in the ministries, and these experts ensured continuity. Liberal critics were in a weak position. In Iceland and Finland, the networks between experts, government, administrative apparatus and political parties were weaker, and certain business sectors had considerable power, complicating peak-level social partnership (Mjøset 2011a, for a comparison).

Iceland and Finland thus had different economic policy models. Both have institutions of social protection (but mostly lagging compared to the other three), and they participate in Nordic cooperation (Finland was often late in joining). Social-partnership institutions had not changed as much, compared to the early interwar period, as in the other Nordic countries. The new profession of economists thus met with more resistance. In Finland, the Central Bank played a more important role than in the other three. In Iceland, an independent Central Bank was first established in 1961; the economics profession was weaker, so judgements by politicians and leading-sector business interests (fisheries) played a larger role.

In Finland, the Cold War had peculiar implications. As a consequence of the drastic 1944 reversal of the 'parallel war' against the USSR, Finland both had to pay reparations and to resettle 430 000 refugees from the south-eastern region that was absorbed into the USSR. A treaty of friendship and cooperation with the USSR restrained Finland's international relations, particularly in the early post-war period. The bourgeoisie had to adjust to this new situation, and earlier left-wing working-class associations were reintegrated into Finnish policies. But despite the close friendship with Russia (geopoliticians even invented the term 'Finlandization'), Finland became part of the Western catching-up process, producing sophisticated goods to Western markets and more elementary industrial input as reparations to the Russian market. Over the first post-war decades, however, Finnish labour relations remained quite confrontational, with several strikes and lock-outs.

The fact that the party structure in both Iceland and Finland included significant splits on the socialist side (communists versus social democrats), is part of the reason why they had less stable institutions of social partnership. The failure to agree on class compromise-type income policies tempted the authorities to use an easy instrument such as devaluation, then having market forces do the job. The result was devaluation cycles with considerable instabilities (Mjøset 1987, 416). They exploited the Bretton Woods option of claiming devaluation for real economic reasons, being too small to matter.

Devaluations pushed up inflation, and real wages slumped. This was countered in the next phase of the cycle by high strike activity as workers took action to regain these losses. Also fiscal policies were more in line with the austere treasury view (particularly in Finland), which implied less funds for fiscal spending for social protection institutions. The complementarities of these two countries were different from what went on in the three other countries. As will be seen, Finland eventually converged, while Iceland remained different.

Compared to the various offensive mobilizing patterns of the 1930s, the post-war Nordic 'labour-dominated' states managed economy and society from above. But unlike the late nineteenth century, the situation was not one of older or more recent wealthy elites in a non-parliamentary political system (except Norway) marked by voting restrictions. There was full democracy. In the three social-democratic cases, representatives of the working masses held office over long spells of time. Even in Iceland and Finland, they were sometimes included as weaker partners in coalitions. State intervention was 'mobilization from above', extending citizens' rights by legislation. This required that the staffs of the administrative apparatuses grew, but not in the unproductive ways which are typical of clientelist political systems.

Sound management of economic development secured compatibility between industrial restructuring and the further consolidation of a universalist social protection, financed by high taxes, centred on progressive income taxes. There was broad consensus on these institutions. Their legitimacy was bolstered by progress in living standards, which due to redistribution worked in favour of the broad strata with low incomes. In this period, institutions of social protection were broadened in terms of the groups covered, and benefits were made more generous. For instance, sickness insurance was generalized for all citizens in Sweden in 1955, in Norway and Iceland in 1956, in Denmark in 1960, and in Finland in 1963.

Old-age pensions emerged as the most important field of social protection. Especially when improved health conditions would generate a secular rise in life expectancy, this became the most expensive part of social insurance. A main turning point was the Swedish 1946 decision under a Labour party majority to make old-age pensions independent of a means test. With a lag, the other systems were generalized in the same way: Norway and Finland in 1957, Denmark in 1964, and Iceland in 1965. This established universal flat-rate benefits (people's pensions) in all countries, a modest citizens' wage for the elderly.

While all the earlier social protection institutions had focused on providing basic security and poverty alleviation (first tier), the next step in the development of these institutions was politically connected to the relative growth of the new middle classes. It was impossible for the reformist left to pursue a policy of strict income equalization; as little as they had earlier been able to go for full socialization of production. A measure of income inequalities after retirement had to be accepted, depending on the actual living standards, differential lifestyles and the position in the social hierarchy enjoyed by various groups. Although redistributive, the Nordic models had to sustain social stratification. However, in line with the equalities already involved in the generalization of freeholder agriculture, the hierarchies were flatter than in most other varieties of capitalism.

Privileged white-collar groups were able to gain guarantees for some kind of income maintenance after retirement (second tier), granted by their (public or private) employees.

In Sweden, *Landsorganisasjonen* (LO) early on demanded similar social concessions for all its blue-collar members. The result was a long and hard struggle over compulsory, state-organized, income-related supplementary (labour-market) pensions for all wage earners. With a one-vote parliamentary margin, the Swedish Labour party won in 1959. This reform then became a model for the other countries. In Finland (1962) and Norway (1967), the non-socialist side had observed the success of the Swedish solution, and consensual compromises were reached (Edling 2006). In Denmark, there was strong resistance from non-socialist parties, but even disagreements within the labour movement. The Labour party was also weaker in parliament. Thus, the universal people's pension was improved, but supplementary pensions were left to the private sphere. A similar outcome followed in Iceland. However, in Denmark, these earnings-related pensions were instead integrated into collective agreements, 'a very collective form of privatization' (Goul Andersen 2011, 4). For this reason, the Danish system did not differ all that much from the Swedish system.

Unemployment insurance, as has been seen, differs from these pensions. I have noted the prevalence of the Ghent system in all Nordic countries, except for Norway. This contributed to the high rates of union density in the region, somewhat lower in Norway (Mitchell 1978). However, the Ghent systems were turned into functional equivalents to the Norwegian mandatory, state-supported system. Due to close political relations between union confederations and state elites, the state ended up footing most of the bill for the union unemployment funds (also providing various kinds of tax relief) while benefits were made more generous in terms of compensation and duration (Goul Andersen 2011, 16).

There is a politicized debate as to whether Nordic institutions of social protection are the result of labour's exercise of their power (based on their large share of votes in the parliamentary system), or just emerged from consensual functionalist adaptation to imperatives of industrialization. It seems clear that Swedish social democracy played a crucial role in the main institutional turning points. Consensus then often followed in other countries due to inter-Nordic learning. A research group of historians concluded that 'the political dominance of the Social Democratic forces put unmistakable stamps on the Nordic societies, even if most of the welfare measures were born out of negotiations and compromises with the non Social Democratic parties' (Christiansen et al. 2006, 351f.).

The old 'parallel system' restricted the number of pupils that could enter grammar schools, which further allowed entry into higher education. The revision of this system is an example of upgrading capacity institutions. All the Nordic countries switched to a comprehensive school system integrating both theoretical and practical education, neutral in terms of class, gender and intelligence. The years were 1962 in Sweden (nine years comprehensive education, decided in 1950), 1968 in Finland, 1969 in Norway (seven years comprehensive education 1936) and 1972 in Denmark and Iceland (Sysiharju 1981, 422–423). In this system, all pupils have a chance of choosing any further educational route. It has relatively few school tracks and few private schools (Denmark is an exception here). Schools do not differ much in terms of their capacity to teach the curricula. Such a system minimizes the effects of class background. Still, it was unavoidable that to some extent the earlier vocational/general education dichotomy was reproduced within secondary schools.

The new composite elite of labour representatives, engineers and natural scientists (some of whom had ties to the labour movement), farmer representatives and heavy-engineering business interests pursued an elite offensive under conditions of 'routinized' mass democracy. But some waves of mobilization can be discerned.

By 1976, a non-socialist coalition won the Swedish elections, ending 44 consecutive years of Labour rule. Pushed by the unions, the Labour party at that time launched the idea of proceeding from social to full economic democracy, challenging employer control over investments, breaking the balance between the social partners. This move was not successful, and as in the other cases, the mixed economy was retained.

In all countries, some of the labour grassroots were frustrated by the workings of the corporatist elite networks. But the new social movements that emerged in the 1945–1975 period were largely based on the new middle classes. Broadly speaking, these movements reflected the higher living standard and levels of educational attainment. The peace movement was an early response to the Cold War, but since the late 1960s, the feminist women's movement and the student movement flourished. The student movement tried to link up with the labour left, but it never became more than a social movement internal to the academic sphere. These activists certainly set out criticizing the expert professions, but were absorbed as teachers in the expanding mass university from the 1970s. Their main fate was to educate ever new experts to staff the administration of the welfare state and, as a side-effect, to produce smaller numbers of free-floating literary intellectuals to colour the public sphere.

The feminist women's movement became much more important. Its impact was extensive and clearly in continuity with the earlier efforts by peasants and workers. Its impact mainly came in the last period of internationalized welfare capitalism (see Table 29.1). I shall not analyse that period here, since it is of less relevance to the question of development experiences. But I need to mention the impact of the new women's movement. The major post-war transformations in education, social protection and social partnership were above all male success stories. But as educational attainment grew, one result of social mobility into the middle classes was a new women's movement that understood itself as feminist, in the sense that these gender inequalities were regarded as decisive structures that the movement set out to change. Women's caucuses strengthened their stance in most political parties. In Finland, Norway and Sweden, this led to what has been dubbed state feminism (Hernes 1987). Women brought expertise into the administration, most parties were driven by their women's caucuses in these matters, and grass-roots movements pushed from below to upgrade and change those institutions that mattered the most for the equality between the sexes in dual-income families. As revised family policies generously provided public kindergartens, maternity leave and 'daddy quotas', while provision of caring involved improved old-age homes and services, young dual-earner couples could start a family right away; there was no need to delay childbirth. This has resulted in fertility high enough to avoid population decline. In this respect, forecasts of the dependency ratio – the ratio between the population outside of the labour force and the labour force – looks less worrying in the Nordic countries than for most continental European countries, especially the Southern European ones.

At the threshold of the 1970s, Iceland and Finland still displayed social structures, political patterns and economic cycles that deviated more or less from the Danish, Norwegian and Swedish patterns. For Finland, however, there was partial convergence

from the late 1960s. Finland even caught up and converged institutionally with the Nordic majority as far as its social protection and social partnership institutions are concerned. It even became a leader in the field of capacity institutions (Castells and Himanen 2002). As for Iceland, there was less convergence, as its devaluation cycles continued. However, these two outliers were influenced by regional cooperation measures, not just the Nordic Council(s) as such (Wendt 1981), but also more specialized coordination committees in various areas. These regional cooperative and consultative networks and meetings were extended from the interwar period. There were meetings of the employers' associations (Nilsson 2001), unions, meetings of lawyers, of social policy administrators (Petersen 2006), as well as scientific networks.

While absence of clientelism is a Nordic 'rule', connected to the long tradition of embedded autonomy, there is one exception. In Iceland, clientelism peaked during the Golden Age. Public sector jobs down to the level of swimming-pool attendant were distributed on a partisan basis. But institutional change in the electoral system (proportional representation extended to rural areas, 1959) improved the position of the educated higher middle classes (strengthened by the 1960s revolution in higher education), and opposition to clientelist practices (favouring meritocracy) became part of their social mobilization (Kristinsson 2001, 185). A series of short-lived parties were formed in the 1970s, all emphasizing the ethics of government. The signing of free-trade treaties from the 1960s onwards weakened the old system in the main economic sector, the fisheries.

In sum, all five Nordic countries succeeded in promoting economic growth: they all displayed virtuous circles of auto-centred development (Senghaas 1985 [1982]), differing from structurally heterogeneous Third World countries. While Finland and Iceland may be characterized as less stable in political terms, their rates of economic growth were not lower than those in the three more stable countries. In fact, given their latecomer position, structural change was faster, as they were catching up; but fluctuations were much larger. Political conflicts did not escalate, and there was no breakdown into authoritarian rule.

## CONCLUSIONS

In this chapter I have analysed the development of five Nordic cases, from poor periphery countries at the time of the Napoleonic Wars to successful twentieth-century catch-up states. I have distinguished between three stable successes (Denmark, Norway, Sweden) and two cases of late development. It is relevant to count them as Nordic, because they share some old preconditions: Protestantism, literacy, a Swedish or Danish administrative legacy. But they deviate in terms of the greater instability of their modernization processes. In Iceland, this is linked to clientelism, weaker state capacity than the other four, as well as blurred relations between the social partners, leading to an economic experience of investment and devaluation cycles. Finland had the same experience with cycles (but ending in the 1970s), but unlike Iceland it also had a legacy of stronger interwar polarization, and had to live a precarious post-war existence on the East–West geopolitical border, with a neighbour they alienated during World War II. In making this distinction between three relatively stable and two less stable development processes, the

implication is that present-day developers may learn more from Finland and Iceland (the outliers) than from the more typical Nordic cases.

The Nordic states met with a number of challenges from the 1970s onwards (see the analyses in Mjøset 2011b), but these experiences are less relevant given my focus here: what can present-day Third World countries learn, being at the receiving end of information on the Nordic development experience? This question (for a pioneering discussion, see Senghaas 1985 [1982]; Mjøset 2007) can be discussed with reference to the periodization in Table 29.1.

First, consider liberal capitalism marked by agrarian mass mobilization before mass democracy. While the Nordic states were at that time small, poor, emerging economies, they differed from most present-day small, poor, developing countries in terms of their pattern of early nineteenth-century preconditions: political and religious homogeneity, administrative traditions (quality of governance), literacy conditions, health, distribution of income and resources. A certain adjustment capacity had developed in Norden before the science-based, heavy-engineering paradigm of Perez's third surge. Their processes of social mobilization and state formation in the nineteenth century differ substantially from such processes in the twentieth- and twenty-first-century Third World (see the comparison in Rokkan 1975, 591–600).

Many Third World countries have formal democracy, and a main issue in contemporary mass mobilization is that more substance must be given to that promise. Social mobilization for equal access to education, against corruption and for broad empowerment of women (for instance: against gang rape in certain cultures) mark the agenda in many Third World countries. However briefly – and in need of further specification – I have claimed that the customary and legal position of women was more secure in the Nordic and North European realm, even when analysed with reference to a family form that evolved more than 1000 years ago. On such issues, the Nordic countries were better situated at the time they entered mass democracy.

Turning to the late nineteenth century, Nordic corporate capitalism was marked by working-class mobilization and mass democracy. A certain adjustment capacity – in the sense that literacy facilitated upgrading and proliferation of skills – had developed in Norden before the science-based, heavy-engineering paradigm of Perez's third surge. On that basis, their traditional raw materials (Sweden's iron ore, Norwegian water power, Finnish forests, Denmark's livestock, Iceland's fish) became the basis of further industrialization. These capacities – with respect to both the development of skills and the practice of good governance – help to explain how they escaped 'resource curse' problems (for the case of Norway, see Cappelen and Mjøset 2013).

A comparison with the poorer raw materials-exporting countries of the twentieth century could investigate the hypothesis that these lacked such an early, 'milder' exposure to capitalist industrialization. Many of these countries had developed as export enclaves during colonialism. During post-colonial rule, clientelism of the most penetrating kind (in the extreme: kleptocracy or failed states) became part of vicious circles in which adjustment capacity was undermined. In this context, foreign investments tend not to unleash the kind of extensive forwards and backwards linkages that emerged even in the poorest Nordic cases. Post-war developing countries became the main targets of United Nations international programmes: the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Development Programme



(UNDP), United Nations Population Fund (UNFPA) and others. These elements in the UN system can be seen as an effort to generalize the embedded liberalism of the Western European–Atlantic experience. Recent Millennium Goals have been fulfilled, but largely due to the weight of successful emerging economies. There is presently no mechanism that can be compared to the Bretton Woods system that was so beneficial to the many Western European catch-up processes in the early post-war period. Development strategies pursued by poor states, often with Western development aid, failed to counteract structural heterogeneity (Senghaas 1985 [1982]), which persisted from the colonial period. Present-day poor countries suffer from a lack of adaptive capacities, in terms of education and skills, and often problems of inefficient administration and low capacity to collect taxes, given prevailing varieties of clientelism. The state apparatuses are not trusted, and public servants have to add to their low wages by taking side-payments.

The interwar period of fragile democracy was the last phase of Nordic corporate capitalism, undermining the paternalist institutional design. Despite the turbulent situation, the conflicts did not take a destructive turn but led to class compromises: stronger in Denmark, Norway and Sweden; weaker in Finland and Iceland. Social partnership in wage bargaining interacted with the formation of regulatory coalitions in the 1930s.

Nordic interventionist capitalism secured broad legitimacy by substantially extending the welfare state as a safety-net ('people's home'), while simultaneously maintaining economic growth, based on both traditional raw materials and adaptation to structural change in the Fordist age of mass production and mass consumption. In the present state of the world economy, not even emerging economies have such properties. Their high growth rates are achieved within different sets of institutional complementarities. This complicates the transition to a less export-dependent growth model, although China makes such efforts in an urbanization process of hitherto unseen proportions, and many Latin American countries have introduced elements of a comprehensive social safety-net. But the Third World is marked by increasing internal polarization: some emerging economies are growth poles; while at another extreme there is recurrent violence in certain conflict zones, producing waves of refugees striving to enter the richer Western countries. I therefore finally consider the present world economic transition: the situation of information and communication technology (ICT) frenzy (see Table 29.1).

Emerging economies are winners in processes of unequal development. In the period of liberal capitalism, Britain (textiles and railways) was important for the Nordics. Then, in Perez's third surge (Table 29.1), Germany was very important to Nordic corporate capitalism, especially in new sectors such as electricity and chemicals. For post-war mass consumption, the Nordic phase of interventionist capitalism, the US was the leader to follow. In parallel ways, one can think about smaller developing countries in the neighbourhood of present-day emerging economies: China, Brazil, India, and others. With reference to Perez (2002), one might argue that the new techno-economic paradigm (ICT) will make catching up – developing adaptation and innovation capabilities – easier than it was in the nineteenth century, at least for the countries whose labour force is sufficiently educated. The Nordic countries' catch-up started with the spread of the relatively simple mechanical technologies of textiles and railways, continuing within techno-economic paradigms based on large-scale mechanical technologies. Upgrading and revision of skills in an up-to-date educational system was crucial in this process of economic transformation. However much present-day ICT makes catching up easier, it is also the case

that small, poor and peripheral countries today may get into trouble since their options are worsened by the catch-up processes of the larger emerging economies. The experiences with China's engagement in Africa are mixed. China is desperate for raw materials and food crops (given that its arable land is a rather low percentage of the country), but it also has a flair for Japanese-style imperialism, which proved more conducive to industrialization than other types of imperialism.

The world-economic situation today is different from both the 1930s fragmentation and Cold War embedded liberalism. While no international constellation has ever confirmed liberal visions, the present situation is – relatively speaking – more liberal than the two periods through which Nordic capitalism developed from corporate to interventionist capitalism. We have no breakdown into anarchy and self-sufficiency today. The leading countries of the Atlantic sphere are eager to guard an open, liberal world economy, just as Manchester capitalism did in the days of Friedrich List. This implies that if regulatory alliances emerge in present-day developing countries, they will have to succeed in an open world economy, while the Nordic states succeeded through a sequence of not entirely open international phases: first a temporary close-off in the 1930s, a world war, and then the semi-managed Bretton Woods period.

The recent financial crisis (2007–2008) affected the world economy as a whole, but above all certain parts of the 'Old World'. Some of the emerging economies continued catching up. World trade did not break down. Today, there are plenty of 'rescue coalitions' in the rich world, but there is a lack of regulatory coalitions of the kind that served the Nordic countries well in the interwar period. Some members of the European Union, particularly the Southern European countries, suffered (and suffer) gravely.

The spectre of environmental disaster was absent when the Nordic countries emulated the US mass-consumption model. As was claimed in *Our Common Future* (WCED 1986), rising living standards in the Third World increase the risk of global warming if the mass-consumption model is emulated on the basis of the same fossil-energy regime that underpinned the Western economic transformation.

For the first time in the history of capitalism, the process of uneven development – given the broad consensus among scientists supporting the Intergovernmental Panel on Climate Change (IPCC) conclusions – comes up against some limits that are defined by the Earth as an ecosystem. Like earlier industrializers on the fossil-fuel model of energy provision, emergent economies often suffer dramatic problems of local, especially urban air pollution (smog, with a number of health risks). If any of the emergent economies are able to take the lead towards a post-fossil solution, their competitive position would improve. Hopefully, their smaller neighbours could rely on both ICT and greener types of energy provision.

These conclusions do not point to specified lessons for present-day developers. Such lessons may utilize my materials on how the Nordic economies prospered, but they must be utilized within a comparative framework and contextualized for the present period.

## REFERENCES

- Alapuro, R. 1980. 'Mass Support for Fascism in Finland'. In S. Ugelvik Larsen B. Hagtvet and J.P. Myklebust (eds). *Who Were the Fascists*. Oslo: Universitetsforlaget, 678–686.

- Alapuro, R. 1992. *State and Revolution in Finland*. Berkeley, CA: University of California Press.
- Alestalo, M. and S. Kuhnle. 1987. 'The Scandinavian Route: Economic, Social and Political Developments in Denmark, Finland, Norway, and Sweden'. In R. Erikson, E.J. Hansen, S. Ringen and H. Uusitalo (eds). *The Scandinavian Model: Welfare States and Welfare Research*. Armonk: M.E. Sharpe, 3–38.
- Amsden, A. 2004. *The Rise of the Rest*. New York: Oxford University Press.
- Andersen, S.E. 2010. *The Evolution of Nordic Finance*. Basingstoke: Palgrave Macmillan.
- Aubert, V. 1989. 'Notes on Greece and Norway'. *Sosiologi i dag* 19(4), 49–66.
- Baldwin, P. 1990. *The Politics of Social Solidarity*. Cambridge: Cambridge University Press.
- Berend, I.T. and G. Ranki. 1982. *The European Periphery and Industrialization 1780–1914*. Cambridge: Cambridge University Press.
- Bradley, D. 1996. *Family Law and Political Culture: Scandinavian Laws in Comparative Perspective*. London: Sweet & Maxwell.
- Bruland, K. 1989. *British Technology and European Industrialization: The Norwegian Textile Industry in the Mid-Nineteenth Century*. Cambridge: Cambridge University Press.
- Cappelen, Å and L. Mjøset. 2013. 'Can Norway Be a Role Model for Natural Resource Abundant Countries?'. in A. Fosu (ed.). *Development Success*. Oxford: Oxford University Press, 44–72.
- Castells, M. and P. Himanen. 2002. *The Information Society and the Welfare State: The Finnish Model*. Oxford: Oxford University Press.
- Christiansen, N.F., K. Petersen, N. Edling and P. Haave (eds). 2006. *The Nordic Model of Welfare: A Historical Reappraisal*. Copenhagen: Museum Tusulanum Press.
- Cippola, C. 1964. *The Economic History of World Population*. Harmondsworth: Penguin.
- Edling, N. 2006. 'Limited Universalism: Unemployment Insurance in Northern Europe 1900–2000'. In N.F. Christiansen, K. Petersen, N. Edling and P. Haave (eds). *The Nordic Model of Welfare: A Historical Reappraisal*. Copenhagen: Museum Tusulanum Press, 99–144.
- Edquist, C. and B.-Å. Lundvall. 1993. 'Comparing the Danish and Swedish Systems of Innovation'. In R.R. Nelson (ed.). *National Systems of Innovations: A Comparative Analysis*. Oxford: Oxford University Press, 265–298.
- Esping-Andersen, G. 1990. *The Three Worlds of Welfare Capitalism*. Cambridge: Polity.
- Esping-Andersen, G. 1999. *Social Foundations of Postindustrial Economies*. Oxford: Oxford University Press.
- Evans, P. 1995. *Embedded Autonomy: States and Industrial Transformation*. Princeton, NJ: Princeton University Press.
- Fellman, S., M. Iversen, H. Sjögren and L. Thue. 2008. *Creating Nordic Capitalism: The Business History of a Competitive Periphery*. Basingstoke: Palgrave Macmillan.
- Flora, P. 1983. *State, Economy, and Society in Western Europe 1815–1975: Vol. I: The Growth of Mass Democracies and Welfare States*. Frankfurt a.M.: Campus.
- Flora, P. 1987. *State, Economy, and Society in Western Europe 1815–1975: Vol. II: The Growth of Industrial Societies and Capitalist Economies*. Frankfurt a.M.: Campus.
- Fryklund, B. and T. Peterson. 1981. *Populism och missnöjespartier i Norden*. Lund: Arkiv.
- Furseth, I. 2002. *A Comparative Study of Social and Religious Movements in Norway, 1780s–1905*. Lewiston: Edwin Mellen.
- Goul Andersen, J. 2011. 'Ageing and Welfare Reform in the Nordic Countries, 1990–2010: Multipillar Pensions and "Activation" of Social and Labour Market Policies'. Working paper presented at Sino-Nordic Welfare Seminar, Fudan University, Shanghai, 9–11 October 2011. Available at [http://www.dps.aau.dk/fileadmin/user\\_upload/mb/CCWS/Publications/Research\\_notes/Ageing\\_and\\_welfare\\_reforms\\_Goul\\_Andersen\\_16\\_fin.pdf](http://www.dps.aau.dk/fileadmin/user_upload/mb/CCWS/Publications/Research_notes/Ageing_and_welfare_reforms_Goul_Andersen_16_fin.pdf) (accessed 21 November 2014).
- Hajnal, J. 1965. 'European Marriage Patterns in Perspective'. In D.V. Glass and E.C. Eversley (eds). *Population in History*. Chicago, IL: Aldine, 101–146.
- Hatland, A. 2013. 'De store veivalgene gjennom 100 års trygdepolitikk'. In H. Forbød (ed.). *Arbeidsdepartementet 100 år. 1913–2013. Festskrift*. Oslo: Arbeidsdepartementet, 119–158.
- Hernes, H. 1987. *Welfare State and Woman Power: Essays in State Feminism*. Oslo: Universitetsforlaget.
- Hodgson, G. 2004. *The Evolution of Institutional Economics*. London: Routledge.
- Huber, E. and J.D. Stephens. 2001. *Development and Crisis of the Welfare State*. Chicago, IL: University of Chicago Press.
- Iversen, T. and D. Soskice. 2012. 'Modern Capitalism and the Advanced Nation State: Understanding the Causes of the Crisis'. In N. Bermeo and J. Pontusson (eds). *Coping with Crisis: Government Reactions to the Great Recession*. New York: Russell Sage, 35–64.
- Jansson, T. 1988. 'The Age of Associations'. *Scandinavian Journal of History* 13(3), 321–343.
- Johansson, E. 1977. The History of Literacy in Sweden. Reprinted in Harvey J. Graff, Alison Mackinnon, Bengt Sandin and Ian Winchester (eds), *Understanding Literacy in its Historical Contexts. Socio-Cultural History and the Legacy of Egil Johansson*. Lund: Nordic Academic Press, 28–59.
- Karlsson, G. 2001. *Iceland's 1100 Years: The History of a Marginal Society*. London: C. Hurst.

- Knutsen, T. and B. Rothstein. 1994. 'State Building in Scandinavia'. *Comparative Politics* 26(2), 203–220.
- Korpi, W. 1983. *The Democratic Class Struggle*. London: Routledge & Kegan Paul.
- Krantz, O. 2001. 'Industrialisation in Three Nordic Countries'. In H. Kryger Larsen (ed.). *Convergence! Aspects of the Industrialisation of Denmark, Finland and Sweden 1870–1940*. Commentationes Scientiarum Socialium 58. Helsinki: Finnish Society of Sciences and Letters, 24–66.
- Kristinsson, G.H. 2001. 'Clientelism in a Cold Climate: The Case of Iceland'. In S. Piattoni (ed.). *Clientelism, Interests, and Democratic Representation*. Cambridge: Cambridge University Press, 172–192.
- Kuhnle, S. 1981. 'Welfare and Quality of Life'. In E. Allardt et al. (eds). *Nordic Democracy*. Copenhagen: Det Danske Selskab, 399–415.
- Kuhnle, S. 2013. 'Den norske velferdsstaten i et langsiktig og internasjonalt perspektiv'. In H. Forbød (ed.). *Arbeidsdepartementet 100 år. 1913–2013. Festskrift*. Oslo: Arbeidsdepartementet, 119–158.
- Laslett, P. 1976. 'Familie und Industrialisierung: eine "starke Theorie"'. In W. Conze (ed.). *Sozialgeschichte der Familie in der Neuzeit Europas*. Stuttgart: Klett, 13–31.
- Lorenz, E. and B.-Å. Lundvall. 2009. 'European Systems of Competence Building'. In E. Lorenz and B.-Å. Lundvall (eds). *How Europe's Economies Learn*. New York: Oxford University Press, 1–25.
- Mahoney, J. and D. Rueschemeyer (eds). 2003. *Comparative Historical Analysis in the Social Sciences*. Cambridge: Cambridge University Press.
- Miettinen, R. 2013. *Innovation, Human Capabilities, and Democracy*. Oxford: Oxford University Press.
- Mitchell, B.R. 1978. *European Historical Statistics*. London: Macmillan.
- Mjøset, L. 1987. 'Nordic Economic Policies in the 1970s and 1980s'. *International Organization* 41(3), 403–456.
- Mjøset, L. 1992. *The Irish Economy in a Comparative Historical Perspective*. Dublin: NESCI.
- Mjøset, L. 2003. 'Norden in the European State System: A Presentation of Einar Maseng's Forgotten Analysis'. In R. Eriksson, M. Jäntti and J. Willner (eds). *Att förstä och förändra världen: En festskrift för Jan Otto Andersson*. Turku: Åbo Akademi Förlag, 161–206.
- Mjøset, L. 2007. 'An Early Approach to the Varieties of World Capitalism: Methodological and Substantive Lessons from the Senghaas/Menzel-Project'. *Comparative Social Research* 24, 123–176.
- Mjøset, L. 2009. 'The Contextualist Approach to Social Science Methodology'. In D. Byrne and C.C. Ragin (eds). *Handbook of Case-Based Methods*. London: Sage, 39–68.
- Mjøset, L. 2011a. 'Nordic Political Economy after Financial Deregulation: Banking Crises, Economic Experts, and the Role of Neoliberalism'. *Comparative Social Research* 28, 365–420.
- Mjøset, L. (ed.). 2011b. *The Nordic Varieties of Capitalism*. *Comparative Social Research* Issue 28.
- Mjøset, L. 2015. 'A Varieties Approach to the Varieties of Capitalism'. In S. O'Riain, F. Behling, R. Ciccio, and E. Flaherty (eds). *The Changing Worlds and Workplaces of Capitalism*. London: Palgrave Macmillan.
- Mjøset, L. et al. 1986. *Norden dagen derpå*. Oslo: Universitetsforlaget.
- Moene, K.O. and M. Wallerstein. 2008. 'Social Democracy as a Development Strategy'. In D. Austen-Smith et al. (eds). *Selected Works of Michael Wallerstein*. Cambridge: Cambridge University Press, 443–466.
- Mungiu-Pippidi, A. (with M. Frisk Jensen). 2011. 'Becoming Denmark: Understanding Good Governance Historical Achievers'. In A. Mungiu-Pippidi (ed.). *Contextual Choices in Fighting Corruption: Lessons Learned*. Berlin: Hertie School of Government, 57–70. Available at <http://www.againstcorruption.eu/uploads/norad/Becoming-Denmark-Historical-Lessons-Learned.pdf>. (accessed 8 May 2014).
- Nielsen, N. Kayser. 2009. *Bonde, stat og hjem: Nordisk demokrati og nationalisme – fra pietismen til 2: Verdenskrig*. Aarhus: Aarhus Universitetsforlag.
- Nilsson, C.-A. 2001. 'Employer Strategies against Unionism and Socialism 1899–1940'. In H. Kryger Larsen (ed.). *Convergence? Aspects of the Industrialisation of Denmark, Finland and Sweden 1870–1940*. Helsinki: Finnish Society of Sciences and Letters, 157–198.
- Oesterdiekhoff, G.W. 2008. 'Familie, Wirtschaft und Gesellschaft in Europa'. In R.P. Sieferle (ed.). 2008. *Familiengeschichte*. Zürich: Lit Verlag, 47–142.
- Østerud, Ø. 1978. *Agrarian Structure and Peasant Politics in Scandinavia*. Oslo: Universitetsforlaget.
- Østerud, Ø. 1981. 'Configurations of Scandinavian Absolutism'. In P. Torsvik (ed.). *Mobilization, Center-Periphery Structures and Nation-Building*, Oslo: Universitetsforlaget, 127–151.
- Perez, C. 2002. *Technological Revolutions and Financial Capital*. Cheltenham, UK and Northampton, MA, USA: Edward Elgar Publishing.
- Petersen, K. 2006. 'Constructing Nordic Welfare? Nordic Social Political Cooperation 1919–1955'. In N.F. Christiansen, K. Petersen, N. Edling and P. Haave (eds). *The Nordic Model of Welfare: A Historical Reappraisal*. Copenhagen: Museum Tusulanum Press, 67–98.
- Pétursson, P. 1992. *Church and Social Change: A Study of the Secularization Process in Iceland 1830–1930*. Reykjavik: Háskólaútgáfan.
- Puntala, L.A. 1975. *The Political History of Finland*. London: Heinemann.
- Rokkan, S. 1966. 'Norway: Numerical Democracy and Corporate Pluralism'. In R. Dahl (ed.). *Political Oppositions in Western Democracies*. New Haven, CT: Yale University Press, 70–115.
- Rokkan, S. 1970. *Citizens, Elections, Parties*. Oslo: Norwegian University Press.

- Rokkan, S. 1975. 'Dimensions of State Formation and Nation-Building: A Possible Paradigm for Research on Variations within Europe'. In C. Tilly (ed.). *The Formation of National States in Western Europe*. Princeton, NJ: Princeton University Press, 562–600.
- Rokkan, S. 1981. 'The Growth and Structuring of Mass Politics'. In E. Allardt et al. (eds). *Nordic Democracy*. Copenhagen: Det Danske Selskab, 53–79.
- Rokkan, S. 1999. *State Formation, Nation Building, and Mass Politics in Europe*. Oxford: Oxford University Press.
- Rose, R. 1976. 'On the Priorities of Government: A Developmental Analysis of Public Policies'. *European Journal of Political Research* 4(3), 247–289.
- Ruggie, J.G. 1982. 'International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order'. *International Organization* 36(2), 379–415.
- Schybergson, P. 2001. 'Large Enterprises in Small Countries'. In H. Kryger Larsen (ed.). *Convergence? Aspects of the Industrialisation of Denmark, Finland and Sweden 1870–1940*. Helsinki: Finnish Society of Sciences and Letters, 97–157.
- Seip, J.A. 1958. 'Teorien om det opinionsstyrte enevælde'. *Historisk Tidsskrift* 36(2), 397–464.
- Senghaas, D. 1985 [1982]. *Von Europa lernen*. Frankfurt a.M.: Suhrkamp. English translation (1985), *The European Experience*. Transl. K.H. Kimmig. Dover, NH: Berg Publishers.
- Soulinna, K. 1981. 'The Popular Revival Movements'. In E. Allardt et al. (eds). *Nordic Democracy*. Copenhagen: Det Danske Selskab, 589–608.
- Sørensen, A.B. 1998. 'On Kings, Pietism and Rent-seeking in Scandinavian (Welfare States)'. *Acta Sociologica* 41, 363–375.
- Stenius, H. 2010. 'Nordic Associational Life in European and Inter-Nordic Perspectives'. In Risto Alapuro and Henrik Stenius (eds). *Nordic Associations in a European Perspective*. Baden Baden: Nomos, 29–86.
- Svalestuen, A.A. 1971. 'Nordisk emigrasjon i en komparativ oversikt'. In K. Hvidt (ed.). *Emigrationen fra Norden indtil 1. Verdenskrig*. Rapporter til det Nordiske Historikermøde i København. Copenhagen: Nordic Historical Association.
- Sysiharju, A.-L. 1981. 'Primary Education and Secondary Schools'. In E. Allardt et al. (eds). *Nordic Democracy*. Copenhagen: Det Danske Selskab, 419–443.
- Thelen, K. 2014. *Varieties of Liberalization and the New Politics of Social Solidarity*. Cambridge: Cambridge University Press.
- Thorkildsen, D. 1997. 'Religious Identity and Nordic Identity'. In Ø. Sørensen and B. Stråth (eds). *The Cultural Construction of Norden*. Oslo: Norwegian University Press, 138–160.
- Thorkildsen, D. 1998. 'Vekkelse og modernisering i Norden på 1800-tallet'. *Historisk Tidsskrift* 77(2), 160–180.
- Thorvaldsen, G, S. Edvinsson and Ó. Gardarsdóttir. 2008. 'Infant Mortality in the Nordic Countries, 1780–1930'. *Continuity and Change* 23(3), 457–485.
- Trädgårdh, L. 1997. 'Statist Individualism: On the Culturality of the Nordic Welfare State'. In Ø. Sørensen and B. Stråth (eds). *The Cultural Construction of Norden*. Oslo: Norwegian University Press, 253–285.
- Vartiainen, J. 2011. 'Nordic Collective Agreements: A Continuous Institution in a Changing Economic Environment'. *Comparative Social Research* 28, 331–364.
- Wendt, F. 1981. *The Nordic Council and Co-operation in Scandinavia*. Stockholm: Almqvist & Wicksell.
- World Commission on Environment and Development (WCED). 1987. *Our Common Future*. Oxford: Oxford University Press.