Swedish Social Democracy, Functionalism and the Social Contract

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Introduction

Functionalism developed at the beginning of the 20th century as an attempt at knowledge management in pre-industrial and rapidly expanding France. To determine the state and needs of society, knowledge was to be gathered continuously using objective positivist methods. The systems perspective of functionalism provided knowledge that industrial growth needed a welfare ideology with distributive politics for political stability. By the 1950s, five decades later, the distributional model of functionalism has established a stable position as a functioning political governance system in the US, Europe, and the Nordic countries. In the early 1980s, however, the conditions for the functionalist welfare model changed as the global oil crisis shattered the idea of growing wealth and long-term national stability, and in the late 1980s New Public Management (NPM), a productivity-oriented model for public sector governance, was developed. As we will see, NPM has many similarities with the basic principles of functionalism, with the difference that functionalism is a system of governance for the whole nation of Sweden, whereas NPM is primarily a system of governance for one of the subsystems of society, i.e., the public sector.

Between 1957 and 1976, the Swedish Social Democratic Party held almost uninterrupted governmental power in the parliament [the Riksdag] together with the Swedish Communist Party [Left Party]. This political stability laid the foundations for the realization of the functionalist welfare state and the development of so-called system-necessary social institutions, i.e., institutions that must exist for society to survive in its environment. The successes encouraged the social democrats to make functionalism its state ideology. Social engineering, in which industry and state lived in harmony, became the cornerstone of the Swedish idea of the “people’s home”. Functionalism, with influences from biological determinism, led the fight against poverty, controlled the family, differentiated work, and created an education system with mobility channels for the working class. The Sweden of

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today is different from the Sweden of the 1960s; it has changed into a late modern society characterized by a weaker state with less political and economic stability. Since the 1980s, the Social Democrats (along with the Left) have gradually lost voters to the center and right-wing parties, but as the largest parliamentary party they still have a great influence and a discussion about the party’s ideology is therefore still relevant.

In recent decades, the Swedish Social Democrats have become more market oriented and have been greatly influenced by the international trend toward New Public Management (NPM). NPM draws on the private sector’s approach to production and efficiency, and as the influence of the Social Democrats has declined, market forces have gained greater power. NPM shares some of the basic positivist principles of functionalism, where measurement, analysis, and productivity are central, but functionalism is not developed with the private sector as the ideal but is a model of how a whole society should survive in its environment, with influences from biology and other sources.

In Sweden (Jansson & Saxonberg, 2022), the Social Democrats announced the first NPM reforms in 1985, with their report “The Renewal of the Public Sector” (Tänzler, et al, 2012). As Bruhn, Lindberg, and Nylander (2017:181) observe, “[i]n Sweden neo-liberal values about economism and the small state, and the NPM doctrine of governance started to gain ground in politics and public service already in the late 1980s”. They also complain that the move toward NPM has led to the “dismantling of available alternatives for social interventions”. However, this is not true at the local level, but at the national level, their statement is true for the treatment of violent men. NPM is tied to neo-liberalism in many ways. First, it sees those getting services or treatments as “consumers”, which individualizes problems and takes them out of their social context. Second, it aims to organize social work more cost-efficiently, which requires the state to play a controlling role to ascertain that policies are carried out most “efficiently”. Third, to make it possible to evaluate different groups, NPM encourages standardizing treatments. Fourth, and in partial contradiction to the previous point, the neo-liberal ideology behind NPM reforms supports decentralization and outsourcing, so that there is competition for services. In what follows, I will primarily discuss the significance of functionalism for social democracy in Sweden. NPM is not synonymous with functionalism, but what is dealt with here is the basis that NPM has in functionalism as a system of
governance. A legitimate question that cannot be answered here, however, is: can the Social Democrats today regain influence over the issues that constitute the party’s ideology?

This chapter begins with a review of the foundation of social democracy in functionalism as a system perspective, continues with an overview of its practical application, and concludes with a discussion of the prospects for social democracy to re-establish the moral contract between individual and society required for systems balance and survival in the environment. A further question is whether NPM contributes to or counteracts the balance of the system sought in functionalism.

The basis of functionalism
Saint-Simon (1975) is one of the founders of the socialist theory (see, for example, Markham, 1952; Zeitlin, 1990). For him, ethical industrial production is the solution to the miserable living conditions of unemployment, slum housing, and child labor that prevail in post-revolutionary France. In Saint-Simon’s utopia, a contract of solidarity between the individual and society is needed to reduce the gap between rich and poor and provide stability. However, Saint-Simon does not formulate an ambition to abolish class society, which constitutes the ultimate material obstacle to equality between people. By taxing the production of surplus value by industry, it is possible to transform the profits of production into welfare in the form of schools, health care, housing, and worker protection. The operationalization of solidarity requires the governance of a scientific elite capable of applying the concepts of the advanced natural sciences to society. Saint-Simon is convinced that returning the surplus of production to the people increases solidarity and builds a contract between man, industry, and the state. Pedagogically, it establishes a morality based on justice and a system in balance. The working individual is rewarded for his solidarity and learns to sympathize with society with both reason and feeling. Saint-Simon is also careful to ensure that the division of labor is based on ability and not, as under feudalism, on the social stratum into which the person was born. Once morality and the belief in industrial society as the best social system are internalized through education and training, people become self-regulating and in less need of direction and control (Svedberg, 1994).
The organic analogy is drawn from the dominant natural sciences. Functionalism stresses the importance of a scientific elite that uses “positivistic” methods to explain the lawfulness and governance of society. Comte further developed these ideas when he originated the positivist method in which measurability is a condition for scientific data (Coser, 1977; Jones, 1980; Turner, Beegley & Powers, 2002). Following Comte, Durkheim (1984, 1983) develops more systematic ideas on how a society based on solidarity can be developed (see; Lukes, 1973 for a discussion).

Durkheim also concedes there must be a class society, arguing that an industrial society based on solidarity must be based on a clear division of labor. The specialization of production in different types of manufacturing requires that society first sorts individuals on an individualistic basis and then places people with the right skills on the right job.

Like Saint-Simon, Durkheim (1995) also argues that individuals must internalize a morality of solidarity with society. After the secularization of religion, it is the task of industrial society to construct new supra-individual values that can contribute to social cohesion. Durkheim is acutely aware that the division of labor produces unjust class structures and to counteract conflicts between classes, the individual must internalize a morality of solidarity in which he accepts his place through destiny. The higher values of solidarity must be administered by an organization called the corporation, which forms a substitute for secular religion. Trade unions and state-owned authorities must lay the foundations of the corporation and build a necessary social bond between the individual and society. If the contract between individuals and society cannot be established on an informal basis, it must still be maintained by legislation and restitutive sanctions.

Durkheim (1983) further argues that laws should be understood as the morals and beliefs, *mala in se*, that maintain the balance and survival of society in its environment. If the system needs class and gender inequalities for its survival, these inequalities will not be criminalized even though it would be reasonable to do so (Quinney, 1974). The scientific elite should develop methods to measure citizens’ solidarity with society. One method developed by Durkheim is to read the tension between social cohesion [nomos] and social disorganization [anomie] by studying the different types of suicides committed (Durkheim, 1983, 1978).
Systems thinking does not stop at Durkheim but is further developed by anthropologists such as Radcliffe-Brown (1952) and Malinovski (1967, 2011). Anthropologists have argued that there are universal postulates of survival in all societies, ancient and modern. The studies show that all societies strive for balance [entropy] and all societies face a survival problem. Even the survival of the highly developed industrial society depends on the fulfillment of basic postulates such as the availability of raw materials, the division of labor for their processing, cooperation, and social values that underpin loyalty to the system.

Parsons (1937, 1951) continues the work started by Saint-Simon, Durkheim, and the anthropologists. Parsons builds a theoretical system to explain how functionalism can be applied to modern society. For Parsons, the survival of a modern social system depends on its ability to adapt to the external environment. Industrial society has a basic dependence on raw materials that forces adaptation on other parts of society. The role of political institutions is to clarify these goals and organize a moral consensus around them so that everyone is working towards the same goal. To achieve this, state governance of primary and secondary socialization (i.e., pre-school, primary school, work, religion, and politics) has been central. If people can be socialized into pattern-preserving values and norms of solidarity, these values will be passed down through the generations and ensure stability.

It is not only Durkheim who understands the importance of a social contract between those who benefit from society and those who are disadvantaged, also Parsons (1937; 1951) is well aware of the problem. For the unequal class society resulting from a labor-differentiated social system to maintain its legitimacy, certain values must be internalized by the population. To ensure that the right values are internalized in the young population, academically trained pre-school teachers and social workers must ensure that system-preserving values are taught. These institutions are under state control and take over the role of educating the next generation that the pre-industrial family used to have. The state’s responsibility for education and upbringing thus ensures that the right values are transmitted from society to the individual. It is only when individuals express system-threatening values that repressive functions such as the judiciary, police, courts, social services, and therapy are to be activated. In Sweden, the pioneering social democratic country, functionalist ideas become reality.
Swedish Social Democracy and Applied Functionalism

It is well known that social democratic ideology has given highest priority to fighting against class inequality. However, the possibilities of combating class inequality in practice have become more difficult since the founding of the Social Democratic Labor Party in 1889. The intentions of the Social Democratic Party were initially Marxist, with the key to justice being class struggle, but since 1897 the influence of Marx's radicalism has waned. Party programs from 1897 onwards downplay revolutionary ideas, while valorizing the reformation of the existing social system (Bäck & Möller, 2001). The shift from Marxism to social reformism culminates in the incorporation of the utopian ideas of Saint-Simon and his successors. Social reform and social engineering with positivist scientific planning, management, and control are supposed to realize the welfare of society and counteract social pathologies. However, the realization of a good inclusive public home requires paternalistic authoritarian governance that will make major inroads into the integrity of citizens (Hirdman, 1989). This governance has today taken a further step in the public sector through NPM, which, with the help of computer technology, can monitor people in an even more pervasive way.

According to Therborn (1973), social democracy does not introduce social mobility channels in the education system to achieve an equal society, but to reduce the effects of the inequalities generated by the system. Social democrats in Sweden are well aware that the realization of the utopian egalitarian society is impossible as long as there is a labor-differentiated industrial society. This is because in a class society there are not enough equal class positions. There is a surplus of less favorable positions with low pay and low educational requirements. Although social reforms reduce the distances between the ladders and the lowest ladders are raised, the class ladder remains the basic condition for the existence of the functionalist social system. The basic idea of the egalitarian society becomes an illusion, increased opportunities for education are limited to the working class moving one or two steps up from the father’s occupation, and mobility channels produce a diffuse middle layer between the upper and lower classes (Therborn, 1973).

Capitalists, through their ownership of the means of production, have control over the labor force (Olin Wright, 1985), and ownership has enabled capitalists to exploit workers generation
after generation and distribute profits unequally. Through cross-ownership, there is power over wages, rents, and food prices which allows workers’ wage increases to be reversed through increases in rents and food prices (Reiman, 2007). It is in a Marxist light that the problems of justice in the functionalist system become most apparent. In all industrialized societies, there is a clear relationship between the mode of production and class structure. Changes in the mode of production are followed by changes in the economic, political, social, and cultural class structure. The starting point for social democracy since the beginning of the 20th century has been a class-differentiated industrial society. In this vision, the radical Marxist understanding of society is closed and exchanged for reformism. The working class is welcome in the “people’s home” as long as it does not push class interests too far to the left. Since the classless society is excluded, the great challenge for the social engineering of social democracy will be to educate individuals to accept their place by fate and live in peaceful coexistence.

As social democracy’s equality policies widen the gaps between rich and poor, they generate what functionalism calls dysfunctions (Merton, 1968). These dysfunctions pose a threat to systemic stability and must be dealt with in some way. The privileges of the winners are produced at the expense of the losers, with more and more people falling below the lowest rungs of the class ladder into various forms of marginalization, exclusion, and disempowerment. Those who fall from the bottom rung fall further and harder than the few who fall from the top rungs of the class ladder. The consequences are stigmatization, low life expectations, mental illness, addiction, and criminality. In the absence of opinion in favor of radical social reform, social democracy, in alliance with liberal parties, has been forced to adopt repressive policies to restore balance, which runs counter to the restitutive reform strategies advocated by Saint-Simon and Durkheim.

Swedish social democracy has not only a social agenda but also a biological one, as remnants of the social Darwinian heritage remain. In the 1930s before the Second World War and onwards, there has been a strong influence from biological scientific research. Hereditary hygiene is not just an idea but an applied method to weed out people who are deemed unfit to pass on their hereditary traits. It equates a person’s appearance and lifestyle with internal qualities such as intelligence and morality (Lombroso, 2006), but does not look at the social
factors that affect people’s chances of success (Eskola, 1987). The breeding of the population is done by sterilizing the weak and sick while encouraging the fertility of the strong. The aim was to increase the allegedly genetically stronger middle class while reducing the genetically weak upper and lower classes, but the useless upper class was never affected by the sterilization law (Frykman, 1985).

Although the ahistorical claims of biology have been criticized as historically, socially and culturally relative constructs (Scheff, 1999; Conrad, 1975; Conrad & Schneider 1992; Conrad, 2007) and the dark history of Sweden notwithstanding, social democracy has never been completely abandoned the idea. Backed by legislation, the Swedish state still supports genetic and fetal diagnostics that define the value of different forms of life in terms of their benefit to society. The functionalist survival postulates are still alive in highly topical debates on medicalization, biological correction, and NPM where cost-effectiveness, function, and benefit are central to the argument.

The useful, uncritical worker’s invitation to the “people’s home”

According to Saint-Simon (1975), human work capacity should be paired with the appropriate work task. As we saw earlier, these ideas were adopted by Durkheim and Parsons (1951), who defined utility in direct relation to the objectives of the social system. From a functionalist perspective, engineers, economists, and financiers have more important functions than the public sector for the survival of the total system. This is reflected in society’s rewards where people outside production such as the disabled, the sick, addicts, the homeless, the institutionalized, criminals, the psychiatrically compelled, the mentally ill, and the elderly are seen as draining costs of the system. These groups are dysfunctional and are therefore allocated as few resources as possible. Considerations of immigration and refugee quotas are based on the systemic benefit they bring to the system as a whole. Highly educated immigrants are favored because they represent system savings through lower education costs, while the elderly, low educated, illiterate, war-traumatized, and dependent migrants threaten the system balance.

A society built on this logic has difficulty establishing a credible moral contract between all citizens and society. Some groups will always be excluded. Statistics show that economic gaps between classes are widening, the privileged are getting richer and the poor are getting poorer. The proportion of relative poverty in Sweden, with incomes up to about 60% of
median incomes, has doubled in 20 years and relative poverty is highest among people with immigrant backgrounds (OECD, 2017; Almqvist, 2016). As the class system is the basis for system survival, reformist rhetoric has been used with the good memory of social democracy that equality cannot be realized within the existing social system.

However, more and more people are questioning why loyalty to the system is not rewarded. Unemployment may keep wage claims and inflation down, but moral solidarity with society is eroded. The economic space for restitutive welfare reforms has decreased, locking social democracy into a vicious circle of relying on liberal politics for political mandates. Since the mid-1980s, the political systems of the rest of the world have also gradually become more liberal. Sweden’s chances of deviating from the adjustment requirements of the larger global system with costly welfare policies are small. A return to a policy of solidarity-based distribution is counteracted by the fact that the power of the parties in the parliament [Riksdag] is limited and today consists of a more liberal political landscape.

Neoliberal solutions underpinned by the NPM ideology of selling off collectively owned institutions and dismantling labor laws, labor laws, and trade unions have hit the marginalized hardest. Furthermore, NPM is (Jansson & Saxonberg, 2022) tied to neo-liberalism for many reasons. As we have reviewed earlier, there are four areas that characterise NPM. NPM sees those seeking help in the public sector as consumers, the work should be organised cost-effectively, the work should be evaluable and finally, the model advocates outsourcing and competition between social service providers. Together, these elements contribute to the instrumentalization of social welfare and the individualisation of citizens' rights to social welfare. Even though part of the neo-liberal ideology supports decentralisation when it comes to institutions such as the police and prison system, NPM has led to increased centralization because centralisation makes it easier for authorities to exercise control over their results (Andersson & Tengblad, 2009).

The social legacy and structural obstacles in the environment have been placed on the individual’s responsibility to deal with. This has had consequences for social life and relationships with others where the other is no longer an end in itself but is judged by the benefit the person brings to themself which constitutes commodity fetishism (Hartman &
From a functionalist perspective, shared values create solidarity with society. Social democratic policies have narrowed the gap between classes, raised the bottom rung of the ladder, and created channels of mobility via higher education to the middle. Reforms have required economic growth and the acceptance of transfers through taxation of businesses and citizens. Without political support for the redistribution of resources that a balanced system requires, inequalities will not narrow even as the economy grows. Saint-Simon’s moral contract between citizens, Durkheim’s supra-individual morality of solidarity, Parson’s value orientation, and the social-democratic utopia of the welfare society all describe the same type of system balance but is only possible if everyone has access to the rewards of society. If the social system cannot tame the selfishness of the fortunate, solidarity with the vulnerable diminishes, damaging the whole system.

Discussion. Social democracy and the lack of systemic values
The neoliberal turn of the Social Democrats departs from the principles of maintaining a systemic balance that long experience has shown to work. Systemic balance requires redistribution of rewards to the most disadvantaged in a spirit of solidarity, while public opinion must learn that redistribution is necessary. However, according to the functionalist model redistribution to the most disadvantaged has never had anything to do with humanism but aims to counteract the serious dysfunctions that threaten the survival of the entire system. The lack of public support for redistributing taxpayers’ money to the most disadvantaged clearly shows that society is failing to internalize system-preserving values among the most economically well-off citizens who have the most room to share. If the systemic balance is to be restored, the moral contract between the classes and society must be restored. Everyone, including the most well-off, must accept in solidarity the redistribution of part of their salary to the most disadvantaged.

Social democracy faces a dilemma because it lacks the political stability to apply functionalism in the way it was intended. The dysfunctions within the system, such as the emergence of parallel criminal economies and high-risk areas in the suburbs of the big cities, show that the imbalance of the system is well developed. When the balance of the system is threatened by class interests being pushed too far to the right, the solidarity of the fortunate must increase with the less fortunate in the system. In the era of social engineering, workers were educated
to feel a solidarity acceptance of their position in class society; now the time has come when the fortunate must be educated to solidarity with the worst-off. With clear rhetoric based on hard data about the risks of exclusion for the whole system and the human suffering that dismantled social welfare generates, social democracy can regain its ideological identity. NPM with a utility-oriented logic and private enterprise as an ideal is an important part of a larger problem of values related to individualism. Individualistic values are today a dysfunction of the larger overarching social system, for the system to survive as a whole a reorientation away from liberalism, individualism, and NPM towards more solidarity-based values is needed.
References


