

ABSTRACT

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Collective Capital Formation for Economic Democracy; the Fordist History in Germany and Sweden and the Post-fordist future

The article analyses the German and Swedish experiences of elaborating collective capital formation as a strategy for economic democracy. It stresses how the original Swedish wage-earner funds (WEF), to a large extent were influenced by proposals for capital formation funds that had already been elaborated in Germany. The original WEFs should be considered as a socialist strategy aiming to transform the power and property relations in order to achieve economic democracy. The WEF struggle resulted in a hegemonic turning-point; up to this point Swedish social democracy had for decades strengthened its power position, but the WEF struggle meant that the bourgeois actors managed to unite as a hegemonic force which have had important consequences for the development afterwards. To understand the origin and decline of the plans for collective capital formation in Germany and Sweden, the analysis needs to take into account the transformation from a Fordist to a Post-fordist mode of production. This transformation has important implications regarding the possibilities for the labour movement to once again work out strategies of collective capital formation for economic democracy, e.g. trade union pension funds.

Keywords: collective capital formation, economic democracy, wage-earner funds, pension funds, hegemony, Post-fordism, Marxism

Collective Capital Formation for Economic Democracy; The Fordist History in Germany and Sweden and the Post-fordist future

The labour movement has historically shown two ways to strive for economic democracy, what one can call the co-determination line and the property line (Niederhoffs, 1979: 60f; Lewin, 1992: 356ff). This within social democracy sometimes manifest conflict is related to an old conflict between the "ownership line" and the "welfare line", between a Marxist influenced analysis and policy focusing on the power/property conditions, and a "function socialism" dealing with welfare reforms without changing the core of the capitalist social formation. In Sweden the proposals for wage earner funds meant that the "ownership line" was manifested after a long period almost entirely dominated by the "welfare line".

The co-determination line has been the dominant within social democracy. It is in line with the so called "function socialism" (Adler-Karlsson, 1970), the classic reformism that has as its aim to limit the functions and rights of the capitalist system - when it comes to co-determination to limit the functions and rights emanating from the ownership of capital - without changing the basic capitalist property conditions in itself: the private ownership of capital and the means of production. From the left and the socialist labour movement this strategic line has been criticized from a Marxist point of view. It is then argued that if one really wants to achieve economic democracy - where the economy is democratically controlled and the wage earners have real power and influence on all levels of the economy, and where the produced returns will be democratically controlled and equally distributed - this will not be possible without changing the private ownership of productive means and capital.

The co-determination line has been dominant, but from time to time the property line has been manifested within social democracy. Important examples of such manifestations were (West) Germany and Sweden in the 1970's, in the form of the issue of collective capital formation and fund building in the hands of the wage earners, as a strategy for economic democracy. *The main focus of this article is to analyse these historical experiences of elaborating collective capital formation as a strategy for economic democracy.* Over the last two-three decades there has been a large number of studies in both Germany and Sweden about the co-determination issue. That is not the case when it comes to the issue of collective capital formation in wage earner hands, at least not during recent time. Somewhat astonishing since the issue marked the social debate in both Sweden and Germany. An important aspect somewhat overlooked in previous studies of the Swedish wage-earner funds (WEF), is that the basic principles for these funds can be found in the German fund debate which took place 5-10 years before the Swedish one. In this article I want to show the importance of the German influences on the Swedish WEFs. After a long and intense debate a form of WEFs were implemented

in Sweden, which was never the case in Germany. The aim is here to analyse the German and Swedish debates around the issue of collective capital formation for economic democracy, and to explain why – in a revised form - WEFs were implemented in Sweden while they were never near implementation in Germany.

In Sweden the WEFs became the most controversial societal issue in post-war time, which gives place for an elaborated discussion in the article to explain the Swedish case. Implementation of the original proposals for wage earner funds, with Rudolf Meidner as main architect, which were presented in the middle of the 1970's, would have meant fundamental changes of the Swedish economy and the social formation. *A point of departure is here that the original WEF proposals should be considered as a socialist strategy, aiming to transform the capitalist power and property conditions, in order to even out the distribution of power and wealth.* From my point of view it was the most concrete and elaborated strategy for economic democracy ever shown. Therefore analysing this issue is not only of interest from a scientific perspective, but also for the international labour movement, which ought to find important learnings from the German and Swedish fund issues, when elaborating new strategies for economic democracy.

In the article I show that in order to understand the development of the fund issues, it is not enough to put focus on the political and ideological levels. Processes at the economic level were crucial for the birth of the idea of collective capital formation as well as for the development and outcome of the fund issues. In order to understand these processes the final discussion relates to the theoretical discussion about the transformation from a Fordist to a Post-fordist mode of production. The article ends up in an attempt to integrate this discourse into the contemporary discussion about possibilities to use trade union controlled pension funds, as a collective capital formation strategy for economic democracy today.

Collective capital formation for economic democracy in Germany...

In Germany the issue of economic democracy was early dealt with by the social democratic classics Fritz Naphtali and Viktor Agartz, who were in the 1920's and -30's dealing with the transformation process from capitalism to socialism (Weinzen, 1982). Although pointing at the necessity of changing capitalist property conditions, Naphtali were emphasising the co-determination line, while the focus of Viktor Agartz was more in accordance with the property line, comprising socialisation of key industries by the state and a planned way of transformation of capitalism. Although the issue of economic democracy, comprising the transformation from capitalism to socialism, then was at the agenda of social democracy, the classic co-determination line prevailed to be dominant. The property

line has however continued to be manifested by social democracy at certain periods in history, also in post-war time. One such period was from the late 1950's, when German theorists related to the trade union DGB and the party SPD first began to talk about collective capital formation in the hand of the wage earners, as a new way to change fundamental power & property conditions towards economic democracy. Ideas which in the beginning of the 1970's became subject for concrete decisions by DGB and SPD, and later were elaborated in Sweden.

The pioneer of collective fund building strategies was Bruno Gleitze, a statistician and economist related to the DGB. His ideas have to be put in the historical socio-economical context, the specific West-German post-war conditions. After the war private capital accumulation was being supported by economic policies, which lead to an increasing concentration of capital and wealth on few hands. By beginning of the 1960's 1,7% of the people owned 70% of the means of production (Take, 1988: 117f). In the so called Gleitze-plan, first presented in 1957, Gleitze questions the fact that the growth of wealth that emanates from self financing in industry goes to the capital owners. These accumulation and concentration of capital in few private hands hinders the wage earners to build capital and wealth. *Gleitze believes this problem can not be solved solely through active wage and tax policies. He suggests a way of socializing of the capital accumulation, through the construction of a "social fund", controlled by trade unions.* A certain amount of the profits of the big companies should be shared and transferred to the social funds. Through these overarching funds the wage earners should get part of the capital accumulation in big industry. Only big companies would be included in the fund system, since the accumulation of capital and power are concentrated to these. The wage earners should get individual shares in the funds, which would not be possible to sell for a longer time, to guarantee the capital would not once again concentrate to the big capital owners. (Gleitze, 1969)

This proposal was the starting-point for the vivid discussion on collective capital formation and fund building within social democracy in Germany and later in Sweden.¹ By the beginning of the 1970's DGB and SPD began to be ready for decision making. In 1971 the DGB-Bundesvorstand (the DGB board) adopted a number of theses, with demands for wage earner share in companies profits. (Halbach, 1973: 98) *The DGB congress in Berlin in June 1972 passed a motion from the Bundesvorstand, which demanded the share of wage earners in the capital growth in the companies. In order to carry this out it is proposed that capital formation funds (Vermögensbildungsfonds) shall be built up. The funds have two basic aims: 1. A redistributive aim to complement the wage policy and to correct the unequal distribution of wealth and share of the social products. 2. A socio-political aim to counteract the concentration of power, property and wealth to the big capital owners in enterprise.* The congress decision stated that "The employees in all branches have to be able to participate in productive wealth in an adequate way by an overarching system of profit sharing."², and that "This trade union wealth-forming policy has the objective of changing the concentration of property and

wealth reigning in the Federal Republic and the unbalanced economic and social power positions linked to that.” (Deutscher Gewerkschaftsbund, 1972)

It is stated that a certain share of yearly profits in companies with profits higher than 200 000 DM - from 4 to 15% of profits depending on the profit rate - should be transferred as stocks to funds on a regional basis. It is argued that when the profit shares should be transferred as stocks and not as cash, the liquidity of the companies would not be harmed, an argument later to be found in the original Swedish WEF proposal. The regional funds ought to be autonomous and not compete with each other. The funds should be controlled by the wage earners with representation also from public interest. The fund boards should be appointed by all the fund share holders. The boards should then appoint an executive body (Aufsichtsrat), in which one third of the members should be representatives from the public interests. The chairman should be appointed by the Aufsichtsrat. The owners of the funds should all get certificates corresponding to their shares. The congress points at two alternatives for how to handle the certificates: 1. they should only be possible to redeem in exceptional cases, 2. they should be possible to sell at the stock market after ten years. Although pointing to these two alternatives, the first one is favoured in the arguments: “The distribution and social-policy goals of wealth policy (Vermögenspolitik) can only be reached by way of fundamentally infinite waiting periods.” (Materialen zur Vermögensbildung in Arbeitnehmerhand, 1973: 44) The logical reasoning was that individual shares possible to sell, would mean that after some time the property shares would be back in the hands of the big capital owners again. Again, exactly the same arguments used later by Rudolf Meidner in the first WEF proposals.

DGB now had a principal decision for funds which called for a concrete standpoint from the SPD. In the Godesberg-programme, SPD had in 1959 proposed that the growth of fortunes and capital should be used for common purposes. This was in accordance with the Gleitze-plan, but it was not until beginning of the 1970’s SPD began to elaborate and radicalise its positions on the fund issue. At the party congress (Parteitag) in Saarbrücken 1970, a motion on Vermögensbildung from the party board was taken, that talked in general terms about investment funds in decentralised forms under public control, which could be used to give wage earners part of the capital growth and change the unjust capital/property structure (Materialen zur Vermögensbildung in Arbeitnehmerhand, 1973: 44f). In 1971 the SPD party board (Vorstands) recommended the party congress in Bonn, which then decided in accordance with this, to appoint a “Vermögenskommission”. Construction of not competing decentralised funds, taking care of stocks from profit sharing from the companies is considered as a way. (Materialen zur Vermögensbildung..., 1973: 80)

In response to the 1972 DGB decision, the SPD board declared in June 1972: “The realization of co-determination does not do away with the unjust wealth distribution in our economy. It does, therefore,

not replace the demand for a stronger participation of the employees in productive assets.” (Materialen zur Vermögensbildung..., 1973: 108) Decentralised funds controlled by the wage earners are once again recommended. The Dortmund party congress same year, as well as the programme for the parliamentary elections, meant that the so called 3rd capital formation law (Vermögensbildungsgesetz) was good for the wage earners, but “The ownership of means of production, however, is still in the possession of a small stratum.” (Materialen zur Vermögensbildung..., 1973: 146)

The SPD congress in Hannover 1973 then finally positioned near the 1972 DGB congress decision. An elaborated fund proposal based on a report from the Vermögenskommission was adopted. It is stated that “The property of the productive wealth in our economy still rests in relatively few hands. It is one of the goals of social democratic policy to involve the employees in the growing productive assets of the economy and to contribute, in this way, also to the democratization of the economy.” Companies with profits higher than 400 000 DM should transfer part of the profits to a central fund, which then should give the shares to regional funds not competing with each other. The capital supply should not be in cash, since the aim is not to introduce a new tax but to give wage earners share of the productive capital. The share holders, that is the wage earners, should appoint a body of representatives (Vertreterversammlung), which then elect an administrative council (Verwaltungsrat) where one third should represent public interests. The fund share holders gets certificates possible to change for cash after seven years, which was the most significant difference from the 1972 DGB decision. The fund capital was aimed to be used to stimulate investments in infra-structure. (Vermögensbildung, 1973)

This decision meant the trade union and the political part of German social democracy were now united behind the principles for a collective fund system for capital building in wage earner hands. At the same time, the social democratic actors were divided internally.

In 1973 the DGB leadership (Bundesausschuss) adopted a declaration which was close to the congress decision from 1972, but with clearly individual shares which would be possible to exchange for cash. The decision then corresponded directly to the SPD congress decision.

But the Bundesausschuss was divided; the declaration was accepted with 55 votes against 52. There was thus a strong minority against the capital formation funds, and IG Metall was the dominant oppositional voice.

The position of IG Metall was that collective capital formation in funds through profit sharing, could harm the struggle for higher wages and increasing co-determination. For IGM active wage and tax policies and struggle for co-determination would better fulfil the aims of the proposals for collective capital formation. (Fuest et al., 1997: 57) In October 1972 the board of IG Metall declared:

“The social position of the employees, however, cannot be fundamentally changed by wealth-political measures... The active wage and earnings policy of the trade unions and their efforts for a social tax reform are,

therefore, of considerable wealth-political significance... The connection to profit, that way, reacts backwards to trade union collective policy.” (Halbach, 1973: 148f)

In April 1973 another declaration was directed to the DGB Bundesausschuss, in which it is said that certificates not possible to sell, will mean that the redistributive effect will shrink without higher living standards for the employees. Co-determination, taxation of profits and capital, and transfer of key industries into common property is the way proposed.

Another rather important actor of social democracy was the Youth federation „Jungsozialisten“, who at their congress in 1970 declared that: “Wealth policy, tax policy and co-determination policy are indivisible... A change of the scandalous distribution of assets can only be achieved by overarching distribution of profits.” (Halbach, 1973: 70) Regarding the individual certificates the Jungsozialisten deliver a critic contrary to that of IG Metall. The Juso’s criticism, deriving from a Marxist perspective, means that a system with individual certificates possible to sell, will not lead to changes of the basic power & property conditions in enterprise. They therefore propose a collective fund system without individual certificates.

The SPD leadership now had to handle the different sorts of critique within social democracy, and at the same time work in a governmental coalition with the liberal FDP. The FDP position regarding Vermögensbildung was, according to the so called Freiburger thesis from 1971, to work for wider parts of population getting share of the capital growth. Fund building is proposed, but it shall be in cash form, and with individual shares possible to sell after three years, and the funds are supposed to compete and be included in the financial market. FDP also speaks about security for private property and the old capital owners. (Halbach, 1973: 47,91)

Also CDU had proposals for Vermögensbildung, in form of “personally disposable co-ownership in productive wealth and against collective property” (Halbach, 1973: 32). In fact factions within CDU relating to the Catholic social doctrine, were important actors behind the issue of Vermögensbildung³. But the CDU proposals never leaned to *collective* capital formation, what they proposed were *individual* wage earner shares of profits and capital. The most critical actor against collective Vermögensbildung was the Federal association of the German Employer’s Union (BDA), meaning it was

“Efforts of the DGB towards the syndicalization (Syndikalisierung) of the economy... These funds..., by way of such a forced transfer, ... would in the foreseeable future even become majority owners. The SPD has to take the question whether it is really willing to eventually leave to the trade unions one half of the executive board seats in the firms by way of proportional co-determination, the other half by way of these participation funds.” (Halbach, 1973: 18f)

At the time of the DGB and SPD proposals 1972/73, the collective capital formation funds were then criticised both from bourgeois actors as well as from actors within social *democracy itself*. The SPD leadership in government with FDP, had to perform a difficult act of balancing. With the SPD decision from 1973 as background, it came as a surprise to many within the social democratic movement when the coalition government in 1974 decided on a proposition that fundamentally differed from the DGB and SPD proposals, and was more in line with the FDP Freiburg program. Certain amounts of company profits should be transferred to profit sharing funds, in stocks *or* cash, with individual fund certificates possible to sell after 7 years. As was argued in the 1972 DGB decision, and by e.g. the Jungsozialisten, this construction would mean that the basic aim to fundamentally change the ownership structure in society, would not be fulfilled. The proposal also stresses the need for securities for old share holders, in order not to take away their rights. (Halbach, 1977: 43ff) This proposal meant that the internal DGB opposition driven by IG Metall grew even stronger. With SPD distancing itself from the 1972 DGB decision, and with internal tensions, DGB did not push the issue further. In spring 1974 the new chancellor Helmut Schmid declared that the SPD/FDP proposal would not be implemented. It is said that the intention is still to implement Vermögensbildung, but due to different technical problems, eg companies not introduced on the stock market, one has to work to solve these problems. (Halbach, 1977: 48)

After that the German discussion on collective Vermögensbildungsfonds for economic democracy faded away. Or perhaps one can say the issue emigrated to Sweden, where it was brought into the Swedish discussion by a German refugee, Rudolf Meidner, who fled to Sweden after seeing the fire of the Reichstag in 1933, and later became one of the most important theorists in the social democratic trade union, LO.

...and in Sweden

If Naphtali and Agartz were forming theorists of the German Economic Democracy discourse, the most important Swedish social democratic theorist starting to deal with the Economic Democracy issue, was minister of finance Ernst Wigforss. In his work “Kan dödläget brytas?” (1959: 135-139) Wigforss writes about what he calls “foundations or companies without owners”, which no doubt had impact on Rudolf Meidner. In a review of this book, Meidner already by the year 1960 shows that he had elaborated thoughts around the synthesis of collective capital formation, fund building and economic democracy (Meidner, 1984: 386). However the time – and the trade union movement – was not ready yet to make something concrete out of this theoretical discussion.

The social democratic party, SAP, held governmental power from 1932 to 1976. During this period the Swedish welfare model, the “people’s home”⁴, was built. One of the corner stones of this model was the social democratic labour market policy, based on active measures for full employment combined with the solidaric wage policy. Main architects behind this were the LO economists Gösta Rehn and Rudolf Meidner. The basic feature of the solidaric wage policy was that workers and unions in high profit companies and branches, held back their wage demands in solidarity with workers in low wage branches who instead could raise their demands and wages. This way the gaps within the working class were decreasing and along with full employment the wage earners became a stronger and more united force in the struggle with the employers federation, Svenska Arbetsgivar Föreningen (SAF), and the capital owners.

However, in the end of 1960’s it became clear that with the solidaric wage policy also followed negative consequences for the working class. When workers held back their wage demands in high profit branches this meant the capital owners got even higher profit levels, what was to be called “excess profits”. One could see that even though the social democratic people’s home had meant rapidly increasing living standards for the working class, at the same time the concentration of capital, property and power to big capital owners was increasing. By the shift of 1960/70’s there was also a wave of wild strikes in Sweden, beyond the control of LO, pointing at the fact that increasing living standards, social welfare etc, had not meant democratisation of the working places, real power and influence, co-determination etc.

The LO had to do something to meet this situation. According to a decision by the LO congress in 1971, the LO board appointed a working group with the task to present a proposal on how to correct the negative consequences of the solidaric wage policy, how to give wage earners increasing share of the capital growth, and how to move on towards “the third step”; economic democracy.⁵ The working group was to be chaired by Rudolf Meidner.

The first proposal was presented by the working group in August 1975 (Meidner et al, 1975). *In this first report there is a direct focus on existing power/property conditions and how to fundamentally change them, and to give the employees increasing share of the capital building and profits in big companies.* This corresponds to the instructions the working group got from the LO congress in 1971 and the LO board. In the 1975 “Meidner-proposal” it is said that the main purpose of wage-earner funds is to democratise the ownership of Swedish enterprise and that, in time, the majority of shares in large companies will be owned by collective WEFs. A profit-sharing model was proposed, that would shift the ownership and power structure of companies without influencing their liquidity. One can easily see the influences from the German discussion on Vermögensbildung and the proposals for collective capital formation in the hands of wage earners.

The Meidner-proposal meant that a certain share of the yearly profits (the working group talks about 20%) from big companies, should be transferred to WEFs as new-issued stocks in the company, also an element in the German DGB/SPD proposals. Thereby the profits would not leave the company but remain an active capital. By relating the calculated sum to the total stock, the amount of new shares could be established. Individual certificates, as suggested in many of the German proposals, were abandoned with the argument that it would be consumed and then not lead to real change of fundamental power and property relations. As we have seen these arguments can also be found in the German debate, and e.g. in the 1972 DGB congress decision. The fund system should comprise only big companies, with at least 50-100 employees, since power and property is concentrated to these companies.

The WEFs, it is proposed, should be controlled by the employees through their trade unions and the members of the fund management should be appointed by union representatives. A couple of funds should be built up in different branches and sectors of the economy, comprising all large companies in each branch. The fund representatives in each company/managing board should be jointly appointed by the fund boards and the local trade unions. At the level of the shop floor a far reaching self-determination is suggested, and it is said that the proposal should be seen as complementary rather than contradictory to the co-determination line and law (implemented in 1977). This seems to be an important statement if one thinks about the German debate, where the co-determination line and the capital formation strategy were used by opposite actors within the labour movement, in a contradictory and polemic manner.

*This original WEF model would mean that the collective fund-share of the big companies would gradually increase in relation to private shares. The working group estimated that in 20-40 years large Swedish companies would be majority owned and controlled by the WEFs (Meidner et al, 1975: 79).⁶ An elaborated form of this proposal was adopted by the LO-congress in June 1976⁷. This decision came as a big surprise to many, also within the social democracy. The powerful central trade-union, organising some 90% of the blue collar work force, now stood behind the WEFs aiming at economic democracy. The whole organization from bottom to top was very enthusiastic. In the LO trade union press (*LO-tidningen/Fackföreningsrörelsen*) you could read head-lines like "It is about the power!", "This is how we will take the POWER from the capital owners" (nr 19/75) and "With the funds we take over" (nr 6/78). In an interview in *LO-tidningen* (nr 19/75) Meidner stated:*

We want to deprive from the capital owners the power that they exercise in force of their ownership. All experience shows that it is not sufficient with influence and control. The ownership plays a decisive role. I want to refer to Marx and Wigforss: we can not fundamentally change society without changing the ownership. According to my firm point of view, function socialism alone is insufficient to achieve a radical societal

transformation... if we do not deal with the ownership, we have to put up with outrageous inequalities forever when it comes to the power over the production and the people.

In September 1976, the social democrats lost the parliamentary elections, the SAP retained 0,8% less support than in the previous election. The loss meant that for the first time in 44 years the SAP was removed from the power of government. Inside the social democratic party, there was a large amount of scepticism towards the WEFs, especially when it came to the leadership. The funds were considered as a side-step from the classic reformism and the welfare line. Olof Palme many times seemed to be very ambivalent about the whole idea of WEFs.⁸ Many thought the defeat was due to the fund issue, but afterwards it has been pointed out that this was probably more due to the contemporary atomic energy issue than to the WEF issue.

The gap between the union LO and the party SAP was, historically considered, exceptional. At the same time as the inner conflict in the social democratic movement, the communist party, VPK, in the beginning remained on the sidelines, adding criticism from the left and denied participation by SAP. This split in the labour movement is an important factor in understanding the more and more defensive stance taken by social democracy in the WEF debate, and in its final failure. The VPK criticism was similar to the German IG Metall criticism, proposing direct nationalisation, active wage struggle and radical co-determination instead of attempting to take control of power and property through profit and capital shares (Material om löntagarfonder, 1975). Another important actor was the white collar union TCO, which was originally positive to WEFs. TCO presented a proposal which only differed from the 1975/76 Meidner/LO proposals at the point where TCO wanted to restrict the possibilities for the funds of taking over ownership majority of all businesses (Löntagarkapital genom fonder, 1978). However TCO became later paralyzed by internal conflicts in which a group called "TCO members against the funds" was an important actor. In the end TCO could not present a united position. (Meidner, 2005)

The bourgeois actors and the press was rather chocked by the original 1975/76 LO wage-earner proposals. Head-lines shouted out "Revolution in Sweden!" (Dagens Nyheter, 1975-08-28), and "Is this the most dangerous man in Sweden?" (beneath a picture of Rudolf Meidner, Dagens Nyheter/Expressen, 1976-08-17). At the beginning of the debate however, the liberal/conservative parties were far from united on this issue. An important aspect in the formation of a united bourgeois bloc was that central actors managed to include important parts of the "contradictory class positions"⁹, and their organizational expressions in a hegemonic formation. This was the case regarding TCO as well as the liberal parties which, from the beginning of the 1980s, used the same arguments as the Conservatives and SAF.

The Conservatives (Moderaterna) had said 'no' from the beginning to all forms of collective fund building, and they considered the original proposal a 'socialisation' of Swedish enterprise (Åsard, 1985). As the most consistent actor during the WEF struggle, they followed this line from beginning to end. The liberal parties (Folkpartiet and the agrarian Centerpartiet) were at the outset more open to discussion about funds in some form, and Folkpartiet were even open towards the combination of profit sharing in stocks and collective fund building (Hansson, 1984). Also within the employers federation, SAF, there were openness towards some form of wage-earner funds in the beginning, at least if they were to be constructed on company level and with individual certificates possible to sell after 5-10 years (Åsard, 1985: 103).

In time parts of the bourgeois, including parts of the bourgeoisie élite and certain groups within SAF, began to put pressure on the SAF-leadership in order to change direction. This resulted in the removal of both the chairman (1976) and managing director (1978) of SAF and a new, harsh anti-fond strategy. SAF and other organizations then put tremendous resources to use in the ideological struggle, resulting in a range of anti-fond campaigns (Lewin, 1992: 369; Olsen, 1994: 214). By this time there was a heavy pressure on Folkpartiet and Centern to take stance against WEF. By beginning of the 1980's all major bourgeois actors in Sweden were then finally united against the "socialist funds".

After the 1976 parliamentary loss, the LO and the SAP formed joint working groups to re-evaluate the WEF proposal. They presented a revised proposal in 1978 (Löntagarfonder och kapitalbildning) and, in 1981 a new common working group came forward with another proposal (Arbetarrörelsen och löntagarfonderna). The original 1975/76 WEF proposals became more and more transformed. In 1982, the SAP regained governmental power, dependent on the communist party as previously. In 1983, the SAP finally presented a governmental bill concerned with WEF which was then adopted by the parliament (Regeringens proposition 1983/84:50).

The implemented WEF proposal was fundamentally different from the original LO-proposals. The issue of economic democracy and the aim of transforming the power and property conditions had faded away. It was now stated that the funds (five on regional basis) should *not* be aimed at majority ownership of companies, but would only be permitted to reach all in all 40% of the shares in a company. The profit shares should no longer be transferred as stocks but as cash, which should then be invested in industry. The main purpose of the funds was now to supply enterprise with risk investment capital, and the funds should contribute to hold down workers wage demands. In 1991 when a non-socialist alliance once again took over the government, one of their first acts was to dissolve the WEFs which had been accumulated.

The struggle for Hegemony, covering all levels of the social formation

It is possible to identify both similarities and differences of the German and Swedish fund issues and the relations between different key actors. A fundamental difference was that in Germany SPD had to compromise with FDP, while in Sweden SAP “only” had to achieve passive support by the communist party VPK. In West Germany no communist party did even exist as such a social force criticising from the left. These conditions meant SPD had to back from their own positions to have any chance of getting a proposal for Vermögensbildungsfonds through, and it became quite clear that the liberals were not interested in any kind of collective fund solution. Perhaps the SPD leadership in government were not either.

In Sweden the SAP did never adopt the original LO WEF proposals, while in Germany SDP positioned close to DGB, with the difference that DGB in its 1972 decision was leaning towards a solution without individual certificates. In that way it seems DGB/SPD succeeded better in forming a common platform than LO/SAP, although the position of FDP – the coalition partner of SPD - meant the issue was not really put on the agenda. The liberal FDP could not accept collective profit sharing funds aiming to fundamentally transform the capital and property in big industry from private to collective. In Germany the SPD took a congress decision on collective capital formation funds, with profit sharing in stocks, which the Swedish SAP also did but in a revised form, and with an impression it was more to meet LO to overcome the historically exceptional division between party and union. The SPD did never leave the construction of individual certificates possible to sell after some years, while Swedish SAP never left the collective fund construction. SAP finally implemented WEF, which although completely different from the original system transforming proposals and without the compulsory profitsharing in stocks, from today's perspective can seem rather radical. Germany was never near any kind of implementation of a collective fund model.

A crucial aspect for the resulting fading away of the fund issue within German social democracy was – together with the problem of having a liberal coalition partner- the internal split within DGB, with IG Metall strongly opposing collective capital formation funds. When SPD and FDP presented a common proposal, meaning SPD leaning more to previous FDP than DGB positions, IGM and other DGB inside actors could intensify the criticism against the 1972 decision. In Sweden the situation was the opposite, with a united LO and Metall being the central actor behind the original WEF proposals. It seems an important question to ask: how come?

IG Metall was in favour of the co-determination line, striving for qualified (“paritätisch”) co-determination, without trying to change the property conditions. Active wage policy and tax policy were also demanded. One can say that IGM at the time was in favour of a sort of function socialism, - although the rhetorics also spoke about “old school” nationalisation of key industries¹⁰- while the

Swedish Metall proposed a Marxist influenced property line with direct focus on changes of fundamental structures of the ownership of capital and the means of production. One can of course relate this to the fact that Metall realised the original LO proposal, with compulsory profit sharing in stocks and without individual certificates, was system transforming at its core, while IGM from a tactic point of view could fear the relative weak SPD would never be able to implement proposals like that, and that the whole thing then would harm the active struggle for wages, co-determination etc. One question that rises is also if one explanation of the fundamentally different IGM and Metall positions, could be that IG Metall was not as strongly included in a solidaric wage policy as Swedish Metall. A wage policy that was strongly centralised and controlled by LO. This would mean that Metall considered the WEFs as a good for the solidarity of the whole LO collective –which was the point of departure for the working group- while IG Metall to a large degree could consider it as damaging the wage struggle for its own members. This of course needs further investigation.

At the bourgeois side one can also identify important differences between the German and Swedish fund discourses. In Sweden Moderaterna was the most consistent actor against all kinds of WEF, while in Germany within CDU one can actually find some of the earliest political speakers for profit sharing institutions (with individual shares). The explanation is the historical CDU ties to the catholic church, including factions leaning towards the catholic social theory. Regarding the liberal parties German FDP was never open to a collective fund model, which Swedish Folkpartiet was in the beginning. In Germany the employers federation BDA was consequently attacking the Vermögensbildungsfonds, while Swedish SAF was at the outset more open for discussions and negotiations.

To understand these differences within the bourgeois forces one need to see how the whole Swedish social formation was marked by the historical class compromise between LO and SAF, formed in the agreement “Saltsjöbadsavtalet” in 1938. This was the prerequisite for a long term mutual agreement which was one basis for the peaceful expansion of Swedish post war economy. One aspect of this was that SAF was not used or willing to take direct confrontation with LO, but more directed to discussions and agreements. Another factor was that while Swedish SAP held governmental power for decades, this hegemonic position on the political/ideological field also influenced the whole society including the political field. One can say that during the 1970s the whole political field in Sweden was more to the left compared to other western countries. Even the conservatives was in some way included in the compromise and mutual agreement, and did e.g. not question the basis for the so called social democratic welfare régime (Esping-Andersen, 1990). Moderaternas immediate anti-fund position one can see as a sign of changes and a dawning of a hegemonic struggle that has marked the Swedish social formation ever since.

The most important difference between the German and Swedish fund issues is that in Germany it never became more than a theoretical issue more or less among scientists, experts and intellectuals related to different organisations and institutions. A crucial aspect in explaining this difference is that the Swedish social democracy - after building up its strength for decades through union/political co-operation, holding governmental power and building a social democratic welfare model – worked as a much stronger hegemonic force than its German counterpart. This strength meant that in Sweden WEFs was subject for concrete implementation and became the main social issue for a decade, which makes the Swedish case particularly interesting from both scientific and political points of views. This calls for a more extensive analysis of the Swedish WEF struggle, taking into consideration different societal factors that can help explain the process, which we will now turn to.

The Swedish WEF struggle was a power struggle over hegemony in a Gramscian (1975) sense of the concept, covering all “relatively autonomous” (Althusser & Balibar, 1975; Poulantzas, 1975) levels of the social formation; economy, politics, ideology. Actors with different strength and power resources confronted each other in a hegemonic struggle, where the bourgeois actors in time managed to unite as a hegemonic force, with a common overarching will of direction to constitute the dominating force in society. At the same time the labour movement never managed to unite as such a force. The common SAP/LO report from 1981 was adopted by both congresses the same year, but it was not a real product of common will but a compromise no one really wanted. LO and SAP never managed to unite behind strong and comprehensive arguments for the funds. The opponents succeeded in presenting clear arguments against the WEF and won the ideological struggle, of course a crucial element in the struggle for hegemony. As their arguments, statements and positions solidified and the attack on the WEF intensified, the split labour movement became more and more defensive, and their arguments weaker and weaker.

This discursive process was related to overarching societal factors, to power and property conditions and class relations in their institutionalized form, through collective actors.

The bourgeois forces, broadly understood, defended the dominating “nodal point” (Laclau & Moffe, 1996: 112f) that legitimates capitalist property conditions; a nodal point that was threatened by the labour movement and the (original) WEF proposals. Although Swedish social democracy had achieved a hegemonic position in many respects, especially regarding the political/ideological levels, this was not the case when it came to economy and fundamental economic aspects of the dominating ideology. And especially not regarding the core of the economy, the property conditions and the private ownership of capital, companies, the means of production. This core issue was left outside the “historical compromise”, or one can say it was a forbidden question to ask whether these conditions ought to be changed. The original WEF proposals meant the question was brought into the agenda by parts of the labour movement, but without success. During the WEF struggle different ideologies with

contradicting positions concerning the property conditions confronted each other, yet bourgeois ideology prevailed dominant on this nodal point.

In the end, there was little left of the original system-transforming proposals, and finally the funds were dissolved. A divided labour movement could not stand up against a united bourgeois force, and this is a fundamental aspect in explaining the gradual transformation of the funds and the final bourgeois victory. *The implementation of the original LO-proposals 1975/76 - which as have been pointed out above took crucial elements from the German discussion - would have meant a transformation of the capitalist social formation in the direction towards socialism*, in the meaning of a formation where common ownership dominates and where large companies are commonly owned¹¹. The original WEF proposals meant that the ownership line was again manifested within social democracy, after a long period where the welfare line had been entirely predominant. The 1975/76 WEF strategy should be considered as a structural reformism¹² that - contrary to the classic social democratic reformism, function socialism, welfare line, co-determination line - focus on fundamental change of the core of capitalism, the private ownership of capital and means of production. A structural reformism aiming to revolutionise the capitalist mode of production, not as a certain immediate break/occasion but as a far reaching “process of transformation”.¹³ Those were the far reaching long term implications of the original WEF model, which explains why the bourgeois forces found it necessary to mobilise for a counter-offensive.

The WEF struggle itself also had far reaching long term consequences. It can be considered as a *hegemonic turning-point* in post war Swedish history (Sjöberg, 2003). Until and including the raising of the WEF debate the Swedish labour movement had for decades gradually increased their power base vis-à-vis their opponents. This long-term movement had been made within the frame-work of the Swedish “historical compromise” between labour and capital. From this partially hegemonic position, the WEFs was an intention to initiate the third step; after political and social should also follow economic democracy. The original WEF proposal meant a step outside the historical compromise, focusing and threatening the core of the capitalist mode of production; the private ownership of the means of production. The latent class conflict between labour and capital, hidden by the historical compromise, was once again manifest, laid open to the society through the debate.

The bourgeois class interests were threatened, and a hegemonic bloc was mobilized to put counter pressure on labour. Subjects with different strength and power resources confronted each other in the hegemonic struggle. In time the united bourgeois bloc succeeded in forcing a divided labour movement on the defensive. Afterwards one can draw the conclusion it was not only a victory in the WEF struggle as such, but a victory for long time covering much wider aspects. It was a struggle resulting in strengthening the bourgeois forces in wide meaning as a hegemonic force in relation to the

labour movement. The victory meant that the partial social democratic hegemony regarding social and welfare ideology was defeated, and that from now on it was the bourgeois actors who were in the privileged position of presenting new visions for the society. They continued to put pressure on social democracy and opposed the whole Swedish social democratic model, proposing fundamental changes that have later become reality. One can conclude that Swedish social democracy used the partial hegemony it had built up, as a platform to challenge the still stronger hegemonic position of the bourgeois forces as a whole, but that these forces through their hegemonic strength succeeded to defend their hegemony, and by this victory have strengthened their hegemonic position afterwards.

The claim that the WEF struggle was a hegemonic turning-point, where certain actors functioned as core Subjects in forming a hegemonic force, have some theoretical implications of importance. This implies a theoretical criticism of e.g. Laclau/Moffes (1996) path breaking “Post-marxist” work, which had an important impact in the deconstruction of the Marxist discourse. A central claim in their (and other Post-marxist’s) work is that there exists no core Subjects, and no centrality in the hegemonic formation. As has been pointed out here there were no doubt key actors in the WEF struggle, acting as core Subjects actively working on building a hegemonic force strong enough to dominate the discourse. The bourgeois forces were divided at the outset. The conservative Moderaterna and at first important actors within Swedish enterprise and later the whole employers federation, put pressure on other actors like the liberal parties and the white collar trade union, and in time managed to build a hegemonic formation. I therefore find the process can be understood in terms of the concept of hegemony, more in a rather classic Gramscian than a Lacla/Moffe “Post-Gramscian” meaning of the concept.

What happened in Sweden was of course not isolated from the rest of the world. As has been pointed out here the WEFs brought important elements from the German fund discourse and German trade union theorists. Looking at the other side, an additional important factor behind the discursive/hegemonic change, was the political/ideological “right wave”, driven by the Reagan/Thatcher regimes, which had a world wide impact, and of course also influenced the political agenda in many other countries. From this neo-liberal theories/ideologies/politics, the Swedish bourgeois actors found arguments for their own anti-left campaigns, including and focusing on the “fund socialism”, but also against the whole Swedish welfare model. The wind of change also swept over the field of economic theory. Uptil the 1970’s Keynesianism strongly dominated the core of economics, as well as the economic policy at the political level. In the end of 1970’s occurred in Sweden the most remarkable twist in the field of economic theory (Hugemark, 1994). Within some years Keynes was almost completely replaced by neo-classic theory, which also later became the case when it came to the concrete economic policy.

Previous studies of the WEF issue have put strong emphasis on the political and ideological levels, like this text so far. Although those of course are crucial factors, politics must be related to other factors if we are to understand the complex issues comprehensively.

The WEF debate was a struggle over hegemony, covering all levels of society, the economic, as well as the political and ideological. The outcome was the result of the complex combination of relatively autonomous economical, political and ideological factors. From the analysis of the political and ideological factors we will now continue to the economic level.

Swedish like German post-war economy showed tremendous achievements, enough to both raise working class living standard and to increase capital growth for the owners, as well as to build generous welfare systems. This was a common background for the issue of collective capital formation in wage earner hands. However, during the process of the fund issues, things changed. World economy, including the German and Swedish economies, was struck by the oil crises. It was no longer a situation of increasing “excess profits”. Instead the profit-rates fell, companies were in crises, there was a need for new investments and risk capital.

These economic conditions were used by bourgeois actors as arguments against the viability of WEFs and against the equalizing welfare policy at large. In the beginning of the 1980s the conservative-liberal government in Sweden (at power 1976-82) left the Keynesian economic policy around which had been a consensus among all parties until then (Scharpf, 1991). They began to cut public expenditures in line with a neo-classic economic policy. The Social democratic governments afterwards have never really changed that economic/political direction, and similar arguments can be found in the wage-earner fund government bill of 1983. Since this period bourgeois as well as social democratic governments around Europe, have put low inflation before full employment which was one of the corner stones of the Swedish social democratic model. This is an important part in explaining how the focus of the wage-earner funds twisted as it did. Overarching economic factors had a crucial impact on the development at the political and ideological level.

An important conclusion here is that the whole fund discourse has to be related to overarching (or underlying) processes of the capitalist mode of production. An expanding economy able to produce wealth enough was a prerequisite for the whole “historic class compromise”, or what is called the “Fordist accumulation régime” (Aglietta, 1979). Classic Marxism as well as Keynesianism was elaborated out of and in relation to the “Fordist” system. Although the analysis influenced by classic Marxism significantly can help us understand the fund issues, it ought to be complemented if we want to fully realise the far reaching implications of changing socio-economic conditions. The conclusions above points in the direction of bringing the theoretical frame work around the “post-fordist accumulation régime”, into the analysis of the issue of collective capital formation. After doing this I

conclude in a discussion around the prerequisites for collective capital formation in relation to the process of transformation from a Fordist to a Post-fordist accumulation regime.

Collective capital formation in the post-fordist accumulation regime

The Post-fordist accumulation regime is a concept associated with the “Regulation school” (Aglietta, 1979; Lipietz, 1988; Boyer, 1990). In his path breaking study Michel Aglietta turns against the equilibrium of neo-classical economics, which he finds separated from reality. Instead of a harmonious, linear development of capitalism, Aglietta sees frequent crises and seeks to find the long term sources of ruptures in the process of accumulation. This means a long term perspective beyond e.g. the scope of Keynes, and especially the concrete policies of Keynesianism aiming at milder conflicts and crises for a harmonious development of the mode of production. Aglietta identifies three different simultaneous patterns of capitalist development.

First, paradigms of industrialization. The Fordist industrial paradigm is characterized by the Tayloristic rationalisation of work process and separation of planning and labour, different work tasks etc (described in Braverman, 1974), and the subordination of labour under capital.

Second, regimes of accumulation. The Fordist accumulation regime is characterized by mass production; nearly full employment; increasing productivity, economic growth and stable profit rates leading to increasing wages and living standards; concentration of capital; mass consumerism; “capitalisation” (Häusler & Hirsch, 1987); technic-bureaucratic control of work organization but also innovations of technology and work process.

Third, modes of regulation, which includes laws, institutions, culture, behaviours and expectations corresponding to the accumulation regime. The Fordist regulation mode is characterized by a bureaucratic welfare state on national basis, social legislation, reformist mass parties, corporatism, and the “Fordist compromise” between labour and capital, and with the state as an important helping hand.

The Fordist compromise aimed at mitigating the institutionalised conflicts, with the state carrying party as a neutralising factor. It was a hegemonial structure of corporatist negotiations, social state and state intervention (Häusler & Hirsch, 1987: 657). At the level of economic theory, Keynesianism functioned as the theory corresponding to this mode of regulation, and was used as economic policy to mitigate and counteract the economic trends and crises of the mode of production. As the case of the Swedish social democratic model showed, this helped the compromise to function and survive, meaning the unsolved latent conflict of property and capital concentration was left unsolved. The social democratic model implied a keynesianisation of society (Buci/Glucksman & Therborn, 1981).

The 1970's was a time of changes; oil crises, over production, lower profit rates, stagflation, unemployment, rationalisation and automatisisation by new technology, class struggles. The 1970's meant the crises of Fordism and the breakdown of the Keynesian regulation mode. An increasingly transnational mode of production, and a "transnational high-tech capitalism" (Haug, 2001: 30) was emerging. The capital accumulation mode bursted the social regulation mode in which it developed and worked (Häusler & Hirsch, 1987: 653). A structural crises of the accumulation regime means social and political conflicts and societal changes, a searching process for a new accumulation regime and social structures.

According to this line of thought a Post-Fordist accumulation regime was developing, characterised by computers and information technology in production, distribution, administration etc, increasing automatisisation, "Post-tayloristic" work process with flexible specialisation and fragmentarisation, increasing industrialisation of the service sector, unemployment, increasing capitalisation, individualisation, pluralisation of life styles. (Häusler & Hirsch, 1987) With this follows a post-fordist regulation mode with new forms of organisation of industrial/finance capital on international level, internationalisation of the concentration processes, globalisation of previous national labour-capital relations, dissolution of the national Fordist corporatism and at the same time a more selective and decentralised corporatism, liberalisation and deregulation of capital and capital flows.

These are processes of dissolution of the whole Fordist compromise and hegemonial structure, meaning fundamental changes of the welfare states, e.g. quantitative reduction and fragmentarisation of the social insurances, deregulation/ privatisation and decreasing level of public services. Following this theoretical line of thinking, the process of change from a Fordist to a Post-fordist accumulation regime and regulation mode, also implies a crises – or even dissolution- of the mass parties and an americanised party system (Haug, 2001). At the level of economic theory and economic policy it means the end of the kind of Keynesianism which was a formative element for the Fordist compromise and hegemonial structure.

The line of thinking from the Regulation school and followers, can be useful in understanding the issues of collective capital formation in "Fordist" Germany and Sweden, as well as the prerequisites for collective capital formation in a Post-fordist mode of production. The German and Swedish collective fund proposals from the 1960's and 70's, were strategies for economic democracy both emanating from and aiming to tackle, the conditions of the Fordist mode of production. The Fordist class compromise implied a social democracy that applied a function socialist strategy within the Fordist hegemonial structure, at the field of work life this meant urging the co-determination line.

The origins of the fund ideas in Germany and Sweden were related to deficiencies of the Fordist accumulation regime, regulation mode and compromise. In Germany the accumulation regime managed to speed up the economy, at the same time as the regulative compromise, where organised labour held back the wage demands and did not threaten the ownership structure, led to rapidly increasing concentration of capital and fortunes. In Sweden the process was similar, but while in Germany the situation of wiped out productive forces functioned as a catalysing factor of the concentration process, in Sweden the solidaric wage policy functioned as a catalysor of the concentration of capital to big industry. 2-3 decades after the war it became clear that the Fordist hegemonial structure and the Keynesianism aiming at stabilising it, hid an unsolved implicit conflict. Beneath the surface of the Fordist compromise the concentration of capital and fortunes was increasing, meaning the class differences regarding ownership of capital and property and income and fortunes were increasing. Keynes himself realised this problematic, and had himself actually some (never elaborated) thoughts of fund building with equalizing aims (Blackburn, 2002).

Classic Keynesianism was aimed, or perhaps more correct, used, to assure the compromise to last. With the state acting as a stabilising part, both regarding economic measures and as a regulative force of negotiations and agreements between labour and capital. *A far reaching question is whether a social formation with political and social democracy without economic democracy is a contradiction, which perhaps had prospects of lasting only during the specific conditions of a Fordist accumulation regime, regulation mode and class compromise?* Still from within the compromise, Swedish labour urged for the third step, economic democracy. The WEFs were an attempt to find “the missing link” (Meidner, 2005), which could solve the unsolved problem of the Swedish model; the fact that the solidaric wage policy meant parts of the wage scope were left untouched leading to increasing profits and concentration of capital to the capital owners. It was a structural reformism focusing on the core of ownership conditions, aiming to abolish the inbuilt conflict of capitalist property relations, in a fundamentally different way than pure nationalisation or of course the violent revolution. That meant stepping outside the Fordist compromise and hegemonial structure.

The fund ideas were children of the Fordist mode of production, but at the same time at the cross-roads of Fordism and Post-fordism. As pointed out they emanated out of unsolved contradictions within the Fordist compromise, and at the time of the fund debates there were signs of the emerging Post-fordist regime. It was the time when the crises of Fordism and the related Keynesianism became manifest; oil crises, investment problems, falling profit rates, unemployment, stagflation, conflicts on labour market, demands on working conditions, strikes etc. It was the time of a dissolving Fordist compromise.

The WEF proposal were in itself both a sign and a catalysator of this process, aiming beyond the Fordist hegemonial structure, and de facto contributing to the bursting of the regulation mode and the compromise. But the ideas of collective fund building were born out of the Fordist accumulation regime, and the form of solution they urged for, was closely related to the Fordist regime: The model was built on a monolithic central trade union. The capital formation ought to be out of a flow of stable profits from big business. The funds should be realised by the state in regulative laws, or in negotiations and agreements by trade unions and employers federation. Paradoxically one can then say the funds were born out of Fordism, aiming beyond the Fordist compromise, at the same time as conditions of the Fordist compromise was a prerequisite.

If the fund proposals of the 1970's were children of the Fordist system, this might mean that the Post-fordist accumulation regime is to be met by new forms of collective capital formation aiming at solving the problems of the new regime in new ways. At the same time parts of the old regime is left within the new, which perhaps might mean one can find old elements of use within a new strategy? If the WEFs were a Fordist strategy aiming at upheaval of the core of the capitalist mode of production, perhaps the contemporary discussion around new forms of collective (trade union) pension funds could be considered as an embryo of a Post-fordist strategy with the same aim?

Some 30 years have passed since the German fund debate culminated and the first WEF proposal was presented by the Meidner group in Sweden. Since the time of the German and Swedish fund debates it has been rather silent about collective capital formation and the wider issue of economic democracy. At the same time the concentration of capital, power and property to big capital owners is a fact to face for the labour movement also today. During recent years a new discussion around collective capital formation funds has emerged, so far mainly among scientists and intellectuals but also to some extent within trade unions e.g. in Canada, US and Sweden. It is the discussion about possibilities to use collective pension funds as a mean to assure more power and influence for the wage earners, where theorists from the UK like Richard Minns (1996) and Robin Blackburn (2002) have made important contributions. In his last publication Rudolf Meidner (2005:156) also supports this line of thought.

The point of departure is the new pension systems that has been implemented in many countries, e.g. Sweden. This is not the place to go into detail about these, but a fundamental general aspect is that the public and collective character of the pension systems has been more or less replaced by individual and private elements. It is a tendency from universal social democratic to residual anglo-saxon models in the classic terms of Esping-Andersen (1990). However, according to theorists like those above, in the huge amount of workers accumulated pension capital in these funds, there is a potential for contributing to the development of a fund based strategy for economic democracy. In line with this perspective there exists the option that the trade unions create collective pension funds where they

offer their members/the pension savers to invest their pension capital, instead of letting it go to privately controlled institutions, investors and stockbrokers on the pension fund market.¹⁴ A major objection to this is that such trade union funds buy shares and thereby contribute to speculation and bursting of financial markets as well as company profits.¹⁵ Still, the labour movement faces the question whether the capital should continue to flow to pension funds controlled by private banks, insurance companies and stockbrokers beyond democratic control of the real owners, the pension savers.

There are today existing examples of minor pension funds controlled by the trade unions and their members, mainly in Canada (Åhlström, 2005). Full scale trade union pension funds would of course mean a tremendous amount of collective capital in the hands of wage earners through their unions. It might be a way of influencing the fundamental ownership relations in enterprise. Drawing on Marx one can say capital in the Post-fordist accumulation regime is getting more and more social in its character - in the sense e.g. pension capital is a capital of millions of pension savers - while the conditions of the ownership and control of it is still of private character. That is the kind of contradiction Marx predicted would lead to the abolition of the capitalist mode of production. These aspects, in relation to the new pension fund regimes and to the Post-fordist accumulation regime, have so far not been fully recognised by trade unions.¹⁶

The WEFs were a concrete proposal for collective capital accumulation instead of the private capital accumulation of the Fordist accumulation regime. Trade union pension funds might be a collective capital formation strategy adapted to the Post-fordist globalised accumulation regime. The new global accumulation regime demands new regulation modes. The so called “Tobin tax” of transnational finance transactions can be considered as a reformist, “function socialist”, proposal for such regulation. Trade union pension funds might have the potential for a structural reformism, where the new regime is growing in a “process of transformation” of the capitalist mode of production from within the core, the property of capital it self.

In several respects it seems a strategy adapted to the Post-fordist accumulation regime; the pension capital is a capital less monolithic, more floating than “Fordist” private industrial capital, it is a “decentralised” capital based on millions of pension savers individual capital united in collective form. It is a strategy not built up in a “Fordist” way by central parts in negotiations and agreements, with possible support from the state. It is not solely dependent on a monolithic central trade union, but is based on the choice of the individual members. The capital is not based on shares of the company profits, but on the trade union members own pension money. In the Post-fordist globalized economy of today it seems impossible to build such strategies solely on regional/national basis as in the German

and Swedish “Fordist” fund models. A challenge for contemporary labour therefore seems to be to work out international strategies as powerful as the global financial structures:

An international trade union cooperation for activation of the gigantic pension capital can be the answer to the globalisation of our economies and foremost of the worlds capital markets. (Meidner, 2005: 156)

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¹ During the 1960's Gleitze's ideas were elaborated e.g. in the "Buttner-plan" by a working group within DGB, and by important DGB theorists like Wilfried Höhnen and Gerhard Leminsky, as well as in a report from the ministry of labour market in 1968, designed by Wilhelm Krelle. About this discussion see e.g. Jettmar, 1980: 46f; *Das Mitbestimmungsgespräch 1972 (2/3)*; Wredén, 1976, and Eidem & Skog, 1980. Meidner meant himself that Höhnen and Leminsky, and e.g. their articles in *Das Mitbestimmungsgespräch 1972: 2/3*, were the two most important theoretical influences when he elaborated the first WEF proposal. (Mentioned at personal lunch discussion 11/10/2004, see also Meidner, 2005: 49-51)

² All translations from German to English are done by Carla Krüger, and all translations from Swedish to English by myself.

³ An aspect emphasized by Wilfried Höhnen in an interview I performed in Düsseldorf, 11/05/2005

⁴ In his famous speech in 1928 the SAP chairman, later to become prime minister, Per-Albin Hansson, declared that social democracy aimed at building a people's home, where no one was left outside and where there no longer existed division between classes and different parts of the population. By beginning of 1970's the social democratic secretary of Treasure, Gunnar Sträng, meant that this was achieved.

⁵ At this time it was argued within Swedish social democracy: first we fought for and achieved political democracy, then we achieved social democracy, now it is time for the third step, economic democracy (See e.g. Hansson, 1984).

⁶ A recent study from Timbro (Erixon & Hortlund, 2005), the think tank financed by Swedish enterprise, argues that this process would have been much more rapid than the Meidner group estimated.

⁷ *Kollektiv kapitalbildning genom löntagarfonder* (1976), Rapport till LO-kongressen, Lund. Published in English as: Meidner, R. (1978) *Employee Investment Funds, an Approach to Collective Capital Formation*, London: George Allen & Unwin

⁸ A factor stressed in two recent studies: Ekdahl, 2005 and Meidner, 2005

⁹ In Erik Olin Wright's sense of the concept (see e.g. *Classes*, 1985)

¹⁰ An aspect stressed in interviews I have made with Wilfried Höhnen and Gerhard Leminsky, Dusseldorf, May 11th 2005. The arguments for socialisation of key industries functioned as a way to satisfy the most radical parts of the movement. If this aspect, programatically, was included in the strategy the socialisation argument for the collective funds were disavowed.

¹¹ In an interview in Swedish Radio ("Jobbet" 23-09-1978) Meidner said: "The system should speak for itself. But one ought to say it is a form of socialism."

¹² A concept elaborated within Eurocommunism in the 1970's, e.g. by Togliatti in Italian PCI.

¹³ A concept elaborated in Brie et al 2002. See also Brie & Klein 2004 and Klein 2004

¹⁴ The pension fund boards could be democratically elected e.g. by the trade union congresses as in the Meidner model. The union funds would invest the collective capital in companies and different parts of trade and industry. The fund returns could be used for various purposes, decided democratically instead of by big private capital owners in banks, insurance companies and other institutions that control pension funds today. As also in Meidner model fund representatives in company boards could be appointed by trade unions and wage earners in each companies. Union funds may use their responsibility as owners and the power and influence that comes with shareholdership, for instance to prevent closing-down of profitable companies or the moving out of production to low-wage countries. As the funds would be democratically managed the trustees could be directed to responsible investments regarding social and ethical aspects.

¹⁵ As an alternative Blackburn launches the argument that the funds could also invest in public bonds. That would of course limit the risks and could significantly contribute to necessary investments in public infrastructure, health, education etc.

¹⁶ The neo-classic main theorist Milton Friedman has seen these kinds of aspects quite clear: “I have often speculated that an ingenious way for a socialist to achieve his objective could be to... (1) fully fund obligations under Social Security and (2) invest the accumulated reserves in the capital market by purchasing equity interests in domestic corporations... To return to my fantasy, full funding would have long since brought complete socialism.”in *Wall Street Journal*, 1999, cited in Blackburn 2002