THE THIRD SECTOR AND THE DEMOCRATIZATION OF THE WELFARE STATE – REVISITING THE THIRD SECTOR AND STATE IN DEMOCRATIC AND WELFARE THEORY

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This paper addresses some major issues concerning the relationship between the third sector and the state in democratic theory and welfare theory. Elsewhere, I also consider the potential of the third sector for the democratization of the welfare state, in particular in Sweden (Pestoff, 2005). Numerous political indicators suggest that we may be witnessing the “withering away of the state” in many western democracies, or at least several vital institutions of representative democracy, including political parties. Other phenomena suggest that the citizens are finding or perhaps even founding new channels of participation and influence alongside the more established ones. However, these new channels are not yet institutionalized and formalized; nor are they recognized as legitimate yet by democratic theory or political science. In addition, an increasing number of Swedes participate actively as co-producers of personal social services that they consume themselves. There is also an increase both in volunteering and giving money to organizations with charitable or humanitarian goals. Do these mixed signals concerning citizens’ participation indicate a growing crisis for representative democracy and perhaps even the welfare state, or a rejuvenation of both, based on greater direct participation both in new forms of democracy and the provision of welfare services? In light of those changes, what potential and challenges does the third sector face in democratizing the welfare state?

A. Introduction

Numerous political indicators suggest a growing crisis of citizen participation in representative democratic institutions. Electoral participation is decreasing in many western democracies, membership in political parties is declining rapidly and trust in politicians has dropped dramatically. Member participation in voluntary associations and social movements is also on the wane in many countries. This holds true of western democracies as different as Sweden, England and the USA. In Sweden, for example electoral participation has decreased
in recent decades, going from a high of 91.4 percent in 1982 to a low of 80 percent in the 2002 general elections. Participation in the referendum on Swedish membership in the European Monetary Union in 2003 was 82.6 percent, and a small majority rejected it. However, Swedish participation in the European Parliament elections was only 38.8 percent in 1999 and 37.8 in 2002. Yet research shows that Swedes today participate more actively in other ways in politics than they did earlier. Younger Swedes participate more individually and they think more about their political activities than earlier generations (Sörbom, 2002).

Participation in elections for the Congress and President in the USA is relatively stable, but notoriously low by international comparisons. Participation in elections for the members of Congress, i.e., non-presidential election years, hovered between one-third and two-fifths of the voting age electorate between 1982 to 2002. It normally reached just over half in Presidential elections between 1984 and 2004. But, in years when strong third party candidates competes, it tends to be slightly higher. Participation in Parliamentary Election in the United Kingdom remained at the 75 percent range until the General Election of 2001, when it dropped to under 60 percent. Participation of the British electorate in the European Parliament elections was even lower than in Sweden, only 23 percent in 1999 and 25 percent in 2004. Thus, by comparison, we can note a stable but much lower level of voter participation in the US, and a sharp decline in voter turn out in the UK in recent elections.

Turning for a minute to other opportunities for citizens to participate, the provision of personal social services concerns most Swedes in one way or another. The annual long-term economic forecast produced by an independent public body focused on the sustainability of the Swedish welfare state until and after 2020 (Långtidutredning, 2002-03, LU). Given rising demands and expectations, due to changing demographics of the Swedish population, LU questions the viability of the universal and tax financed welfare state in Sweden and argues that it not only faces major challenges in terms of its economic sustainability, but that it will begin to collapse of its own weight after 2020. LU only takes paid work into account when making its studies, and alternatives like the greater use of the third sector for providing public financed social services are not included, as they fall outside the national accounts system (nationalräkningsskap).

A parliamentary investigation known as the Ansvarsutredning/Responsibility Investigation/ posed a different set of questions and came up with different answers concerning the future of the universal welfare state in Sweden. It examines the overall balance
of responsibilities between the central, regional and local levels of government in Sweden. In doing so, it also points to possibilities for citizens to take greater responsibility for their own welfare by becoming co-producers of the services they use. Such greater responsibility and participation in service provision can either be individual or collective.

However, is a greater role for citizens in the production of their own social services compatible with observations about decreasing citizen participation in formal channels of political life? Would greater citizen participation be conceived as a threat to liberal representative democracy by political scientists, elected officials and civil servants? Would greater citizen participation in the provision of universal, tax financed social services imply greater citizen influence in political life? If so, would it be welcomed by professional Swedish politicians and public administrators, who might see politics as a zero-sum game, where they would be the immediate losers, in spite of any long-term benefits for Swedish democracy and the sustainability of a universal, tax financed welfare state? In order to explore such questions more thoroughly we need to address some central aspects of the role of the third sector in democratic and welfare theory.

B. Democratic Theory

1. The third sector in traditional democratic theory

Voluntary associations and non-governmental organizations have traditionally been attributed an important place in democratic theory, and organizations that were independent of the state became a cornerstone in early liberal democratic writings. De Tocqueville provided a fascinating explanation of American democracy in terms of the unlimited well of engagement by ordinary citizens in the form of voluntary associations. They comprised the key to understanding the development of democracy in the new world. Voluntary associations were, among other things, a school for learning democratic rules, thinking and behavior. However, it should be kept in mind that the era of agrarian society composed of rural villages and small towns visited by de Tocqueville at the beginning of the 1800s has long since passed into history. In urbanized, post-industrial societies of the 21st Century there may be a need to revise our view of voluntary associations.
Later, in the early pluralist writings of the post-war era, writers like Truman, Kornhauser, Dahl, Lipset, Coser, Huntington, etc. and later Almond & Verba attributed great importance to the democratic functions of voluntary organizations in modern societies (see Pestoff, 1977 for more details). By virtue of multiple memberships voluntary organizations could guarantee cross-cutting loyalties that tied society together and insured the democratic stability of western democracies. However, such organizations functioned differently in Nordic multi-party countries than in Anglo-Saxon two party democracies (ibid.). Voluntary organizations were also seen as a buffer between the rulers and ruled that prevented direct access of either group by the other; something not found in totalitarian societies ruled by a single party. At times their list of virtues seemed unending, and they were often referred to as the glue that held diverse democratic and pluralist societies together in spite of considerable economic, political and social cleavages. According to functional-structural theory they were supposed to articulate the needs and demands of citizens, while political parties were supposed to aggregate these political demands. Voluntary associations also played a role in providing a more coherent, competition-based and market-like alternative to the political philosophies of socialism or communism. However, after the end of the cold war and the fall of the wall, we may again face the need to revise democratic theory and the role of voluntary associations.

Should the role of voluntary associations and other third sector organizations be limited to articulation in democratic representative systems? Or do they, as Stein Rokkan argued nearly 40 years ago, in “Numerical Democracy & Corporate Pluralism” (1966), pursue their political aims by other means, separate from the electoral channel of representation. Do they comprise a corporate channel of influence, alongside the representative one? He stated that “[v]otes count in the choice of the government, but other resources decide which policies they will pursue” (ibid.).

From a somewhat different perspective, is the organized participation of citizens in the implementation of public policy a threat to representative democracy, and if so in what way? For example, should parents help implement public childcare policy or education policy, and if so how? And, if they did, would this be a threat to representative democracy? Such questions have a growing urgency, since we are facing a growing democracy deficit in many western democracies. Both voter participation and membership in political parties is clearly declining. It is, therefore, important to consider a new, and possibly different, role for citizens and the third sector in the 21st Century in post-industrial societies in order to meet the
challenge of the growing democracy deficit, as well as the growing financial deficits associated with the welfare state.

2. The growing democracy deficit: growth in the size of Swedish towns and cities.

The possibility for citizen participation has changed radically in Sweden in the past 50 years, as Swedish institutions for channeling and rewarding such participation have been dramatically curtailed in recent decades. Sweden experienced a dramatic change in the size of its towns and cities after WW II and an equally dramatic decrease in the number of elective and honorary offices available for its citizens to fill. Two centrally initiated waves of amalgamation of villages, towns and cities took place in Sweden, one in the early 1950s and a second in the early 1970s. At the end nearly nine of ten villages and towns were amalgamated with a nearby city that became the center of the new municipality. The post war Red-Green coalition government promoted the creation of larger municipalities in order to facilitate, both administratively and financially, the development and expansion of its ambitious plans for a universal, tax-financed welfare state. In 1951 there were almost 2,500 self-governed villages, towns and cities in Sweden. More than half of them had less than 1,000 inhabitants and more than 95 percent had less than 5,000 inhabitants.

In 1952 the number was sharply reduced to 1,039. By the end of the 1960s the number of Swedish towns and cities had decreased further to 464. However, the central government considered progress in the voluntary amalgamation too slow. A second wave of amalgamations in the early 1970s resulted in a further reduction of the number of towns and cities to only 278. The number has increased marginally since then to 290 by the year 2004. This is the result of a process of strong local opinion in favor of splitting away from larger municipalities. Today only nine towns in Sweden include less than 5,000 inhabitants, mainly as a result of local split-offs. After the 1952 reform 85 percent of Swedish towns and cities only had between 2,000 and 7,000 inhabitants; while in 1995 more than three-fourths of them had 10,000 or more inhabitants (see Table 1 in the appendix for details). Thus, we see a dramatic reversal of the situation found immediately after the war, where many formerly small self-governing villages and towns have been absorbed by larger towns and cities nearby.
These reforms resulted in administratively and financially stronger units that were better able to provide new services for a rapidly expanding welfare state. A major political motive for the amalgamations was that municipalities should provide similar services throughout the country. But this was deemed difficult, if not impossible, for most villages and smaller towns in the early 1950s. In villages and smaller towns direct democracy was often practiced until it was made impossible by the first wave of amalgamation. In addition, local administration was often entrusted to lay citizens or non-professionals. The expansion of the welfare state brought to light problems of villages and small towns, and both direct democracy and lay administration disappeared in the decades following the war. However, in addition to these concerns, the sweeping amalgamation of Swedish municipalities in the early 1950s and again in the early 1970s dramatically reduced the probability that any citizen could obtain an elected office or honorary post.

The sharp reduction from 2,500 to only 290 municipalities, greatly reduced the chance for an ordinary citizen to gain such an office. The number of town and city councilors was estimated at 40,000 in 1951 (Wallin, 1980). By the 1960s it declined to 32,000 and fifteen years later it was down to only 13,000, where it remains today. This is a reduction by two-thirds in just 25 years. It was not offset by the fact that the average size of town and city councils more than doubled in the same period. In addition, the number of ordinary honorary offices or commissioners in municipal boards declined from approximately 200,000 in 1951 to just one-fifth some forty plus years later in 1995. The opportunity for gaining an elective office or honorary post at the municipal level improved marginally in the early 1970s, with the requirement that municipalities had to nominate alternates for all ordinary municipal councilors and honorary commissioners, in case of their absence. However, the decline in the total number of elective offices and honorary posts, as well as citizens’ chance of ever gaining one at the municipal level of Swedish politics continued during the 1990s. Taking into account that this is probably the most likely channel of recruitment to local and then national politics, developments since the early 1950s clearly show a dramatic drop on the average, by more than two-thirds, of such possibilities for ordinary Swedish citizens.

Not only did the number of honorary offices at the local level decrease from about 240,000 to 75,000 between 1952 and 1974. Swedish research also points to the growing distance between elected offices and the electorate. It was also less likely in the new and larger municipalities that citizens were aware of the name of candidates in local elections. Contacts between citizens and elected representatives developed in a negative fashion. Moreover,
elected representatives became less representative socially, in particular in terms of gender, age and social class.

The number of civil servants in the municipalities grew dramatically during the same period. Between 1965 and 1979 alone their number increased from 60,000 to nearly double, or 116,000. Thus, the role of lay administrators, often with an honorary office, was also rapidly changing. Both the reduction in the number of elective and honorary offices and the increase in the number of full-time administrators in Swedish municipalities are related to the changes in the size of Swedish municipalities. There is a more specialized and professionalized administrative organization in Swedish municipalities today than fifty or even twenty years ago. Many administrative responsibilities have been taken over by civil servants, while elected and honorary officers have clearer roles as decision-makers. These developments have greatly reduced the chance for ordinary politically interested citizens from obtaining an elective office, as the number of elected municipal councilors has been reduced by nearly 90 percent.

More recently, the growing use of market models for providing local services accentuated the democracy deficit. During the past decade an additional 9,000 non-professional or lay politicians have been relieved of their responsibilities; decisions have been delegated to local bureaucrats; purchaser-seller models have taken over a growing part of public services and contracting out to private for-profit suppliers has increased dramatically. Moreover, municipal limited companies have restricted both public accountability and their employees’ possibilities to inform the public about their operations.

Taken together, an overwhelming number of opportunities for citizen participation in elective offices or honorary posts have been eliminated in Sweden in the post-war decades up to the beginning of the 21st Century. Also possibilities of future political recruitment, of rewarding citizens who engaged in politics and of encouraging promising political talents disappeared at the same time. A reduction of the number of municipalities, and by implication in the number of elective offices, resulted in fewer, but larger local economic and administrative units. It was argued that this was necessary in order to improve their performance and make possible an extension of public services. This was referred to as the “rationalization movement” in Sweden, often based on a belief that economies of scale found in manufacturing could be transferred and exploited in the public sector. But, it also resulted in eliminating most of the opportunities for ordinary citizens to gain an elective or honorary
office. Normally such offices are the first step in a political career; so, this also eliminated many potential political activists and politicians.

The sharp increase in the size of Swedish municipalities was deemed necessary to prepare the ground for the development of a universal welfare state. This should, however, be recognized as a means to an end, and not seen as an end in itself. It had, however, a high price in terms of local democracy and it dramatically reduced the chance for citizens to actively participate in local politics in the 21st Century. If it is shown that this is a major factor contributing to the growing democracy deficit, then steps should be taken to alleviate and amend the damage caused to the fabric of Swedish democracy. New channels for citizen participation must be developed that are on par with those lost through the process of municipal amalgamations in the 1950s and 1970s.

3. The growing democracy deficit: amalgamations in popular movements.

However, the promotion of more “rational” structures in public life did not stop with the public sector. Some of the more important popular movements adopted the logic or argument that “big is beautiful” in organizations. The 1960s and 1970s saw several popular movements follow in the footsteps of the public sector by promoting larger and larger local units, with fewer and fewer elected offices (Pestoff, 1979). This resulted in a further reduction of the chance for ordinary members to gain an elective office, in increased membership alienation and in a sharp decline in membership participation and engagement in such organizations. Several of these organizations were closely tied to major political parties, like the unions and cooperatives (ibid. and Pestoff, 1991).

These were the very structures of society that were supposed to provide a school for democracy, i.e., the voluntary organizations according to liberal democratic theory (see De Toqueville, xzy for America and Ambjörnsson, 1988 for Sweden), yet they succeeded in rationalizing away most of their elective offices/officers and eliminating or pacifying their active members. Moreover, as many politicians were recruited from popular movements closely allied with a specific political party, these parties cut themselves off from rejuvenation by one natural source in Sweden. Thus, the rationalization movement in the public sector and popular movements in Sweden proved highly detrimental to opportunities for political participation by ordinary Swedish citizens in the decades following the end of the war.
While comprehensive data is not available for most popular movements, information from a few of them indicates the impact of amalgamations in terms of changing their democratic structures. Data is available here on four prominent popular movements: the building and tenant cooperatives (HSB), the consumer cooperatives (Konsum & KF), the producer cooperatives (SLR), and the blue-collar trade unions (LO). It can be used to illustrate the extent of amalgamations in Swedish popular movements and voluntary associations. With the exception of the producer cooperatives, these organizations grew steadily during the first seven or eight decades of the 20th Century. The building and tenant cooperatives grew from 10,303 members in 1930 to 595,426 in 1988; the consumer cooperatives grew from 74,000 members in 1910 to 2,100,000 in 1990, while the blue-collar trade unions increased from 43,575 members in 1900 to 1,961,227 in 1976. The supply and marketing association (SLR) of the Swedish producer cooperative movement (LRF) experienced more fluctuation in its membership, due in part to the economic difficulties experienced by agriculture in the 1930s. SLR’s had 84,726 members in 1920, 54,249 in 1950, 145,019 in 1960 and 112,924 in 1977.

Amalgamations made a different impact on these popular movements. In the building and tenant cooperatives (HSB) they primarily affected the municipal or regional level, not the small local building and tenant co-ops, while the other three amalgamations mostly impacted the lower level, where rank-and-file members have most of their contacts and where they can first gain an elected office or honorary post. Local building and tenant cooperatives register their stock of cooperative apartment buildings as separate legal entities which cannot be amalgamated, thus amalgamations in HSB mostly impacted the municipal or regional level. Increases in the size of local cooperative housing associations can only be achieved gradually by building larger units, not through amalgamating nearby housing co-ops. The number of local tenant co-ops increased from 50 in 1930 to 3,831 in 1988, while the average size of the local tenant co-ops began increasing first in 1960, and only reached 77 members in 1988. The number of municipal or regional tenant and building associations decreased from 186 in 1960 to only 60 in 1988, increasing average size of regional tenant associations to 9,924 members in 1988. Here we find evidence of preserving local democratic structures combined with economic gains of amalgamations at the regional level. Each local tenant cooperative maintains an executive board of eight to twelve persons, thus preserving members’ chances to gain an elective or honorary office (Pestoff, 1991 & 1996).

In the consumer cooperatives (Konsum & KF) the number of local co-ops began to decrease early in the organization’s history, as they moved from democratically controlled
shop cooperatives to town or city-wide, and later regional consumer cooperative societies. This resulted in a steady decrease in the number of democratic structures where members could become active and gain an elective or honorary office. KF had 941 registered local cooperative societies in 1920, 592 in 1960, but only 120 in 1990 (Pestoff, 2003). However, given the steady growth in membership, the average size of local consumer co-ops grew very rapidly, from 250 in 1920 to 1,988 in 1960 and 17,500 by 1990. Initially, the number of sales outlets and employees also grew, with growing membership. Here too, structural rationalization made a mark. Both the number of sales outlets and number of employees decreased rapidly, going from 8,017 sales outlets in 1950 to only 1,687 in 1990 and from 65,500 employees in 1970 to 33,700 in 1990 (ibid.).

In the last decade of the 20th Century, the average size of the local consumer cooperative societies increased from 17,500 to 34,000 members. This represents a doubling in the average size in the past decade alone. Moreover, the number of retail outlets was halved during the same period, down from 1,687 to only 784 in 2000. These developments had a detrimental impact on the democratic side of the Swedish cooperative movement and the logic of membership. This is reflected in figures related to member participation at the annual general meetings of local cooperative societies, as well as the index of democratic control (Pestoff, 1991). The growing size of local cooperative societies in major urban areas turned members into passive consumers, whose only expression of loyalty to the movement was reduced to purchasing all or most of their groceries at the local cooperative. This effectively transformed them from democratic members into passive consumers.

The new wave of amalgamations in the 1990s lost sight of traditional cooperative goals and values. In place of small democratic consumer cooperative societies throughout the country there is now a complicated conglomerate that owns the biggest local societies, and they in turn own the central organization, KF. This conglomerate is now run as a limited company or Aktiebolag, not as an economic association. The business side of the Swedish consumer co-ops has been completely separated from its member organization, and members no longer have any influence, nor can they participate in the running of their local cooperative society. Thus, the last vestiges of democratic control were eliminated. Finally, in the early 1990s the consumer cooperatives changed their legal standing from economic associations to limited companies and developed such complex decision-making structures that not even knowledgeable and initiated persons can understand decision-making in the new structures. Today the consumer cooperative movements of the four Nordic countries have amalgamated,
creating a new level of decision-making and making membership influence even more obscure.

The farmers’ supply and cooperative marketing association (SLR) demonstrates a similar pattern of development of their democratic structures. While the number of regional associations has remained nearly the same during the first seven decades of its history, the number of local branches has decreased from 1,353 in 1920 to only 105 in 1977. Keep in mind that it is primarily at the local level that members can become active and gain an elective or honorary office. However, the number of employees nearly doubled, from 4,783 in 1955 to 9,696 in 1977, while the number of elected offices was halved, from 10,470 in 1940 to 5,345 in 1977 (Pestoff, 1979). By 1977 there were two paid staff members for every elected officer in SLR. This reflects a change in the balance of power between these two groups of leaders.

Finally, turning to the blue-collar trade unions (LO) we can note less radical changes in the democratic structures of such organizations. LO had 21 member unions in 1900, 46 in 1945 and 25 by 1976. Together they had 787 regional branches in 1900, 8,622 in 1945, but only 1,476 in 1976. Membership grew from 43,575 in 1900 to 1,106,917 in 1945 and 1,961,227 in 1976. The average number of members per regional branch increased from 55 in 1900 to 128 in 1945 and 1,329 in 1976 (Pestoff, 1979).

Comparing the development of the democratic structures in these four popular movements during the first three decades after W.W. II, we can note that all their local organizations grew in size, but some much more than others. Keep in mind that this is the same period of radical reorganization and growth in size of local governments in Sweden. Between 1950 and 1977 the size of the local democratic units grew in HSB from an average size of 54 to 86 members, in Konsum & KF from 1,413 to 11,092 members, in SLR from 221 to more than 5,000 members and LO from 144 to 1,329 members. This implies that a member’s chance of gaining an elective office or honorary post in any of these popular movements decreased in proportion to the growth in size of the local organization. By the end of this period chances for members to gain an elective office are greatest in building and tenant co-ops, with the trade unions in the middle range and both the agricultural and consumer cooperatives at the bottom. A member’s chance to gain an elective office or honorary post in a popular movement decreased dramatically during the 1960s and 1970s in Sweden. Many popular movements clearly lost their ability in the post-war period to perform their often noted
function as schools for developing democratic values and virtues among ordinary citizens and for providing them with training in democratic meeting techniques.

In addition, most of these popular movements also experienced a rapid growth in the number of employees. The professionalization of such organizations is also related to questions of member influence and can be expressed in terms of a ratio of elected to paid leaders, or an index of democratic control. However, there is a clear difference between the importance of paid staff in the three commercially oriented cooperative movements and the trade union movement. The paid staff has a much more dominant position in the co-ops than in the trade unions (Pestoff, 1979). Furthermore, a separate study showed that both the ratio of officers and staff per 1,000 members decreased with size for agricultural and consumer cooperatives, but not for the building and tenant cooperatives, due to the maintenance of local democratic structures by the latter (Dellenbrant & Pestoff, 1980). The message seems to be that it is possible to achieve a better economy without having to sacrifice membership democracy, as demonstrated by the building and tenant co-ops.

4. Decreasing membership and participation in Swedish associations in the 1990s.

Amalgamations at the local level in the public sector and in some important popular movements imply a dramatic loss for ordinary citizens in terms of gaining an elective or honorary office. Further negative developments can be noted during the 1990s in terms of the loss of membership and lower participation by remaining members, in general, and, in political parties, in particular. Recent evidence from the third sector is important for considering its continued development and potential role in democratic and welfare theory. The Swedish Bureau of Statistics (SCB) undertakes regular Studies of Life Conditions or levnadsförhållanden. Occasionally these studies include information about membership and participation in third sector organizations. SCB’s sample included 5,980 respondents in 1992 and 5,677 in 2000. Given the panel design, it is possible to analyze developments in Sweden concerning membership and participation, during the turbulent 1990s.

The SCB report on Associational Life in Sweden provides an initial discussion of its theories and methods by the principal authors (Vogel & Amnå, 2003). They note that in recent years the special characteristics of Swedish democracy have weakened considerably. Election participation has decreased continuously, and the same is true of membership and activity in associations. The reasons identified are mass media, and the expansion of the public sector by
taking over the citizen’s responsibilities, and growing individualization. But there are also changes within associations themselves that can help explain such developments. They include the professionalization of associations, where more activities are taken over by paid employees, and members become more like consumers (ibid., p. 9).

Vogel & Amnå, (2003) provide three theoretical perspectives on the third sector at the outset, including welfare production, social capital and providing a school for democracy. Concerning welfare production, they refer to necessary services and information provided by the third sector where collective solutions are advantageous. They state that this can make them a complement and alternative to the public sector. However, the functions they list for associations are more as facilitators or enablers of public services, than as actual producers of new or alternative services (ibid., p. 10). They include such functions as facilitating activities, providing social contacts, providing information, helping to create identity, promoting feelings of togetherness, etc. These functions are very similar to the motives they propose for membership and activity in Swedish associations, suggesting some conceptual confusion between means and ends (see ibid., pp. 14-15). However, compared with his book on comparing institutions producing welfare in Europe one year later (Vogel, et al., 2004), they maintain a very traditional, but limited view of the role of the third sector as a direct producer of personal social services (see section C.1 below). They also refer to the role of Swedish associations in popular governance in terms of being a fundamental resource or nursery for representative democracy (Vogel & Amnå, 2003).

Turning to developments in Sweden during the 1990s, they note that membership figures decreased in many associations, including trade unions and sports associations, two of the largest groups in Sweden. In the 1980s two-thirds of the population lacked an elective office or honorary post in associations, and by 1997 most Swedes were no longer active in an association. (ibid.). Moreover, dramatic changes had taken place in Swedish associations in the past 50 years. The focus of membership had shifted from traditional popular movements to more individualistic life-style associations, with their cultural and leisure activities. In addition, general grants from the public sector to associations have been replaced or supplemented by payment for services provided or for specific projects. This promotes professionalization, and many of them have moved from “voice to service”, or from broad popular movements to professional oligarchic bureaucracies that fight for their own special interests (ibid.).
The SCB report demonstrates the weakening of associations in Sweden along several dimensions, the proportion of both non-members and passive members grew during the 1990s. Taken together these developments mean that associations have aged, with significantly fewer younger members; they become pacified, with fewer active members; they show greater gender inequality, with women preferring caring, cultural, religious and solidarity activities and men dominating in life-style, motor, sport, hobby organizations, and political parties; they lost their political character, with a sharp decline of membership in political parties, especially among the young; and they became more market oriented, through contracting out (ibid.).

In closing, Vogel & Amnå, note that associations and the third sector change in relation to changes in the other sectors, the market, the state and the family. But, contracting-out and providing services causes them to focus on their financial activities, rather than on their internal democracy, moving them closer to their commercial competitors. This undermines their role as training schools for democracy and diminishes their role of providing voice. They note that it is impossible to know whether older associations will be able to adapt to this challenge. But trends show that traditional associations are losing their attraction power, in particular for younger people. Perhaps new forms will be developed for producing welfare, trust and popular governance that replaces the older forms. This will be necessary to maintain the political role of associations and their democratic importance in the future (ibid.).

5. Sub-politics and life politics.

Sörbom (2002) finds part of the explanation to changing attitudes to political participation in Sweden in the works of Ulrich Beck (1995) and Anthony Giddens (1999). They have introduced the concepts of sub-politics (Beck, 1995) and life politics (Giddens, 1999). The former refers to the area opening up to ordinary citizens that is outside the reach of or beyond politics, suggesting a space in between the market and politics. The latter denotes a shift in the political focus of ordinary citizens from grand design ideologies and party politics at the national level to more mundane, but nevertheless important matters of every day life, like childcare, schooling, eldercare, handicap care, healthcare, etc. Both of them also refer to the growing individualization, as well as the increasing reflectivity of life and politics in the late modern époque at the end of the 20th Century.
Individualization means a loss of importance of traditions and collective bodies and the increase in importance of each individual. Each citizen has both a right and responsibility to decide for her-/himself. This is also equated with a different type of political engagement, one that is expressed in sub-politics or life politics. Here party and elector politics are no longer the focus of ordinary citizens, they lose in importance compared with sub-politics or life politics. Citizens realize that political engagement can be expressed in forms other than electoral politics or membership in political parties and popular movements. They also recognize that the arsenal of political activity is much larger and broader than those provided by the electoral system, like voting, campaigning, canvassing, giving speeches, writing petitions, filing formal complaints, etc. It does not exclude membership in solidarity activities for various groups, numerous voluntary organizations, different self-help groups, participation in diverse consumer boycotts, demonstrations, etc. It is possible to argue, based on Beck and Giddens, that any activity is political if it aims at bringing about changes that are not individual or only for one’s family, but also affect others in society (Sörbom, 2002). Thus, as long as the assumed impact of the activities are collective and actively chosen, they can be defined as political activities in sub-politics and life politics.

Many far-reaching political changes, brought about by the development and extension of the welfare state after the war, have also contributed to bringing politics closer to everyday life for most citizens. The development of public childcare, a basic general education for all young persons, general public health care, eldercare, handicap care, regulation of work life and even books and theatre, in addition to the development of numerous social insurance systems, all of them have served to bring politics closer to everyday life and are matters of great importance for most citizens. This became particularly evident in the period of mass unemployment and sharp cutbacks in public social services in the 1990s in Sweden, when most families were impacted in a negative fashion by cut-backs in one or more social programs.

Reflectivity is also important for understanding late-modernity. It is a natural product of modernity and the Enlightenment. But its continued development requires that reflectivity also focus on the very institutions that make up modernity, including parliamentary politics, the nuclear family based on a male bread-winner, life-long work for the same firm, etc. Primarily in matters of importance for citizens’ daily life, such as childcare, schooling, healthcare, pensions, but also food and leisure, citizens expect and are expected to become more active in making their own choices (Sörbom, 2002, p. 35). This can, however, create
problems and generate distrust in the very political institutions that create, finance and administer numerous universal, tax-based social programs, including the parliament and municipalities themselves. Reflectivity implies that politics is not something that exists in and of itself, nor something that is produced by others. It is based on the citizens own choices and actions (ibid.). Environmental issues illustrate this, where the coupling between national political goals of lower emissions or refuse sorting and individual actions are not always clear.

Sörbom (2002) provides empirical evidence on the growth and spread of individualization and reflectivity in Sweden. Numerous areas of daily life became drawn into politics and politicized and politicians became responsible for them. Many services related to daily life thereby became public goods, not just individual problems and solutions. At the beginning of the 20th Century citizens were satisfied with becoming a member of a popular movement or political party, and leaving responsibility for developing and providing social welfare services to the leaders and politicians. Then membership was the main expression of political activity. But, as noted above, the wave of structural rationalizations in the political sphere and among many popular movements curtailed possibilities for citizens to become more active, should they so desire. However, now they have rejected earlier ideas of politics belonging to a higher sphere and politics being something other than citizens’ daily life, to a view where their own engagement is important for the creation of society and they are therefore always active in politics. Thus, younger persons see their own activities as more central. Politics is not the activities and actions of others, an elite or leaders, but rather their own activities count and can make a greater impact (ibid.).


Parallel with greater individualization and reflectivity among younger citizens and a growing importance of life politics, we can also note greater engagement among the clients or consumers of some public services. However, greater user influence poses some democratic problems. Sörensen (1998) notes that while there is general agreement that increasing user influence is an important means of empowering citizens in relation to public authorities, there is some doubt whether it is a democratic form of empowerment. Providing citizens with more freedom of choice does not always imply more democracy, but only more market power in the market-like reforms of the public sector in the 1990s. Some authors stress the contribution of greater user influence in developing a more participatory democracy than is possible through traditional representative institutions, while others consider greater user influence on
public services a threat to democracy. Opponents argue that greater user influence both promotes a particularistic perspective on policy making at the costs of a universalistic perspective and that it undermines the institutional borderline between collective rule and individuality so important to liberal democracy (ibid., 129).

Danish experience is therefore of special interest in this respect, since Denmark has undergone three waves of decentralization involving greater user control over services produced. The first concerned decentralizing a number of tasks from the central government to the municipalities in the 1970s, known as Kommunereformen/Municipal Reform. This primarily involved some areas of social policy and the primary education system. The second wave of decentralization came in the 1980s and involved moving tasks from municipalities to a wide-range of self-governing public institutions. This included nursery homes, old peoples homes, primary schools, libraries, etc. They have become self-governing, run by user boards that are elected by all users of the service or institution. The third wave of decentralization, beginning in the late 1980s, involved increasing cooperation between the state/municipality and civil society organizations, mostly in the social service sector (ibid., p. 129).

Both the second and third wave of decentralization in Denmark challenge traditional institutions of liberal democracy in at least three ways. First, it adds a new level of influence; second, it introduces a functional rather than territorial basis of representative democracy; and third, it introduces a new form of empowerment. This implies both more freedom of choice between service producers, or more exit and more voice of and by elected user representatives on the self-governing boards. Moreover, the third wave of decentralization introduces public spending by private or third sector organizations, which limits public control (ibid., p. 130).

The disagreement over the particular vs. the universal in terms of greater user influence is also related to the distinction between territorial and functional forms of democratic empowerment. The territorial form of democratic empowerment has clear strengths. Channels of influence are equally distributed through principles of “one (wo-)man/one vote”. This form of empowerment serves to ensure an equal distribution of influence and enhance a holistic perspective on territorial governance; but, it nevertheless faces at least two important problems, according to Sörensen. First, it institutionalizes a low level of participation by ordinary citizens due to the central role of elections and representation as the main means of democratic empowerment. Second, it turns the political into something very abstract, remote
and distant, having to do with principles and ideology, etc., but lacking immediate relevance for everyday life problems of most citizens.

In addition, it ignores disenfranchisement of service users by the growing representation gap in modern society, due in part to greater geographical mobility of daily life. This mobility results in some citizens residing in one territory or a “sleeping town”, where they can vote and influence political decisions, but they spend much of their daily life and time in adjacent territories, where they work and receive much of their service. But, they lack influence on political decisions and the services provided. Nor do they necessarily contribute to financing of such services, as their taxes remain in their home municipality, although they commute on a daily basis and use the services where they spend most of the day. The main reasons for commuting is, of course, the lack of work and/or of local service, like schools, medical facilities, care services, etc., where they reside. Their daily commuting can take them across both municipal and county lines two or more times most every day (Wiklund, 2004). Moreover, a growing number of social or cultural refugees may also contribute to the spread of this phenomenon. This is the case with Danish citizens who work in Denmark, but now reside across the water in Sweden or across the border in Germany or the Netherlands, because of Denmark’s restrictive new policy towards marriage with foreigners. Moreover, in the recent Danish general election of 2005 they could not vote either, as Denmark prohibits absentee voting or voting by citizens residing abroad.

Sörensen suggests that the territorial and functional channels of influence and empowerment could be brought into harmony with each other under certain circumstances. But she also points to an additional challenge of functional democracy, based on user representation, i.e., to strong work-place democracy. Thus, she argues that it is necessary to balance the roles of users against citizens as well as those of users against other potential stakeholders, like employees. (ibid., p. 142). While her analysis may complicate an understanding of participative democracy and its spread, it points to important issues of involving both users and workers in multi-stakeholder democracy that remain to be resolved both theoretically and in practical terms (see Pestoff, 1998, Ch. 5 for more details). We will now turn our attention to welfare theory and the role of the third sector in providing welfare services.
C. Welfare Theory

In this section we will explore the relationship between the third sector and the Swedish welfare state more closely. We will start by considering the role of the third sector in welfare regimes. Then we will turn to whether the relationship between the state and third sector is primarily one of substitution, of complementing each other, or competition with each other. A mix of all three relationships can be found in any given country, depending on the context and the needs of the state in terms of regulating a sector, something that I will return to below.

1. Three or four sectors/providers of welfare services?

In a seminal book on the three worlds of welfare capitalism, Esping-Andersen (1990) introduced what became a classic concept of comparative welfare research on, i.e., “welfare regimes”. He refers to the three components or pillars of a welfare regime as labor markets, the family and the welfare state. However, he later laments that the state has received too much attention in the debate about the crisis of the welfare state (2000). “We should not forget that the sum-total of societal welfare derives from how inputs from these institutions are combined” (ibid., p. 5).

The welfare state, according to this perspective is, only one of three sources for managing social risks; the other two being the family and market. The state’s role varies, and it can be defined as residual or minimalist, as in liberal regimes, or as comprehensive and institutional, as in Scandinavian social democratic regimes. Esping-Andersen also notes that today’s welfare regimes are built around ideals and risks that predominated when our parents and grandparents were young; however, the risk structure has changed dramatically since then. Contemporary welfare states and labor market regulations have their origin in and mirror a world that no longer exists, i.e. mass industrial production based on low-skilled workers, a predominantly homogeneous male labor force, stable family patterns, high fertility rates and a female population that primarily “worked” as housewives (ibid., p. 5). So, regardless of level of ambition, the post-war welfare state was premised on assumptions about family structure and labor market behavior that today are invalid or no longer hold true.

In addition to the state, family and labor market Esping-Andersen recognizes, in some footnotes in later works the importance of another institution for producing welfare, i.e., the third sector (2000 & 2002). He acknowledges that his triad should perhaps be extended by adding the third sector, since it plays “a meaningful, even significant, role in the
administration and delivery of services” (2000, p. 35, fn. 2). However, he notes that cross-national comparisons are rare, which hampers attempts at systematically examining the role and contribution of the third sector to welfare. Moreover, half of the employees are paid workers, most of their revenue comes from fees and public subsidies and social services generally account for a small proportion of NGOs’/NPOs’ activities (an average of only 40%) (ibid., p. 35).

Esping-Andersen (2000) continues his discourse on welfare regimes by stating that they must be identified more systematically in terms of the inter-causal triad of state, market and family. He underlines the importance of recognizing that they represent three radically different principles of risk management. The family is associated with reciprocity, markets with distribution via the cash nexus, while the dominant principle of allocation for the state is authoritative redistribution (ibid., p. 36). Again we find a footnote denoting the possibility of including a forth producer of welfare; i.e., the third sector. Esping-Andersen raises no objections to this in principal; but, in practice he hastens to add that “…it may make little empirical difference, since they are subsidized by the state, and as such they are a semi-public delivery agency” (ibid., p. 36, fn. 5). In a more recent work Esping-Andersen focuses on the need for reorganizing existing welfare states to meet new risks and the development of a new European welfare architecture (2002). In another footnote he claims that “[t]he ‘third sector’ is arguably a fourth pillar, but where its role is of decisive importance its functioning tends to resemble markets or governments, depending on its chief financial underpinnings” (ibid., p. 12, fn. 8).

Lewis (2004) also notes that in Esping-Andersen’s welfare regime approach the third sector is conspicuous by its absence. She interprets this in terms of the focus of much comparative welfare state research on cash provision and social insurance systems, rather than on services like health and education. However, most important, according to her, is the lack of analytical importance attributed to the third sector, since a large proportion of its funding comes from the state. This is based on the assumption that if the third sector is not a clearly demarcated alternative to the market and state it does not warrant separate attention (ibid., p. 170).

1 Compare this, however with Polanyi’s (1944 & 1957) discussion of a four sector or institution model, where families are responsible for domestic administration and housekeeping with scarce resources, while the third sector is associated with reciprocity. The functions of the other two sectors are similar in both models.
The refusal of the welfare regime school to acknowledge the third sector as a provider of social welfare is illustrated by a recent comparison of welfare in 15 EU countries. Vogel (2004) discusses the welfare mix in terms of “three welfare delivery institutions that represent a functional division of responsibility for welfare delivery between the labor market (employers), welfare state (politics) and family (social networks).” (italics in the original, p. 18). However, he notes that the existing welfare mix in any country is not an inevitable, technical matter, but an ideological choice between different values (ibid., p. 7). Powell and Barrientos (2004) argue that much of the debate following Esping-Andersen’s seminal book, Three Worlds of Welfare Capitalism (1990) has focused on concepts like ‘de-commodification’ and de-familialization’ at the expense of the welfare mix as a central component of welfare regimes. Exploring Esping-Anderson’s lead (1999) they argue that welfare regimes must be identified much more systematically in terms of the inter-causal triad of state, market and family. They conclude that the welfare mix of these three sectors constitute the center of gravity of welfare regimes (Powell and Barrientos, 2004: 87). Vogel, Esping-Andersen and Powell and Barrientos concentrate exclusively on the traditional three welfare producing components: the market, state and family, but they ignore the contribution of civil society and the third sector in the production and delivery of welfare services.

As noted earlier, Esping-Andersen (2002) now questions the viability of welfare states throughout Europe. He notes that there are two main reasons for considering major overhauls of existing welfare states: first, the status quo will be difficult to sustain given demographic or financial conditions in most European countries; and second, the same status quo is increasingly out-of date and inadequate to meet the major social challenges ahead (ibid., p. 4). Existing systems of social protection may hinder rather than promote employment growth in knowledge-intensive economies. They may also prove inadequate in the face of evolving and possibly more intensive social risks and needs of today and tomorrow. Thus, he finds that many new political entrepreneurs and welfare architects are proposing major regime change. His recent book provides a method for evaluating proposals from the perspective of social justice and for considering welfare as a social investment, rather than just a cost.

Although he reiterates well-known arguments on the inter-relatedness of the three welfare pillars and continues to ignore the third sector as a producer of welfare, he closes by emphasizing the need to rethink political boundaries, in particular the public-private welfare dichotomy. This appeal for rethinking the virtues of traditional models seems to open the door for more systematic consideration of the potential of the third sector as a producer of welfare.
and provider of personal social services in Europe. Thus, in spite of earlier arguments against extending the triad of welfare to include the third sector, the need for major regime change suggested by Esping-Andersen and for a new architecture should not a priori exclude other alternative producers of welfare and personal social services not included in his initial welfare regime model from 1990.

Researchers associated with the EMES\(^2\) projects comprise one school that does not directly deal with the triad of family, market and state welfare regimes, but rather focuses on the third sector and its relationship with the state. Their historical and comparative analysis systematically explores the development of the third sector and its relationship with the state, as seen in a recent book, *The Third Sector in Europe* (Evers & LaVille, eds., 2004). They note different stages in the relationship between the state and third sector, as well as the variety of roles it plays in providing welfare in Europe today. Earlier in the discourse on the growing welfare mix Evers & Wintersberger (1990) depicted the relationship between various providers in terms of a welfare triangle. Pestoff (1992; 1998 & 1999) modified this perspective by demarking the third sector at the center of the welfare triangle, clearly separated from the state, market and family by major social cleavages, i.e., public/private, for-profit/nonprofit and formal/informal (see Figure 1 in the appendix).

2. Does the third sector substitute, complement or compete with the welfare state?

The lack of systematic attention given the third sector by traditional comparative welfare regime analysis is symptomatic of one academic and political approach to the relationship between the third sector and welfare state. It pays little systematic attention to questions of whether the welfare state substitutes and crowds out the third sector or if they complement each other in terms of the services they provide citizens, since it fails to acknowledge the third sector as a provider of welfare. However, a third option for characterizing this relationship, known as the welfare pluralist approach, is that the welfare state and third sector compete in some areas with each other to a growing extent in terms of service provision, thereby increasing the overall supply of services and the welfare of citizens in terms of greater freedom of choice between alternative services, while they compliment each other in other areas of service provision.

\(^2\) More information on this group of researchers is available at www.emes.be.
Salamon (1987) stressed the interdependence of, and partnership between, the state and third sector in the USA arising from voluntary failure. However, more recently Salamon and Anheier (1998) and Anheier & Salamon (2001) suggested that the size and funding structure of the third sector is explained by the nature of the “welfare regime”. Accordingly, in a liberal model (the US & UK) there is a large non-profit sector, while in the social democratic model (Sweden & Scandinavia) high government spending is associated with a relatively small non-profit sector. Elsewhere they reiterate the thesis of a strong state “crowding out” a weak nonprofit sector, with the claim that in social democratic regimes such as Sweden “… the room left for service providing by non-profit organizations is quite constrained” (Anheier & Salamon, 2001, p. 15). Thus, in their view public and non-profit provision of welfare services are seen as two competing models or clear alternatives to each other. Earlier ideas of interdependence and partnership seem now to be abandoned.

However, Norwegian scholars dispute the crowding out thesis. Kuhnle & Selle (1992) emphasize the contextual aspects of the relationship between the third sector and state in Scandinavia. Ringen (1989) suggests that social policies in an extensive welfare state, contrary to crowding out theory, can in fact stimulate an active lifestyle, rather than pose a threat to it.

According to Dahlberg (2004) the role of voluntary organizations in substitution and complementarity theory are linked to structural functional ideas. In substitution theory their interaction is received as a zero-sum game, where a strong welfare state crowds out voluntary organizations. According to complementarity theory different actors have different strengths and weaknesses, which make them suitable to carry out different tasks. By contrast, the welfare pluralism theory expects voluntary organizations and local authorities to compete with each other in some areas in providing similar services. Note, however, that Dahlberg’s use of complementarity theory differs from that proposed by Osborne & McLaughlin (2004) in section C.6 below.

Dahlberg (2004) sets out to empirically test substitution, complementarity and welfare pluralism theories in the context of relationships between voluntary organizations and local authorities supporting relatives of older people in Sweden. She studies the relationship between more than 350 voluntary organizations and 80 local authorities in both 1999 and 2002. Her analysis of the surveys showed no negative relationship between voluntary and statutory service provision cross-sectionally or over time. This was true for both the total
amounts of activity and when considering individualized services. In other words, no evidence for substitution processes were found (ibid.).

Although there was an increase in support for relatives in the period studied and a positive relationship between voluntary organizations and statutory activities in 2002, no positive correlation was found within individual support activities. This means that voluntary and statutory activities tended to be of different kinds at a local level. Only rarely could users choose between different service providers, and the situation was not be characterized as welfare pluralism (ibid.).

Voluntary organizations and local authorities were described in terms of different characteristics by interviewees, as would be expected by complementarity theory. Nevertheless, there were overlaps in service provision, questioning the validity of complementarity theory with its emphasis on matching of characteristics and tasks. However, at a local level voluntary organizations and local authorities rarely carried out similar tasks. There is thus extensive complementarity at a local level (ibid.).


The relationship between the state and voluntary associations and/or popular movements has evolved during two centuries and the long history of their relationship can be divided into at least four or perhaps five or more phases (Lundström & Wijkström, 1997; Pestoff, 2004a). Overall, this relationship can be characterized as harmonious and was based on mutual cooperation. Swedish citizens claim the highest record of membership in voluntary associations and popular movements in the world (Pestoff, 1977; Pestoff, 1989a; Vogel, et al., 2003). A close relationship grew between the Social Democratic Party, which governed Sweden during most of the 20th Century and several popular movements. In particular, the blue-collar trade unions, consumer cooperatives and building and tenant cooperatives maintained a close relationship with the party in power.

Many of the social policies that later were adopted by the welfare state and made available to the entire population were based on the demands, activities and programs promoted by popular movements like the trade unions, agricultural cooperatives, consumer cooperatives, temperance movement, etc. They focused on improving the situation for ordinary people, in particular during and after the Great Depression, W.W. II and the post-war reconstruction
period. Therefore they often considered universal, tax financed services preferable to the ones they could provide themselves. However, some important areas of social policy are still in the hands of popular movements and voluntary associations. They still provide significant levels of service in certain areas, although these services are financed by public funds today, while newer services have developed in recent years by popular movements and voluntary associations. Established third sector services are found in areas like education, health care, social services, sport activities and housing. In terms of education, most adult education activities, whether night school or residential colleges for adults, are run by popular movements in Sweden. In health care they are confined to special niches, like care of epilepsy, tuberculosis, cancer (Lundström & Wijkström, 1998) and diabetes (North & Werkö, 2002). Moreover, in recent years client organizations began to develop for newer health care needs, like those for persons afflicted by HIV/AIDS (Walden Laing & Pestoff, 1997; Walden Laing, 2001).

In other areas popular movements traditionally associated with the social democratic government continue to play a major economic and social role for the well-being of their members. Unemployment insurance, financed primarily by public funds, is administered through special “Recognized Unemployment Associations”. Today they provide coverage for most persons active in the Swedish labor force. For many decades the non-socialist parties called for abolishing the trade union system of unemployment insurance, and for the state to take over this important social function. However, the Conservative Party recently changed its stance on this issue, and now agrees with the Social Democrats and trade unions that this activity should remain in the hands of the unions.

Moreover, the two major building and tenant cooperatives, HSB & Riksbyggen, have historically contributed to achieving the housing goals of the Swedish welfare state, alongside the municipal housing authorities. The housing cooperatives were established in 1924 and 1930 respectively and played an important social role by constructing low cost, but good quality housing for working class inhabitants (Pestoff, 1991 & 1996). They also contributed to resolving social problems associated with major demographic changes associated with urbanization and urban renewal in the 1960s and 1970s. Today they still provide high standard, but not always low priced housing as previously. HSB also constructs a growing number of apartments for senior citizens and it also provides home care for the elderly.
In recent decades new social movements began to provide personal social services based on previously unmet needs or on identity, rather than class, which has resulted in a growing mix of welfare providers. In terms of new social needs, like providing advice and shelter to battered women, services were initiated by a variety of women’s organizations in the late 1980s. Such groups exist in most parts of Sweden and today nearly half of the municipalities have also established some kind of public help services for women. Shelter to the growing number of homeless is an activity taken on by various religious groups, including the Salvation Army. Even previous needs like caring for alcoholics are met in a new way by the spread of Alcoholics Anonymous, etc. Handicap organizations provide many services to their clients and members, including housing and personal assistance through Independent living. These examples help to illustrate the growing mix of public and third sector efforts in such areas.

When it comes to examples of new needs that the public sector is not able to meet, cooperative child care stands out. In the late 1970s and early 1980s public demand for child care far outstripped the public supply for many years running. The Social Democratic government reluctantly conceded the right of parents to form and run their own pre-school child care cooperatives. They could, nevertheless, receive public subsidies covering about 85 percent of the costs of providing such services. This puts them on an equal footing with municipal child care services in terms of financing. Then in 1991, under the non-socialist coalition, all remaining legal restrictions were removed on the organization and financing of child care. The major non-municipal providers today are parent cooperatives, while services by worker cooperatives and voluntary associations are also available (Pestoff, 1998 & 1999). Now both public, private and cooperative providers can obtain public funds for such services. Today nearly twenty percent of all pre-school children are enrolled in non-municipal day care services (Pestoff & Strandbrink, 2001) Here we note a growing welfare mix in the provision of basic social services.

Thus, this brief overview confirms an historical pattern of close cooperation between the third sector and state in Sweden in some specific sectors or areas of social policy: In particular this concerns adult education, unemployment insurance, housing, etc., and perhaps to a lesser extent some areas of health care. Moreover, new social movements have developed to meet new and previously unmet social needs, although here cooperation may be less well established. It is, therefore, necessary to take into account the context of the cooperation between the third sector and state in each area of social policy or service provision before
concluding whether it is based on complementarity; i.e., collaboration and cooperation between them, or competition, where the third sector is seen as an alternative or competitor and may be held at arm’s length by the state or municipalities.


Analyzing and explaining participation in, and influence by, third sector providers of childcare services in the eight countries included in the TSFEPS Project underlined differences in the relationship between the state and third sector and the role of the latter in governance. Third sector providers were represented in local policy boards for child and youth matters in some countries, but not others. Alternative provision of childcare in Stockholm and Frankfurt is similar in some ways, in particular their prominence as alternative providers of local services, beneficiaries of public funds for such services and the proportion of children/parents dependent on such services. But alternative providers have a completely different situation in the governance of local childcare and youth service networks in these two cities. They are a natural part of it in Frankfurt, but complete outsiders in Stockholm (Pestoff, 2004b). This led to the further insight that the third sector plays a very different role in different policy arenas and governance networks in Sweden itself (Pestoff, et al., 2004b). In some they are very important, even central, players; while in others they are outsiders who are kept at arm’s length (ibid.). Why?

Extending the comparison of the third sectors role to eight policy areas Sweden helps to illustrate the diversity of relationships between the state and third sector. Figure 1 in the appendix provides more details of this diversity. We note great variation in the patterns of relationships, ranging from relying completely on the third sector to administer and regulate a given policy area, or relying completely on the social partners to regulate their own relations without state interference, to open competition between the state and third sector for the factors of production of some services and for political power and influence. In agricultural policy the import/export of agricultural products was controlled for decades by the agricultural cooperative movement, referred to in the academic literature as “private interest government”. In the labor market the state kept its distance for decades, preferring to leave it to the trade unions and employer organizations to reach bi-partite agreements regulating
wages and working conditions, reflecting a balance of power strategy. In consumer policy the state encouraged the leading trade union movements and to some extent the consumer cooperatives to assume the role of a countervailing power to the well organized interests of the industrial, wholesale and retail sectors. Again we find a balance of power strategy that actively involved the third sector. Also worth note is the challenge posed by new and deadly social risks, like HIV and AIDS. In Sweden, unlike some other European countries, the state collaborated extensively with fifty or more voluntary associations to get the message out to certain high risk groups and to provide special services not available in public services.

By contrast, the third sector is often perceived by the municipal authorities as a competitor rather than a collaborator in providing social services, particularly when it comes to satisfying the demand for new or previously unmet needs partially catered to by existing municipal services. Given current budget limits and the scarce resources available for standardized service provision, competition over the factors of production seems to drive such relationships. Municipal and alternative providers may also compete over political influence and power, although this may not always be obvious to outsiders, as they lack the influence and insights of the insiders. Here we find a conflict of interest between insiders and outsiders in providing public financed personal social services. What may appear as a zero-sum game to insiders, where any change in the status-quo is a clear loss for them and the values promoted by Swedish welfare state; can, at the same time appear as a positive-sum game to outsiders, where both they and the municipalities can grow and learn from each other in providing better quality services to the public.

Thus, competition appears to be a significant, if not decisive factor in determining the relationship between the state and third sector in terms of providing many personal social services. Where the state is highly dependent on the third sector for achieving its policy goals it willingly cooperates and collaborates extensively with the third sector. Agricultural, labor market, consumer policy and attempting to cope with HIV and AIDS demonstrate this point clearly. Where the state is moderately dependent on the third sector for achieving its goals, as with support for relatives to elderly persons and handicap care, a pattern of complementarity can develop between them in achieving the policy goals. However, where the state or municipality has a long tradition of service provision and where the third sector is a relatively new provider of services, their relationships often take a more competitive turn. Here the third sector is kept at arms length, and treated like something the cat dragged in.
In addition to competition for scarce resources, the ideological polarization of Sweden to include only two alternatives, or two ways of providing services can perhaps also help to explain the third sector’s situation in many new areas of service provision. The public debate about the strengths and weakness of a universal tax based welfare state, what’s good about it and what’s wrong with it, are often framed in simple black/white terms. The debate often reads “public is good and private is bad”, or vice-versa, depending on which side of the debate you “tune-in” to. There is little room for a third way or third sector in such a polarized, simplified debate. It is difficult for the third sector to survive and get attention and hard for it to gain recognition for its achievements. Such ideological attitudes can easily divert attention from the competition for scarce resources. Here we often find the established social democratic politicians questioning the legitimacy of alternative providers, suggesting that they are all the same, just interested in profiting on the social needs of the population. By contrast, when and where the non-socialists take power they are usually more willing to experiment with new and different ways of providing social services, including various types of alternative providers, both for-profit and nonprofit organizations, as long as they promise to reduce costs. Thus, the impression that the political color of the majority governing a municipality is important for the third sector diverts attention from the competition for scarce factors of production and potential influence.

5. High-quality standardized services provided by a public monopoly.

Blomqvist summarizes some changes in the Swedish welfare state during the 1990s in terms of greater privatization (2004). She argues that both those claiming “the crisis of the welfare state” and those noting that the system is “still basically intact” miss an important point. She maintains that the welfare state in Sweden is undergoing a transformation process whereby it risks losing one of its main characteristics, namely the belief in and institutional support for social egalitarianism. During the 1990s the welfare sector was opened to competition from public actors, and their share grew notably in several sectors, including health care, primary education and social service provision. This resulted in a socially segregated dynamic promoted by introducing consumer choice in personal social services. This development undermines previous ideas about “a ‘peoples home’ where uniform, high-quality services are provided by the state to all citizens regardless of income, social background or cultural orientation.” (ibid., p. 139).
She succinctly captures the spirit behind the public monopoly of personal social services and notes that the way in which the Swedish welfare state institutionalizes the values of universalism and egalitarianism make it distinct, according to many well-known protagonists (Esping-Andersen, 1990; Esping-Andersen, 1996, Stephens & Huber, 1996). Sweden has often stood as the country with a large public sector, in particular for personal social services (Huber & Stephens, 1999), but one that discouraged, or perhaps was even hostile to, private alternatives for schooling, health care, and personal social services (ibid., p. 140). Previous to the 1990s the public sector provided high-quality standardized services, allocated through bureaucratic planning, but this has been profoundly transformed due to private providers, particularly in the larger cities, and consumer choice now plays a larger role. This represents a significant break with the past according to Blomqvist.

While I tend to agree with the criticism that many earlier analysis overlooked the importance of privatization during the 1990s, she nevertheless fails to distinguish between different types of “private” providers in terms of promoting collective and democratic values as opposed to individualistic and market-oriented ones. Most third sector providers differ significantly from private for-profit ones in terms of their relationship to the basic values of the Swedish welfare state, namely universalism and egalitarianism. Moreover, Blomqvist fails to problematize the concept of service quality. Is high-quality standardized service something that is given once and for all, or perhaps something that develops through the interaction between the producers and consumers of such services? Hirshman (1970 & 1982) argues that service quality develops through a dialogue between the producers and consumers, particularly in new areas, like childcare, as providers and consumers develop a mutual understanding of what constitutes good quality. A recent government proposal concerning quality in preschool services is discussed below (C.6), from the perspective of what is says and doesn’t say about third sector providers.

Childcare services illustrate the development of personal social services. At first they were provided by charitable organizations to needy families in urban areas and carried a stigma with them. Then, after the war the state backed the expansion of professional and high-quality services in order to assist women’s access to the labor market. Extending such services to middle-class parents meant changing the nature of the services provided. But personal social services cannot always be standardized and planned in detail by politicians or bureaucrats. More and more parents lacked access to local daycare services and they also felt the need to be a part of their child’s daily life, without having to sacrifice the career of the woman.
Moreover, service quality dropped dramatically in the eyes of many parents, due to sharp cutbacks in public services in the 1990s. They began to demand cooperative childcare, something unthinkable at the end of the war, when the expansion of the welfare state was just starting to develop. Furthermore, the cutbacks in public funding in the 1990s for personal social services also directly affected the work environment of the civil servants providing most such services. Work environment became a major problem for the public sector in the 1990s (see Table 2 in the appendix for more details). In addition, massive sick leave and early retirements among civil servants then became a major problem at the beginning of the new century. This rapid deterioration in the work environment for many persons providing personal social services also had a negative impact in the quality of the services provided. Not only did many parents look for alternatives to municipal daycare services, but many civil servants took advantage of the new political opportunities in the 1990s to escape the dismal working conditions that had become associated with the public sector by starting small scale social enterprises. To view this as lack of support for public ideals of universalism and egalitarianism seems to miss another important point.

Moreover, as noted in the discussion of democratic theory, the growing democracy deficit, suggests that parents may look for compensation in areas and arenas outside the reach of electoral and party politics. They turn to some major issues in life politics to promote the belief that they matter and can influence matters once thought beyond their control. Their children are, of course, of great importance to them, and engaging themselves in creating a parent cooperative childcare service is not seen as far fetched. It also permits them to play a more active role in raising their children and influencing the daily activities of their cooperative daycare than is possible in municipal daycare.

Thus, privatization during the 1990s, can instead be seen as an expression of democratic, rather than market values. It can also be seen as a sound reaction to cutbacks in public services that lowered the quality in the eyes of many parents, rather than a frivolity of greater consumer choice. They did not turn their backs on high-quality standardized municipal daycare services, but rather they rejected low-quality municipal daycare, for the benefit of their children and themselves. Moreover, parent or worker cooperative daycare services are different from private actors that were forced out of the market in the 1950s, since private childcare was then often provided through unpaid labor by women relatives who lacked access to the labor market. In addition, while public support for many tax financed personal social services, including daycare, has remained strong during the 1990s, support for the civil
servants or public bureaucrats who provide such services does not enjoy the same level of support among the public. This is, however, one enigma that research on public opinion and the welfare state in Sweden seems unwilling to address. The high level of public support for many tax financed programs is clearly seen in Table 3 in the appendix, while the low level of support for public provision is also witnessed there.

6. The Swedish Bill on Quality in Preschools.

The Minister for Children’s and Youth Affairs recently presented a Bill on Quality in Preschools (Prop. 2004/05:11). It covered three areas of central importance for the future development of childcare in Sweden: a) the establishment of “Councils of Influence” in all preschools throughout Sweden; b) annual quality accounting for all preschools; and, c) changing the law in order to authorize mandatory annual quality accounts by “private” preschool facilities. This bill is important both for what it includes and what it excludes. Beginning with the latter, especially in relation to the question of facilitating greater parent participation, it is difficult to understand why no mention is made at all of the existence of parent cooperatives or voluntary associations that provide childcare services, and that have done so for more than three decades. It also fails to mention that “private” providers are responsible for nearly 20 percent of childcare services today and nearly two-thirds of them are organized as democratic organizations, run and managed by their members. Parent cooperative and voluntary associations providing childcare services are often used in Sweden to explore and illustrate the possibilities for greater citizen engagement and involvement in life politics. Numerous research reports, books and doctoral dissertations on these forms of providing childcare services are available, and the contribution of alternative providers in this respect is no secret.

How or why a serious public proposal about promoting democracy in public institutions and greater parent involvement in childcare can so blatantly ignore thirty years of experience that comprise nearly twenty percent of all services provided today is best understood in terms of a etatist ideology (compare Blomkvist, 2004). It considers public provision of all tax financed services as natural, and considers all alternative providers as competitors, not worthy of mention. A less ideological view of promoting democracy and greater parent participation
through “Councils of Influence” would have attempted to provide an overview of the strengths and weaknesses of parent cooperatives, voluntary associations, worker cooperatives and even for-profit childcare services in these respects (compare Pestoff, 1998 & 1999).

Moreover, the powers of these proposed “Councils of Influence” are limited to informing parents about important developments and getting their advice. They have no funds to allocate nor any independent decision-making power. Nevertheless, several prominent organizations representing public authorities, involved civil servants and the municipalities clearly oppose the creation of “Councils of Influence” at all childcare facilities throughout Sweden. Skolverket, Sv. Kommunförbundet, TCO, Myndighet för skolutveckling, Lärarnas Riksförbund, and Lärareförbundet all belong to the opponents of such a weak vestige of greater democracy and parent influence. Some municipalities also questioned whether parents would really want to participate in such bodies.

Research on the development of democracy in some popular movements provides relevant examples of failed attempts to obtain greater member engagement through similar bodies. The shop councils (butiksråd), introduced in the Swedish consumer cooperative movement in the 1980s, illustrate this point. Many members elected to such shop councils quit them mid-term or refused to serve a second term. They felt the shop councils lacked meaning and the members had no influence on the running of cooperative shops. Shop councils had no budget of their own and no right to decide on anything; they could only give advice to local shop managers (Pestoff, 1991 & 1996). Similar problems can be expected with the proposed “Councils of Influence” for childcare services in municipal services, since their powers are also limited. Moreover, parent cooperative and voluntary associations providing childcare services already have very engaged parents, and a new body like the one proposed by Bill 2004/05:11 may prove detrimental to existing democratic participation by parents.

Turning to the question of annual quality accounts by each childcare facility, Bill 2004/05:11 argues that both municipal daycare services and “private” facilities should complete such annual reports. Some features of the proposed quality accounts are similar to social accounting and auditing, as practiced by social enterprises today in Sweden (www.slup.se). In particular, the need to involve various stakeholders, the need to repeat quality accounts at regular intervals and the need to be flexible and adapt the quality report to the individual facility’s local needs. At the same time, such quality accounts, according to this proposal, should conform to Skolverket’s standards and be as unified as possible. This may
pose a threat to plans by some parent and worker co-ops and voluntary associations providing childcare today to develop social accounts and audits, better suited to their own needs and activities. Moreover, the Minister argues that the government also needs to get relevant information from private facilities. “Children and their parents should be able to make the same demands on the quality and insights into activities regardless of the legal form”. However, parents in cooperative and voluntary childcare facilities have both the quality and insights lacking in many municipal childcare services today. The insinuation in the bill is, of course, just the opposite.

Finally, the question of mandating a public authority to oblige “private” facilities to prepare annual quality accounts and that the latter should be coordinated by municipalities, elicits some interesting comments by certain remiss bodies. Neither Sv. Kommunförbundet, Skolverket, nor Sv. Kommunförbundets i Norrbottens län considered it reasonable to place responsibility for coordination of these annual quality accounts in the hands of the municipalities, since they to a certain extent also compete with “private” providers. On the other hand, Konkurensverket, Friskolornas riksförbund and Waldorfskolefederationen rejected all aspects of the proposal concerning annual quality accounts. They see it as an added burden on these small organizations, but they also argue that municipalities compete with the “private” providers of such services, and this proposal to give them the power of coordination would, therefore, not be good.

Thus, we can note that Bill 2004/05:11 on Quality in Preschools ignores the existence of parent co-ops, worker co-ops and voluntary associations that provide extensive childcare services, except as private competitors to municipal services. It also ignores the difference between various providers in terms of promoting greater democracy and parent participation. It also fails to discuss or propose a forum for bringing various providers together at the local level for an exchange of information concerning quality in preschools and for the common development of the sector. It represents a highly centralized, top-down approach, one where Skolverket is completely responsible for developments, and municipal and private providers of services are mainly responsible for implementing central decisions, but clearly have no role in developing them in an interactive dialogue.

Osborne & McLaughlin (2003) focus on lessons from emerging trends and issues in modeling government – voluntary sector relations in England. They note that the public policy space within which the third sector currently operates in the United Kingdom is now based on a normative model of complimentary relationships between government and the third sector, where partnership is seen as the basis for such relationships – both because of its ability to deliver public services effectively and because of its perceived ability to promote social inclusion (Labour Party, 1997). This is related to the paradigm of community governance, where partnership is seen as a prerequisite for the modernization of local government.

Under Thatcher the government’s policy of new public management introduced a range of market and contractual mechanisms to govern relations between the local governments and the voluntary sector, where the former retained control of the policy making process and the latter was restricted to being a service agent. The government drew attention to the need for the voluntary sector to professionalize its role in service delivery and its work force. However, under Blair a new policy was developed that not only emphasized service delivery, but also policy formulation and service management. (p. 387). This is the cornerstone of community governance. This offers the voluntary sector opportunities to influence the direction and content of local community services across a whole range of fields, including housing, education, etc.. However, community governance needs to be grounded in a far more consensual institutional framework for local government - voluntary sector relationships than earlier in order to achieve stability.

The Commission of the Future of the Voluntary Sector (1996) proposed a new relationship, in the form of a “concordant”, between the government and voluntary sector. Accordingly, the voluntary sector should not just be seen as an agent of policy implementation, as previously was the case under the Conservative government, but also as a core actor in policy formulation. Implicit in this new view of the voluntary sector is the promotion of “active citizens”, where the voluntary sector is central to the development of participative forms of democracy and local community. The Voluntary Sector Compact, launched at the national level in Nov. 1998, views the voluntary sector as “fundamental to the development of a democratic, socially inclusive society”. It was intended to provide a framework for the development of new and more consensual relationships between the government and the voluntary sector. Although limited initially to the central government, it soon became clear that local governments also needed to relate to the voluntary sector in a more systematic way (ibid.).
Osborne & McLaughlin explore the implementations of local voluntary sector compacts in the area of community and economic regeneration programs, or local redevelopment. They recall that local partnerships faced a challenge of developing local government – voluntary sector relationships on the basis of shared decision-making and accountability. But, some years after reaching such agreements most local governments had heard of the voluntary sector compacts (75%), while only a few (9%) had experience with implementing them. They note that some factors favored the further development of local regeneration under Local Strategic Partnerships, while others worked against them. Among the latter they note: a limited service delivery role and the legacy of poor local government – voluntary sector relationships in many places, mainly as a result of the previous “service agency” model, which worked against complementarity between the sectors (ibid., p. 392).

Several factors were essential for the positive aspects of local service partnerships to outweigh the negative ones. They conclude that it is necessary in these processes to find a balance between the co-production and co-ordination of local public services by local government – voluntary sector, (i.e. the involvement of both in service delivery), but where local government retains control of planning and management, and their co-governance, (i.e., the involvement of both in all three steps of provision; p. 393-94). They also propose a four-fold model or typology of co-production and co-governance, ranging from no relationship and independent or competing provision of services, to community governance, with both high co-production and co-governance (ibid., Table 1, p. 394).

In a more recent review Osborne & McLaughlin (2004) question the stability of government – voluntary sector partnerships based on ideas of community governance. They note that the recent Cross-Cutting Review by the M.H. Treasury throws doubt on the future of such partnerships. It reintroduces ideas of the need to professionalize the voluntary sector in delivering services and it reemphasizes its role of service delivery, ignoring ideas of co-governance and community governance (ibid., p. 4).

Although Osborne & McLaughlin conclude that voluntary sector compacts do not seem to work well in community and economic regeneration, they also question the desirability of such a development. There might be grave dangers if co-governance and community governance worked better. They refer to Young (2000) who points to implications for the legitimacy of the voluntary sector as an independent watchdog and voice for the marginal and dispossessed in the US. The voluntary sector needs to beware of three dangers related to co-
governance: the risk of becoming incapacitated to act independently, of becoming incorporated in a corporatist local state, and of isomorphic pressures from government that may diminish or eradicate the distinctive organizational features of the sector (op. cit., p. 397). In addition, they note that, according to some observers the government – voluntary sector partnership is not so much about the modernization of the existing state as its replacement by a new societal structure, based on participative rather than representative democracy (Perry 6, 1997).

D. Democratizing the Welfare State

1. Rational fools, foolish cooperators or frivolous policies?

Elinor Ostrom (2000a) summarizes decades of research on collective action and common pool (CPR) resources. She notes that the currently accepted theory of collective action assumes that individuals are helplessly trapped in social dilemmas without external help from a benign government. This has led to a form of policy analysis that presumes external authorities must solve all collective-action problems. The presumed universal need for externally implemented incentives is based, however, on a single model of rational behavior. Citizens, as resource users, are rational egoists, according to theories of economic man, and as such they are norm-free maximizers of immediate gain, who will not cooperate to overcome the common dilemma they face. However, this model provides an inadequate foundation to explain empirical findings from the field and the experimental laboratory related to non-market settings. Thus, it is necessary to adopt a broader theory of human behavior that posits multiple types of individuals – including conditional cooperators alongside rational egoists– and examine how the contexts of collective action affect the mix of individuals involved.

Three important lessons can be derived from recent theoretical and empirical research based on the assumption of multiple types of players, including rational egoists and conditional cooperators who have adopted norms of fairness, reciprocity and trust. First, many individuals are motivated by social norms that affect intrinsic motivation. Second, it is possible for individuals who adopt these norms to survive in repeated situations where they face rational egoists as well as others who share similar norms. And, as long as they can identify one another, trustworthy fair reciprocators achieve higher material rewards over time that do rational egoists. In other words they can flourish. Third, achieving some reliable information about the trustworthiness of others is crucial to this accomplishment. Thus,
information rules are as important (or more so) in solving collective-action problems than are changing pay-off rules, but the latter are typically the focus of public policy (ibid.).

She expands on this, noting that growing evidence demonstrates that it is time to reconstruct our basic theories of collective action and to assume that at least some participants are not rational egotists. At least some individuals in social dilemma situations follow norms of behavior – such as those of reciprocity, fairness and trustworthiness – that lead them to take actions that are directly contrary to those predicted by contemporary rational choice theory. Intrinsic preferences lead some individuals to be conditional cooperators – willing to contribute to collective action so long as others also contribute. Yet others will approximate the rational choice model. Thus, one needs to assume multiple types of actors rather than only rational egotists. But in situations where individuals have no information about each other’s type, rational egotists will continually do better than conditional cooperators (ibid.).

Moreover, a substantial gap exists between the theoretical prediction that self-interested individuals will have extreme difficulty in coordinating collective action and the reality that such cooperative behavior is widespread, although far from inevitable. Her studies explore recent research on collective action, drawing from both experimental and real-world empirical evidence. “A central finding is that the world contains multiple types of individuals, some more willing than others to initiate reciprocity to achieve the benefits of collective action. Thus, a core question is how potential cooperators signal one another and [how to] design institutions that reinforce rather than destroy cooperation.” (Ostrom, 1999, p. 138).

This brings her to the delicate problem of designing institutions that enhance citizenship rather than crowding it out. Instead of relying on the state as the central top-down substitute of all public problem solving, it is necessary to design complex, polycentric orders that involve both public governance mechanisms and private market and community institutions that complement each other. Moreover, the preference for neat, orderly hierarchical systems needs to be replaced by a recognition that complex, polycentric systems are needed to cope effectively with complex problems of modern life and to give all citizens a more effective role in the governance of democratic societies (Ostrom, 2000a).

She explains that the policy literature stresses that citizens do not have the knowledge nor skills needed to design appropriate institutions to overcome collective action problems. Citizens should be passive observers in the process of design and implementation of effective
public policy. The role of citizens is reduced to voting every few years between competing teams of leaders. The policy of giving all authority to a central agency to design rules is based on a false conception, that there are only a few rules that need to be considered and that only experts have the appropriate knowledge to design optimal policies. Instead of highly centralized governance systems, we need polycentric systems. Thus, much of contemporary policy analysis and policies adopted in modern democracies crowd out citizenship. They do this by assuming that all citizens are rational egoists. This crowds out norms of trust and reciprocity as well as crowding out the knowledge of local circumstances and the experimentation needed to design effective institutions. Crowding out citizenship is a waste of human and material resources and challenges the sustainability of democratic institutions over time (ibid.).

She concludes that the assumption that individuals are able to engage in problem solving to increase long-term payoffs, to make promises, to build reputations for trustworthiness, to reciprocate trust-worthiness with trust, and to punish those who are not trustworthy, leads to a different type of policy analysis than the assumption that individuals ultimately or merely seek their own short-term, narrow interests, even when everyone’s joint returns could be substantially increased. The experimental situations described in Ostrom’s studies result in a boundedly rational and norm-using behavior, which views all policies as experiments. Boundedly rational, local users are potentially capable of changing their own rules, enforcing the rules they agree upon, and learning from experience to design better rules (ibid.). Moreover, relative autonomous, self-organized resource governance systems may do a better job of regulating small CPRs than a single central authority for several reasons. They include reliance on local knowledge, inclusion of trustworthy participants, reliance on partial or fragmentary knowledge, better adapted rules, lower enforcement costs, and redundancy. But there are some limits, namely: some appropriators will not organize, some self organizations efforts will fail, local tyrannies may prevail, stagnation may occur, etc. (ibid.). However, the costs of such failures must be weighed against the price of central authority.

2. The third sector and democratic values.

Other authors, who share her focus on democratic reforms, put emphasis on the role of civil society or the third sector for renewing and reforming the welfare state. Waltzer (1988), for example, argues for “more participative and decentralized forms for service provision – that make room for self-help and local initiative”. He contrasts earlier calls to nationalize the
means of production in manufacturing with today’s greater need to socialize the means of
distribution of welfare. He notes that both production and distribution can be either
nationalized or socialized. Nationalization of industry relies on state ownership, financing,
production and regulation, but socialization of distribution implies “power to the distributors
and recipients or clients”. In nationalized industries the managers are often no different from
those in private industry. The real contrast is found in self-management with workers control.
Similarly clients in nationalized services often have no more or less influence than in private
commerce. Again the real difference is found in client or citizen control of welfare services.

State-sponsored socialization implies the democratic transformation of state agencies at the
local level or the transfer of authority and resources to voluntary organizations (ibid., p. 21).
Accordingly, Waltzer (see also Guy Peters below in B.4 for similar ideas) states that the US
basic education system illustrates possibilities of combining the benefits of a nationalization
and socialization of the distribution of services. Education is nationalized in that it is
guaranteed by the state and regulated by the federal government. It is socialized in the sense
that it is organized and run by local elected school boards. However, whenever welfare is
delivered socially rather than nationally, citizens will receive different and unequal kinds or
amounts of welfare (ibid.). Therefore, it is most important to increase the number of
distributors or providers of services who are also recipients or potential recipients of the same
welfare services; i.e., the final users. Only then will they have a greater say in welfare
management. He argues that greater recipient involvement can be worked out within a
democratized system of state supervision or through the activities of voluntary organizations
(ibid., p. 22; see also Pestoff, 2005). Waltzer is aware that his suggestions require a major
reform of local democracy and it also requires an effort to extend the reach of voluntary
organizations. A lively and supportive welfare society framed, but not controlled, by a strong
welfare state would represent a fundamental transformation in the relations of distribution
(ibid., p. 26).

He suggests two ways to finance such reforms and to recruit more distributors of welfare
services. One would be to pay a nominal wage to volunteers. A second proposal would be to
require a period of national service from all citizens and to direct a significant proportion of
them to “helping” activities, like working in hospitals, caring for the aged, etc. National
service would draw in the young, but also another group with more time if less energy that
might play an even greater role in service delivery, the growing number of elderly and retired
persons (ibid., p. 22). This could promote greater understanding between social groups and
perhaps also greater solidarity between them. The purpose of socialization is to find new ways for citizens to help themselves and one another, to facilitate the development of new ways to provide welfare services in the form of a multitude of networks and institutions for mutual aid. This also requires experimentation in local democracy and efforts to extend the reach of third sector organizations. At the same time it requires a state strong enough to superintend and subsidize the work of citizens as volunteers.

In post-industrial societies the growing number of civil servants working in welfare services do not have a natural monopoly on helping, even if they are professional helpers. The welfare state co-exists with a welfare society, rooted in civil society, even if the latter is relatively weak today and requires the continued and sustained support of the former (ibid., p. 25). Citizens have several roles vis-à-vis the state and/or municipal authorities today, most of which are passive, including their roles as taxpayers, service users and/or clients. Their political activity and influence is limited to participating in general elections at regular intervals, and perhaps also to becoming a member of a political party. However, the growing democracy deficit and the professionalization of the provision of social services in Sweden have resulted in an unintended and undesirable situation where many citizens are pacified and they become objects of social programs, rather than active subjects in meeting their own service needs (Pestoff, 2003). Stakeholder democracy promoted by the Labour Government in Britain is seen as a way of giving all groups in society clear rights and responsibilities, and thus a clear stake in society, in the way it is run and in the way it functions. Involving citizens as co-producers in the services they demand is another way of mobilizing them. (See B.6 & B.7 below for more on co-production)

This perspective finds an ally in Hirst’s discussion of “associative democracy” (1994). He argues that many major policy networks should be extended to include all the governed. Associative democracy involves devolving as many of the functions of the state as possible to civil society, while retaining public funding, and democratizing as many as possible of the organizations of civil society (ibid.). The aim would be to try to separate service provision from supervision at all the main levels of government within the national state. This will both simplify the role of representative institutions and make them watchdogs of public interests. Service provision should be devolved to self-governing associations wherever possible. Citizens could elect to join such service providers and the associations would receive public funds proportionate to membership for providing a specific public service, like education and
health care, etc. Members could enjoy both exit and voice options, and could thereby serve as a pressure for further democratization of society (ibid.).

In his discussion of “democracy and governance”, Hirst (2002) argued that the main threats to democracy comes from ideas related to privatization, economic governance and new public management, rather than those of partnerships with civil society, based on deliberative forums embracing a diverse range of actors, like labor unions, trade associations, firms, NGOs, local authority representatives, social enterprises, and community groups (ibid., p. 18-19). He contrasted an “organizational society”, made up of large public and private bureaucracies with the normally smaller organizations found in civil society. He called for large-scale institutional reform of both state and social institutions. The aim of these reforms is to restore limited government by involving civil society in the functions of the state and to transform the organizations of the state from top-down bureaucracies into constitutionally ordered democratically self-governing associations (ibid., p. 28). However, associative self-government would supplement and extend representative government, not replace it. National democracy would be strengthened and made viable by democratizing civil society. Government’s principal task would, therefore, be to raise and distribute revenue to associations and the provision of a constitutional ordering and supervision of the institutions of civil society (ibid., p. 30).

Elsewhere, Pestoff (1998 & 1999) introduced the concept of “civil democracy”, defined as citizen empowerment through cooperative self-management of personal social services, where they become members in social enterprises, where they participate directly in the production of the social services they demand as users and producers of such services, and where they therefore become co-producers of these services (1998 & 1999, p. 25).

All three of these proposals for major democratic reforms presume a greater role for citizens and their participation in the production and distribution of human services or personal social services. All three of them call, either directly or indirectly, for recognition of both the economic and political benefits of citizens as co-producers. Personal social services are by definition contact intensive. If financial reforms fail to provide the necessary funds in the future to finance the continued public production of such services by a universal welfare state, other ways and means will have to be found. Greater citizen participation and involvement in the production and distribution of such services provides one clear alternative to the perspective of a faltering and fading welfare state found in the Långtidsutredning.
3. The third sector and functional representation of engaged users.

Previously, we examined the participation dilemma posed by Swedish childcare (Pestoff et al., 2004). We wanted to understand why the new entrants to the field failed to gain any influence or direct participation in the governance of childcare. The period from the 1970’s to 1990’s saw the entry of many new interests in a quickly changing and rapidly expanding field of service provision. How was it possible to maintain a monopoly of political influence shared exclusively by the municipalities and trade unions? It would seem logical for the new entrants like parents or workers, especially when organized in co-ops, and for other types of alternative providers to attempt to gain influence on the development and expansion of this new field. Their mere presence without representation certainly is not enough to provide them with influence. However, Sweden, as noted earlier, presents a dilemma in terms of citizen participation in governing the field of publicly financed childcare for preschool children. Sweden is the only country in the TSFEPS Project with extensive parent managed preschool services that totally lacks institutional structures at the city-wide level for the representation of alternative providers in the local governance of the field. Consultative bodies do exist in some major urban areas for discussions between alternative providers and municipal administrators, but they provide no opportunity for the alternative providers to meet other types of providers on a regular basis or for them to develop common viewpoints on important issues of common interest. By contrast, city-wide structures open to all providers of local childcare services are found both in Germany and France, where many alternative providers of childcare services also exist.

Nevertheless, Sweden has numerous alternative providers that encourage, if not demand high levels of user or parent participation in the management and decision-making of their own childcare facility. Thus, there is an unusual lack of congruency in the structures of participation in this field in Sweden. There is a high degree of participation and democracy at the micro-level of the individual childcare facility in many alternative providers, but none at all at the local or municipal level (Pestoff, 2004b). How is this possible? Are the alternative providers of childcare in Sweden so overwhelmed with the internal democracy found in their own small associations that they make no demands for representation of alternative providers in governing the field at the municipal level?

Given the long tradition of administrative corporatism in Sweden, in particular under social democratic governments, it is difficult to understand why the new providers of important
personal social services like childcare, that affect the interests of so many social and political
groups, were not able to gain access to important political arenas at the municipal or national
levels where childcare policies were developed and implemented. It was a cornerstone of
Swedish corporatism, until the 1990’s, to include the unions and employers in governing
labor market policy. Representatives from both the trade unions for blue and white collar
workers and academicians, like LO, TCO and SACO, and employer organizations, like SAF,
sat for decades on the governing bodies of various labor market agencies, both at the national
and regional levels (Pestoff, 2003). A similar pattern of corporatist representation developed
in the area of consumer policy, but there were no natural representatives for consumers, as
consumers are notoriously difficult to organize. So the consumer co-ops and trade unions
were actively encouraged by the social democratic government to assume the role of
consumer spokespersons. This was achieved in part by recruiting high-ranking trade union
leaders to serve as the General Director of various consumer agencies in the 1950s & 1960s
and in part by having balanced governing boards in the 1970s and 1980s with an equal
number of consumer and industry representatives (Pestoff, 1984; Pestoff, 1989).

Why then did a similar pattern of corporatist representation not develop in childcare, one
that could help integrate the newcomers providing alternative daycare services? No simple or
clear answer is available, but a few might be suggested. First, perhaps in the social and family
policy spheres, introducing ideas of corporatist representation and countervailing forces
appeared far fetched. The need for promoting the representation of the weaker party was not
seen as crucial for achieving the policy goals, as these individuals were the subjects or focus
of such policies. Second, child care is provided at the municipal level, not directly by the
state. Administrative corporatism was not as prevalent at the municipal level as the central
level. Third, since the municipalities were the principal providers of public funded daycare
services, there was no need to encourage the inclusion of alternative providers in policy-
making at the municipal level. The municipalities, after all, represent all citizens or
inhabitants in a given geographical area, not just a single group or class of citizens, as was the
case with labor market or consumer policy, where two opposing groups or classes were
readily identified. Fourth, existing municipal actors may perceive new actors a threat, both in
economic and political terms. The staff of municipal daycare providers may feel threatened in
terms of their jobs and financial security; while the politicians and administrators responsible
for governing and servicing municipal daycare service systems may fear the loss of political
influence if new actors were recognized and included in local forums of policy deliberation.

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Fifth, some municipal and even national actors fail to see any difference between small social enterprises made up of staff or parents and private for-profit corporations operating in several municipalities at the same time. Accepting parent and staff cooperative daycare may serve to breach the outer walls of opposition to private for-profit corporations. If you accept one then you must accept all the others, they seem to reason. Sixth, Swedish competition law lends some credence to such an interpretation, as an organization’s social values cannot provide the basis for choosing between providers. So, political and ideological reasons may weigh heavily in opposing the inclusion of alternative providers. Finally, Sweden’s tradition of a unitary rather than a federal pattern of government leaves less room for local variation with institutions of local representation in new areas, where new actors emerge, as witnessed by the exclusion of alternative providers of childcare (Vamstad, 2004).

However, given the situation in Sweden today, where alternative providers of childcare services are responsible for nearly twenty percent of all daycare services for preschool children, where they are financed by public funds and must therefore meet some recognized standards, the question still remains: why are there no institutions at the municipal level that include representatives for all daycare providers? Clearly, there are numerous benefits of including alternative providers in local or municipal corporatist bodies for governing all providers in a given territory as seen in the French and German experience in the TSFEPS project on alternative provision of childcare in Europe. It would, therefore, appear logical to recommend that new ways to include alternative providers of daycare services be developed in order to accommodate them in the governance of daycare services in Sweden.

In addition, the value added by greater parent and staff involvement in many forms of alternative daycare services should be recognized in terms of its economic, political and social contributions to society. Parent and staff participation in democratically governed daycare services can contribute to alleviating the growing threat of a general disengagement by citizens of all ages from institutional politics in general, and from political parties, electoral politics and voting in particular. The need for developing new avenues to engage citizens of all ages in political issues of great importance to them and to give them a stake in the outcome of sub-municipal political decisions is growing (Pestoff, 2004b). Liberal representative institutions developed 100 or 50 years ago no longer appear adequate to mobilize and channel the political engagement of many citizens today (Sörbom, 2002). But before new channels of participation can be developed alongside the existing representative ones politicians must be willing to engage in a serious debate about rejuvenating democracy. New channels of sub-
municipal political participation should be recognized for the contribution they can make to rejuvenating democracy from below, and not merely be conceived as a threat to existing institutions and existing personal privileges of the political elite.

4. An economic or civic perspective of the sustainability of the welfare state.

As noted at the beginning of this paper, the long-term economic forecast of the sustainability of a universal, tax-financed welfare state in Sweden throws in question its viability, given the shortage of funding and limited new ways of financing it in the future (Långtidsutredning, LU 2003). Given rising demands and expectations, due to changing demographics of the Swedish population, LU sees four main possible sources of increased funding or ways to finance a universal tax financed welfare state. They are: a) increasing productivity in general and thereby increasing tax revenue, b) increasing productivity in the public sector in particular, since it produces most welfare services, c) increasing taxation to finance an expansion of service and quality of public welfare services and d) increasing alternative ways to finance public services, including greater user fees and more private sponsoring of public services.

The Swedish central organization for trade unions, Landsorganisationen, LO, criticized Långtidsrutningen in its remiss answer. LO noted the limited number of alternatives presented by LU for financing universal, tax financed welfare after the year 2020 and LO provides six additional ways to strengthen public finances. They include: a) increasing municipal taxes by 10% over the next 20 years, b) increasing municipal user fees, c) increasing VAT taxes, d) transfer of social insurances to the labor market partners (i.e., LO, TCO, SACO & SN), e) privatization of eldercare, and f) mandatory elder care insurance, as found in Germany and Japan. Finally, LO also considers the impact of improving the productivity and employment of the Swedish economy. This could be achieved by: a) increasing the retirement age, b) increasing women’s employment, c) decreasing involuntary part-time employment (mostly women in the public sector), d) increasing employment of the elderly, e) increasing employment of persons with less than average employment capacity, and f) increasing employment of immigrants (Andersson, et al., 2004).

However, it should be noted that both LU and LO only take paid work into account in their analysis, which excludes consideration of alternatives like greater use of the third sector and more engaged citizens for providing public financed social services. Such alternatives are excluded since they fall outside the national accounts system (nationalräkningsskap). But
unpaid labor, which is very prevalent in most types of caring activities, like childcare, eldercare, handicap care, etc., through voluntary activities of relatives and others is not considered by either LU or LO. Thus, neither LU’s or LO’s economists take into account unpaid labor or volunteering, for whatever reason and with whatever impact on the provision of personal social services. What isn’t paid simply doesn’t exist in a national accounts system.

A current parliamentary investigation, known as the *Ansvarsutredning*/Responsibility Investigation/, posed a different set of questions and came up with different answers concerning the development potential and sustainability of the universal welfare state in Sweden. It examines the overall balance of responsibilities between the central, regional and local levels of government in Sweden. In doing so, it also points to two possibilities for developing sustainable welfare: a) increasing the potential for developing the public sector by increasing the adaptability of public services to continuously changing circumstances regarding costs, values and patterns of living among Swedish inhabitants and b) increased levels of co-production by citizens, meaning greater individual and collective participation and responsibility by citizens for their own welfare. The latter perspective comes close to the ideas expressed elsewhere (Pestoff, 2005).

5. The trade-off between quality and equity in personal social services

Lindbeck (2005) argues that no time should be lost in initiating a public discussion about and in finding an acceptable political solution to the social dilemma or trade-off between quality and equity in terms of personal social services in Sweden. He states that if we wish to avoid a hasty, and perhaps uninformed, solution to this dilemma in one or a few decades we must act now. We must start a debate that can tear down the ideological and political barriers of today that prevent reforming the organization and financing of personal social services. He maintains that the social democratic government’s model of primarily or exclusively financing personal social services, like education, health care and social care, through taxes is insufficient to meet the challenge. The total availability of such services will not match the demands of citizens if we rely exclusively on new taxes. With such a model we obtain a high degree of equity, but at a low level of production/consumption of such services. With other forms of financing as a compliment we can get greater total production/consumption, but at the price of greater inequity. However, striving for both high quality and equity will prove impossible and is futile (*DN*, 1/3-05).
Today, he notes, there are big different of opinion about how to finance high-quality personal social services. Some adhere to increasing taxes only, while others promote the greater use of alternative financing. The latter are already employed in the form of patient fees for doctor visits or fees for medical prescriptions, parent fees for daycare services, etc. They could also include mandatory or voluntary insurance fees for various personal social services, like home care for the elderly, as in Germany and Japan, as well as mandatory or voluntary savings in special accounts, like the new pension system in Sweden. His main argument, however, is that if you rule out financing personal social services by alternative methods in principle, then you will end up with a situation where it will be impossible to finance citizens’ growing demand for more and better services. Increasing taxes won’t be acceptable in the long run economically, politically nor socially. The total availability of personal social services in society will not meet growing citizens’ needs. Thus, we will probably be forced in the near future to choose between more total production with complementary funding methods and less production, but with more equitably distributed consumption of such services (ibid.). His narrow focus on financing social services ignores the contribution of the third sector to improving both service quality for citizens and work environment for civil servants. Previous research on alternative provision of childcare in Sweden showed that the parents and staff who had experience from both forms of provision, and could therefore compare them, strongly preferred alternative services to municipal childcare, for a variety of reasons (Pestoff, 1998 & 1999). More satisfied parents and more engaged staff are a sign of better service quality and a better work environment.

However, Lindbeck is not alone in recognizing the centrality of this social dilemma or trade-off for the financial sustainability of the welfare state. Esping-Andersen (2000) also discusses this trade-off in relation to the problem of saving today’s welfare state edifice, whether or not it is economically sustainable, but at the expense of ignoring new kinds of social risks, related to new life-styles, changing family patterns, etc. Pointing to the political side of this dilemma he states that “[I]f the alliance against reforms represents the traditional, rather than the emerging risk structure, a successful defense of the status quo becomes problematic. The welfare state may be servicing the insiders… and the more it is upheld, the less its capacity to address the risks of the outsiders” He adds that “… [i]f post-industrial society is altering the structure of social risks, the real crisis of the of the welfare state may be its popularity.” (ibid., p. 148). He refers to the “Trojan horse of the welfare state”, where risks have shifted toward the younger, due to the failure of the labor market and family, and
solutions to these risks in a large measure are found in providing more social services. (*ibid.*, p. 150). How contemporary welfare states deal with this depend on their response to both the employment problem and the new demographics of aging and family behavior. For Esping-Andersen the answer to this dilemma is found in the responses of the market, state and family. However, once again the third sector is absent in their analysis. Equally, Lindbeck also ignores the possibilities of greater citizen engagement in the production of personal social services, or citizens as co-producers of the services they demand on long term and a daily basis.

6. Co-production in public services

There is a renewed interest in co-production, in particular this interest has extended to many new public sector relations with clients. In many important areas of government activity, it is impossible to deliver services without the contributions of time and effort by clients. The Timedollar Institute ([www.timedollar.org](http://www.timedollar.org)) states that co-production is an essential contribution needed from the ultimate consumer in his or her capacity as a student, client, recipient, patient, tenant, beneficiary, neighbor, resident or citizen. There is a renewed interest in understanding co-production or greater citizen participation in the production of public services. Alford (2002a) explores the question of why public sector clients co-produce in terms of a contingency theory. He distinguishes between three sources of motivation for participation in public sector services: material, solidarity and expressive incentives. He examines four cases or spheres of participation in public-sector services in Australia ranging from the simplest to more complex ones: the use of post codes in postal services, participation by long term unemployed in training programs, maintenance activities by tenants in public high-rise housing complexes and taxpayer collaboration with income tax requirements (*ibid.*). Pestoff explores both parent and staff participation in parent co-ops, worker co-ops and voluntary organizations providing daycare services for pre-school children in Sweden and contrasts them with the services provided by the public sector (1998 & 1999).

Alford (2002a) notes that material rewards and sanctions are ineffective in eliciting the requisite client contributions of time and effort in all but the most simple tasks. Rather, many clients are motivated by more complex nonmaterial incentives, such as intrinsic rewards, sociality or solidarity and expressive values. These different motivators elicit co-production in
different contextual circumstances. The more public value consumed by clients, the more complex the motivations for them to co-produce. He concludes that “…eliciting co-production is a matter of heightening the value that clients receive from the services by making more explicit its nonmaterial aspects through intrinsic rewards, solidarity incentives or normative appeal.” Thus, to the basic exchange where services are exchanged for money, there is an additional exchange of the client’s time and efforts for heightening the value the client perceives in certain situations.

Pestoff (1998 & 1999) employs the concept of “civil democracy” for direct citizen participation in the production of personal social services. He compares the participation of various stakeholders in the production of publicly financed, but privately provided child-care services in Sweden, including parent co-ops, worker co-ops or voluntary organizations with special pedagogics. He shows that the motives of parents for choosing one type of day care facility or another provide a good indication of the values they hope to promote by becoming co-producers. Their motives can either be instrumental or expressive, but most parents combine both, similar to the pattern found by Alford (2002a). Co-production and the work obligation associated with many alternative providers of day care services in Sweden help to eliminate uncertainty in the relationship between producers and consumers of these services. It provides parents with greater insights into the quality of the service provided and influence on decisions of how to run the day care facility. Moreover, the provision of personal social services through social enterprises that facilitate co-production changes the relationship between the state and citizens in a fundamental way. Citizens are no longer passive consumers who are defined mainly by their roles as taxpayers and voters who exercise their political rights every second, third, fourth or fifth year. Rather they become active participants in the production of important personal social services they demand themselves (ibid.).

Co-production in public services is the degree of overlap between two sets of participants in the service production process – regular producers or staff and citizens or consumer producers. Co-production is related by most analysts to cost reductions, higher quality services and expanded democratic opportunities for citizen participation. The flurry of interest in co-production in the early 1980s by analysts of public administration in America failed to generate sustained exploration of this topic. The lack of durable interest may reflect to some extent the severity of hurdles to be overcome before it could become accepted in political and professional circles. Numerous common points in the literature are relevant for relating this concept in the Swedish debate.
First, it is necessary to distinguish between different types of co-production according to the nature of the benefit achieved: individual, group and collective. In addition co-production has numerous other dimensions, like positive and negative, cooperative and compliant, active and passive, etc. Second, it is necessary to differentiate co-production from ancillary and/or parallel production. Third, the role and attitude of the government is important for promoting greater citizen participation in the production of public services. Without governmental support it will not prove sustainable. Fourth, the motives for greater citizen participation in public services will vary and by emphasizing a single motive its promoters will fail to elicit a positive response from many groups.

Fifth, resistance by public employees and trade unions can be highly detrimental to the development and spread of co-production. It is therefore necessary to promote an extensive discussion of co-production to eliminate many unfounded suspicions and fears by professional groups. Finally, co-production can promote many positive social values and changes, and should therefore not be seen merely as a means to reduce costs, eliminate staff nor cut public budgets. Among other things co-production can promote the enrichment of the work environment and better service quality; and it can also help to rejuvenate democracy and alleviate growing voter apathy (Pestoff, 1998 & 1999).

Typical examples of co-production found in literature on the USA include public safety and security, education, fire protection, recreation and even solid waste collection and disposal (Percy, 1984). In a Swedish context important public services where co-production might be promoted include many personal social services, like childcare, basic education, higher education, health care, elderly care, handicap care, leisure activities, etc. In a universal, tax-financed welfare state, like that found in the Scandinavian countries, the consumer is a citizen, while the buyer or purchaser of services may be a public body, unless vouchers are used, and finally the provider of such services is often a municipal body. Although the services can be financed by taxes, fees or both; they may also require that the consumer of the services contribute some of his/her time to realize the full value of the service. Most personal social services also build on durable relations between the consumer and providers of such services rather than one-time relations.

Peters (1994 & 1996) makes some relevant observations concerning staff motivation for participating in experiments involving greater citizen participation and co-production. In his discussion of the four emerging models of public sector provision of goods and services, he
argues that the participatory model is an alternative to both the classical hierarchical model for public sector production as well as to the New Public Management model. A participatory state depends upon both its citizens and front-line staff becoming involved in making some choices about policy and social services. Similar to the market model, a participatory model would also give citizens more choice and direct control over the providers of various goods and services. But the manner in which these choices would be exercised in a participatory state would be much more overtly political. Rather than voting with their feet, or their Euros, dollars, crowns or yen, citizens would vote through some sort of political process. They might participate in referenda on local policy or in local representative structures, like parent participation in local school committees (ibid., p. 15). Alternatively, participation can take place in non-representative, but nevertheless democratic structures for providing personal social services like cooperative day care (Pestoff, 1998 & 1999) or through non-governmental structures to promote patient involvement in health care (North & Werkö, 2002). The important point however is that in all three cases citizens become involved in the co-production of the services they need and demand.

It is also important to consider the relationship between co-production and volunteering in the production of personal social services, as well as the organizational and value basis for such activities in order to explore similarities and differences between them. This is done in the next section.

7. Co-production and volunteering in personal social services.

The production of personal social services by the third sector can take different organizational forms, and it requires different contributions of both time and money. When considering these different forms, it is important to distinguish between the organizational basis for producing personal social services and the individual value basis that motivates such activities or production. Starting with organizational form of production, we need to distinguish between services produced solely by personal contributions of time and money, on one hand, and those services produced mainly through collective efforts, on the other. Turning to the value basis of activities, we also need to distinguish between contributions of time and money mainly on the basis of altruism, and/or other social values, on one hand, and those mostly motivated by self-interest, on the other.
In terms of the organizational basis for providing personal social services, the alternatives can range from mostly individual to mostly collective provision. The personal value basis for engaging in the provision of personal social services ranges from mostly altruistic and/or other social values to mostly self-interest. In both cases we will find a mixed category that includes a combination of both individual and collective production and a combination of both altruism and self-interest. The actual degree of individual vs. collective production or altruism and/or other social values vs. self-interest values will of course vary from one case to another. However, for the sake of simplicity a middle range is included in the figure that combines both individual and collective production as well as both altruism and self-interest values. The size of any single category is not possible to determine a priori, but remains an empirical question to be determined by systematic studies. Figure 2 in the appendix summarized these differences.

In terms of the organizational basis for such activities, individual donations to the homeless or victims of a catastrophe are normally channeled through organized groups and therefore usually combine both individual and group efforts. By contrast, eating a meal at a pot-luck dinner is normally a collective effort, in spite of the individual dishes that compose it. Few persons would prefer to eat their pot-luck dinner alone at home, unless the weather forces them to do so. The purpose of a pot-luck dinner is not only to eat a meal, but also to share your favorite dish with someone else, to taste theirs together with other people. Here the social dimension is not absent, as eating with others may contribute to creating social capital. In terms of value motives for individual activities of giving time or money to help feed the homeless or to help the victims of a catastrophe, this can be interpreted as an expression of altruism and/or other social values, although a certain feeling of self-realization may not be completely absent. By contrast, preparing a meal for a pot-luck dinner can normally be seen as an expression of self-interest, since the cook gets to taste not only his/her own dish, but also to try the favorite dish of other persons.

Similarly, the situation for the staff and volunteers is different in organizations like the Red Cross, Charatis, Oxfam, political parties, etc. The value basis for the staff includes altruism and/or other social motives as well as self-interest, since they earn their living by their work. Volunteers, on the other hand, normally contribute their own time and/or money without direct material rewards, so the basis for their activities is more clearly altruism and/or other social values, rather than self-interest. However, self-esteem, gaining job skills, maintaining a
life structure or following daily routines may not be completely absent from the motives of certain volunteers.

Citizens’ participation or co-production in providing many personal social services appears to fall in the middle category on both these dimensions. It involves both a good portion of altruism and/or promoting other social values, as well as the realization of self-interest; and it also requires both individual and collective efforts to be realized or achieved. This implies that co-production of the type depicted here may, in practice, not be that different from activities classified as voluntary in other perspectives or approaches. The factual differences often discussed in the literature may be more a question of degree than kind. The ideas about collective action and common pool resources discussed by Ostrom are important to keep in mind when considering the political ramifications of co-production.

8. Territorial or functional representation in sub-municipal politics?

Sweden is a large, sparsely populated country, about the size of California, but with a population the size of Los Angeles. Its nine million inhabitants can participate in election every fourth year. In general elections representatives are chosen simultaneously to the Riksdag or parliament, to the county councils and to municipal councils. All three of these elections take place on the same day and at the same election pooling places throughout the country. This promotes a high level of participation in elections at all three levels. However, participation in Riksdag election has decreased, as noted earlier, from 91.4 per cent of the electorate in 1982 to only 80.1 per cent in 2002. Participation rates are only marginally lower in county and municipal council elections and follow the general declining trend. Approximately 80 per cent of the population resides in the urban areas. Swedish cities are often sub-divided into administrative wards to promote the feeling of nearness between inhabitants and the city administration. However, few if any Swedish cities allow for direct elections of representatives at the ward level. This means that at the sub-municipal level there are no direct means of electoral representation. This is a major gap in Swedish democracy that leaves the citizens without direct representation at the sub-municipal or ward level.

The lack of territorial representation could be corrected in part by greater functional representation of users and workers in personal social services of various kinds provided by Swedish municipalities and counties throughout the country. However, Swedish municipalities and civil servants have to date proved very reluctant to provide users of public
services with opportunities for greater participation. Third sector providers, organized as either consumer or worker cooperatives or voluntary associations, by contrast, provide unique opportunities for both the users or consumers of personal social services to participate in the management and decision-making of such services (Pestoff, 1998 & 1999). Thus, it appears that one way to engage citizens as co-producers of personal social services is through contracting out of public services to third sector organizations of various types and purposes.

This type of functional representation in the management of publicly financed personal social services need not be seen as an alternative to governance via representative territorial democracy. Rather than an either/or situation or a zero-sum game, functional democracy should be conceived as a compliment to representative democracy, as Danish experience shows (Sörensen, 1998), and it can help to develop and strengthen representative democracy. Both Waltzer and Hirst argue convincingly for giving a greater role to the third sector or civil society in order to develop and extend democracy, in light of the threat posed by privatization and/or large scale units of all kinds in an organization society. Yet, few Swedish politicians or political scientists seem willing to explore new and radical ways of rejuvenating representative democracy via systematic introduction of functional democracy, one where citizens become co-producers of the personal social services they demand and expect to receive having paid the world’s highest taxes.

9. Challenges for co-production, co-governance and the third sector

A policy of greater citizen participation and more active involvement by the third sector in producing and managing personal social services bears certain risks. First, there is the risk associated with such policies being perceived as a threat to liberal democracy. If functional democracy is promoted at the expense of representative democracy, then many people might oppose it in general. Second, many civil servants, public administrators and politicians in particular might perceive greater citizen participation and more active involvement by the third sector in producing and managing personal social services as a zero-sum game, one where they are the clear losers. Opposition by civil servants and trade unions is a common problem where co-production has been promoted. The third sector can then easily be presented as “a wolf in lambs clothes”, opening the doors for full scale privatization of personal social services in Sweden, and the democratic benefits of such activities could be lost due to vigorous opposition.
Third, a policy of greater citizen participation and more active involvement by the third sector in producing and managing personal social services needs to carefully consider the relationship between the state/municipalities and the third sector in the context of the needs of both the staff, users and financiers in various areas of service provision. Competition over the factors of production as well as for political influence and power need to be recognized as real problems that are best worked out before hand, rather than after competition leads to outright opposition, or even open confrontation. Fourth, as Osborne & McLaughlin (2003) warn, co-production and co-governance can, under certain conditions, lead to the third sector becoming incapacitated to act independently, to becoming incorporated in a local corporatist state and finally to the risk of isomorphic pressures from governments that promote professionalization and standardization of services. This would promote a reduction of membership influence and democracy inside participating organizations.

Such a development would only reinforce their role as service providers, without contributing to either the democratization nor the sustainability of the welfare state. A role as service provider, without the power to influence the development of local services nor the policies pursued would merely serve to emphasize the third sector as a powerless outsider. This is the case of parent cooperatives as alternative providers of childcare in Sweden. What appears primarily to motivate continued parent engagement and co-production of daycare services is the better quality of the service, as perceived by the principal users, here the children and their parents. However, their involvement during five or more years makes no recognized contribution to rejuvenating democracy at the local level, to alleviating the democracy deficit, nor to developing functional channels of influence and democracy at the sub-municipal level in Sweden. Thus, better service quality for the children and richer and more rewarding social contacts for the parents and children appear to be the main contributions of alternative child care in Sweden today, given the narrow political confines of its influence at the municipal level. The main benefits of this new form of user democracy are thus limited to the micro-level, or the stakeholders in a single daycare facility.

E. Conclusions

This paper addresses some major issues concerning the relationship between the third sector and the state in democratic and welfare theory. Elsewhere I consider the potential of the third sector for the democratization of the welfare state in greater detail, in particular for Sweden (Pestoff, 2005). Numerous political indicators suggest that we may be witnessing the
“withering away of the state” in many western democracies, or at least several vital institutions of representative democracy, including political parties. Not only do we see a notable decrease in voter participation and membership in political parties, but also a substantial decline in ordinary citizens’ chances of getting an elected or honorary office, either in local politics or in many popular movements. Other indicators suggest that the citizens are finding or perhaps even founding new channels of participation and influence alongside the more established ones, as illustrated by the growth of sub-politics and life politics. However, these new channels are not yet institutionalized and formalized; nor even recognized as legitimate yet by democratic theory or political science.

Both in democratic and welfare theory it is high time to reconsider the role of the third sector. An understanding based on its role in rural towns and villages of America at the beginning of the 19th Century, or in the early pluralism of the post-WWII period provide an insufficient understanding of the changing relations of the third sector to modern welfare states today and its contribution to rejuvenating democracy in the 21st Century. An increasing number of Swedes participate actively as co-producers of personal social services that they and/or their relatives consume themselves. Is greater consumer influence always detrimental to institutions of representative democracy, or can they compliment each other? In addition, most comparative welfare regime research ignores the third sector as a producer of personal social services and welfare. However, when including the third sector we need to ask whether it substitutes, compliments or competes with public provision of personal social services? Its relationship to the state seems to vary depending both on the policy context, and whether it competes with the state for the factors of production and for political power and influence. Moreover we need to consider whether greater participation by the third sector in providing personal social services perhaps poses a challenge to the third sector itself?

This paper concludes by considering if these mixed signals concerning citizens’ participation indicate a growing crisis for representative democracy and perhaps even the welfare state, or a rejuvenation of both, based on greater direct citizen participation both in new forms of democracy and the provision of welfare services. It is argued here that democratic theory needs to accommodate the new democratic expressions of citizen participation found in sub-politics and life politics, as well as in greater citizen participation in the production of personal social services. Refusing to do so would imply that citizens must follow in well-established paths or channels of participation in order to be considered legitimate by democratic theory, i.e., reality will have to conform to the theory.
Moreover, in spite of the comparative and theoretical challenges, the third sector should be included both in more systematic analysis of welfare production and research on comparative welfare regimes. Current welfare theory is inadequate for understanding the emerging or new risk patterns facing many groups of citizens today and tomorrow. Many new political entrepreneurs are calling for a new welfare architecture and proposing major regime change. It is time to re-think political boundaries, in particular the public-private divide, according to Esping-Andersen (2002). It is also time to include the third sector in serious discussions and plans for rejuvenating democracy and redesigning the welfare state in the 21st Century.

This paper also considers the potential of the third sector for the democratization of the welfare state, in particular in Sweden. Numerous political indicators suggested that we may be witnessing the “withering away” of several vital institutions of representative democracy, including political parties. Not only did we see a notable decrease in voter participation and membership in political parties, but also a substantial decline in ordinary citizens’ chances of getting an elected or honorary office, either in local politics or in many popular movements. Other indicators suggested that the citizens are finding or perhaps even founding new channels of participation and influence alongside the more established ones. The growth of sub-politics and life politics provide support for this. However, these new channels are not yet institutionalized and formalized, nor are they even recognized as legitimate by democratic theory and political science.

Both in democratic and welfare theory it is high time to reconsider the role of the third sector. An understanding based on its role in rural towns and villages of America at the beginning of the 19th Century, or in the early pluralism of the post-WWII period provide an insufficient analysis of the changing relations of the third sector to modern welfare states today and its contribution to rejuvenating democracy in the 21st Century. An increasing number of Swedes participate actively as co-producers of personal social services that they and/or their relatives consume themselves. Is greater consumer influence always detrimental to institutions of representative democracy, or can they complement each other?

In addition, most comparative welfare regime research ignores the third sector as a producer of personal social services and welfare. However, in spite of these comparative and theoretical challenges, the third sector should be included both in more systematic analysis of welfare production and research on comparative welfare regimes. Current welfare theory is inadequate for understanding the emerging or new risk patterns facing many groups of
citizens today and tomorrow. Many new political entrepreneurs are calling for a new welfare architecture and proposing major regime change. It is time to re-think political boundaries, in particular the public-private divide, according to Esping-Andersen (2002). It is also time to include the third sector in serious discussions and plans for rejuvenating democracy and redesigning the welfare state in the 21st Century (Pestoff, 2005).

This paper discusses several important issues related to the potential of the third sector to democratize the welfare state. It adds cautious cooperators alongside the traditional rational maximizers for modeling our understanding of human behavior and for judging the impact of government policies designed to resolve social dilemmas. It considers the democratic values of third sector participation in producing personal social services as a way of socializing the distribution of welfare. It explores the need for functional representation alongside representative channels of influence, in particular in terms of rejuvenating democracy and alleviating the growing democracy deficit. It emphasizes the shortcomings of national account systems and calls for recognizing the value-added by unpaid citizen efforts to providing personal social services. It underlines the trade-offs between quality and equity in personal social services, and notes the quality improvements found with greater use of third sector services. It considers the importance of non-material motives for engaging citizens as co-producers of personal social services. It also considers some drawbacks of greater citizen involvement, namely the opposition of civil servants and their trade unions.

However, a more participatory public administration would go a long way to alleviating such problems. This paper discusses the relationship between volunteering and co-production in terms of the organizational form for providing personal social services and the motivational base for citizen involvement. Finally, it warns against having unlimited expectations on the third sector as a provider of personal social services. Does greater participation by the third sector in providing personal social services perhaps pose a challenge to the third sector itself? Does greater participation by the third sector in co-production and co-governance imply that it will become incapacitated and incorporated by the state, and/or transformed by isomorphic forces into just another professional provider of publicly financed services at the expense of membership influence and democracy found in many such organizations? Experience from both England and Germany suggest that the relationship between the third sector and municipalities may be problematical.
This research therefore, recommends that Swedish government should use existing channels for parliamentary investigations to carefully examine several important issues related to greater citizen involvement as co-producers of personal social services and the role of the third sector in democratizing the welfare state. Such involvement is readily illustrated by different types of not-for-profit provision of childcare services to preschool children. What are the costs and benefits to the financial sustainability of the welfare state in Sweden? What are the costs and benefits in terms of the growing democracy deficit in Sweden? What are the costs and benefits in terms of the work environment of civil servants providing public services? What are the costs and benefits in terms of the professionalization and internal democracy of the popular movements and voluntary organizations providing such services? These and related issues need the careful consideration and systematic analysis provided by academic research.

Furthermore, some far-reaching economic, political and social considerations also need to be included in any systematic investigations of the potential of the third sector for democratizing the Swedish welfare state in the 21st Century. At least two major proposals need to be explored and considered more carefully. First, Waltzer suggests the initiation of a national service for all young citizens, both men and women, in order to socialize the means of distribution of welfare services. This could be reformulated in terms of a national service to defend the welfare state from the inevitable financial collapse implied by the Swedish Långtidsutredning, 2003/04 (2004). All young citizens between 18-21 years old could be enlisted to serve in producing personal social services in public and nonprofit facilities, in an effort to stave off the demise of the Swedish welfare state by the year 2020. This would provide major new economic resources into shoring up the financing of personal social services. They should, of course, earn pension credits, just as young men and women do today in the military service. It could also have the additional benefit of exposing young men to work in the service sector that may later have positive ramifications for their choice of occupation. This, in turn, could also help break the extreme gender segregation of the Swedish labor market. Moreover, Waltzer suggests that in addition to the youth, many young pensioners might be willing to contribute to some sort of national service for the welfare state.

Second, greater citizen participation, in the fashion discussed by Ansvarsommitteen (2003), could be promoted by personal time accounts, that function quite similar to the national pension system of today. Here, citizens unpaid contributions of their time and labor at one stage in life could be recorded, and then deducted from their account at some later
stage in life, when their needs may be greater. However, rather than the minimum salary Waltzer proposes to support volunteering, both voluntary activities and time spent in co-producing publicly financed personal social services could be recorded and redistributed to a later time in life. Many relatives provide unpaid labor for caring services, but get little or nothing in return today when they need it, nor any credit in their pensions. This could also help the national account system to face up to the hidden value of voluntary or unpaid labor, and macro-economist to include a bit more realism in their abstract models.

Finally, it is proposed that major public experiments, both at the local and regional levels, with greater flexibility in and less regulation of the production of personal social services could be undertaken during a five year period in a few municipalities and even one or two counties in Sweden. This should involve efforts to actively engaging citizens as co-producers of such services and a greater role for the third sector, both as a facilitator of this and promoter of new channels of democracy at the sub-municipal level. These experiments, in what the Swedes call “frikommun” or unregulated municipal activities, should be carefully designed and followed by a team of academics, who would study the effects of unregulated municipal activities on citizen engagement and the role of third sector in democratizing the welfare state.
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Appendix:

Figure 1  The Third Sector in the Welfare Triangle

Figure 2. Co-Production and Volunteering in Personal Social Services.

<table>
<thead>
<tr>
<th>Organizational &amp; value basis of activities</th>
<th>mostly individual</th>
<th>both individual &amp; collective</th>
<th>mostly collective</th>
</tr>
</thead>
<tbody>
<tr>
<td>mostly altruism &amp;/or other social values</td>
<td>ad hoc &amp; direct individual help to the needy</td>
<td>individual donations to organizations for the needy</td>
<td>volunteers at Red Cross, Charatis, Oxfam, political parties, etc.</td>
</tr>
<tr>
<td>both altruism &amp; self-interest</td>
<td>?</td>
<td>sport clubs, co-op. child care, elder care, etc.</td>
<td>staff at Red Cross, Charatis, Oxfam, political parties, etc.</td>
</tr>
<tr>
<td>mostly self-interest</td>
<td>baby-sitting</td>
<td>neighborhood watch</td>
<td>pot-luck dinner, road assoc.</td>
</tr>
</tbody>
</table>

Figure 3. Relations between the state and third sector organizations and the state’s policy needs in different policy areas in Sweden.

<table>
<thead>
<tr>
<th>Policy area</th>
<th>Org./state relations</th>
<th>Competition</th>
<th>State’s policy needs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture pol.</strong> (import/export assocs.)</td>
<td>Private Interest Government *</td>
<td>No aa</td>
<td>Needs information for regulation, and is totally dependent on agricultural co-ops for it.</td>
</tr>
<tr>
<td><strong>Consumer pol.</strong> (active consumer pol.)</td>
<td>Countervailing Power b</td>
<td>No bb</td>
<td>Attempts to create a counter-weight to private business, with corporatist representation for “consumers” on various policy boards.</td>
</tr>
<tr>
<td><strong>Labor market pol.</strong> (wage bargaining)</td>
<td>Corporatism c</td>
<td>No cc</td>
<td>Leaves details of regulation of collective bargaining to the private parties.</td>
</tr>
<tr>
<td><strong>HIV/AIDS policy</strong></td>
<td>Outreach d</td>
<td>No dd</td>
<td>Acute need of cooperation with NGOs/NPOs in order to reach out to various high risk groups with information and/or service.</td>
</tr>
<tr>
<td><strong>Child care pol.</strong> (provision of child care)</td>
<td>alternative provision e</td>
<td>Yes ee</td>
<td>Municipal gov’ts are the dominant providers &amp; thus they see alternative providers as competitors &amp; have arms-length attitude. Here we also find some competition with private for-profit providers.</td>
</tr>
<tr>
<td><strong>Elder care pol.</strong> (support to relatives)</td>
<td>Compliment f</td>
<td>No ff</td>
<td>Limits to regulatory capacity, needs vol. orgs as providers of support services to relatives.</td>
</tr>
<tr>
<td><strong>Elder care pol.</strong> (provision of elder care)</td>
<td>alternative provision g</td>
<td>Yes gg</td>
<td>The third sector provides elder care services in competition with both local governments and private for-profit firms. Here we also find major competition with private for-profit providers.</td>
</tr>
<tr>
<td><strong>Elementary &amp; secondary education/ (provision of schooling)</strong></td>
<td>alternative provision h</td>
<td>Yes hh</td>
<td>Municipal gov’ts are the dominant providers &amp; thus they see alternative providers as competitors &amp; try to limit their activities, especially if they “threaten” municipal schools. Here we also find major competition with private for-profit providers.</td>
</tr>
</tbody>
</table>


Comments on Figure 3:

aa) competition between agricultural cooperatives and private producers, but not between agricultural cooperatives and the state, which lacks a production capacity of its own;

bb) competition between consumer cooperatives and private wholesalers and retailers, but not between either of them and the state, which lacks a wholesale & retail capacity of its own, except for a state monopoly for the sale of wine & spirits and pharmaceuticals;

c) regulation of collective bargaining took place solely between Employer Organizations & Trade Unions until late 1960s, when the public sector began to grow and the state and municipalities became a major employer and provider of social services;

dd) parent co-ops and worker co-ops became major providers of alternative childcare services in 1990s. This created sharp competition over the factors of production such as staff, premises and funding, as well as parents/children as clients for such services;

ee) acute need to reach out to high risk groups with information and services in a highly turbulent and uncertain environment leads to close cooperation between the state and third sector;

ff) support services for relatives of elderly/handicapped persons, no direct competition with services provided by municipalities. In the area of providing elderly care, not just support for relatives, municipal services strongly compete with both third sector as well as private for-profit providers of such services;

gg) the third sector provides services in direct competition with both local governments and private for profit providers of such services. This created sharp competition over the factors of production such as staff, premises and funding, as well as parents/children as clients for such services; and

hh) the third sector provides services in direct competition with both local governments and private for profit providers of such services. This created sharp competition over the factors of production such as staff, premises and funding, as well as parents/children as clients for such services.


<table>
<thead>
<tr>
<th>Year</th>
<th>no. mun.</th>
<th>Municipal size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>5,000 10,000 10,000</td>
</tr>
<tr>
<td>1951</td>
<td>2,281</td>
<td>95.4 3.5 0.8</td>
</tr>
<tr>
<td>1995</td>
<td>288</td>
<td>3.1 22.0 78.0</td>
</tr>
</tbody>
</table>

Source: Årsboken för Sveriges kommuner.

b) Number of elected officers and honorary commissioners in Swedish towns and cities, 1951-1995 (for selected years).

<table>
<thead>
<tr>
<th>Year</th>
<th>a) towns/cities</th>
<th>b) town/city councilors</th>
<th>c) av. size</th>
<th>d) honorary commissioners</th>
<th>e) av. number</th>
<th>f) total number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>2,498</td>
<td>40,000</td>
<td>16</td>
<td>200,000</td>
<td>80</td>
<td>240,000</td>
</tr>
<tr>
<td>1964</td>
<td>1,066</td>
<td>32,000</td>
<td>30</td>
<td>154,000</td>
<td>144</td>
<td>186,000</td>
</tr>
<tr>
<td>1968</td>
<td>848</td>
<td></td>
<td></td>
<td>105,000</td>
<td>124</td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td>464</td>
<td></td>
<td></td>
<td>60,520</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td>1974</td>
<td>278</td>
<td></td>
<td></td>
<td>41,920</td>
<td>151</td>
<td>75,000</td>
</tr>
<tr>
<td>1980*</td>
<td>279</td>
<td></td>
<td></td>
<td>45,850</td>
<td>164</td>
<td>83,000</td>
</tr>
<tr>
<td>1983</td>
<td>284</td>
<td>13,000</td>
<td>46</td>
<td>45,920</td>
<td>162</td>
<td>58,920</td>
</tr>
<tr>
<td>1995</td>
<td>288</td>
<td></td>
<td></td>
<td>40,000</td>
<td>139</td>
<td>50,000</td>
</tr>
<tr>
<td>2004</td>
<td>290</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: a) Årsboken för Sveriges kommuner; b & f) Birgersson & Westerståhl, 1995; d) Svenska Kommunförbundet, 1996; c & e) author’s own calculations.

Key: a = number of towns & cities, b = number of town/city councilors, c = average size of town/city councils, d = number of honorary posts, e = average number of honorary posts per town/city, and f = total number of elected offices and honorary posts.

*Alternates are now required by law. In 1995, an additional 32,400 alternates make for ca. 50,000 honorary commissioners, as some persons have two or more honorary posts.
### Table 2. Proportion with “high stress jobs” for selected occupations, 1991 & 1997*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pedagogical work**:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>teachers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-elementary teachers</td>
<td>33</td>
<td>46</td>
<td>24</td>
<td>29</td>
</tr>
<tr>
<td>-higher levels</td>
<td>43</td>
<td>43</td>
<td>25</td>
<td>24</td>
</tr>
<tr>
<td>day care staff</td>
<td>26</td>
<td>37</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Health and medicine**:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>health &amp; medical work:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-nurses</td>
<td>26</td>
<td>41</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>-registered nurses</td>
<td>39</td>
<td>59</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>elder care &amp; handicapped care</td>
<td>19</td>
<td>29</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Commercial work:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>sales personnel</td>
<td>37</td>
<td>42</td>
<td>16</td>
<td>25</td>
</tr>
<tr>
<td>other commercial work</td>
<td>23</td>
<td>26</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>Manufacturing work:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacture/constr., metal work</td>
<td>19</td>
<td>29</td>
<td>15</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: SCB & I. Eklund, *VälfärdsBulletinen*, No. 4, 1999, p. 4; *figures in bold* indicate a statistically significant increase between 1991 & 1997; -- = to few men in the SCB studies to motivate their inclusion; ** mainly public sector employees in Sweden.

### Table 3. Attitudes towards public expenditures for social purposes in Sweden, 1981-1997*.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>-health care</td>
<td>+42</td>
<td>+44</td>
<td>+48</td>
<td>+75</td>
</tr>
<tr>
<td>-support for the elderly</td>
<td>+29</td>
<td>+33</td>
<td>+58</td>
<td>+68</td>
</tr>
<tr>
<td>-support to families with children</td>
<td>+19</td>
<td>+35</td>
<td>+17</td>
<td>+30</td>
</tr>
<tr>
<td>-housing allowances</td>
<td>-23</td>
<td>-23</td>
<td>-25</td>
<td>-20</td>
</tr>
<tr>
<td>-social assistance</td>
<td>-5</td>
<td>-5</td>
<td>-13</td>
<td>+/-0</td>
</tr>
<tr>
<td>-primary &amp; secondary education</td>
<td>+20</td>
<td>+30</td>
<td>+49</td>
<td>+69</td>
</tr>
<tr>
<td>-employment policy</td>
<td>+63</td>
<td>+46</td>
<td>+55</td>
<td>+27</td>
</tr>
<tr>
<td>-state &amp; municipal administration</td>
<td>-54</td>
<td>-53</td>
<td>-68</td>
<td>-65</td>
</tr>
</tbody>
</table>


*Answers to the following questions: Taxes are used for various purposes. Do you think the revenues spent on the purposes mentioned below should be increased, held the same or reduced?* The figures above only report the net support or percentage of those wishing to increase expenditures minus those wishing to reduce them.
The Third Sector and the Democratization of the Welfare State - Revisiting the Third Sector and State in Democratic and Welfare Theory.

by Victor Pestoff*

Preliminary version, not for quotation!

*victor.pestoff@miun.se
The Third Sector and the Democratization of the Welfare State - Revisiting the Third Sector and State in Democratic and Welfare Theory.

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VPWfStDem2.
The Third Sector and Democratization of the Welfare State - Revisiting the Third Sector and State in Democratic and Welfare Theory. (abstract)

This paper addresses some major issues concerning the relationship between the third sector and the state in democratic and welfare theory. It also considers the potential of the third sector in democratizing the welfare state in Sweden. Numerous political indicators suggest that we may be witnessing the “withering away of the state” in many western democracies, or at least several vital institutions of representative democracy, including political parties. Not only do we see a notable decrease in voter participation and membership in political parties, but also a substantial decline in ordinary citizens’ chances of getting an elected office or honorary post, either in local politics or in many popular movements. Other indicators suggest that the citizens are finding or perhaps even founding new channels of participation and influence alongside the more established ones, as illustrated by the growth of sub-politics and life politics. However, these new channels are not yet institutionalized and formalized; nor are they recognized as legitimate by democratic theory or political science.

Both in democratic and welfare theory it is high time to reconsider the role of the third sector. An understanding based on its role in rural towns and villages of America at the beginning of the 19th Century, in Swedish mill towns at the end of the 19th Century, or in the early pluralism of the 20th Century provide an inadequate understanding of the changing relations of the third sector to modern welfare states and its potential for rejuvenating democracy in the 21st Century. An increasing number of Swedes participate actively as co-producers of personal social services that they and/or their relatives consume themselves. We need to consider if greater consumer influence is always detrimental to institutions of representative democracy, or can they compliment each other? In addition, most comparative welfare regime research ignores the third sector as a producer of personal social services and welfare. However, when including the third sector, we need to ask whether it substitutes, compliments or competes with public provision of personal social services. Its relationship to the state seems to vary depending both on the policy context, and whether it competes with the state for the factors of production as well as political power and influence. Moreover we need to consider whether greater participation by the third sector in providing personal social services perhaps poses a challenge to the third sector itself.

This paper discusses several important issues related to the potential of the third sector to democratize the welfare state. It adds cautious cooperators alongside the traditional rational maximizers for modeling our understanding of human behavior and for judging the impact of government policies designed to resolve social dilemmas. It considers the democratic values of third sector participation in producing personal social services as a way of socializing the distribution of welfare. It explores the need for functional representation alongside representative channels of influence, in particular in terms of rejuvenating democracy and alleviating the growing democracy deficit. It emphasizes the short-comings of national account systems and calls for recognizing the value-added by unpaid citizen efforts to providing personal social services. It underlines the trade-offs between quality and equity in personal social services, and notes the quality of improvements found with greater use of third sector services. It considers the importance of non-material motives for engaging citizens as co-producers of personal social services. It also considers some drawbacks of greater citizen involvement, namely the opposition of civil servants and their trade unions.

This paper concludes by considering if these mixed signals concerning citizens’ participation indicate a growing crisis for representative democracy and perhaps even the welfare state, or a rejuvenation of both, based on greater direct citizen participation both in new forms of democracy and the provision of welfare services. It is argued here that democratic theory needs to accommodate the new democratic expressions of citizen participation found in sub-politics and life politics. Refusing to do so would imply that citizens must follow well-established paths or channels of participation in order to be considered legitimate by democratic theory, i.e., reality will have to conform to the theory.
Moreover, in spite of the comparative and theoretical challenges, the third sector should be included both in more systematic analysis of welfare production and research on comparative welfare regimes. Current welfare theory is inadequate for understanding the emerging or new risk patterns facing many groups of citizens today and tomorrow. Many new political entrepreneurs are calling for a new welfare architecture and proposing major regime change. It is time to re-think political boundaries, in particular the public-private divide, according to Esping-Andersen (2002). It is also time to include the third sector in serious discussions and plans for rejuvenating democracy and redesigning the welfare state in the 21st Century.

Finally, it also recommends two far-reaching economic, political and social proposals for guaranteeing the third sector a more central role in the provision of tax financed personal social services. The first is to initiate a national service in defense of the welfare state for all young men and women between 18-21 years old, who would provide personal social services through public or nonprofit facilities. The second is to develop a system for recording citizens’ unpaid time and labor that would allow them to make deductions from their personal time accounts at later stages in life when their need is greatest. However, it must be kept in mind that greater third sector participation in the provision of personal social services can be a mixed blessing.