As Robert M Solow (1985 [2006]) famously said,

> Economic theory can only gain from being taught about the range of possibilities in human societies. Few things should be more interesting to a civilized economic theorist than the opportunity to observe the interplay between social institutions and economic behaviour over time and place. (p. 242)

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W Higgins and G Dow, *Politics against Pessimism: Social Democratic Possibilities since Ernst Wigforss*, Peter Lang: Bern, 2013; 477 pp.:9783035105827, RRP US$120.95.

Reviewed by: Ian Hampson, *The University of New South Wales, Australia*

Ernst Wigforss is Swedish Social Democracy's most significant theoretician and activist, although his work is little known in English circles. As treasurer through the 1930s, he was responsible for the world's first expansionary economic policy response to the depression before the publication of Keynes' General Theory. His policies helped build a democratic majority for a broadly socialist economic policy, enabling the 'Swedish model' to be consolidated. Wigforss' name is uttered with reverence when the Social Democratic (SD) party contemplates its history, although as the authors argue, his profile is necessarily presented in 'soft focus' because of tensions between his thought and the party's subsequent retreat into social liberalism and (from the mid-1990s) neo-liberalism. The premise of the book is that there is much in the thought of Ernst Wigforss for left academics and socialist activists to learn and that given the opprobrium that the Global Financial Crisis and neo-liberalism attracted in 2008 (and subsequently it could be added), the time is now 'ripe for a resurgence of left politics' (p. 16).

Over two-thirds of the book is occupied with Wigforss' thought and with his 'distinctive socialist statecraft' (p. 18). This in itself would be enough for a major study, yet the authors ice the cake with a lucid and forceful engagement with much salient contemporary political theory. Higgins and Dow, two of Australia's foremost advocates of Swedish approaches to political economy, see the root causes of the problems facing advanced economies as the dominance of neo-liberalism and the political passivity of the Left. The latter is partly due to lack of intellectual imagination, which the authors seek to remedy by cross-referencing and mining rich veins of thought – Marxism, Keynesianism and post-Keynesianism; the French Regulation School (FRS); and, of course, social democracy.

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The book falls into two broad 'sections' – Chapters 1–7 examine the development of Wigforss' thought against the backdrop of Swedish political economic and social development; Chapter 8 presents a large collection of comparative statistical indicators to show that the maturation of capitalism has actually, to an extent, 'decommodified' consumption since much of the latter is now in the public sector. The chapter concludes that the 'transition from private determination of economic conditions has been underway for some time' (p. 340), and 'social democratic development is inevitable' – in the sense of formation of new public institutions to moderate economic activity to social ends. Thus appear the 'political possibilities' of the title. The final two lengthy chapters engage political theoretical obstacles to their realisation.

For the authors as for Wigforss, economic liberalism's Achilles heel is its claim to economic efficiency, when, as a mode of organising economic activity, it is actually very wasteful – unemployment, consumerism and environmental despoliation come to mind. Not only are economic liberal policies too often neglectful of such concerns, but they are often deficient by their own criteria. This fact poses for the capitalist class a dilemma between the political imperative of maintaining class domination and the economic imperative of profits and accumulation. Thus emerges policy space for proposing more 'efficient' alternatives that undermine capitalist domination. Yet, perhaps surprisingly, this relatively simple idea has not been developed by either Marxist or Keynesian/post-Keynesian political economy, while social democracy has dropped the ball, instead adopting many neoliberal nostrums under the 'third way'. Thus, according to the authors, Marxist political theory has yielded precious little by way of concrete political proposals, although classic Marxist analysis of class conflict, capitalist development and crisis remains as apposite as ever. Later Marxists carried Marx's abstract mode of analysis into their understanding of the state – conceived as ('essentially') a 'capitalist state', not amenable to democratic influence. Later, Marxist conceptions would see the state as an 'arena of class politics' – but neither conception saw the state itself as an active agency, helping to build a democratic majority and shape economic policy towards the democratisation of accumulation.

Similarly, Keynes' insistence in the 1930s that investment should be socialised (p. 354) was never turned into a serious political programme. Post-Keynesians argued that it was possible to manage capitalism, while en route eroding private ownership. Kalecki argued that advanced full employment capitalism would require new political institutions and incomes policy to manage competing income claims. At the centre of these institutions, and of the reformist political strategies with which they were associated, was organised labour. This kind of exchange will be familiar to Australian readers, as it was precisely that which underpinned the Accord – although the authors do not discuss the Australian case.

In some countries, notably Sweden again, the mid-1970s was also a period of experimentation with labour engagement and the 'decommodification' of work. Following Guy Standing, the authors argue that 'real' work should be conceived as more than a job, but as a meaningful occupation, and that 'real decommodification' 'depends on work that is never just productive but moral, disciplined, solidaristic, aesthetic, studious and communal' (p. 359). The authors argue that 'institutional and organisational commitments are required to make work (not just jobs) a meaningful occupation – that is, where reciprocity and interaction and collectivism can be civic, incorporating more than its productive aspects' (p. 359).

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In Chapter 10, the authors criticise parties of the left for 'failures of understanding and of vision' and for failing to pursue the promise of the 'eventual transformation of capitalism towards political determination of living standards, democratisation of socio-economic life and an expansion of citizenship entitlements' (p. 385). They argue that heterodox economic thought has stalled, and 'discursive hegemony' has passed to economic liberalism. New conceptual resources are needed to address this failure of political imagination. First, it is not the forces of globalisation that have undermined the Left, but it is the Left's own understanding of globalisation that has (see p. 407). Second, the orthodox Marxist analysis is essentially pessimistic – that the state is necessarily ('essentially') a 'capitalist state' or a 'state in capitalist society'. This debate of the 1980s is reprised in a dialogue with the work of Bob Jessop, moving from the state as an 'arena for political activity' to being 'one of the players' in politics (p. 390). This, the authors tell us, is Jessop's 'strategic relational' view of the state, in which the state can be the author of accumulation strategies. Jessop calls the ability to privilege some strategies or sectors at the expense of others 'structural selectivity'.

Jessop's analysis frees Marxist state theorists to consider how 'actually existing' states have favoured some paths of economic development over others. For example, the FRS addresses the ways in which the 'regulation' of capitalism's contradictions shapes the emergence of different kinds of industries and economic activity. A better word is 'regularisation', since the English language connotations of 'regulation' are different. The detail of this is that 'parts of the state (and perhaps social institutions outside the state) regularise the potentially disruptive aspects of the social relations on which they depend'. These include (a) exploitative or conflictual relations between labour and capital, (b) relations between the finance sector and industry and (c) relations between individual economies and the rest of the world. 'Regularisation' may be the outcome of conscious politics, or not – sometimes 'path dependency' of institutional configurations will suffice. The authors thus favour versions of the 'varieties of capitalism' literature, and on this point, they part company with Jessop. The FRS explores how each national mode of regulation accommodates some types of productive activity but not others, and each has the capacity to select and alter criteria to affect productive capacity. In other words, Marxists can feel free to develop political programmes around industry policy – although Jessop himself does not do so (p. 427).

The next section moves towards a synthesis of Marxism with post-Keynesianism. As the authors argue,

> Regrettably, neither Marx nor Keynes fully elaborated labour's alternative role in the politics of capitalism. Marx and marxists often thought marxian analyses held only revolutionary consequences. Keynes had reformist intentions that Keynesians usually thought had only evolutionary implications. (p. 422)

The authors disagree with both contentions. The global crises of recent years, and the ongoing austerity that neo-liberalism prescribes to fix them, provide justification for a renewed push to subordinate financialisation to politics. A challenge to global financial hegemony based on social democracy remains possible. But impeding it there is, they argue, a 'new societal tolerance of inequalities and the dysfunctionality of markets'

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(p. 414). There is also 'the enemy within' since 'economic liberalism now permeates Marxism too' (p. 406), and then there is the wasteland of the 'third way'. These indicate failures of analysis and political imagination. In their conclusion, the authors steer the reader to Wigforss and argue that the Master would have targeted the programmatic weakness and political paralysis of the Left and would have proposed new institutions to give democratic shape to human aspirations. He would have politicised industrial renewal and sought to develop societal mechanisms to expand extra-market provision and to enlarge participatory arrangements encompassing both social and economic life.

As mentioned, the first seven chapters of the book explore Wigforss' ideas and their intellectual milieu. These ideas challenge received economic liberal thought – most fundamentally, the idea that there is necessarily a 'great tradeoff' between equity and efficiency. According to the authors, developing a critique of neo-liberalism's assumptions generates a policy programme that can mobilise mass support in a democratic society. Wigforss' 'magisterial critique' took in not only liberal capitalism but also doctrinaire socialism and 'modernity itself' – the latter being a particular historical episode which needed to be guided by consciously held moral principles, not blind market forces.

Wigforss opposed the idea that 'normal' capitalist development would 'mature' into a socialism that necessarily contained the cure to modernity's ills – he thought Marxist development theory was not only a recipe for political inaction but was also profoundly anti-democratic. Social development presupposes state activity to broaden citizenship, inclusiveness and participation into new 'civic, political, social, economic and vocational' realms. In short, 'Wigforss promoted a morally driven, participatory politics as the springboard and defining achievement of western progress', based on an inclusive, active citizenship (p. 25). This would include incursions into capitalism's control at the workplace and of the investment function itself, through industrial and economic democracy.

Centrally, Wigforss' critique of capitalism centred on the latter's wastefulness – that unemployment was the greatest waste of human potential (p. 29) and that authoritarian relations at work robbed capitalism of the possibility that workers might contribute to rationalisation and efficiency out of their own knowledge of the production process. Limiting the 'freedoms' enjoyed by capital in the realm of investment did not necessarily hamper the prosperity that capitalism could generate, and democratic forms of workplace organisation might bring not only economic rewards but also social and individual non-economic ones. He thus advocated 'industrial and economic democratisation' (p. 18). Wigforss, like the authors, is also capable of drinking at the well of social conservatism, which exists in some tension with economic liberalism. Although both support protection of private proprietorial rights, social conservatism is suspicious of 'individualistic morality' and 'the commodification of everything'. It can favour 'anti-market' measures that facilitate social cohesion and direct economic processes to collective ends. It acknowledges the 'embeddedness' of economic productive apparatus in non-economic social foundations.

Chapter 1 starts from the Polanyian division between the 'movements' of economic liberalism, on the one hand, and social protection ('a grab bag for a diverse collection of movements and doctrines' (p. 44)), on the other. Liberalism seeks to create a market society – which according to its prophets (like Francis Fukayama) is the *telos* of capitalist development. Yet, as they point out, market society is not a product of 'natural' evolution but has to be shaped (p. 39). It is a product of political action, often repressing its opponents and inculcating 'a veritable abyss of human degradation' (Polanyi, 1944, quoted p. 43).

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Wigforss was not opposed to private property itself, to 'commercial society' (p. 46) or to small business, which was a different thing to large-scale industrialisation driven by unregulated market forces. He sought to challenge market society's control over industrialisation and to explore the possibility that production could be directed by 'conscious moral priorities and human purposes' (p. 41). In this chapter, the authors discuss a new 'discourse' of inclusive citizenship in Western political culture – '… full membership of industrial society and full rights to participate in its processes and rewards' (p. 49) including influence over worklife and the *content* and purposes of production. In their exploration of the ideas of early critics of 'industrial society', for example, of the collectivist liberals and the emerging feminist movement, the authors remind us that many of the recent environmental critiques of capitalism ('sustainability') have been done before – not in the 1960s and 1970s, but in the 19th century. A vexed question for socialist activists has been the priority of gender or class inequality – in Sweden known as the 'woman question'. In the 1930s, Alvar and Gunnar Myrdal had found that the Swedish population was declining, in part because of poor housing conditions and overcrowding, high rents and employers sacking pregnant women – who were unsurprisingly discouraged from child rearing. It was therefore seen as necessary to affirm women's right to work, of dual-income households and childcare support to increase the birthrate – the resulting demand for household consumer goods would underpin industry. This was the answer to 'the woman question' – to address gender and class inequality contemporaneously.

Chapter 2 explores the development of the SD movement in Sweden, against the backdrop of its late industrialisation. The authors map the unique political economic circumstances which facilitated the ascendancy of a socialist oriented trade union movement and SD party. Anti-bourgeois political mobilisation in the battlefields of industry produced the 'December Compromise' of 1909, in which unions were forced to accept management prerogatives over hiring, firing and the organisation of work. Yet by 1938, in the Saltsjobaden 'basic agreement', employers had accepted unions role in 'joint regulation' of the labour market – a basic building block of the Swedish model. In this chapter, the authors explore the critiques of early 'doctrinaire' Marxism, of which Wigforss was well apprised – that the 'guarantees of history' (particularly the idea that the 'maturation' of capitalism would produce a democratic majority for socialism through due democratic process) were illusory.

Chapter 3 introduces Wigforss himself, painting a personal picture, concentrating on the development of his philosophical orientations prior to entering politics. The main sources are Wigforss' three-volume autobiography, accessible owing to one of the authors' facility with the Swedish language. Wigforss' doctoral research was not in philosophy or politics, but in philology. When he did encounter socialist ideas, he positioned them alongside social conservative, even Christian ideas, as critiques of the degradation of poverty and untamed industrialisation, which raised the questions of what sort of values 'should underpin human sociality in particular' (p. 77). His commitment to socialist ideas was contingent on 'being the best available expression of democratic aspirations' – in other words, democracy came before socialism (p. 81), and he was suspicious that Marxism was not all it was claimed to be – 'the alpha and omega of socialist theory'.

Chapter 4 follows Wigforss' movement into politics, starting from the labour movement's winning of universal suffrage in Sweden in 1918. The Left wondered whether the bourgeoisie would maintain cultural and attitudinal dominance over the numerically

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superior working class, while the Right wondered whether the masses would 'confiscate property'. Wigforss shared some of the Right's fears about the dangers of 'untutored' political democracy, but advocated (with G.D.H. Cole) the gradual extension of real political participation to resolve the 'anomalous' co-existence of universal suffrage and capital's concentrated economic power. This necessarily rested on high levels of education as well as specific 'forms of association' – in particular industrial democracy – to mobilise 'imagination and feelings, while at the same time sticking to concrete and demonstrably sensible goals' (p. 105). But Wigforss went further, raising '*efficiency arguments* (as well as moral ones) for democratic forms of economic organisation' (p. 106; emphasis in original) and including an 'attack on the allocative efficiency of unregulated macro-economic market mechanisms' – as early as the 1920s. The State's supervisory and coordinating role in the manufacturing sector in particular would require 'workers' active participation' – to enable them to 'gain greater insight and growing influence over the technical and economic management of the enterprise' (Wigforss, quoted p. 107). Although at the time (1920s) this was ignored by the SD party itself, similar ideas had been developed in Britain by 'new liberals' from 1870 and subsequently by collectivist liberals from the 1920s. These had argued that 'efficient' industrialisation should meet 'social needs and aspirations' (p. 109) as well as aggregated private ones. Such aspirations would include 'worklife that was actually life-enhancing and as free from risk, drudgery and monotony as possible'.

Chapter 5 describes the politics of Wigforss' economic policy in the 1930s, in the face of the Depression. 'Conventional' policy prescribed cutting government spending and large-scale sackings. Wigforss argued the opposite – for 'maintaining working class buying power, in economic planning and expanded spending to make good the shortcomings of private enterprise' (p. 145). This set private control of industry on a collision course with the social democrats' traditional claim for the right to work, but could give rise to an electoral programme which criticised 'the blind acceptance of market outcomes', which 'takes no account of social costs and benefits'. He argued that when firms 'save' by laying off workers, society has to bear the costs of their support. Profit also decrees allocating resources to destructive products while neglecting socially essential ones:

> Whereas bourgeois spokespeople 'preach in effect a humiliating subservience to an economic mechanism that nobody controls', social democracy demands that humanity rule over its tools of production and not be enslaved by them. (p. 148)

Chapter 6 explores in more depth the key themes of citizenship, industrial democracy, participation and freedom as they were worked out in Wigforss' thought. Freedom, for Wigforss, implied not only freedom from restraint, but 'active development of the human being's "natural" capacities' (p. 190). This presupposes 'leisure, disposable income, choice of occupation and workplace, job security and satisfaction' as well as 'some form of freedom and influence over the undertaking we are employed in' (p. 192). The precise forms would emerge in the course of experimentation in different branches of the economy (p. 193), but they would include 'democratic organisational forms which depend on the individual's *active* participation' (p. 201). These would 'create feelings of belongingness between enterprises and employees, and thereby liberate formerly fettered energies

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to the benefit of both production and enjoyment at work' (Wigforss, quoted at p. 202). Work should be 'not only a necessary sacrifice for a desirable life outside the workplace, but also a foundation for self respect and others' respect which comes from fulfilling an essential task in social life' (Wigforss, quoted at p. 220).

The authors argue that 'worklife came to be seen by organised labour in Sweden as part of life itself, and that workers can demand the same stimulation, personal development and ambit for creativity from their worklife as from other facets of life' (p. 220).

With the outbreak of war, a national coalition government, led by the Social Democrats, was formed and gave a taste of high-level state regulation of the economy. Post-war reconstruction occasioned new programmatic development, and Wigforss placed collective property rights over large-scale industry on the agenda. Dramatic increases in company and inheritance tax, which even some social democrats labelled 'confiscation', followed. Even so, through the 1950s and 1960s, Sweden was the only country in the developed world in which the parties of organised labour were not excluded from government, indicating broad democratic acceptance of a socialist political programme. Yet, while Wigforss had no intention of interfering with peoples' right to start and run a small business, and he was not of the school which was against all forms of inequality – acknowledging that the latter was necessary to provide incentive in some situations – he did seek that overall control of the investment function be democratised. The union movement, he argued, would naturally become the appropriate institutional vehicle for this, as had happened almost naturally as part of the 'Rehn–Meidner' model, adopted by LO (the blue collar union peak body) in 1951. The political controversy around the resolution of this question played itself out in the 'wage earner fund' controversy of the 1970s.

In 1973, LO sought to work out a solution to the problems posed by their 'solidarity wages policy' (which narrowed wage differentials by boosting them at the lower end and restraining them at the upper) in the context of varying industrial profitability. The latter posed a contradiction for union leaders – to claim 'excess' profits in the form of wages (but to sacrifice wage equalisation) or to forgo them in the interests of solidarity, and at the cost of member discontent and possibly wildcat strikes. The elegant solution was to have the profits retained within the firm but require shares to their equivalent to be issued to funds controlled by unions. The LO authors acknowledged Wigforss as the ideological antecedent of the innovative proposal, which amounted to the creeping socialisation of Swedish industry and which met with a determined and ultimately overwhelming backlash. The Social Democrats themselves lost their nerve over the proposal, occasioning an abrupt shift in economic policy, which departed from the Rehn–Meidner model. A deterioration in the competitiveness of Swedish industry followed – along with an 'economic liberal revival'.

As to worklife reform, the unions had a history of cooperation with socio-technical worklife reform, led by the employers since the 1960s, when SAF drew on the work of Thorsrud to improve worklife quality and productivity – but leaving managerial prerogatives intact. The resulting frustration led LO to explore possibilities of genuine worklife democratisation. This extended to challenging the managerialist assumptions built into production technology, for example, to promote skill utilising and skill enhancing – not deskilling – work. The 1976 *Co-Determination Act* legislated a number of union rights to involvement in workplace decision-making, including a presence on company boards.

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In the mid-1980s, LO launched what they called the 'solidaristic work' policy, according to the authors integral with the then trendy conception of a grand transition from Fordism to post-Fordism. The strategy sought for an alternative to Japanese and American 'lean production'. That such an alternative did exist, and was well developed within Sweden at the Uddevalla and Kalmar assembly plants, is a germane theme the authors do not explore at any length (on this see Sandberg, 1995, 2013). As the authors conclude this chapter – the final one solely addressing the Swedish experience – 'the logical ambit of anti-liberalism was never fully consummated in policy' because the party leadership baulked at key policies at key moments. The result has been a kind of 'stalled implementation' (my words) of socialist possibilities, alongside a neo-liberal policy thrust.

This is a very rich book, a veritable treasure trove of ideas, and the occasional ageing reference only reflects the length of time the project must have taken to bring to fruition. The themes it addresses are very salient to the current challenges faced by social democracy, and the book is highly recommended to anyone interested in these issues, which do seem to be assuming greater prominence along with greater interest in Scandinavian policies in Australia (Scott, 2014). At over 430 pages of oftentimes challenging content, readers get their money's worth.

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Steve Early, *Save Our Unions: Dispatches from a Movement in Distress*, Monthly Review Press: New York, 2013; 334 pp. RRP: USD19.95

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It is hard enough to be an active unionist in Australia. It is very much harder in the United States. Unions have to go through convoluted processes to earn the right to represent any group of workers. When they earn that right, they often have to contend with extraordinary efforts taken by employers to 'decertify' the union. The regulator, the National Labor Relations Board, is constituted to favour employers over workers. Many states have 'Right to Work' legislation that has the effect of making it even more difficult for unions to bargain collectively. Although American unions have millions of members, only 7% of private sector workers are organised. This is the context of the book by Steve Early, a former union official and long-term commentator on union affairs.

Steve Early's book is subtitled *Dispatches from a Movement in Distress*. On one level, it is series of war stories of organising, and union 'reform' stories involving the aristocracy

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