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Politics as Organized Combat

New Players and New Rules of the Game in Sweden

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Abstract

As Hacker and Pierson (2010) have observed, politics is primarily organization: “organized combat.” To understand the outcomes of politics, we have to look at how it is organized over time: by whom and with what resources? I take Sweden as an example of how politics as organized combat has changed quite dramatically in recent decades. Sweden is often cited as an opposite to the United States among the rich capitalist countries, but it has experienced many encompassing policy changes which have not received the attention they deserve. The paper specifies how Swedish organized politics has changed fundamentally, including the dismantling of corporatist arrangements, changes in the economic policy decision-making framework, increased income inequality, weakened political parties and changes in their social bases, the decline of blue-collar union strength, the growth of the policy professionals category, the increased impact of multilevel politics, and the mediatization of politics. Today’s amorphous, invisible mode of elite-driven policy-making diverges greatly from the old corporatist structures and is accompanied by dramatically increasing inequality. Even in Sweden, the impact of money on politics has become stronger. The paper discusses what this implies for current politics and policy-making in Sweden.

Zusammenfassung

Hacker und Pierson (2010) definieren Politik in erster Linie als Kampf zwischen organisierten Interessen, als „organized combat“. Um Politikergebnisse zu verstehen, muss die organisatorische Struktur von Politik im Zeitverlauf betrachtet werden: Welche Akteure sind daran beteiligt und welche Ressourcen werden dafür eingesetzt? Am Beispiel von Schweden zeigt das Papier auf, wie drastisch sich Politik im Sinne des *organized combat* im Laufe der letzten Jahrzehnte verändert hat. Schweden wird unter den modernen Industriegesellschaften oft als Gegensatz zu den Vereinigten Staaten gesehen, hat aber viele einschneidende Politikwechsel erfahren, die bisher nicht ausreichend erforscht worden sind. Die Studie erläutert, wie grundsätzlich sich die organisierte Politik in Schweden verändert hat: Abbau korporatistischer Regelungen, veränderte Rahmenbedingungen für wirtschaftspolitische Entscheidungen, höhere Einkommensungleichheit, geschwächte politische Parteien und ihre veränderte Verankerung in der Gesellschaft, Rückgang gewerkschaftlichen Einflusses, Zuwachs an professionellen Lobbyorganisationen, größerer Einfluss der Mehrebenenpolitik und eine zunehmende Medialisierung. Die amorphe, undurchschaubare und elitengesteuerte Politik von heute unterscheidet sich in hohem Maße von den alten korporatistischen Strukturen und geht einher mit einer dramatisch zunehmenden Ungleichheit. Selbst in Schweden hat der monetäre Einfluss auf Politik zugenommen. Das Papier diskutiert die Auswirkungen dieser Entwicklungen sowohl auf die Tagespolitik als auch auf die politische Entscheidungsfindung in Schweden.

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Politics as Organized Combat: New Players and New Rules of the Game in Sweden

This paper takes its cue from Hacker and Pierson's observation that politics is first and foremost organization, or even "organized combat" (Hacker/Pierson 2010: 100–102). In order to understand the processes and outcomes of politics, they argue, we should not focus our attention exclusively, or even mainly, on current or recent elections. This is merely "politics as electoral spectacle." We have to look at how politics is organized on a long-term basis: by whom and with what resources? And we have to focus on policies: what the government actually does that will affect societal outcomes. Hacker and Pierson argue that a number of changes in the organization of politics and policy making over the course of the last decades lie behind the spectacular rise in inequality in the United States. They summarize their view of politics as organized combat dramatically:

Once we see policy, rather than electoral victory, as the grand prize of political conflict, we see politics for what it is: a contest with big and often enduring stakes – a contest more like the one that gladiators played in the Roman Colosseum than the one the Celtics and Lakers play in the Staples Center. And who are the contestants? Who are the political gladiators? They are not, for the most part, atomized voters. The main competitors, the ones in the ring from start to finish wielding their weapons and enduring each other's blows, are organized groups. (Hacker/Pierson 2010: 102)

In this paper, Sweden is used as an example of how politics as organized combat has changed quite dramatically in the last quarter century. In contrast to Hacker and Pierson, I do not aim primarily to explain changes in income distribution. Rather, I use their image of politics as organized combat as a starting point in order to depict political-organizational changes in a substantively different polity and society from the one they target. While I do offer some informed speculations as to how these changes are linked to changes in income distribution, my main focus is on the political-organizational changes themselves.

Sweden will be the example for a number of reasons: it is the country the author happens to know best and it is often used as an opposite to the United States among the rich capitalist countries, but it has experienced a number of rather encompassing recent policy changes which have not received the attention they deserve. Once widely seen as the paradigmatic case of organized capitalism, and the more or less permanent strong-

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hold for social democracy, Sweden has recently experienced such far-ranging transformations of organized politics and policy-making that earlier characterizations have to be questioned.

The depth of these changes seems to have been largely underestimated by both foreign and domestic observers, perhaps because their attention has been almost exclusively focused on the party-political and electoral arena. There, the Moderate (liberal-conservative) Party's embracing of key tenets of the Swedish model and the welfare state seemed to herald the final victory of an encompassing and redistributive welfare state (Steinmo 2010: Ch.2; Svallfors 2011; Lindbom 2015). In this line of argument about Swedish political-economic continuity, the revamped Moderate Party is now the main proponent of the long-standing Swedish ability to combine egalitarian and extensive welfare policies with economic competitiveness (Steinmo 2012).

But as this paper aims to show, under the electoral surface broader and stronger political and social currents have been in operation. These forces seem to lead the way towards a new political power order in Sweden whose broad contours can be discerned but whose specific content has yet to be decided.

1 Changing organized politics, changing Sweden

A number of factors have recently changed Swedish organized politics in rather fundamental ways, including changes in the policy-formation framework, the social bases of politics and elections, and the organizational forms of politics and policies.

To begin with, formal corporatist arrangements have been largely dismantled (Hermansson et al. 1999; Lindvall/Sebring 2005). Employers' unilateral withdrawal from all corporatist state agency boards in 1991 led to the exclusion of the trade unions as well. Peak-level wage bargaining between the employers' central federation and the peak-level blue-collar union LO had already come to an end in the 1980s. The end of corporatism – with its formal and highly visible form of extra-parliamentary political decision-making – has paved the way for more informal and network-based forms of political influence and communication (post-corporatism), but we still know very little about how they work and with what effects.

Furthermore, key aspects of the policy framework have changed fundamentally, through the introduction of new monetary policy rules and new types of “self-binding” commitments in the economic as well as the social sphere (Lewin/Lindvall 2015). There is now an independent central bank, a floating exchange rate, a set of fiscal policy rules that are oriented toward medium- and long-term goals, an independent fiscal policy council, and an independent government audit office. The pension system includes an auto-

mated “break” governed by an algorithm (Lundberg 2003, 2009). All these institutional changes have fundamentally altered the scope of economic and social policy making, making it more circumscribed. It has also entailed moving key decisions to unelected bodies with little transparency.

Looking at the social bases of politics, we can observe fundamental changes in the structure of economic and social inequality (Björklund/Jäntti 2011, 2013). Income inequality has increased dramatically (OECD 2011), unemployment has risen, atypical employment has become more common, the proportion of the population born outside of Sweden has increased, average educational attainment has increased: in short, social inequalities have evolved fundamentally. The composition of the electorate is therefore radically different than it was in the 1980s, and electoral mobility has transformed the political landscape. Electoral participation declined from the high levels of the 1970s and 1980s (when it typically exceeded 90 percent) until 2002 (about 80 percent), but has been rising again since 2006 (Persson et al. 2013).

Turning from voters to political parties, we find that parties have become significantly weaker as arenas for the formation of politics and policies. This is most clearly evident in the substantial decline in the number of party members and their decreasing similarity with average citizens (van Biezen et al. 2012). But it is also reflected in declining party identification in the electorate and a decline in the long-term policy formation capacity of parties (Lindvall/Rothstein 2006; Mair 2008). Party politics has become more reactive, responding to policy alternatives and solutions that are often formulated in places and arenas other than the parties themselves. Parties tend to become “empty vessels,” which organized groups can sometimes succeed in filling with quite unexpected content.¹

There are now eight parties in parliament instead of five, including a party of the radical Right, and the Social Democrats are no longer the clearly dominant party. “Bloc politics” has been strengthened, where a united four-party right-of-center coalition has stood against a more loosely coupled “red-green” alternative for the last three elections. At the same time, policy distances between parties have declined, with the Social Demo-

1 Perhaps the most striking example is the complete makeover of the Center Party, once the party of the farmers and the rural countryside, which has been transformed into the most market-liberal party in Sweden, espousing for example further labor market deregulation, free immigration, and a relaxed attitude towards soft drugs, and unconventional family arrangements. This transformation was to a large extent guided by politicians and other political actors strongly connected to market-liberal think-tanks such as *Timbro* (Bengtsson 2013; Nycander 2013). The attempt has not been electorally successful, since the party managed to alienate their previous, socially quite conservative voter base without gaining a real foothold in the more urban and liberal circle of voters (Uvell 2013). For some time, it even seemed possible that the party would fall under the 4 percent threshold needed to enter parliament in the 2014 election, and thus lose its entire parliamentary representation. Even though the party managed to escape that fate, the recent saga of the Center party is still a bad case of the parasite almost killing the host, and an interesting case of how a party may become so ideationally weak that it can be “hijacked” by outside forces.

crats first marching slowly and steadily toward the middle, and then, from the mid-2000s on, with the Moderate party taking a sharp turn toward the middle as well. The ideological positions of the Left as well as the Right have thus shifted fundamentally, leading to new political allegiances and new forms of disenchantment (Blyth/Katz 2005; Oscarsson/Holmberg 2013).

Among organized interests, blue-collar trade unions have been substantially weakened. This is clear in terms of both policy influence and declining memberships. This decline is to some extent reflective of increased unemployment and more precarious employment relations, and of structural shifts in the labor market, with declining numbers of skilled and unskilled workers and rising numbers of white-collar employees. But it is also a policy effect: differentiated and increased contributions to unemployment insurance after 2006 have led many younger workers to leave or never enter the union. Although unemployment insurance is formally decoupled from union membership, unemployment insurance funds have been administered by the unions and have functioned as a recruiting device. By making membership much more expensive, the previous government weakened the blue-collar unions (incidentally, at the same time as they praised unions for being an integral part of the positive-sum Swedish model of growth and redistribution). Important groups on the labor market, including substantial numbers of workers within the service sector, are not unionized at all.

This decline in the power of the blue-collar unions has not been experienced by the white-collar unions. They have grown stronger in recent years, as have the unions that mainly organize academically educated groups (Kjellberg 2011a, 2011b). So the balance of influence between blue-collar unions and white-collar unions has shifted substantially. This is important, since the white-collar unions have a much more blurred interest when it comes to issues of inequality and redistribution than the blue-collar unions have. While many of their members have high incomes and secure jobs and may be less attracted by egalitarian policies and reforms, other members may have a less privileged employment situation and thus find themselves in a situation similar to the workers.

Yet another key change in the organized political life of Sweden is the rise of a social category that could be called “policy professionals” (cf. Hecló 1978). They are people who are *employed* in order to affect politics and policies rather than elected to office, but who are also not civil servants, since their job is to promote distinct values and groups. They are found both inside and outside parliament and party politics. They comprise groups such as political advisors, political secretaries, trade union and business association experts, lobbyists, think-tank employees, etc. Their numbers have expanded dramatically over the last couple of decades, and we can suspect that their influence has grown proportionally. But until recently, very little was known about their backgrounds, their prospects, their role in the policy process, or their main motivations. We now know that there are some 2,000 to 2,500 of them, and that they are concentrated in Stockholm, most often have a university degree, and typically do not want to become elected politi-

cians but prefer to act in a different capacity in order to affect politics and policy making (Garsten et al. 2015: Ch. 2). Furthermore, it is clear that public relations agencies, which played virtually no role in Swedish politics prior to the mid-1990s, are now key players in the political landscape. They act behind the scenes as political capital exchanges, where skills acquired in political life may be exchanged for monetary rewards in the form of high salaries or dividends. They also act as resource bases and facilitators for clients who can afford their fees and benefit from their political skills and information.

While it is currently hard to say much about the actual influence of the very heterogeneous group of policy professionals, it is clear that they are conducting low-visibility politics. Their activities are under the radar of both media and much of political science research, which still tends to be preoccupied mostly with elected politicians and/or the public administration. In terms of political power, the work of policy professionals fuses knowledge and power, it includes the mobilization of networks and other social and cognitive resources, and yet it is a highly invisible form of wielding influence (cf. Culpepper 2011; Rhodes 2011).

Swedish politics is to an increasing extent a multilevel game. The growing impact of international agreements is most evident in Sweden's role as a member of the European Union. Sweden has delegated and pooled significant powers to the EU, and is required to comply with its quasi-federal legal system. The EU policy-making processes are very arcane and complex, which gives skilled insiders an enormous advantage in affecting decisions and outcomes. This insider advantage also raises the interest of lobbying firms and interest organizations in having a presence in the EU arena and in other multilateral settings, in order to affect policy decisions before they are then re-imported into Sweden as laws or recommendations (Naurin 2008).

The effect of the judicializing of politics – which has been an important aspect of European integration – has been more dramatic in Sweden than in many other places. First, the focus on individual rights has had a liberalizing effect. The resulting pressure on member states to deregulate, liberalize, and open their national welfare systems to other European citizens has been most challenging for the more regulated social market economies (Scharpf 2010; Höpner/Schäfer 2012). Second, in contrast to some other social market economies, such as Austria and Germany, the Swedish democratic tradition does not include judicial review or a strong role for the courts in the political sphere. Swedish political actors are therefore unaccustomed to having to deal with courts and to engaging in advocacy through legal means.

Swedish social service provision has gone through a fundamental process of privatization, and governance of the public sector has moved toward more market-based varieties often referred to as “New Public Management” (Blomqvist 2004; Bergh/Erlingsson 2009; Gingrich 2011). While virtually all education, health care, care for children and the elderly, and welfare service provision is still publicly *funded* in Sweden, the actual

delivery of these services has changed quite dramatically since the 1990s. By now, a substantial proportion of such care and services (around 20 percent, with small variations across domains, but large ones across local authorities) are provided by non-public actors (Hartman et al. 2011; Jordahl 2013).

In the early phases of private sector growth in these areas a substantial share of the non-public service delivery came from cooperatives and other non-profit actors. Nowadays most of it comes from for-profit companies, in most cases large shareholding or private equity companies that are sometimes not even based in Sweden. The effects of such reforms in terms of efficiency and effectiveness are contested (Hartman et al. 2011). However, there is no doubt that they have changed the organization of the welfare state in a substantial way, giving rise to new actors, new administrative procedures, new professional identities, and new user experiences in the welfare sector (Jordahl 2013).

Last, but not least, politics has become mediatized in a quite dramatic fashion (Ström-bäck 2008; Esser 2013). Today, politics are conducted on a 24/7 media cycle. Almost constant media attention has become a condition for political survival in a process where the packaging and media dissemination of policies and politics become vital considerations. Styles of political leadership are adapted to changes in the media discourse, and political responsibilities are increasingly negotiated in the media (Ekström/Tolson 2013).

2 A new political order

The changes in the social bases, institutional set-up, and organizational forms and capacities of Swedish politics and policy-making have affected the opportunity space for existing political actors and made room for new ones to enter the scene. Furthermore, these changes have affected both the inner workings of political life and the preconditions for political governance and implementation in many ways. While many other advanced democratic capitalist societies are experiencing similar changes, there is reason to believe that the impact has been more dramatic in Sweden than elsewhere. This is largely because the starting point in Sweden was different from that in many other rich countries: a larger welfare state, a stronger social democracy, less judiciary review, stronger organizations, more developed corporatist institutions, and more publicly regulated mass media. But, interestingly, Swedish developments in these arenas have been faster and more encompassing than in other comparable countries. For example, the fast growth of for-profit welfare service providers has no counterpart in other coordinated market economies. Also, the recent rise in income inequality has been faster in Sweden than in the other Nordic and Northwest European countries (OECD 2011).

Yet we know strikingly little about what exactly all these changes have entailed in terms of power relations. In the other Nordic countries – Denmark, Finland and Norway – extensive commissions and research programs were set up in the 1990s-2000s in order to study fundamental issues of political power (Østerud/Engelstad 2003; Togeby et al. 2003; Academy of Finland 2010). Nothing comparable has been launched in Sweden since the last Commission on Power submitted its final report in 1990 (Peterson et al. 1990). Regarding the series of changes delineated in the previous section, it is likely that some are *driving* others, that some trends are more *interrelated* than others, and that some are more *important* than others. At present, however, our empirical knowledge is so shaky that we cannot risk issuing strong causal statements about current trends.

Although a well-grounded general conclusion on the implications of the new political order for political power in Sweden therefore has to wait for a concerted research approach, I would like to offer a few preliminary observations. They concern the *changing actor constellation* of Swedish politics and policy making, the *decreasing visibility* and increasing blurriness of politics, the *relations between economic and political power*, and, finally, the *feedback loops* between inequality, participation, power resources, and public policies.

In order to understand how much the actor constellation has changed in Swedish politics, let us swoop back to the late 1980s, ask who the key organized political actors were, and probe their main characteristics. Sweden still had, of course, the strongest Social Democratic party in the world, a party which could regularly command more than 40 percent of the cast votes and had rarely been outside government since the 1930s. Close to the party's side since the late 1800s stood a strong and centralized blue-collar workers' trade union with the peak level organization LO and its constituent member federations. More loosely joined with this axis of power was a host of other organizations, organizing pensioners, tenants, and other groups with a social democratic tendency (Olofsson 1995).

The main white-collar trade union federation, TCO, could also be seen as part of this wage-earner social democratic coalition. Although much more independent from the Social Democrats than the LO, TCO still shared basic values and outlooks with the organized labor movement (Nilsson 1985).

The key counterparts and opponents were found, first, in a loose coalition of right-of-center parties. These had rarely been able to form a united front, and their relative electoral fortunes had varied from election to election. Their only brief stints at the helm of government had ended in collapsed coalition governments. But the main force on the market-liberal right wing of politics and power was not found among the political parties. That was instead a resourceful, highly centralized, and increasingly combative employers' federation. Swedish employers and in particular large-scale capital owners had always, it should be remembered, been an integral part of "the Swedish model" (Fulcher 1991). After a long period of accommodation with the Social Democrats in power, the employers and their organization had from the 1970s onward taken a more

confrontational stance against what they saw as the excessive and economically damaging redistribution and tax levels, and far-ranging proposals to extend public ownership of capital through “wage-earner funds” (Boréus 1994).

The actor constellation at this point in time thus consisted largely of elected politicians, organizational representatives, and public administrators. They were locked up in various corporatist structures and agreements, they were internally highly centralized, and they still almost monopolized the available political actor space.

How far away is this from the current situation? As pointed out above, corporatist arrangements have been dismantled, and the old political actors have been weakened in various ways, although they are very much still present. Instead, we have several new organized participants in the political power game, including (a) the policy professionals referred to above, working for their own organizations (such as political parties) or on behalf of paying clients; (b) large companies with a direct stake in the welfare state and the future direction of public policies; (c) think tanks and other organized producers of policy ideas. The partial replacement of the old political actors with new ones has also constituted a fundamental shift away from democratically governed organizations to ones marked more by professionals specialized in politics and by dependence on monetary resources.

It is still important to keep in mind that several of the new participants in the policy-and-politics game are in fact spawned from the old actors, in particular from the strong business associations. Some of the think tanks maintain such strong organizational and financial links to major interest organizations that their independence is largely window dressing. Furthermore, the rapid growth of the PR industry took off because of the extreme influx of money from business associations and large corporations during the successful campaign for Swedish EU membership in 1994 (Garsten et al.: Ch. 7; Tyllström 2013). The increased complexity of the actor constellation thus amounts to a “pseudo-pluralism” in which business interests loom large, which is a situation with some basic similarities to the one described by Hacker and Pierson.

The power implications of the new actor constellation are perhaps most clearly visible in the welfare service provision sector, which is now organized as a set of markets and quasi-markets where large-scale companies have become important players.² It is clear

2 A circumstantial but still quite significant indication of this is that 2013 was the first year ever that Investor, the main holding company of the Wallenberg “sphere” (i.e., companies held or influenced by the Wallenberg family), was present at “Almedalen Week,” the annual gathering of politicians, policy-makers, and the media, held on the island of Gotland in the first week of July. The Wallenberg family is still by far the leading owner of multinational firms in Sweden and its members usually prefer to keep a low public profile. Their sudden appearance to make their voice publicly heard at Almedalen Week was presumably an effect of their entrance into the for-profit welfare service provision market described above and hence of their increased direct interest in the organization of public policies. That this was more than just a sudden whim

that the emergence of what a journalist has dubbed “the welfare-industrial complex” has led to the establishment of a formidable power bloc in Swedish politics. Both their individual financial resources and their organization in a major business association have given these welfare-industrial companies a strong voice and a large say in how the welfare state is financed and organized (Blomqvist 2004: 152). The remarkable cautiousness of the Social Democratic party in addressing emerging problems of profit-seeking companies’ activities in the care and education sectors is testimony to their fear of confronting this resourceful set of political actors. In spite of the fact that a large majority of the Swedish population tends to be skeptical about for-profit activities in publicly funded care and services (Nilsson 2013), the Social Democrats have been extremely cautious in suggesting limitations on profit taking and other regulations of the sector.

This shift in the actor constellation has been accompanied by a decreasing visibility of political processes. This is most clearly the case in the “throughput” dimension that Schmidt (2013) sees as an important addition to the traditional distinction between “input” and “output” phases of politics and policy making. The term “throughput” refers to the various governance processes through which democratic input is transmitted into policy output. The throughput stage concerns matters such as power relations between different government agencies, collaboration and conflict between public and non-public actors in the formation of policies, and the internal power struggles of political parties, government offices, and implementing agencies. Power at this stage is about transforming political suggestions into actual policy content.

Several developments, such as those outlined in the previous section, contribute to decreasing visibility at this stage of the political process. The subterranean politics conducted by policy professionals is one case in point. Their work as advisors, media story spinners, and producers and disseminators of political ideas is quite invisible to the larger public (and even to most of those teaching political science!). These professionals thrive on complexity, since their main resource is detailed knowledge about how the political system works and how it can be put to use for the interests they represent. While they shun the limelight of personal media attention for themselves, they require the mass media as their main arena for affecting politics and policies. Hence, the rise of the policy professionals and the mediatization of politics are symbiotically related. Responsibilities and accountability, especially as they relate to elected politicians, become blurred (Garsten et al. 2015: Ch. 4; cf. Heclo 1978, Hermansson et al. 1999).

Another factor in the decreasing visibility of politics is found in the complexities and intricacies of multilevel politics, which has created excellent opportunities for domestic political actors bent on pursuing a “politics of blame avoidance” (Weaver 1986; Svallfors

to participate in the public debate is corroborated by recent revelations of sustained attempts by Investor (and large private equity companies with a stake in the welfare sector) to affect the position of the peak blue-collar union LO regarding profits in the welfare sector (<http://arbetet.se/2014/02/21/riskkapitalet-sokte-stod-fran-lo/>).

2000: Ch. 5). Particularly by “blaming Europe,” politicians have sometimes managed to avoid taking the blame for unpopular decisions and directives (but in the process partially delegitimized European politics and policies; Kumlin 2009). In the mind of the citizen, such exercises in “blame avoidance” can only add to the confusion about who is really to praise or blame for various political developments.

A further key aspect of European integration that also affects political visibility is its tendency to judicialize politics. Judicialization clearly makes politics less accessible. This is sometimes referred to as “the mask of law,” that is, the cloaking of political issues in a legal discourse which is inaccessible to laypeople or even to anyone who is not a lawyer (Burley/Mattli 1993). Even trained social and political scientists find the legal discourse hard to penetrate, not to mention groups such as trade union activists and politicians. In a country like Sweden, with such a weak tradition of judicial involvement in politics, such an increased opacity due to the judicializing of politics is likely to be particularly significant.³

As these many developments show, an amorphous and opaque political power order is now emerging from the ruins of the old corporatist social democratic edifice. But it is not an order that is void of highly organized actors. In fact, it is one in which the relations between economic and political power have been restructured in a way consistent with the winner-take-all politics perspective.

Of course, being more easily mobilized and mobile, capital has always enjoyed a structural and indirect political advantage over labor, and this advantage has steadily increased (Culpepper 2011; Streeck 2014). But now money can have a very direct impact – new opportunities are opening up for those who can simply buy the best possible political advice and services from policy professionals (such as PR consultants) whose considerable skills are for sale in the market. While the services of the PR agencies, and the skills of policy professionals more broadly, are clearly available to anyone who can afford them, their proliferation clearly further emphasizes the importance of financial resources for affecting political outcomes.⁴

3 I owe this observation to my colleague Daniel Naurin.

4 Sweden is among the very few European countries without *any* legal regulation of financial contributions to political parties. Political parties in parliament do not even have to disclose who their main funders are. Furthermore, there is no regulation of the revolving door between politics, business, and lobbying firms. Leading politicians and other policy-makers can go straight from having key responsibilities for policy areas to lobbying the next day in the very same policy areas. And the PR agencies do not generally disclose who their corporate clients are. Such problems, virtually bordering on outright corruption, have been extensively discussed in Sweden in recent years. However, legislation has been slow in the making, partly because of the entrenched resistance of the Moderate party against disclosure rules (which they claim would be a threat to free speech and the secret ballot).

In matters related to welfare policies, large private companies have – as already pointed out – achieved a direct role and stake in the organization of care and education. This means that the debate and practice in such matters is directly influenced by fundamentally capitalist enterprises such as the major business association of service sector companies (*Almega*) and the most important privately owned group of companies in Sweden, the Wallenberg sphere, and its main holding company, *Investor*. This has certainly tilted the balance between economic and political power even more, since private service providers used to be virtually non-existent in Sweden and large-scale capital had no direct stake in how the organization of welfare policies was set up and maintained.⁵

Finally, how are these developments entangled in the rise of income inequality in Sweden? Here, the picture is still blurred, but I would like to propose the existence of a strong feedback loop in which rising income and wealth inequality results in widening disparities in political participation and political resources, which in turn paves the way for policy changes and non-changes that will affect income distribution.

As pointed out and further explicated by Anderson and Hassel (2014), Sweden has experienced a sharp increase in income inequality in recent decades. After a long period of wage compression, redistributive welfare state expansion, and stagnant stock markets, Swedish inequality was at its lowest in the early 1980s. Since then, there has been a continuous increase in income inequality, stemming from different sources in different time periods. On the whole, although wage dispersion has risen substantially (Korpi/Tählén 2011), this has been partly offset by changes in working hours at the household level, which means that earnings are somewhat but not dramatically more dispersed now than thirty years ago (Björklund/Jäntti 2011: Ch. 2).

Instead, the main source of increased income inequality from the early 1990s onward has been increases in the amount and dispersion of capital incomes, in particular capital gains (Björklund/Jäntti 2011: Ch. 2; Roine/Waldenström 2012). Such changes have affected most Swedes little, but have had a substantial effect in the highest percentile of the income distribution (Roine/Waldenström 2012: 577). This has given the Swedish rise in inequality the same remarkably lopsided shape as its counterpart in the United States, although in a less extreme format. The income share of the top 1 percent in the income distribution grew from 4.3 percent in 1982 to 9.4 percent in 2007, the last year before the financial crisis (Roine/Waldenström 2012: Table A2). This put Sweden roughly on a par with the US in the early 1980s, where the income share of the top 1 percent had grown by 2007 to more than 23 percent (Roine/Waldenström 2012: Table A1).

5 Of course, Swedish capital, as capital anywhere, always had an indirect interest in the welfare state, since (payroll) taxes and other direct and indirect costs for companies had to be low enough for companies to remain internationally competitive. But this was a different kind of interest compared to the present direct involvement in the provision of welfare services.

Although some of these changes in income distribution have little to do with the direct impact of public policies,⁶ many of them clearly do. In discussing the policy impact on changes in income distribution, we must not focus solely on the taxes-and-social-spending package; that is certainly important, but not the only thing that matters. As Hacker and Pierson point out, we need to take a broad perspective and include all kinds of laws, rules, and regulations that also affect the pre-fisc market distribution of incomes (i.e., before taxes and transfers). And here recent developments in Sweden are illustrative.

The most obvious policy effect on the distribution of incomes was the last government's tax cuts for people in employment (through a variant of Earned Income Tax Credits) combined with cutbacks in unemployment and health insurance benefits. These reforms were implemented in several steps from 2007 to 2013. The tax cuts were intended to decrease unemployment and increase the labor supply by changing the incentives for the un- or non-employed to take up employment – or at least they were sold on that premise. But in the austere context since 2008, no substantial employment effects have been discernible. This makes the net effect of the reforms a simple redistribution from people with low incomes from the social insurance system to people with wages and salaries, with the most substantial absolute tax cuts going to people in fairly high income brackets. Add this to the abolishment of the inheritance tax (2005), the wealth tax (2007), and the taxes on residential property (2008), and the result is a clearly less redistributive approach to taxation and spending.

But these policy changes have only affected income distribution very recently and have not been focused on the main source of increased income inequality: capital incomes. Here, what has been crucial instead is a series of liberalizing reforms that were implemented from the 1980s onward: the deregulation of the credit market (in 1985), the abolishment of the final remnants of currency exchange regulations (in 1989), the lowering of taxation on capital incomes (in 1991),⁷ and changes in the so-called “3:12 rules” (in 2006) to allow owners of small companies to shift a larger share of dividends from labor income to capital income, thereby substantially lowering their taxes.⁸ None of these reforms had any discernible effects on regular earners or salaried employees, nor

6 Such basically non-political factors include skill-biased technological change (Korpi/Tählin 2011), and the market-amplifying effects of internet connectivity.

7 The big tax reform of 1991 introduced a dual income tax system in which capital incomes were taxed proportionally while labor income taxes were still progressive. In higher income brackets, this created a substantial incentive for income shifting from labor to capital incomes, in spite of the fact that marginal taxes on labor incomes were also lowered substantially.

8 For an exposé of the process behind the de-regulation of credit markets, see Svensson (1996). For a description of changes in the 3:12 rules and their quite problematic effects in terms of unproductive income shifting and tax planning, see Alstadsæter and Jacob (2012). After the publication of Alstadsæter and Jacob's report, the government first proposed far-reaching limitations on the possibilities for shifting incomes under the 3:12 rules, but then retracted most of them (presumably after successful lobbying on behalf of affected companies and individuals).

were they widely understood when they were implemented.⁹ But they affected the very top income brackets substantially, both by creating conditions for a sustained stock and exchange market boom and by lowering taxes on capital gains and dividends (Roine/Waldenström 2012).

These reforms are largely examples of under-the-radar politics, where small but highly organized and skilled groups have been able to push for reforms that are of great importance for themselves, but barely visible even for large organizations such as the trade unions, and completely invisible and unintelligible for the average voter. For example, it took very long – well into the first decade of the 2000s – for the blue collar union LO to develop organizational capacities to deal with financial markets. Even today, only a handful among LO's staff concern themselves with capital markets and capital taxation, while the union employs or retains scores of policy professionals who are experts on labor markets or the social insurance system. For a long time, financial markets were simply not defined as core trade union issues, at least not beyond the placement of their own funds.

In association with the rise in inequality, there has been a decline in electoral participation and wider disparities between high- and low-income earners. In the 1982 election, when inequality was at its lowest, voter turnout was at an amazing 92 percent. In the top income decile, almost 95 percent of eligible citizens cast their vote. But even in the lowest decile, more than 90 percent turned out to vote, making the percentage point difference between the highest and the lowest decile a mere 4 percent. In the election of 2010, participation of the top decile was still 95 percent, and had varied little across different elections. But in the lowest decile, the participation rate was now less than 69 percent, increasing the percentage point difference to 27. The turnout in the lowest decile had more or less decreased continually since 1982, with a particularly sharp drop between the 1994 and 1998 elections (Oscarsson/Holmberg 2013: Tab 3.2).¹⁰

The reasons behind the drop in participation among low-income earners are complex, and include declining party identities, increased migration, and other factors. It should be noted, though, that very little of the increasing disparities in participation can be explained by the increased proportion of immigrants among the voters. Even if only native Swedes are included, the gap in electoral participation between the highest and the lowest income groups is 26 percentage points in 2010 (Hedberg 2014). A substantial

9 A telling example is found in the 2006 changes in the “3:12 rules,” which in retrospect are even hard for a fairly sophisticated observer to make sense of. They only affected a small number of people, but gave those few individuals large financial advantages (Alstadsæter/Jacob 2012).

10 The increasing disparities in electoral participation are curiously understated in the latest report from the Swedish election study (Oscarsson/Holmberg 2013: Ch. 3). This is perhaps an indication of how we have entered a new “normal state of affairs,” where conditions that would have been considered scandalous thirty years ago now elicit no more than an indifferent shrug.

part of the rapidly widening disparities in participation between income groups should rather be linked to feelings of abandonment and loss among those with the fewest resources rather than to migration per se (Oskarson 2007; Schäfer/Streeck 2012).

Sweden seems to be yet another case of rising income and wealth inequality resulting in widening disparities in political participation and political resources (cf. Mettler/Soss 2004; Jacobs/Skocpol 2005). The poorest segments of the population tend to drop out of politics at the same time as more affluent groups not only maintain their traditional high levels of voting, but find new ways and arenas in which to influence politics. This in turn affects which policies are pursued – or not – in order to affect distribution and redistribution.

But since these developments largely mirror the trajectories of many other rich countries, we still find that Sweden is relatively egalitarian compared to other countries (Gornick/Jäntti 2013). And electoral participation is still at a level which the US could only dream of. That may be a reason why the links between political participation, actual political decisions and policy changes, and resulting changes in income distribution have still not received the attention they deserve.

3 Conclusion

What all these developments in Sweden amount to is a form of elite-driven politics and policy-making that is very different from the old corporatist structures. It is important, of course, not to draw a romanticized picture of how democratic corporatist Sweden really was. Swedish politics, it should be remembered, has always been a highly expert-driven and top-down form of politics (Steinmo 2003, 2012). Populism from the Left or the Right was always quite weak, and highly centralized organizations and political parties run from the top down were the main protagonists in the whole postwar social democratic era. But this form of elite-driven politics and policy-making was slightly different from what has now emerged because it was more clear-cut, more visible, and somewhat more accountable.

Current trends are sometimes described as increased “pluralism,” precisely because of the decline of the oligopolistic organizational structure and of peak-level agreements within and outside the state, and because of the appearance of many new political actors (for example, Bäck/Möller 2003: 196–204). But as this paper has clearly demonstrated, such a characterization is quite misleading. Instead, an amorphous but still highly elite-driven process has emerged in which financial resources have become even more important.

In this paper, I have discussed some of the implications of this new political power order, such as the changing actor constellation in politics, the decreased visibility of politics, and the relations between economic and political power, including the feedback loops between inequality, participation, power resources, and public policies. To a large extent this has been a tale of “what happens in democracies when the people are not watching” (Culpepper 2011: xv), outlining some aspects of a new very opaque, judicialized, mediatized political power order, and presenting some of the key actors in it. I have shown that a major effect of this new power order is sharply increased inequality: in incomes, in participation, and in opportunities to affect political decisions and outcomes.

The perspective of “politics as organized combat” that I have employed in this paper may strike some readers as odd to apply to Swedish politics and society. Observers of the “Swedish model” have been more prone to emphasize the collaborative, expert-driven, and rational aspects of Swedish politics and policy making, and largely see them as an example of “governing as an engineering problem” (Steinmo 2012). What I want to suggest, however, is that this may have been a bit of an exaggeration even in the heyday of organized class collaboration (Korpi 1978), and that it has become an increasingly less apt portrayal since we have moved into the shadowy landscape of post-corporatism.

This does not, of course, mean that there has ever been any “grand plan” or murky deal directly aimed at increasing income and political inequality in Sweden. The rise in inequality is the cumulative result of many self-interested actors’ independent decisions, as they try to pursue their interests with the understanding and means at their disposal. Some could even argue that market deregulation has been an unavoidable adjustment to global conditions more than the effect of political action. Some of the policy changes – such as the deregulation of the currency exchanges – may to some extent have been necessary adjustments to changing global conditions. But the exact form and timing of such reforms were hardly dictated by outside forces, and several of the changes in taxation (such as the abolishment of residential property taxation or changes in the “3:12 rules”) clearly had little to do with international competition. In many cases, what we see seems rather to be effects of successful lobbying on behalf of those with a direct stake in such reforms. And, no matter what the intent, the overall result has been increasing and self-reinforcing disparities in people’s means to affect political and social outcomes.

At this point, it is important for me to stress that I am not arguing that Sweden is simply the United States writ small, or that Sweden is strictly following in America’s footsteps.¹¹ Several glaring differences stand out: (a) middle-income earners have experienced substantial real income growth since the mid-1990s, while their American

11 Nor is this paper an attempt to argue that “Sweden is a worse society than it used to be.” Sweden in 2014 is much richer but much more unequal than it was a few decades ago. It is a more tolerant and open society, but it offers much fewer people a basic foothold in the labor market. How to judge such developments is a matter of personal and political values, and here social science has no privileged position compared to lay judgments.

counterparts have seen virtually no income growth at all (Korpi/Thålin 2011); (b) the relative power resources of organized actors are still substantially different in the two countries, and the extremely one-sided employer-led assault on wages and working conditions in the lower end of the labor market has been much more muted in Sweden. In combination, the distributive results for Sweden are – as pointed out by Anderson and Hassel (2014) – more in line with a “winner-take-most” rather than “winner-take-all” perspective. Nevertheless, what seems most striking, at least from my perspective, is how rapidly distributive results and the workings of organized politics have changed in what used to be an extremely stable political-organizational set-up dominated by social democratic thinking.

What lies ahead? Since the more detailed features of political power in post-corporatist Sweden are still largely unexplored, any predictions must be restricted to the immediate future and even more schematic and preliminary than the rest of the paper. The September 2014 election brought the Social Democrats back to power in a minority coalition government with the Green Party. This may raise expectations that policies will be implemented that will slowly start to turn the tide of rising inequality. I think such expectations are largely unfounded. The hands of the incoming government will be tied, partly by self-binding commitments and partly by changes in the institutional landscape.

The scope and means for affecting distributive outcomes have become highly restrained by the shifting of policy responsibilities from elected politics to unelected expert bodies (such as the board of the Bank of Sweden) with little interest in distributive outcomes, and by the introduction of automated policy response mechanisms.¹² With the whole domestic and European economic policy framework geared towards cutting debt and maintaining low inflation rather than generating employment, it seems unlikely that a new government would be able to shift policies in more than a marginal way. What little remains of independent political decision-making has been further circumscribed by the Social Democrats themselves, who have pledged to keep in place most of the tax cuts implemented by the current government, and who remain firmly committed to further reductions in public debt rather than expansionary economic policies (Haffert/Mehrtens 2013). The room for any potentially inequality-reducing policy measures is therefore small indeed, especially in light of the high-powered inequality-generating changes in market outcomes.

In the long run, this raises serious concerns about the democratic sustainability of current trends (cf. Crouch 2004; Streeck 2014). If groups who have been disfavored by the play of market forces experience that no real policy change ever follows from changes

12 The Bank of Sweden’s problematic unilateral expansion of its mission to include the general correction of economic imbalances rather than simply keeping inflation under control, and the ensuing need to rein in the power of the board of directors through enhanced democratic control mechanisms, have now been identified even by liberal editors and former members of the board (Svensson 2014; Wolodarski 2014).

at the helm of government – that regardless of who is in power similar policies result – then they may be excused for starting to doubt that electoral democracy is such a wonderful European idea after all. The results – even in Sweden – are clear to see: declining participation among the least well off, increasing voting for the racist radical right-wing, rising social unrest.¹³ In combination with increased opportunities for financially strong actors to have a direct policy impact outside and beyond the electoral arena, this spells trouble for democracy as we have come to understand it.

But the potentially post-democratic tendencies in Europe clearly need further examination before these (possibly alarmist) conclusions can be corroborated or not. How changes in the processes in politics and policy formation are linked to policies or non-policies that affect income distribution is still largely unexplored on European ground. This brings us back to Hacker and Pierson's book, which is clearly a very important contribution to this discussion and should be emulated in many places in Europe. European polities are quite different from the United States, but as this paper has aimed to show, several of the points raised in *Winner-take-all Politics* are extremely relevant in the European context, and even in what is perhaps a least-likely case such as Sweden.

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13 A well-publicized case of the latter was the May 2013 riots in a number of the poorer Stockholm suburbs, which were triggered by a police shooting in the suburb Husby. Even if the reasons for such riots are always complex (including the concerted actions of hell-bent trouble-makers) and should not be reduced to simple single-factor explanations, it is hard not to see them as being also linked to increasing social frustration about rising inequality and declining employment prospects.

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