Renvall Institute Publications 8

MODELS, MODERNITY AND THE MYRDALS

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The Renvall Institute for Area and Cultural Studies
University of Helsinki
Helsinki 1997

Cover picture: Alva and Gunnar Myrdal leaving for the United States in 1938. Arbetarrörelsens Arkiv och Bibliotek, Stockholm.

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ISBN 951-45-7827-9
ISSN 0786-6445

Layout: Paula Pennanen
Print: Hakapaino Oy, Helsinki 1997

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PAULI KETTUNEN

THE SOCIETY OF VIRTUOUS CIRCLES

> "The idea of modernity replaced God with society. ... The crisis of modernity is now leading to the disappearance of the idea of *society*."

This quotation is from the French sociologist Alain Touraine (1995, 144). I will argue that in the Nordic countries the idea of society has been exceptionally strong. If this is true and if Touraine's thesis is true, so we must ask whether the Nordic countries are, as a result, exceptionally sheltered from the crisis of modernity or, on the contrary, particularly exposed to it. In any case, there is substantial reason to research the idea of society in the Nordic countries. The Swedish social scientists and policy planners Gunnar and Alva Myrdal may serve as an especially good example in researching this idea. They bore it, expressed it, actualized it, and moreover, they also developed it, but they were, at the same time, capable and willing to take a reflexive distance to the Nordic – or Swedish – society.

The questioning of society

My point of departure lies in the current discussions in which our notions of *society* are questioned. From a point of view somewhat different from that of Touraine's, the British sociologists Scott Lash and John Urry describe the conventional concept of society in the Western social science as follows:

> ... the central feature of this social science has been the study of 'societies', each of which is seen as deriving its specific character from the particular relationship of nation and state. It was believed that members of a society share a particular community of fate, that they are governed by a state to which duties and responsibilities are owed and by which certain rights are guaranteed. In the analysis of such 'societies' it is presumed that most aspects of the lives of its members are determined by factors endogenous to the society; and that a fairly clear distinction can be drawn between these endogenous factors and those which are external.

> This was a formulation bred from within the north Atlantic rim, since it is mainly there that there have been national societies which had the conceit to believe that they could in some sense govern themselves. (Lash & Urry 1994, 320)

Not surprisingly, Lash and Urry are of the opinion that this concept of society will lose and in fact has already lost some of its analytical and political power. For Touraine, the power in the idea of society rested on its essentially being the replacement of God, while for Lash and Urry, in turn, its conceptual power was dependent on the notion of borders inherent in it. However, in both cases it is obvious that the questioning of 'society' does not only mean a tendency towards a widening of the borders of society, as is implied in the politics and rhetorics of the European Union for the making of European 'society' and a European 'us'. It is also obvious that as Touraine or Lash and Urry talk about the dissolution of the idea of society, they are not talking about the liberal or Hegelian distinction between state and civil society nor the classic sociological distinction between society and community, *Gesellschaft* and *Gemeinschaft* – distinctions which since the 1940s critics of the Welfare State have eagerly utilized, as they claim that the Welfare State destroys civil society or as they attempt to revitalize "communities" against the "patronage" of Welfare State. Instead, the thesis concerning the dissolution of the idea of society claims that society as an entity which could be subjected to rational knowledge and rational policies has become problematic. And that society, as the frame of reference of political subjectivity, political conflicts and solidarity, is dissolved.

In part, the problem, of course, concerns the fate of the nation-state and *national* society. But we should avoid one-dimensional and linear images of the transformations known as internationalization or globalization. It is true that the nation-state has lost and will lose even more of its capacities. This does not only depend upon new forms of international and supranational (for example, European) regulations compensating or subordinating previous national regulations. So far, it has been much more a matter of national deregulation under the pressure of globalized and globalizing markets. There is obvious support for the thesis of the British sociologist Bob Jessop about the "hollowing out of the national state" (Jessop 1994, 251). However, while there are *supra*national and *inter*national forms to react, adjust and contribute to the process of globalization, there are also *national* forms, and for that matter, *sub*national or regional and local forms, as well.

It is not difficult to find evidence about national forms of reaction to the globalization process. Here I do not primarily mean the rising of political nationalism in the areas of former Soviet Union, former

Jugoslavia and other parts of Eastern Europe and even Western Europe. Nationalism does not only get forms which might be interpreted as outbursts of pressures that were restrained under totalitarian systems, or as a necessary phase of development in those countries beside the main stream of globalization, or as a reaction of losers towards internationalization in economically developed countries. When we talk about the fate of Nordic societal models, crucial actual modes of *national* reactions to the process of globalization can be found in the discourse of economic competitiveness. A very consciously national point of view dominates strategies for the making of a competitive 'us', for example, by means of a "national system of innovation" (cf. Johnson & Lundvall 1991). At the same time as sociologists discuss – and certainly not without reason – the dissolution of the modern idea of society, reflections concerning different societal "models" that refer to nationally organized forms of social life are more vivid than before. There are arguments for and against the Japanese model, the Nordic model (which refers to similar specific features of national institutions in Denmark, Finland, Iceland, Norway and Sweden) and the model of New Zealand, to list a few. It seems to me that all this talk about models is an expression of the increased importance of *international comparison* as an integral part of political and economic practices. This importance is based on the new constellation in which "we" within the national framework are supposed to make ourselves attractive and competitive in front of those who, fairly free from any national context, make decisions regarding the flow of money, investments, and location of production and jobs, and compare national conditions from a transnational perspective.

What is the relation between this apparently strong mode of reproduction of national society and the claimed dissolution of the idea of society? I shall return to this question near the end of my paper. As for now I will place this question in the context of the specific Nordic notion of society and the relation of the Myrdals, especially Gunnar Myrdal, to this notion of society.

The Nordic 'society'

The history of concepts should be seen as an essential part of social and political history. There is all the reason to take seriously the fact that in the political language in Sweden, Norway and Finland, perhaps not so strikingly in Denmark, we use to speak of the responsibilities or duties or rights of "society" (*samhälle*, *samfunn*, *yhteiskunta*). Who is obliged to run health services – private enterprises or "society"? The state may

be strong in the Nordic Model, but in party programmes as well as in the language of ordinary people it is more frequently "society" than "state" that has to carry responsibilities and guarantee rights to individuals and families. A more systematic comparative history of concepts would be necessary, but hypothetically I suggest that there is something specifically Nordic in this use of the word 'society'.

True, this is not the only way to use this word in Sweden or Finland. There is scholarly discourse in which a distinction is made between the state and civil society and successfully applied in historical analysis. For example, by utilizing this distinction, the research of popular movements has shown interesting differences in the building of the modern nation in the Nordic countries (Stenius 1987; Pulkkinen 1987). And of course there are discourses in the social sciences in which 'society' may contain state and civil society; roles, values and institutions; economies, politics and ideology; or different classes with conflicting interests. But here I am above all interested in the specific meaning of 'society' as agent and subject, having its own responsibilities, duties, rights, values and interests.

We meet this concept of society, for example, in the book on *Kris i befolkningsfrågan* by Alva and Gunnar Myrdal (1934, Crisis in the Population Question), and more specifically in those passages in which the Myrdals support sterilization as a method of "profylactic social policies" aiming to raise "the quality of human material" in Sweden. For instance, they paid attention to persons who were mentally handicapped but only so slightly that they were outside of institutional care and thus had "the freedom to reproduce without any regulation of reason or society". "Samhället är dessutom rent ekonomiskt intresserat i en inskränkning i dessa de lindrigt sinneslöas fortplantningsfrihet". ("The society is already for purely economic reasons interested in limiting the freedoms of reproduction of these slightly mentally handicapped.") (Myrdal & Myrdal 1935, 263) On the other hand, the Myrdals pointed out that "even in the future society must in many cases be content with separating children from their unsuitable parents and thus from damaging environmental impacts" (ibid., 260). No doubt, the question of environmental impacts was for the Myrdals much wider. In order to raise the quality of human material "society" had the responsibility, duty and right to use many other rational methods of "profylactic social policies".

One might think that 'society' in this sense were simply synonymous with 'state', i.e. "political society". Or one might assume that it has been appropriate to speak about 'society' instead of 'state' because in this way local municipal self-government could be included

in the concept. I think, however, that there is something more behind this concept. The Danish politologist Tim Knudsen and Swedish politologist Bo Rothstein have compared Sweden and Denmark and maintain that "in both countries attempts have been made to unify or even identify 'state', 'society,' and 'people'", although with greater success in Sweden (Knudsen & Rothstein 1994, 218). It is not completely unjustified to interpret that 'society' in the Nordic mode of speech refers to the *moral* relationship of the state to people and individuals. It does not in the first order refer to *organizational* forms that link together state and civil society, often called corporatism. In Sweden as well as in Finland this concept of society has a longer history than the era of (neo)corporatism.

We need not search deep into the history of state-making or nation-building in order to see some historical preconditions for this notion of society. Obviously, the fact that the Nordic countries are small plays a certain role. There is an idea of moral superiority in the small countries in comparison to the big powers (Jervell 1991, 15). In this respect, the absence of a colonialist past is to be noted. (This was not insignificant for Frederick P. Keppel, President of the Carnegie foundation, when he chose Gunnar Myrdal to organize and lead the research on the "Negro Problem", see Jackson 1990, 33.)

We can also find additional economic grounds for this strong notion of national society in the Nordic countries. Nordic countries are small open economies, highly dependent on export, therefore the idea of *national economic interest* has been easy to teach and learn.

It is another matter, that the ways of defining this interest have varied according to historical differences of political hegemony in the respective Nordic countries. Many Finnish economists and sociologists have pointed out that in Finland economic as well as social policies have been more subordinated to the so-called economic necessities than in other Nordic countries. In an very influential way, the export industries have been able to present their interests as national interest (Kosonen 1994). Since the 1950s in Finland there has been a national strategy of prosperity, based on high rate of investments and on the hope and assumption that sacrifices in the form of a more moderate growth of consumption would result in general prosperity in the future (Pohjola 1994, 237). Further, in Finland, national economy has been thought of in terms of state economy much more than in Sweden, where, in turn, the idea of state economy as an instrument for national economy has been essentially stronger (Pekkarinen & Vartiainen 1993, passim). Nevertheless, there has been a strong notion of *national* economy in the Nordic countries, albeit its contents have been different.

This has not meant self-sufficiency, rather a strong awareness of external conditions and a clear distinction between external and internal factors in the national society.

Virtuous circle

In the 1930s in Sweden, Norway and Denmark (though much weaker in Finland) the notion of national economy was to be founded on new ideas of a "virtuous circle" of cumulating economic success (Mjoset 1987, 60-64). Reflecting the class structure, this circle connected different economic interests, those of worker-consumers and farmer-producers and those of employees and employers. These ideas were then institutionalized in the class compromises, which initiated the era of Social Democracy in the Scandinavian countries. I mean the governments of "workers and farmers", or Social Democrats and Agrarian Parties respectively, and the national basic agreements between the central organizations of employees and employers.

It is important to note, however, that the ideas of a virtuous circle included something more than just *organized economic interests* promoting each other. The economic virtuous circle, which was to be achieved by means of a collective organization of interests, collective bargaining and expansive economic policies (and which after the Second World War was associated with John Maynard Keynes more than with the economists of the Stockholm school), seems to have acquired certain specific ideological ingredients in the Scandinavian countries. The Nordic class compromises (the Swedish in particular) were also ideological manifestations of a *virtuous circle between economy, politics and ethics*, and, in fact, secularized modifications of the Lutheran tradition which itself was a crucial element of cultural homogeneity as a basis of a strong notion of society (Stenius 1996).

National cultural homogeneity in the Nordic countries implied by no means an absence of class conflicts. Rather, it formed the frame of reference for socially subordinated groups to generalize their individual and local experiences of unjustice to political class consciousness (cf. Kettunen 1995, 262–263). The strong notion of society was based on cultural homogeneity, but at the same time this 'society' was a moral ideal. As an "imagined community" (cf. Anderson 1983) it offered criteria for the critique of the actual social conditions.

In any case, the idea of (or the trust in) a virtuous circle between economy, politics and ethics can be seen as a constitutive factor in the Nordic concept of society. The society is both a subject and an actor, it has rights and duties, goals and values. The Scandinavian class

compromises were more than just compromises between conflicting interests. They declared that efficiency, democracy and solidarity were the central values of society itself and essentially compatible with each other.

The labour movement accepted that the economic growth and thus the rationalization of production were necessary in order to create resources for social welfare and equality. At the same time, bourgeois groups and employers accepted that the collective organisation of labour and the widening of workers' social rights could bring economically positive results, not least in respect of industrial peace (Schiller 1989, 222–225). Somewhat paradoxically, the needs and interests of capital, or employers, received a moral and political legitimation, as the needs and interests of the working class received an economic legitimation.

Above efficiency, solidarity and democracy the society, however, had an essential value; work. The idea of a virtuous circle of economy, politics and morality was based on work as norm and value. The notion that everybody has to work is historically deeply rooted not only in Lutheran ethics but also in the natural and economic conditions of living in the Nordic countries. The welfare states have then modified the meanings of work as norm and value.

On a general level, one might say that in the historical formation of Nordic welfare states industrial wage-work was adjusted to three different ideological contexts: to the spirit of capitalism, to the utopia of socialism, and to the idealized tradition of independent farmer. The first part, the integration of industrial wage-work to the spirit of capitalism, is common to all Western societies. The second part, the integration of industrial wage-work to the utopia of socialism, is common to those Western European societies in which the Social Democratic labour movement has been strong. The third part, the integration of industrial wage-work to the tradition of independent farmer, is especially indigenous to the Nordic countries. The ideological foundation of the Nordic welfare states includes norms and values which originate on the one hand from the traditional work of the independent farmer, and on the other, from the modern collective work of industrial wage-workers.

Again, there are differences between the countries. In Finland, the latest industrialized of the Nordic countries, the ideological tension between the work of independent farmer and collective wage-work was stronger than in the other Nordic countries. Following the civil war of 1918 and in fact until the 1950s there existed among the Finnish bourgeois groups an influential idea of widening the class of independent small-size farmers in order to secure the social and political order against the threats of the labour movement and Communism.

This historical background may partly explain that in the Finnish moral norms *work as duty* has been more accentuated than in the Swedish norms, in which the idea of *work as right* has been stronger (Kettunen 1995, 272–276). In any case, perhaps besides the Danish liberal model, the Nordic welfare states were, in a sense, projects aiming to make it everybody's right to follow the moral norm according to which everybody has to work.

As I already mentioned, in Finland the thought of economic necessities – connected to the interests of export industries and state economy – has been strong, along side the thought of these necessities as being national necessities. On the other hand, the compromises have been more simply just compromises. And for historical reasons, in the Finnish working life there have been more "low-trust" elements than in the other Nordic countries. Here, the virtuous circle of social equality and economic prosperity or the virtuous circle of increased consumption and increased production have played a role mainly in the articulation and justification of reform demands and much less in the factual shaping of policies (cf. Pekkarinen & Vartiainen 1993).

Yet even in Sweden there were many tensions in the realization of this idea of a society of virtuous circles. I will now explore the role of Gunnar Myrdal in developing and realizing the idea of society and the idea of virtuous circle or, as Myrdal himself put it, a (positive) "circular causation of cumulative social processes" (Myrdal 1960, 119).

Criticism, values and beliefs

One of many possible keys into Myrdals social thought might be the concept of *harmony*. He criticised assumptions of harmony while he, at the same time, adopted the vision of harmony into his thoughts.

In his criticism against liberal and neo-classical economic theory, since his book on *Vetenskap och politik i nationalekonomin* (1930, in English 1953, The Political Element in the Development of Economic Theory), his main target was the "metaphysical" belief in spontaneous equilibrium and harmony of individual interests. But as he later developed his vision of planning and the welfare state, he gave a new meaning to the concept of harmony. We can read in his *Beyond the Welfare State* (1960), that the welfare state formed, in its developed phase, a "created harmony" (Myrdal 1960, 58–60). True, it was a "created harmony" within the limits of nation-state, or national society, and in that book the main message of Myrdal concerned the vision of a wider "created harmony", the Welfare World.

There are many aspects which may be illuminated by his criticism

against and use of the concept of harmony. One is the political struggle concerning contexts and meanings of words. *Folkhem*, people's home, is a famous example of the conscious effort of the Swedish Social Democrats between the World Wars to take possession of national political concepts and redefine them. Dialectically, Social Democracy in this way adjusted itself to enacting the role of the main actor in national integration. However, this was not just a matter of words but also a matter of defining what were called "social questions". The Population Question had been a major concern of nationalist conservatives – until the Myrdals captured and transformed it at the beginning of the 1930s (cf. Larsson 1994, 108–113, 136; Nilsson 1994, 211). In the 1920s, before joining the Social Democrats, Gunnar Myrdal had written articles for his conservative father who had then published them under his own name in local newspapers, and with good response. As Walter A. Jackson writes, "Gunnar urged Swedish Conservatives to learn from their British counterparts, steal their slogan from their opponents, and proclaim themselves the party of 'democracy and reform'" (Jackson 1990, 49).

As Myrdal abandoned the liberalistic assumption of spontaneous harmony *and* declared the idea of "created harmony", he actualized his ideas of the relationship between scientific criticism and social criticism. These two criticisms were for him basically intertwined, even identical. Scientific criticism had to be social, and social criticism had to be scientific, in order to be worth their name. This was a very crucial point in Myrdal's thought.

It is possible to distinguish two forms of theoretical criticism typical to Myrdal. The first may be called the *critique of ideology*. The second was *immanent critique* – an expression used by Myrdal himself (Myrdal 1968b, 65). In the first case, the scientific critic captures and discloses the hidden and unsustainable (i.e. irrational, metaphysical, ideological) premises behind the theory. In the second case, the criticism is targeted to the failure of a theory or single scholar to draw correct or sufficient conclusions from the premises which as such are sustainable.

All this had to be seen not only as an issue of scientific progress but also as an issue of the social function of science, according to Myrdal. Here, his distinction between what he called beliefs and valuations plays a crucial role, that is, his distinction between the statements about how things are and how they should be. He was not just trying to clean the science of valuations. Rather, he was concerned with objectivity *and* the practical relevance and significance of scientific activities, at the same time. For Myrdal the relation of theoretical and practical was superior to the relation of theoretical and empirical; theoretically based empirical

study had to contribute to theoretically based practical policies. I do not presume to expose metatheoretical presuppositions of Myrdal's thought nor to examine the impacts of let us say Axel Hägerström, Max Weber and neo-Kantianism on his thought. For my problematic – Myrdal and the modern and Nordic ideas of society – it is only necessary to note that his solution to the dual problem of objectivity and practical relevance had two sides or steps: firstly, making a clear distinction between beliefs and valuations and secondly, giving an important role to explicit value premises in scientific research.

As I see it, this relatively well-known programme of Myrdal must be understood as a programme for social science incorporating social criticism and social planning into its forum. Firstly I will take up Myrdal's notion of social science as social criticism.

Myrdal's demand for distinction between beliefs and values represents the first side of his criticism, that of the critique of ideology. Here, the main target of criticism is what Myrdal calls rationalization of valuations, that is, the hiding of valuations and conflicts of valuations in the disguise of factual statements (Myrdal 1968b, 23). Valuations are an important subject of social research for Myrdal. Yet the best way of analyzing them is indirectly: it is beliefs, hence factual statements about reality that must be analyzed. By showing the deviations of these beliefs from the more correct and more complete – scientific – knowledge the scientist finds the valuations and conflicts of valuations which had been rationalized in the form of statements about reality (ibid., 32). So the operation results, on the one hand, in the disappearance of the illusion of harmony of valuations, on the other hand in higher knowledge of reality; in enlightened citizenship. In this sense, social science is a theoretically self-critical and, in its practical consequences, pedagogical project.

Then, what comprised immanent critique as social criticism? Here the explicit value premises are important. The explication of value premises is not only necessary for rescuing objectivity in front of the threat of biases stemming from hidden valuations. The explicit value premises are also criteria of immanent critique of society. I think this is important for understanding Myrdal as an actor of modernity and modernization.

Immanent critique in general means that society is criticised with its own normative standards. For example, it has been argued that in Marx's critique of capitalism and bourgeois society there is a strong tone of immanent critique, inseparable from his critique of ideology: the "equality and freedom of the commodity producers is shown to be a mere appearance ... of the surface of that society" (Gronow 1986, 165, referring to Georg Lohmann). How is it possible to say

that Myrdal, as he insists that social scientists have to make their value premises explicit, speaks for an immanent critique of society? The solution is, obviously, that Myrdal assumes that these value premises are not merely private properties of the researcher. As a matter of fact, for him it is not only an issue of explication of the researcher's innate value premises but an issue of making a rational choice of them. The value premises in a study should be conscious results of a process in which the valuations of the researcher him- or herself and the valuations of the researched society are related to each other. The value premises need to be relevant, significant and feasible with regard to the society under study. In *An American Dilemma* (1944) the value premises were derived from what Myrdal called the American Creed: "... no other set of valuations could serve as adequately as the norm for an incisive formulation of our value premises as can the American Creed. No other norm could compete in authority over people's minds" (Myrdal 1944, 23). In *Asian Drama* (1968), in the chapter under the heading "The Value Premises Chosen", he wrote: "Among all the heterogeneous and conflicting valuations that exist in the countries of the region, we have deliberately selected the new ones directed toward 'modernization' ..., ... 'modernization ideals'..." (Myrdal 1968a, 54).

In both cases it is evident that Myrdal indeed thought that his value premises were at the same time criteria for immanent critique, the best normative standards of the society itself. In fact, the choice of value premises was a process in which the social scientist identified the specific sites and forms in which universal modern values were present in the society under research. However, I do not think it would be correct to claim that in this immanent critique Myrdal would always have placed modern against traditional, new against old, present against past, bypassing against lasting. In *An American Dilemma* he emphasized that the American Creed as the spirit of modern democracy in America had long roots in the history of Western civilization (Myrdal 1944, 25). In *Asian Drama* he pointed out the positive role of nationalism in those countries as the context of modernization ideals (Myrdal 1968a, 63–65). I would say that it was modern *traditions* that served here as the basis of value premises. Besides this, Myrdal even exploited normative standards of traditional society as criteria for criticising the prevailing society and processes of modernization. So, in *Kris i befolkningsfrågan* Alva and Gunnar Myrdal used the picture of pre-modern society not only as a background for illuminating new quality demands of human material but also for identifying new tendencies towards the social exclusion of those who could not fill these demands (Myrdal & Myrdal 1935, 245–252).

The modernity of the Myrdals was not yet self-sufficient in its reflexivity. It needed criteria stemming from a picture of traditional society. Capitalist industrialization had destroyed something old and this had to be replaced by something new. In recent research many historians have argued that the Swedish welfare state has strong roots in the paternalism of *brukssamhället* (e.g. Larsson 1994), industrial communities in the countryside typical of industrialization in Sweden as well as Finland and Norway. There is a connection between paternalism and modern functionalism: the principle that everybody is supposed to be a useful part of the whole.

In fact, the power of the modern project of the Myrdals rested, on the one hand, on the possibility to identify such old conditions that should and could be overthrown by progress. On the other hand, this project was preconditioned by the possibility to invent and even create traditions and identities which had a capability to work as powers of modernization. The "invented traditions" of nation (Hobsbawm 1983) had such a capacity. As Touraine (1995, 137) puts it: "The nation is not the political figure of *modernity*; it is the main actor of *modernization*."

In the late 1950s Gunnar Myrdal was critically aware that the "welfare state is nationalistic" (Myrdal 1960, 117) and that there was a discrepancy of "National Integration versus International Integration" (ibid., 111). At the same time he supported nationalism in the Third World as vital for modernization: there were "rational grounds for more nationalistic economic policies" and there was the "political need for nationalism" in the under-developed countries (ibid., 151–155).

In any case, it was trust in the universality of the values of modernity or, to be more exact, the values of the Enlightenment which made possible that the value premises of social researchers could be understood as criteria of immanent critique of society, as normative standards of the society itself. It was his or her duty to show the discrepancy between these more or less adopted valuations and social reality. It was his or her duty to support the victory of these valuations in the conflict of valuations. And it was his or her duty to help to draw practical political consequences of these valuations in order to fill the gap between them and social reality. Thus, social criticism was immediately continued as social planning and *social engineering*.

Here, the American experiences and observations of the Myrdals are of interest. In the case of America – and in the case of American racial question – the possibility of immanent critique, the possibility to criticise society with its own ideals, was particularly evident. But in addition, there were many features in American modernity which could be used as criteria for criticism of the Swedish society. They served not

only as means for illuminating traditional constraints in Sweden and Europe but also as points of reference for a kind of anticipatory definition of current tendencies in Sweden. In part via the Myrdals – and their value premises – American modernity thus provided tools for the immanent critique of Swedish society.

There is a striking paradox: although in America there is no such a strong notion of society as in the Nordic countries the American social sciences have made a major contribution to the making of a strong 'society' in the Nordic countries. As far as the Myrdals are concerned, already during and after their first visit to America in 1929–1930, they applied a kind of immanent critique to the role of social scientists in America. Highly inspired by everything they had learned and experienced, they at the same time identified a big discrepancy between the radical pragmatic, interdisciplinary, problem centred, institutionalist, social engineering orientation of American intellectuals and their factual isolation and lack of support in social movements (Jackson 1990). They not only absorbed enormous impacts but also a challenge to overcome in their own project the discrepancies they had experienced in America.

Planning, interests, education

Social planning had to contribute to positive cumulative causation of social processes in which efficiency, equality, solidarity and democracy promoted each other. But planning itself had to become an integral and constitutive part of this virtuous circle.

As we can read in *Beyond the Welfare State* (1960) there were three phases in the history of the planning of the Welfare State. The phase of prehistory included uncoordinated public interventions as attempts to solve the problems which had been caused by "the quasi-liberal state of mass-poverty, much social rigidity, and gross inequality of opportunity". Then attempts at the coordination of these interventions by planning were initiated and increasingly expanded. This meant increasing direct state intervention. Then, at this stage in time, there was a transitional period which would result in the third phase of planning:

> In this transitional phase of the development towards the more perfect democratic Welfare State, while coordination and planning are becoming gradually more thorough, under the pressure of continually growing volume of intervention, both by the state and by collective authorities and power groups beneath the state level, it often happens that people confuse planning with direct and detailed state regulations. The opposite, however, is true; there is still such a large

> volume of intervention because the measures are not ideally coordinated and planned. Planning should normally imply simplification and rationalisation. We assume further that, as planning proceeds, it will be seen to be in line with the ideals of the Welfare State to delegate, wherever it is safe and practicable, responsibility for detailed public regulations to local and sectional collective authorities instead of having them carried out by means of direct state intervention.
>
> The third phase could thus mean an actual decrease of state intervention. The assumption is a continued strengthening of provincial and municipal self-government, and a balanced growth of the infra-structure of effective interest organizations. This would, in its turn, presume an intensified citizens' participation and control, exerted in both these fields. (Myrdal 1960, 67-68)

Two texts of Myrdal, *Kris i befolkningsfrågan*, 1934, and *Beyond the Welfare State*, 1960, based on the lectures given in Yale University in 1958, might be seen as indicators of the changing meaning of planning in his own thought. In the former book, a key expression was "the improvement of the quality of human material", in the latter book correspondingly "a more enlightened citizenry". The former book was a manifestation of the rights and duties of the "society" to intervene into the sphere of private interests and into the lives of individuals and families. The latter was an attempt to find and show solutions to two problems of the Welfare State: detailed bureaucratic control and nationalism. The solution was not liberalist deregulation but a perfection of planning by collective representational self-regulation of people through "society" and by international coordination through intergovernmental agreements and organizations.

In part, the criticism toward direct state interventions probably included criticism of current tendencies of the Swedish welfare state. At the same time, however, this mode of thought was in an important sense representative to the Swedish Social Democracy. Especially in the field of industrial relations collective agreements were regarded as a higher, more desirable form of regulation than the direct state intervention through legislation; this was the spirit of Saltsjöbaden from the end of the 1930s (which partly broke up in the 1970s; see Schiller 1989, 228–231). Myrdal's vision of national "created harmony" also has to be seen as an attempt to contrast the Western welfare states to unregulated liberalist economy, on the one hand, and to the Soviet model of direct intervention of the totalitarian state, on the other hand. His vision of international "created harmony" was an attempt to overcome both the East-West and the South-North confrontations.

Notwithstanding, the relation of societal planning to individual and collective group interests is a crucial issue. There was no natural

harmony or equilibrium of private interests, this was clear to Myrdal. And it was neither through collective compromises *per se* that common good was achieved. But the "created harmony" was neither an outcome of the Plan. Here inseparable connection of planning and education was essential for Myrdal. This was the process of enlightenment. Planning presumed and promoted the overcoming of short-term interests, lower-level valuations connected with them and lower-level knowledge that often served as disguising rationalizations of those interests and valuations. The genuinely rational attitude or the ability to associate one's own interests to higher-level knowledge and higher-level value premises could be best achieved if people thought and acted through their formal institutions and formal organizations, as we can read for example in *Objectivity in Social Research* (1968).

However, the association of interests to the knowledge and valuations of societal planning presumed also a balanced articulation of interests. This balance was achieved in part by means of public measures which limited the realizing of interests of the powerful and promoted the articulation of interests of the weak, but above all by means of the collective organization of people. The balance of interests concerned not only different interests of different groups but also different interests in connection to different roles of individuals. So, Myrdal was worried about the fact that collective bargainig was exclusively organized according to the role of the income earner. The absence of proper articulation of consumer interests resulted in inflationary tendencies and made necessary direct state interventions to correct the bias (Myrdal 1960, 78–86). Planning as practicing knowledge and values of common good presumed that all relevant interests were institutionally articulated *and* nobody, especially not the economically powerful, had any right to claim universality to particular interests. In the "created harmony" everybody was able to reflect his or her interests in more general reference of society: he or she fulfilled a function in the whole and was a member of enlightened citizenry.

The Myrdalian concept of planning presumed society as the object of rational knowledge and as the reference of different interests and valuations. But the planning was itself a practice which constituted its object. Planning meant making society. In the "created harmony" efficiency and solidarity were connected by functional integration; democratic politics and solidarity-promoting policies together realized equality; and democracy and efficiency were together promoted by collective participation. The "created harmony" also presumed a harmony between two sides of modernity, reason and Subject, the tension of which

is central in Touraine's notion of modernity. In Myrdal's view, this harmony was achieved on the terms of reason or rationality. From the point of view of Touraine, Myrdal's "created harmony" would have been incomplete modernity. It neglected an important product of modernity: "the Subject, which is synonymous with neither the individual nor the role-set that is constructed by the social organization" (Touraine 1995, 374).

National society?

Gunnar Myrdal's vision of the perfection of planning or "created harmony" may be summed up by two short quotations from his *Beyond the Welfare State*. First nationally: "to recondition the national community in such way that for the most part it can be left to the cooperation and collective bargaining of the people themselves, in all sorts of communities and organisations beneath the formal state level, to settle the norms for their living together" (Myrdal 1960, 74). Second internationally: "economic balance in the world, and at the same time national stability and progress in all countries, should be secured by inter-governmental planning and concerted action, directed towards a coordination of national policies in the common interest" (ibid., 213).

There was, thus, a possibility of virtuous circle between national integration and welfare, and international integration and balance. Here, however, Myrdal's "created harmony" was clearly a criterion of an immanent critique of the Welfare State. Applying my account of the Nordic notion of society, I would interpret his position in the following way. On the national level planning made efficiency, solidarity and democracy become values and properties of society and 'us'. These values of national society and national 'us' each had an international dimension. Democracy meant international manifestation of the democratic model of society; solidarity was widened to international solidarity; and efficiency meant international economic competitiveness. But there was a big difficulty: it was very obvious that 'us' defined through international competitiveness and 'us' defined through international solidarity were not identical. The actor of the virtuous circle of national and international integration could not be 'us' defined through international competitiveness but here 'us' had to be based upon "the international idealism of all people, which I believe is a reality", as Myrdal wrote in 1960 (Myrdal 1960, 214).

This past vision of future may be contrasted with the recent description of present by Riccardo Petrella, a leading figure in the adminstration of social reseach in the European Union. The year is 1995. According to Petrella economic competitiveness

> has become the prime objective just of enterprises but also of the State and of society as a whole. ... The 'gospel of competition', like all ideologies, boils down to a few simple ideas. We are engaged willy nilly – so the industrialists, economists, political leaders and academics tell us – in a ruthless technological, industrial and economic war encompassing the entire planet. The aim is to survive, and survival hinges on being competitive. Otherwise there is no short- and long-term salvation, no growth, no economic and social welfare. The chief role of State, local authorities and trades unions is to provide the most suitable environment for enterprises to be, become or stay competitive in the world economic war. (Petrella 1995, 11–12)

Petrella's sarcastic description of Darwinist competition for survival is a description of a way in which national society is reproduced in the globalized economy after the liberation of finance markets and after the disappearance of the Cold War confrontation and moral competition between different types of society. It is important to note that in his criticism of the enthusiastic construction of national competition strategies, Petrella is not in the first place talking about "bad" strategies of social dumping and the lowering of social costs. Rather, he is talking about "good" value-added strategies which are based on process and product innovation, education and training, increased competence, stronger attention to "human capital" by means of "human resource management", etc.

Petrella warns about breaking up of the social contract. But he is not talking about the same thing as Touraine who writes that we "no longer belong to a society, a social class or a nation to the extent that our lives are in part determined by the world market, and in part confined to a world of personal life, interpersonal relations and cultural traditions" (Touraine 1994, 373). Neither is Petrella talking about the dissolution of society in the sense of Lash and Urry who point to vanishing borders and growing reflexivity of actors in the process of globalization. On the contrary, Petrella identifies a very national and very influential way of reacting and contributing to globalization, in which competition of nations, firms and individuals is the main expression of "reflexive modernization" (cf. Beck, Giddens & Lash 1994).

There are, no doubt, different views about the role of nation-state and national society in globalizing capitalism. In his book *The Work of Nations. Preparing ourselves for 21st century capitalism* (1991) Robert B. Reich, the Secretary of Labor in the Clinton administration, argues for the thesis that there are no more national economies, there is only a global economy. But according to Reich, this very condition can liberate the national society of the imperatives of international economic

competition. The national society could survive and even strengthen as a basis of social solidarity and as a basis of policies which contribute to the progress of global economy (Reich 1991, 301–315).

National society without national economy – without stopping to discuss the probability of this vision we may see that it is different from Myrdal's national and international "created harmony", despite the "international idealism" common to Myrdal and Reich.

However, the vision of another Harvard economist, Michael E. Porter, seems to offer more influential way of giving both role and meaning to national society. His book *The Competitive Advantage of the Nations* (1990) is an argument for a central role of nation as "home base" for globally operating and globally competitive enterprises. Crucial competitive advantages are created in national contexts, especially those that are based on innovation and competence. This argument attracts policy-makers and -planners. Even the defence of the Nordic institutions of industrial relations may get new legitimation as it is taught that high standards of working life and participation of employees are sources of innovation and thus competitiveness. The way is open to positive value-added competition strategies. In their connection many good things can be included in the argumentation for economic competitiveness. You can argue for moral, ecological, or aesthetic values without being obliged to use moral, ecological, or aesthetic arguments; you just prove that they promote economic competitiveness.

Obviously, this is a kind of virtuous circle. And it is not so very different from the old virtuous circle of the Swedish Model or Myrdal's thought. It is important to note that the vulgarized Keynesian notion of the virtuous circle between increased production and increased consumption does not adequately catch the main economic concern of Myrdal and other Swedish Social Democrats. They had a remarkable supply-side interest already in the 1930s, expressed, for example, in the plan of the Myrdals for the raising of the quality of human material in Sweden (cf. Esping-Andersen 1992, 45). A major concern was to release the creative resources of the people. This was a precondition for social equality and welfare, but still more, promoting social equality was seen as the means by which these human resources would be released.

Now, there is *here* a crucial difference between the old and new virtuous circles. Social equality and social solidarity have been dropped outside the virtuous circle in the project for competitive innovation. It is not through more equality that people are supposed to become more innovative and more competitive. And in the Nordic countries we carry

a historical burden to which the Myrdals for their part contributed: all good things have to form a virtuous circle and only such things are good that can be placed in the virtuous circle of society.

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