Article

Socio-economic institutions, organized interests and partisan politics: the development of vocational education in Denmark and Sweden

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Abstract

Although Sweden and Denmark are regarded as typical social democratic welfare states, there are significant differences in the institutional set-up of their skill formation systems. In Sweden, vocational education is fully integrated into secondary education, while Denmark is characterized by strong involvement of employers via workplace-based apprenticeships. This article aims to explain these different paths of development and their political sustainability, while providing general insights on the dynamics of institutional change in advanced political economies. We demonstrate how firm size had crucial implications for skill formation policies during the phase of industrialization, while the partisan balance of power became highly influential in the post-war decades. An additional key observation is that once a critical juncture is passed, actors adopt their strategies and preferences to reflect the new institutional context. As a consequence, the skill formation regimes of both countries remained relatively stable after the 1980s.

Key words: education, Scandinavia, institutional change, varieties of capitalism, governance, human capital

JEL classification: P16, I21, P51

1. Introduction

Although Sweden and Denmark are regarded as typical social democratic welfare states (Esping Andersen, 1990), there are significant differences in the institutional set up of their skill formation systems. In Sweden, vocational education and training (VET) tracks are fully integrated into the comprehensive secondary education system, whereas Danish VET...
is characterized by direct involvement of employers and a strong preference for workplace based apprenticeships.

How can we explain these different paths of development and their political sustainability? The recent literature on the origins of varieties of capitalism (VoC) emphasizes the phase of industrialization as crucial for setting the path for contemporary skill formation systems and political economies more generally (Swenson, 2002; Mares, 2003; Thelen, 2004; Martin and Swank, 2008, 2011, 2012; Iversen and Soskice, 2009). Our argument partly confirms this view and starts with the observation that although Sweden and Denmark are ‘most similar cases’, there were important differences in the institutional set up of their political economies during industrialization. These policy legacies had strong implications for the further development of VET in the early twentieth century. However, they did not fully determine the development paths in the second half of the century. In contrast, we stress that the decades following World War II were an equally important critical juncture. In this period, partisan politics and power resources of the left played a much more decisive role than in the pre war era (see Carney, 2010 and Iversen and Stephens, 2008 for similar arguments). Similar to Emmenegger’s (2010) findings on labour market policy, we show that Danish social democrats and unions had similar policy preferences to their Swedish counterparts, but were simply not powerful enough to push through their preferred policy: the integration of VET into secondary schools along Swedish lines. The need to compromise with centrist parties and employers led to the sustainment of a collective employer managed model of skill formation (Busemeyer and Trampusch, 2012). In contrast, Swedish social democrats and unions were powerful enough to marginalize the role of employers in training and establish a comprehensive, statist skill regime (Busemeyer, 2009a).

What general insights can we infer from these cases regarding the dynamics of institutional change in advanced political economies? Altogether, this article makes two general points: first, differences in the institutional set up of political economies during industrialization do matter regarding their future development, but the ‘shadow of the 19th century’ (Iversen and Soskice, 2009) is not so long as to preclude any significant later path departures. Second, the relative explanatory power of socio economic institutions, organized interests and partisan politics varies over time. The reason is very simple, but in our view often underestimated: Before the two World Wars, many European states were not fully democratized. Therefore, the labour market arena was an important venue in which class conflicts played out. After World War II, when European countries became full democracies, parliaments became the dominant political venues. Parties developed from elitist to mass based organizations. Furthermore, democratization interacted with the process of educational expansion. The period after World War II saw a rapid expansion of educational opportunities at the upper secondary level. Thus, the post war period became a new critical juncture due to democratization and educational expansion.

Why should scholars be concerned about the institutional development of VET rather than other kinds of education? First of all, when studying VET it is of course important to take into account its institutional linkages to other sectors of the education system, in particular general education at the upper secondary level and higher education (HE). Second, the institutional design of VET systems has been identified as a crucial factor determining labour market stratification in terms of social inequality (Estévez Abe et al., 2001) and youth unemployment (Breen, 2005). Hence, political conflicts about the design of VET systems are very much related to the general struggle over redistribution in the political economy at large. Third, VET remains a popular choice for young people and parents in both Sweden and Denmark.
with about half of a typical age cohort opting for some form of VET at the upper secondary level (OECD, 2012, p. 332). This stands in contrast with recent work on education from the perspective of comparative political economy, which has focused either on HE (Ansell, 2010) or non Scandinavian countries (Thelen, 2004; Busemeyer and Trampusch, 2012).

In the tradition of scholarship in comparative political economy, our analysis is concerned with explaining differences in the design of VET policies by highlighting the role of partisan and economic actors as well as socio economic institutions and contexts as explanatory factors. Thus, we are not concerned with directly assessing the impact of reforms in individual schools. This is of course an important issue, but lies well beyond the scope of the present article and is better treated by related disciplines such as the comparative education sciences. In the empirical case studies, our focus is on the historical development of country cases, but in the conclusion, we comment briefly on the implications of contemporary developments such as Europeanization.

The remainder of the paper is structured as follows: first, we briefly discuss how our argument is embedded in the pertinent literature. This is followed by case studies of Denmark and Sweden, in which we trace policy developments from the late nineteenth century to the present. The final section discusses the insights from a theoretical perspective and with regard to the broader issue of explaining institutional change in advanced political economies.

2. Literature review and theory

The VoC literature has identified the crucial role of skill formation institutions in contemporary political economies (Hall and Soskice, 2001; Estévez Abe et al., 2001; Iversen and Soskice, 2001, 2009; Thelen, 2004; Culpepper, 2007; Culpepper and Thelen, 2008). A distinction is frequently drawn between coordinated and liberal market economies (LMEs). While coordinated market economies (CMEs) are characterized by cooperative industrial relations, coordinated wage bargaining, and a strong emphasis on vocational education, LMEs tend to have weakly regulated labour markets, smaller welfare states, shorter investment horizons (Campbell and Pedersen, 2007) and their education systems are geared towards the provision of general academic skills.

The first generation of VoC scholarship deliberately refrained from studying the origins of different VoC, while instead emphasizing the functional implications of institutional complementarities between different spheres of the economy (Hall and Soskice, 2001; Estévez Abe et al., 2001). Recently though, scholars have become more interested in the origins of political economies. One contentious issue is whether employers played an active and supportive part in the development of coordinated capitalism and the welfare state (Swenson, 2002; Mares, 2003; Thelen, 2004; Martin and Swank, 2008, 2012) or whether welfare state expansion is driven by a powerful political left, as emphasized in power resource theory (Bradley et al., 2003; Körpi, 2006). Recent work brings together these two strands by exploring the connections between socio economic and political institutions. A debated issue is whether early and quite minute differences in economic coordination across countries led to the formation of different electoral systems and partisan dynamics (Iversen and Soskice, 2009) or whether differences in partisan dynamics resulted in different patterns of economic coordination (Martin and Swank, 2012). In addition to studying differences between CMEs and LMEs, scholars have attempted to explain diversity and variation within the group of CMEs (Estévez Abe et al., 2001; Iversen and Stephens, 2008; Busemeyer, 2009a; Busemeyer and Trampusch, 2012; Martin, 2012).
A common feature of this literature is that contemporary VoC or VET are traced back to their origins in the industrialization period. This stands in contrast with the core claim of partisan theory (Hibbs, 1977; Schmidt, 1996) that attributes differences in policy output to differences in the partisan composition of governments. Going back to Hibbs (1977), the standard working hypothesis is that left wing governments are more likely to expand the public sector, whereas right wing parties support market friendly policies. Due to data limitations, empirical contributions are mostly concerned with the second half of the twentieth century and reveal a significant association between the partisan composition of governments and welfare state policies, which tends be stronger for the immediate post war decades compared to the latter period of retrenchment and austerity (Castles, 1982; Schmidt 1996, 2007; Bradley et al., 2003; Kittel and Obinger, 2003; Kwon and Pontusson, 2010). In our view, these contrasting perspectives can and should be brought together to develop a more comprehensive understanding of the driving forces of twentieth century policy development.

Our main argument is that initial differences in the institutional set up of political economies and balance of power between organized labour market interests do shape policy legacies. These legacies were certainly important for VET reforms after World War II. However, policy legacies did not completely determine future development paths. After World War II, European countries transformed from elitist or defect democracies to fully developed mass democracies. This altered the balance of power between partisan interests and resulted in a venue shift from the labour market to the parliamentary arena. Democratization fueled a second massive societal change: the expansion of educational opportunities at levels above primary education. Thus, educational expansion created new political demands and democratization allowed these demands to be expressed in the parliamentary arena. This is why the post war period should be regarded a second critical juncture in the development of contemporary education systems, which are hence shaped by a combination of both socio economic institutions and policy legacies from industrialization and legacies of partisan conflicts of the 1960 and 1970s.

After 1980, partisan effects may have become weaker again (Kittel and Obinger, 2003). Some argue that this is due to austerity (Pierson, 2001) or globalization (Busemeyer, 2009b). It could also simply be a consequence of path dependencies. Educational expansion proceeded in stages: before World War II, access to primary education became more or less universal. In the post war period, the same happened for upper secondary education, although in different ways as we argue in this paper. In the current period, partisan conflict remains important, but only in the educational sector where there is room for expansion: HE (Iversen and Stephens, 2008; Ansell, 2010). In contrast, we observe very little transformative change at the upper secondary level, because students, parents and firms have adjusted their preferences accordingly. However, similar to the period before, the policy legacies of the 1960 and 1970s have implications for the development of HE in the later period. When VET remains a viable and attractive alternative to HE, the ‘drift’ towards academic education is less pronounced. In the following, we present two cases studies that are aimed at evaluating the importance of partisan politics relative to policy legacies of the industrialization period.

1 See Kwon and Pontusson (2010) for the case of social spending.
3. Case selection and research design

Our reasoning for selecting Denmark and Sweden as ‘most similar cases’ is to neutralize the impact of features such as welfare state culture and geography. Both countries bear remarkable similarities over a wide range of socio economic and education related factors. Commonly classified as social democratic welfare states, Denmark and Sweden have ‘negotiated economies’ with egalitarian aims based on well organized cross class alliances between employee and employer organizations as well as the state (Antikainen, 2006, p. 235). The centralized, multi party political systems are associated with corporatist policy making arrangements, characterized by strong labour movements, and routinized centralized collective bargaining (Pedersen, 2005; Emmenegger, 2010, p. 279; Martin, 2012, p. 47). Their geographical and ideological proximity is also reflected in the institutionalization of crucial aspects of the ‘Nordic education model’, based on the strong integration of education into the welfare state to ensure equity, inclusion, life long learning and social mobility (Antikainen, 2006, p. 229). Both countries have non elitist, non stratified, comprehensive education systems (Madsen and Larsen, 1998, p. 159) aimed at promoting income and gender equality and conveying democratic social rights.

However, Sweden and Denmark differ starkly regarding the institutional set up of VET at the upper secondary level. Sweden operates an extensive system of nearly entirely school based VET (Lundahl, 1997b, p. 91), whereas Denmark has a collective, dual apprenticeship system governed jointly by social partners. In Denmark, employers and unions actively engage in the administration and monitoring of skill provision and transfer, whereas Swedish employers have limited influence over VET content.

Complementing the variation in the dependent variable (education systems), Sweden and Denmark also differ regarding our core independent variables economic coordination and the power balance between organized labour market interests during industrialization (see below). In Sweden, large firms were more important, whereas small and medium sized enterprises are more prominent in the Danish economy. This has crucial consequences for the organization of labour market interests and skill formation politics. Furthermore, post war Swedish social democrats were in a more powerful position than their Danish counterparts, because the latter were forced to compromise with Center Right and Liberal parties or even confined to parliamentary opposition. Hence, even though Danish social democrats would have liked to implement a comprehensive secondary education system along Swedish lines, they were simply not powerful enough to do so.

In the case studies, we reconstruct education and training reform in Sweden and Denmark during three critical phases, which we call path initialization (industrialization period), path formation (post war period) and path consolidation (after 1980). Following Hall (2006) we engage in systematic process tracing, which aims at ‘elucidating and testing a theory that identifies the main determinants of a broad class of outcomes and attaches special importance to specifying the mechanisms whereby those determinants bear on the outcome’ (Hall, 2006, p. 25).

4. Case study Denmark

While in most countries school based VET has replaced firm based VET, Denmark together with Germany, Austria, Switzerland and the Netherlands operates a collective, primarily employer based VET system governed by the social partners. Our central argument is that its foundations lie, on the one hand, in Denmark’s early craft based economy and the resulting
segmented union structure. On the other hand, we focus on the characteristics of Danish social democracy, which was never as dominant as its Swedish counterpart (Esping Andersen, 1985), but at critical phases intervened to prop up the dual system.

4.1 Path initialization

The Danish apprentice system has deep historical roots and was facilitated by the country’s late industrialization and economic centralization. In the mid 1800s, the Danish economy was dominated by small scale, skill intensive producers of food, textiles, furniture and engineering equipment (Trampusch, 2010, p. 203). To counteract the threat of industrialization and large scale production, businesses created their own regional cooperative networks (Kristensen and Sabel, 1997). One mechanism to reinforce cooperation and fend off industrial centralization was firm based skill formation (Kristensen and Sabel, 1997, p. 345; Trampusch, 2010). Guilds were abolished with the 1862 Naeringslov (enterprise act), but unlike in Sweden the residual guild structures provided the emerging trade unions and employer organizations a template for joint labour market regulation (Nelson, 2012). Importantly, farmers and craft unions saw each other as allies and created institutions to generate mutual demand for goods, monitor activities, coordinate trade and detect defections (Kristensen and Sabel, 1997, pp. 360 362).

These institutional settings facilitated strong labour business coordination regarding skill formation. To counteract the tide of liberal reforms, local craft organizations opened technical schools offering specific theoretical and practical training (Madsen and Larsen, 1998, pp. 162 163), which were overseen by the social partners. This institutionalized cooperation led to the establishment of the Joint Representation of Danish Industry and Craftsmen (Fællesrepræsentation for dansk industri og handværk) in 1879, which successfully garnered state support for the technical schools. These self regulating venues enabled small holders and craftsmen to jointly administer apprenticeships, which were required for attractive jobs (Kristensen and Sabel, 1997, pp. 370 371; Madsen and Larsen, 1998, pp. 162 163; see also Trampusch, 2010).

This framework for industrial self determination (Kristensen and Sabel, 1997) enabled small Danish firms to fend off urban financiers and factory owners, who increasingly endeavored to create a Swedish style mass production economy. Most notably, the financier Carl F. Tietgen aimed to centralize domestic industry to reduce production costs and spur exports, thus forcing competitors to sell out to his firm. However, the well connected large agricultural enterprises and small shop owners succeeded in circumventing the economic centralization efforts of the Copenhagen elite.2 Denmark thus never experienced the same migration flows to cities and large scale production facilities as Sweden. In fact, the existence of technical schools enabled urban workers to move to rural areas to acquire specialized skills.

The skill driven regional economies and the institutional foundations of workplace based training were reinforced by multiple factors. The emerging Danish education system was largely based on the communitarian ideas of Nikolai S. F. Grundtvig, who vehemently argued against the interference of the capitalist class in education (Kristensen and Sabel, 1997, p. 358; Korsgaard and Wiborg, 2006). This ideational legitimacy for ‘small shop VET governance’ was further accompanied by the institutionalization of labour relations in

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2 Sabel and Kristensen outline how Danish towns essentially bought off industrialists and nobles with annual payments to prevent them from taking over (1997) (Kristensen and Sabel, 1997, pp. 348 350).
the late 1800s. Compared to its Swedish counterpart SAF, the Danish peak employer organization (Dansk Arbejdsgiverforening DA) was dominated by smaller firms and thus reflected the sectoral diversity of the Danish economy. Danish employers effectively encouraged trade unions to form a counterpart peak organization (De Sammenvirkende Fagforeninger 1886; later Landsorganisation i Danmark LO), which mirrors the segmented economic structure and collectively administered apprenticeships with DA (Martin, 2012).

At this point, partisan preferences posed no severe challenge to the emerging collectivist system, in which unions and employer organizations essentially ‘policed’ industrial skill for mation by controlling wages, working conditions and the supply of journeymen (Kristensen and Sabel, 1997, p. 370). While the Center Right Party (Højre; after 1915 Det Konservative Folkeparti) expressed no significant objection to firm administered VET, the Venstre Parti (the literal translation is Left Party, although it later became a more Liberal Party) primarily represented farmers and like most Danish small holders opposed the urban aristocracy. Before industrialization the social democrats also favoured preserving the ‘farmer’s republic’ and building alliances with the small firm dominated LO (Socialdemokraterne, 1913; Danmarks Historien, 2012).

The pre-eminence of the social partners in VET during path initialization was reinforced by an additional series of factors. First, the craft unions organized in the LO came to administer unemployment funds with the 1907 Unemployment Insurance Act (Lov om Arbejdsløshedsforsikring), which resulted in increased union membership and thus political clout (Trampusch, 2010). Second, while aiming to keep socialist organizations from overtaking training matters, large scale industrialists increasingly supported employer and union control over small shop VET (Martin, 2012, p. 55). The Copenhagen Technical Enterprise School (Teknisk Erhvervsskole), which catered to large scale industry, was also governed by DA and LO representatives and diffused as a model for all industrial and handicraft education. Third, the 1921 Apprentice Act (Lærlingeloven) reinforced social partner governance of VET by allocating administrative authority to trade organizations (Nielsen and Cort, 1999, p. 44).

In the 1930s, Denmark and Sweden also embarked on somewhat different socio economic trajectories, which had substantial ramifications for VET. The 1933 Kanslergade Agreement set the foundations for Danish macro economic policy making. At first sight, the agreement entailed the state’s retreat from policy making by encouraging private interest groups to settle differences without state interference. Upon closer examination, however, the agreement bolstered the position of and the alliance between farmers and workers against large industry. Specifically, it facilitated state intervention into the economy to make small holders and farmers more internationally competitive through subsidies and the devaluation of the Krone (see Kristensen and Sabel, 1997, p. 375). While Swedish macro economic policy at this phase favoured large scale production, Kanslergade served to freeze the craft based Danish economic structures and corresponding segmented union structure (Swenson, 1991, p. 529).

Most importantly, the preferences of social partners at this point were favourable to the further institutionalization of ‘stakeholder co governance’ of VET. Employers saw an extensive VET offer as a means to thwart off labour demands for wage increases and thus supported the 1938 apprentice law. This resulted in a national coordination council, which essentially instituted a system of state supported, employer dominated VET and allowed the social

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3 Danish: Lov Nr. 168 om Retsforholdet mellem Arbejdsgivere og Funktionærer i private Erhvervsvirksomheder.
partners to monitor VET in technical schools and on shop floors (Martin, 2012, p. 55). This framework (see Kaspersen and Schmidt Hansen, 2006) facilitated the emergence of an ‘apprenticeship stabilizing’ coalition. Employers were primarily concerned with ensuring high quality specialized skills and willing to accept the organizational and financial burden of VET. Labour unions were compelled to invest in skill formation as a means of preventing unemployment to preserve the limited unemployment insurance funds they administered (Estevez Abe et al., 2001, p. 163; Trampusch, 2010; Martin, 2012). Contrary to the Swedish case, the collective action dilemma had been solved, whereby apprenticeship was taken on by trade unions and employers as a common enterprise.

4.2 Path formation
Differences between Sweden and Denmark regarding economic coordination persisted into the post war era. Although Danish labour associations called for stronger export oriented industrialization, governmental policy continued to favour industries aimed at domestic production. In fact, even the most forceful advocates of union centralization (e.g. metalworking employers) primarily catered to the domestic market. As a result, small Danish craft unions organized within the LO were never ‘crushed’ by powerful centralized unions as in the German and Swedish cases (Kristensen and Sabel, 1997; Estevez Abe et al., 2001; Elvander, 2002, pp. 119 120; Dufour et al., 2006). The decentralized union structure ensured that Danish trade unions regulating VET remained positioned at all levels of the labour market (Madsen and Larsen, 1998; Jørgensen, 2008, p. 104). At the local level, they collaboratively administered the technical schools with employer representatives, while centralized bargaining structures enabled them and employers to oversee VET content for specific crafts.

At this point, one might assume that this institutional set up had become cemented and self sustaining. However, we argue that partisan politics and, in particular, the actions and restraint of the social democrats became increasingly important variables in explaining Denmark’s adherence to the firm based pathway. Faced with a shortage of apprentices, the social democratic government passed an apprenticeship law in 1956, which expanded the school based component of VET to complement firm based training. Instead of the previous evening courses, firms were required to offer daytime lessons at technical schools (erhvørs kolser). This resulted in an arrangement described by Jørgensen (2008, p. 106) as ‘craft self administration of VET within schools’, which was overseen by special advisory councils which determined curricular content (see Grollmann et al., 2003).

In the post war era, both Swedish and Danish social democrats aimed to fundamentally transform the education system based on egalitarian notions and introduce comprehensive schools (Socialdemokraterne, 1973; Rasmussen, 1998, pp. 27, 138 139). With the support of the Radical Liberal Party (Det Radikale Venstre) and Liberal Party (Venstre), the Danish social democrats succeeded in 1958 in unifying the urban and rural school systems and

4 The framework set in the 1937 apprenticeship act subsequently facilitated the spread of such cooperative arrangements to nearly all trades (see Jørgensen, 2008).
5 Pedersen (2005) speaks of a ‘low level of technological development in industry’ and the ‘inability of Danish industry to adjust to new positions of strength in an international competitive environment’.
6 This falls in line with Campbell and Pedersen’s (2007) observation that economic activity in Denmark is coordinated in a more decentralized manner than in other coordinated economies.
establishing the 10 year *folkeskole*, consisting of the elementary school (*hovedskole*), after which pupils could attend the 3 year *realskole* or remain in the *folkeskole*. The *folkeskole* had become, in part, a comprehensive secondary school (*enhedsskole*) (see Rasmussen, 1998, p. 27). Like their Swedish counterparts, the Danish left (and LO) (*Socialdemokraterne*, 1971; 1973; Bosch and Charest, 2006) also aimed to integrate practical VET education and theoretical tracks by arguing that the separation of tracks reinforces social inequalities (*Socialdemokraterne*, 1969; Rasmussen, 1998, p. 27).

However, the power resources of the Danish social democrats proved to be inferior to those of their Swedish counterparts. Despite consistently being the strongest party, their ability to pass transformative legislation was restricted by their participation in minority coalitions, shorter tenures as well as conflicts between radicals and moderates within the party (Jørgensen, 2002, p. 40; Emmenegger, 2010). Compared to Sweden, the Danish party system has traditionally been more fragmented, with the social democrats’ traditional coalition partner the Radical Liberal Party (*Det Radikale Venstre*) positioned to the right on economic issues, in particular after the 1960s. The radical liberals insisted that VET remain proximate to economic realities and aimed to maintain the state funded technical and commercial schools and corresponding dual apprenticeship system (*Det Radikale Venstre* 1969; 1974). Thus they pushed back at the social democratic attempts to integrate VET into comprehensive schools. In other words, the radical liberals functioned as a veto player and hindered the social democrats and LO from bringing their plans for school based VET through parliament (see Emmenegger, 2010 for the case of employment legislation).

Continued social democratic efforts to converge on the school based VET model (*Socialdemokraterne*, 1971, 1973) were thwarted by the 1973 ’earthquake election’, which propelled the libertarian nationalist Progress Party (*Fremskridtspartiet*) to become the second largest party and heralded an era of political fragmentation and minority governments. Despite political turbulence, the social democrats together with the Liberal Party and radical liberals were able to further institutionalize the comprehensive 10 year *folkeskole* in 1975 by abolishing the *realskole* segment. However, partisan constraints foiled the social democrats’ plans to fully integrate VET into schools. The Progress Party insisted that firms maintain responsibility for VET and opposed state funding (*Fremskridtspartiet*, 1973), while the conservative liberal *Venstre* was traditionally also in favour of upholding the apprenticeship system, but emphasized educational equality more than the Progress Party (*Venstrepartiet*, 1963; see also Nelson, 2012, p. 183).

Yet the emergence and/or predominance of market friendly liberal/libertarian parties (*Fremskridtspartiet*, *Venstre*, *Det Radikale Venstre*) did not automatically translate into the sustainment of the firm administered system. In fact, the number of apprentices significantly decreased in the 1970s (Nelson, 2012, p. 187; Albæk, 2009). However, the return of the social democrats to power proved to be crucial for reviving VET. Instead of further attempting to introduce school based VET, they adjusted their efforts towards propping up the dual system (*Socialdemokraterne*, 1977). This reflected both their commitment to VET as a form of education that benefits working class children and the realization that ambitious reforms plans were no longer feasible. During their short reign as one party government (1977–1978), the social democrats thus injected mass subsidies into the apprenticeship system, while pushing for fair apprentice wages (*Socialdemokraterne*, 1977; Nelson, 2012). Importantly, they introduced the so called Employers’ Reimbursement Scheme (*Arbejdsgivernes Elevrefusion*), which is financed by contributions from all Danish employers and reimburses
training employers for trainee expenses. Salvaging the existing institutional framework proved to be a more viable option for the social democrats than integrating VET into the folkeskole, as they were able to bring the levy grant system through parliament with the consent of the social partners and opposition parties (see Bosch and Charest, 2006, p. 5; Albæk, 2009). At the same time, further mechanisms were enhanced to bind apprentices to firms and prevent the poaching problem. Most notably, employers agreed to adjust salaries upwards, the longer an apprentice stays with the firm (Albæk, 2009, p. 45). Thus, before returning to minority government in 1977, the social democrats had returned the institutions which safeguarded the common interest in the system’s effectiveness.

4.3 Path consolidation

Since the preceding phase, the Danish VET system has largely remained intact. It is safe to say that the major political parties, in particular the social democrats, have adapted their preferences and strategies to sustain the logic of firm based VET (see Socialdemokraterne, 1989). Our argument for the path consolidation phase (~1980 to present) is that partisan effects did not entirely vanish, rather triggered leftward and rightward shifts along the already paved path, i.e. firm based collectivist VET. In other words, the Left Right divide continued to manifest itself, but without having a transformative impact.

Although some social democrats continued to push for egalitarian education policy and school based VET (Socialdemokraterne, 1992; Christensen, 2011), the re emergence of the Center Right thwarted any such efforts. Liberal Education Minister Bertel Haarder (1982-1993) aimed to bury the egalitarian educational planning philosophy of the 1970s and introduce New Public Management methods (Rasmussen, 1998, p. 17; Nelson, 2012, p. 196). This left the social democrats little leeway to uproot the employer dominated system. In fact, the Center Right/Liberal government further decentralized VET with a new apprenticeship act (1991), which replaced national VET rules with overarching guidelines for local regulation.

However, the return of a social democratic led coalition in 1993 heralded some significant VET related changes, which at first sight may be regarded as an aspired convergence on a Swedish style system. Most importantly, the coalition introduced an exclusively school based VET track.7 Upon closer examination though, this modification was more aimed at propping up, rather than uprooting the dual collectivist system. Specifically, the school based option was created for those unsuccessful finding an apprenticeship, in particular during harder economic conditions (Nelson, 2012, p. 184). However, once enlisted in school VET programmes such pupils are immediately required to apply for firm based apprenticeships. Hence, rather than deinstitutionalizing the collectivist system, the school based alternative which caters to <10% of an age cohort (ATP, 2009) facilitates transitions back to firm based VET. In other words, its raison d’être is to sustain the firm based system.8

More recently, the focus of social democratic VET policy has been to increase the system’s flexibility9, in order to retain more students within the education system, and in particular

7 This reform was part of their Education for All agenda (Uddannelse til Alle).
8 The school based ‘backup option’ further enables firms to offer more flexible on site training in terms of duration and depth because apprentices can easily move back and forth between both systems (see Jørgensen, 2008).
9 The 2001 VET reform, for example, led to a reduction of VET programmes in favour of a more generalist orientation, while also requiring pupils to draw up an educational plan and logbook. This falls in line
Recently, one could in fact speak of convergence of VET related preferences of all major Danish parties. Firm based VET is increasingly viewed as a strategic weapon for ensuring employability, which has resulted in shared preferences for policies that promote access and transparency and recognize the need for generalist skills for low skilled service workers (Martin and Knudsen, 2010). In 2012, all major parties lent support to a concerted effort led by social democrats to optimize the VET system. Based on a consensus that dualist VET must be upheld (see Finansministeriet, 2012), the current governing coalition is instituting a series of seemingly non ideological reforms aimed at improving training accessibility and outputs. In order to provide a training guarantee (uddannelsesgaranti) to all, the reform package provides easier access to the school based option, the creation of VET training centres on school grounds, ‘apprentice outreach campaigns’, ‘apprentice action plans’ to be drawn up by vocational schools, more apprentices in public authorities, and travel subsidies for apprentices. Thus, the cross party agreement does not necessarily effectuate policy change, rather ‘policy reinforcement’ with increased subsidies for VET and stakeholder involvement.

5. Case study Sweden

Contrary to Denmark, all initial vocational training in Sweden is provided in upper secondary schools (gymnasiaskolor) and state funded, while continuing VET is also integrated into the public education system (Trampusch, 2010). Why did the collective apprentice system ‘die out’ and VET become entirely integrated into secondary schools? Here we again show how historical legacies were initially crucial in shaping relations between the state, firms and organized interests and thereby the VET trajectory. However, in the post war era, ideologically driven social democratic education politics together with the preexisting economic and union structure were key variables in explaining the introduction and prevalence of the school based model, to which the social partners eventually adjusted.

5.1 Path initialization

Similarly to Denmark, Swedish VET had its roots in the handcraft sector of the 1800s. Initially unregulated and voluntary, VET increasingly received government support (Nilsson, 2011) and became a collective affair with the involvement of firms and municipal organizers. However, the institutional set ups of the two countries’ political economies already began to diverge during this phase. Unlike in Denmark, Swedish small firms did not attempt to build on the institutional remnants of the abolished craft guilds. Not only was the Swedish hantverk (handicraft) sector weaker than its Danish counterpart, but smaller Swedish firms were also increasingly overshadowed by larger enterprises. During early industrialization, capital and ownership was primarily consolidated within several powerful groups, most notably the Wallenberg family (Viktorov, 2007). This translated into centralized control of

with the deeply entrenched concept of life long learning, which in particular contrast to the German ‘Berufskonzept’ is aimed at broadening non industry specific skills over lifetime (see Nelson, 2012).
the means of production (Ball and Larsson, 1989, p. 3). Unlike the Danish small holders, small Swedish firms proved unable to ‘outwit’ large urban financers pressing for further industrialization.

Lacking a successful alternative to mass production, the Swedish economy became very export oriented and globalized, which further reinforced the concentration of industry and capital (Viktorov, 2007). Importantly, small firms were additionally disadvantaged by deliberate decisions taken by the social partners. Founded in 1902, the Swedish Employers Association (Svenska Arbetsgivareföreningen  SAF) was not particularly interested in admitting small firms due to the divergent interests of large and small companies.12 Contrary to its craft dominated Danish counterpart, the main labour union Landsorganisation (LO) also increasingly took on the characteristics of an encompassing industrial union.13

By 1900, the state increasingly funded municipal apprenticeship and vocational schools (lärlingskolor and yrkesskolor) (Olofsson, 2005), while firms continued to hire apprentices.14 However, despite its rapid expansion, VET was already increasingly carried out in schools. As a further sign of the subsequent shift to school based VET, the parliament (Riksdag) also entrusted VET decisions with the National School Board (Skolöverstyrelsen) in 1938.

However, SAF and LO still desired to move VET closer to a system with a combination of school based education and enterprise based training governed by voluntary contracts and central union agreements (SAF LO, 1944; Lundahl, 1997a). Preceded by frequent labour conflicts, the 1938 Saltsjöbaden Agreement marked a major step towards the institutionalization of Swedish corporatism and VET. Like the Danish Kanslergade Agreement, it set a framework for mutual conflict regulation between labour market partners without government interference. Faced with high unemployment and an insufficiently trained labour force, SAF and LO created a National Vocational Training Board (Kungliga Överstyrelsen för Yrkesutbildning KÖY) in 1943 to oversee municipal vocational and apprentice schools and the expansion of firm based training (Lundahl, 1997a, p. 57). Established in the following year, the Joint Industrial Training Council (Arbetsmarknadens Yrkesråd AY) became an additional tripartite coordination platform for trade unions, employers’ federations, and the state.

However, the sustainment of a Danish style self managed system was hindered by several obstacles. Above all, trade unions became skeptical of apprenticeships. LO perceived them as a potentially dangerous instrument for employers, which would undermine a solidaristic wage policy and labour market mobility (Olofsson et al., 2008, p. 21; Nilsson, 2009, p. 12; Håkansson, 2011, p. 173). SAF also rejected LO proposals for a cross branch apprenticeship program.

12 The argument was put forward that small companies are not exposed to foreign competition and are thus less sensitive to higher labour costs (Dufour et al., 2006, p. 14).
13 That is an overarching union which represents a large part of the economy and workforce (see Swenson and Pontusson, 2000).
14 New training establishments were also created in rural areas. For example, municipal workshop schools (kommunala verkstadsskolor) were introduced in 1921 and later became a model for the workshop schools introduced in the mid 1930s (landstingskommunala verkstadsskolor) to prevent youth unemployment (Olofsson, 2005; Olofsson et al., 2008; Lundahl, 1997a). These were later followed by so called centrala verkstadsskolor, which were governed by the counties (landsting) (see Verkstadsskoleutredningen, SOU 1938, p. 26).
agreement (lärlingsavtal), which would have ensured high apprentice wages. SAF instead insisted on voluntary agreements due to feared higher costs stemming from an overarching law (Arbetsmarknadskommittén, 1943; Lundahl, 1997a, pp. 62–64, 70). While smaller craft firms continuously pushed for an apprentice law, their preferences were crowded out by those of large exporting firms represented in the SAF. Although large firms still opposed exclusively school based training (Arbetsmarknadens Yrkesråd, 1962), they showed little interest in expanding the apprentice system. Fearing free riding and excessive costs, SAF argued that universal legislation would limit companies’ freedom to hire and dismiss apprentices and lead to permanent employment (Olofsson, 2005, pp. 239, 78–79). The National Board of Education (Skolöverstyrelsen) also feared the misuse of apprentices as cheap labour and instead pushed for public oversight of VET.

With these constraints, Sweden was unable to design incentives for enforcing VET related cooperation. Amid strong demand for skilled labour in the 1940s and 1950s, VET inclined students were again absorbed by the municipal and regional vocational schools, while apprenticeships declined from an estimated 20,000 in the early 1940s to less than 15,000 in the mid 1950s (SOU, 1954). The social partners subsequently adapted to this situation by targeting their efforts at the municipal schools, thus undermining the overarching clout of AY (Arbetsmarknadens yrkesrådet) (Olofsson, 2005, p. 139) and KOY.16

5.2 Path formation

As hinted above, the economic demands during the ‘golden age of Fordist mass production’ (Viktorov, 2007, p. 7) were a crucial variable in shaping VET related preferences of labour market partners, above all SAF. The capital intensive, export oriented production of consumer goods and raw materials became even more prominent in post war Sweden and replaced smaller domestic oriented industries (Nilsson, 2011, p. 27). While Danish small scale tradesmen remained relatively shielded from international competition and could pass on training costs to domestic consumers, Swedish firms were unable to do so due to heavier global price competition. These factors further crowded out smaller craft firms and also created a relatively homogenous working class (Swenson, 1991, pp. 513, 532).

The diverging economic set ups of both countries were subsequently reflected in labour union structures and political strategies. The Swedish LO became more homogenous and dominated by large firms (Swenson, 1991, pp. 513, 532) than its highly segmented Danish counterpart, in which individual groups essentially ‘stuck up’ for their own industry. These economic and trade union structures decisively shaped partisan VET related preferences. Largely inspired by the LO economists Gösta Rehn and Rudolf Meidner, the economic policy of the governing social democrats was aimed at full employment and economic growth without inflation, while mitigating the negative effects of rapid economic adjustments. In return for a solidaristic wage policy, employees were expected to be highly mobile and adaptable to technological changes (Lundahl, 1997a, p. 75). Volatile international markets

15 Together with the social democrats, LO insisted that apprentice wages should be more or less on par with average wages and that the apprenticeship agreements with high apprentice wages concluded for the handcraft and automobile industry (1938) must be universally applied. This strategy fell in line with the general trend towards inter occupational levelling, which was much more pronounced in Sweden than in Denmark in the early 1900s (Swenson, 1991, p. 525).

16 The latter ceased operations in the early 1960s (Lundahl, 1997a, p. 70).
and short product life cycles led to increasing demands from LO, in particular, to ‘invest in adaptability’ (‘investera i anpassning’) (see Rehn, 1988, pp. 181–182). Thus, the social democrats and social partners came to view VET as a means of facilitating economic adaptation and pushed for the school based option.

By the mid 1950s, the preferences of the business community were also shifting towards instituting generalist VET in the school environment to be complemented with firm specific on the job training—a strategy, which was more feasible and attractive for large firms than for smaller firms. With changing technology, expensive manufacturing equipment, and a faster conveyor belt working pace, there were fewer means of direct access for apprentices to production facilities (Johansson, 1989; Lundahl, 1997a, p. 96; Olofsson, 2005, p. 73). Moreover, Swedish firms were less willing to entrust increasingly expensive machinery to apprentices (SOU 1954, p. 11). Thus, they sought to disburden themselves from training by calling for more state and municipal engagement in VET (Olofsson, 2005, p. 142). Precisely this was reflected in the 1955 reform (Regeringens Proposition, 1955, p. 139), which triggered a massive expansion of the system and greater state engagement. While VET remained based on voluntary agreements between employers and trade unions, the municipalities took on a much more prominent role in policy making than before (SOU, 1954, p. 11). Specifically, the state significantly boosted funding to promote the expansion of part time and full time courses administered by municipal vocational schools (Nilsson, 2009; Olofsson, 1997), while also providing more generous subsidies to craft masters training apprentices (Nilsson, 2011). Particularly interesting in this regard was that the law did not stipulate a ceiling on state funding for VET.

The full time courses lasting one to two years were seen as attractive to people leaving secondary school who wanted quick access to the labour market after competing secondary education, which had been expanded from seven to nine years. Thus, the 1953 law heralded an increase in both part time and full time participation in VET courses, while apprenticeships remained a viable option for part time VET course participants (Nilsson, 2011).

Amid the expansion of municipal vocational schools, SAF and LO continued to stress the need for both state support and for upholding a firm based component (see Lundahl, 1997b). This shared preference for some form of a dual system was reflected in an AY policy paper entitled ‘Common Denominator’ (Arbetsmarknadens Yrkesrådet, 1956), while numerous right wing parliamentarians also seconded demands to expand apprenticeship training. Subsequently, the state again proposed a series of modifications reminiscent of the Danish training levy model.17 However, SAF rejected what it considered to be a new tax and education fee and insisted on voluntary agreements (Lundahl, 1997a, pp. 98, 114). Meanwhile, LO also did not actively promote apprenticeships as it was increasingly focusing on how to align VET with its emerging vision of egalitarian, civic education (LO, 1976). Thus, unlike in Denmark, apprenticeships still remained an informal affair in the 1960s.

By the late 1960s, a series of interrelated factors had coalesced, making the ultimate shift to school based VET in Sweden more likely. Due to the above described tensions, AY lost influence, while KOY was incorporated into the National Board of Education (Skolöversöksstyrelsen) in 1964. This set the stage for a more statist approach, facilitated in particular by the

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17 Specifically, the social democratic government called on companies to pay a VET fee in proportion to salaries, which then would be paid back to them later in the form of state subsidies for investing in and managing vocational education.
preferences and power resources of the left. In the 1960s, Swedish social democrats embarked on a large scale quest to transform the previously segmented school system into a comprehensive system. Here, centralized educational governance was viewed as a precondition for safe guarding equality and regulating social stratification (Husén, 1965; Hickox and Lyon, 1998). Conservatives, by contrast, aimed to uphold the social order with a more demarcated educational stratification (Skolvärlden, 1968). However, the Conservative Party (Högerpartiet, after 1969 Moderata Samlingspartiet) was traditionally more concerned with taxes and reducing public expenditure and did not actively strive to stop the reform. Importantly, the reputation of conservative Swedish educationalists remained tarnished after World War II, as they were widely viewed as proponents of the ‘elitist’ and ‘undemocratic’ German education system (Hickox and Lyon, 1998, p. 33).

In the 1960 and 1970s, partisan preferences took centre stage in driving policy change. With the boost in state support for the yrkesskolor, Swedish VET had already effectively shifted from a voluntary model to a publicly regulated system (see Lundahl, 1997a, p. 36). However, the yrkesskolor proved insufficient in terms of both capacity and ideology. Social democrats were increasingly embracing the idea of education as a vehicle for pursuing a righteous and democratic society (Socialdemokraterna, 1960). While the Conservative Party (Moderata Samlingspartiet) and Liberal People’s Party (Folkpartiet liberalerna) pressed to maintain the division between theoretical/academic and practical/vocational education (Skolvärlden, 1968, p. 12; Antikainen, 2006), Swedish leftists contended that education must enable access to new non segregated labour markets through an integrative understanding of social citizenship (Socialdemokraterna, 1975). In other words, the reforms aimed to break down the barriers between work and school and between mental and manual labour (Socialdemokraterna, 1960). The aspired fusion and curricular integration of theoretical and practical studies further played into the notion of workplace ‘democratization’ (Hickox and Lyon, 1998, pp. 30-31), which was actively promoted by the Center Party (Centerpartiet, 1970).

The political and ideational legitimacy for the integration of VET into secondary education can be pinpointed here and was facilitated by the coalescence of preferences and deeply institutionalized cooperation between social democrats and the LO (Lundahl, 1997a, p. 46), which had become heavily entangled in education affairs (see Englund, 1989, pp. 48-50). Like the social democrats, LO advocated the idea that VET should be similar to other types of secondary education and pushed for the dismantling of ‘hierarchies of knowledge’ (Ball and Larsson, 1989). Hence, Swedish social democrats vehemently pushed for the integration of children of all social strata into one institutional setting. As summed up by education minister Olaf Palme, this was a fundamental part of their quest for social leveling (Socialdemokraterna, 1960, 1975).

An integrated gymnasieskola is necessary to mark equality between different types of education, whether practical or theoretical and to mark the will to rectify all traditional class thinking and that not least old sex role thinking and other things that have to a high degree made all rational school politics difficult both for students and society (Palme, 1964, cit. in Rusak, 1977, p. 205).

The social democratic minority government consequently succeeded in integrating all educational programmes into the gymnasieskola in 1971. Also crucial here was the support of the Center Party (Centerpartiet), which advocated strong ‘interplay’ between schooling and
working life to promote workplace democratization (Centerpartiet, 1979). Within the gymnasieskola young people could choose between >90 study programmes, divided into 2 year vocational programmes and 2 to 4 year academic programmes. Only the longer academic programmes were ‘vestiges of the traditional university entrance studies formerly provided by the gymnasiesskola’ (Opper, 1989, p. 140), while the vocational tracks pursued by almost half of each age cohort were seen as major labour market gateways.

The final push to integrate VET into schools was further facilitated by a partial ‘cross cutting’ of preferences between labour, which saw VET as a weapon for fighting youth unemployment and enhancing labour mobility, and employers, who were more concerned with the functional needs of industrial production. While SAF still attached primary importance to the immediate applicability of skills (Olofsson, 2005, p. 124), many large firms had adjusted their personnel strategies early to build on the public provision of general VET in vocational schools (ykresskolor). Therefore, school based VET played into SAF’s efforts to recruit workers with broad, flexible skills to industrial work and the demands for social equality and ‘democratization’ from social democratic educationalists and labour unions. Consequently, SAF did not strongly resist school based VET geared towards economic flexibility (see Lundahl, 1998). Moreover, since the Saltsjöbaden Agreement, which led to union wage restraint and the disappearance of strikes, businesses were more willing to embrace social democratic policies. Finally, Sweden lacked a unified political right and strong alliance of employers and educational policy makers (Hickox and Lyon, 1998, pp. 32–33).

5.3 Path consolidation
The ensuing events show how difficult it is to re institutionalize a dual apprenticeship system despite arguably more conducive framework conditions and recent problem pressure. The school based system was continuously viewed as an instrument for ensuring full employment and economic flexibility. However, there is a plausible argument that the system has not lived up to expectations. Sweden has been plagued by significantly higher youth unemployment than Denmark, whose labour market has also proved more ‘recession resistant’ (Pettersson, 2006; OECD, 2008; Håkansson, 2011). The perceived excessive state centredness and isolation of the education system were increasingly touted by the Swedish right as a failure of social democrats and scapegoated for economic decline and youth unemployment (Moderata Samlingsparti, 1984; Ball and Larsson, 1989, p. 14). This propelled a bourgeois coalition to power in 1976, in which the Center Party held a strong position due to its opposition to nuclear power. The conservatives (Moderata Samlingspartiet) aimed to increase employer control over education (Hickox and Lyon, 1998, p. 33). As in Denmark,

18 The reform was ultimately also supported by some conservative parliamentarians (Rusak, 1977, p. 205).
19 Export oriented mass production by large firms further increased during the critical reform juncture. For example, plant size measured by the average number of employees per manufacturing firm increased throughout the 1970s, while the proportion of engineering jobs requiring few skills, rather physically demanding work increased between the mid 1970s and mid 1980s (Viktorov, 2007).
20 High Swedish youth unemployment could also potentially be attributed to employment protection laws (OECD, 2008).
21 An analysis of party programmes reveals that the Center Party initially favoured school based training to promote the fusion of education and working life (Centerpartiet, 1979). However, VET never appeared to be a highly salient issue for the party. As of the 1980s, there is evidence that it later
small and mid sized firms were also increasingly represented by the SAF (Lundahl, 1997a, p. 45). With these favourable conditions, Swedish conservatives sought to resuscitate the apprenticeship system, while SAF simultaneously pushed for more industrial engagement by reviving AY and expanding school-industry contacts.

However, a fundamental shift towards a Danish style VET model was again impeded. While SAF promoted the idea of ‘close to business schools’ (företagsnära skolor) and state subsidies for apprenticeships, LO and the social democrats were still pushing to decrease the gap between theoretical and vocational studies (Lundahl, 1997a, p. 172; Busemeyer, 2009a). LO remained committed to the redistributive and egalitarian aspect of education and was antagonistic to the employer promoted view (Ball and Larsson, 1989, p. 14; LO, 1994). Specifically, it argued that expanding apprenticeships would undermine the social democratic school reform and therewith school’s core function in fostering capacity for continued learning and mobility (LO, 1986).

Hence, by the 1980s the social partners had effectively adjusted their political strategies to the statist skill formation regime. Still dominated by large firms (Kjellberg, 2001)22, LO had little incentive to support conservative attempts to revive firm based VET and SAF’s efforts to introduce more flexible salaries and trial based employment for youth. Here, LO again feared the exploitation of working class children as cheap labour (LO, 1980; Lundahl, 1997a, p. 162; Lagström, 2012, p. 27) and insisted on the expansion of existing school based VET. SAF also did not share the same enthusiasm for workplace based training, while conservatives instead were increasingly focusing on prolonging school based vocational tracks.

The lacking ‘pro apprentice alliance’ between SAF, the Conservative Party and industrial firms and the strong preference of LO and social democrats for the statist regime explain, to a large degree, the consolidation of the school based pathway. Those pushing for social leveling still had the upper hand in the education debate. Consequently, Swedish conservatives pushed their reform efforts in a different direction, namely educational decentralization (see Lindblad et al., 2002; Lundahl, 2002), while AY also began targeting its skill formation policy towards the tertiary sector and the expansion of vocational colleges (Yrkeshögskola).23

At first sight, decentralization may be seen as an opportunity for local economic stakeholders to exert greater influence over VET. However, the municipal school governance has not fundamentally altered VET. As part of a compromise, VET tracks in decentralized schools were prolonged from 2 to 3 years, but the content became even more general and thus further blended academic and vocational education (Hall, 2009; Nilsson, 2009; Persson and Oscarsson, 2010).

Center Right critics argued that a prolonged focus on theoretical and academic content would increase dropout rates and unemployment, and thus continued their push for apprenticeships in the 1990s (Motion Riksdag, 1990/1991, Ub203), while proponents mainly

aligned its preferences with those of the conservatives (Moderaterna) by calling for a dual system and more employer control (see Centerpartiet, 1981).

22 The perceived ‘crisis of the Swedish model’ never had a major impact on union density (Pontusson, 1997).

23 Precisely here lies a crucial difference between Denmark and Sweden: while the comprehensive secondary vocational tracks in Sweden were aimed at funneling students into university VET programmes at the yrkestechniska högskolor (vocational colleges), the Danish dual system was aimed at channelling students into the labour market, and not to higher education (Busemeyer, 2009a).
social democrats embracing the idea of ‘life long learning’ argued that the generalist curricular content would reduce socio economic enrolment disparities by keeping tertiary education open to vocationally inclined students (Socialdemokraterna, 1990; Regeringens Proposition, 1990/1991, p. 85). Fueled by an ongoing discussion on whether the dualist systems of Denmark, Germany and Austria are better at producing skills for modern economies (Petterson, 2006; Håkansson, 2011; SOU, 2012), the Center Right alliance has pushed to reintroduce apprenticeships since returning to power in 2006. This resulted in a pilot programme in 2008 and in 2011 the broader introduction of alternating school based and workplace based training for vocationally inclined students.

As in the Danish case, one can speak of a partial convergence of partisan VET preferences. While some Swedish social democrats fear a ‘sellout’ of schools to corporations and aggravated inequalities (Socialdemokraterna, 2011), the party and LO have acquiesced to Center Right plans for workplace based training (Socialdemokraterna, 2010; LO, 2010). However, it must be stressed that the new system constitutes at best a partial implementation of the dual firm based model (see Nilsson, 2008). Despite the revitalization of school entrance ties and the establishment of apprentice councils (lärlingsråd) (CEDEFOP 2009), the new apprenticeships are not governed by the social partners, rather fall under the responsibility of individual schools and the central government. There are no branch specific agreements on skill formation, while school based training remains a fundamental component, not a buffer for those who fall through the cracks as in Denmark. Thus, Sweden remains far from a Danish style model of trade self management, and instead has at least temporarily created a hybrid model in which school based training is complemented with school organized apprenticeships.

6. Discussion and conclusion

What general insights can we infer with regard to institutional change in advanced political economies? Our analysis reveals three general observations. First, the case studies reflected important differences in the industrialization period, which can be traced to cleavages within the employers’ camp. In Denmark, small and medium sized firms were more important in terms of their economic influence and political influence in employers’ associations. As Culpepper (2007) has shown for the cases of Austria and Switzerland, the business structure has important implications for skill formation policies. For large firms with well developed internal labour markets, a combination of general school VET with specific on the job training may be more attractive than dual apprenticeships. Vice versa, small and medium sized firms interested in recruiting skilled workers to occupational labour markets have a common interest in standardizing training content. These differences in firm strategies and preferences help us to

24 Empirical analyses have vindicated reform skeptics, as the extension to 3 years has correlated with higher drop out likelihood among weak performing students. Moreover, there is no evidence that the prolonged VET tracks have led to increasing tertiary enrolment or reduced educational inequality (Hall, 2009; Persson and Oscarsson, 2010, p. 156). Here it assumed that the longer VET tracks with a stronger generalist academic focus have led to a loss of interest in education among the less academically inclined, and hence higher drop out rates and unemployment (see Persson and Oscarsson, 2010).
understand why Denmark developed a more collectivist approach than Sweden in the early twentieth century.

Second, organized labour market interests and socio economic institutions alone cannot sufficiently explain policy variations. As Martin and Swank (2011) argue regarding employers' associations, initial differences in the institutional set up of the political economy can explain the different developments of corporatist vs. liberal pluralist countries (or CMEs and LMEs). However, political factors are important in explaining the divergence between meso corporatist and macro corporatist regimes. The same argument can be applied to skill formation: The institutional and political legacies of industrialization determine whether VET survives as a viable alternative to academic HE until the present day. When and where employers and trade unions are able to form cross class coalitions, they lobby policy makers to continue supporting VET. However, the specific guise of skill formation systems regarding the degree of public commitment and employer involvement cannot be understood without taking political factors, i.e. the partisan balance of power, into account.

The post war decades were a critical juncture for VET systems and partisan politics were highly influential during that time (Iversen and Stephens, 2008; Ansell, 2010). This period was particularly crucial in Europe due to the strong expansion of educational opportunities at the upper and post secondary level. Whether and in which form VET survived and its status as a viable alternative to academic HE was decided in that period. The policy legacies of industrialization of course also shaped the menu of policy options. Which option was eventually pursued, however, depended on the partisan balance of power. Therefore, this period was also a critical juncture in the sense that the case studies revealed a number of 'close call counterfactuals' (Capoccia and Kelemen, 2007, p. 357), i.e. instances where a different balance of power would probably have led to different outcomes. Social democrats in Denmark did not differ much from their Swedish counterparts in their preference for a comprehensive, integrated education system, but were forced to make compromises with employers and other parties interested in maintaining the collective skill regime. Vice versa, Swedish conservatives preferred a firm based approach, but their influence was limited against the dominant leftist coalition of unions and social democrats.

Third, after passing a critical juncture, actors adopt their strategies and preferences to the new institutional context. Large Swedish firms have adjusted their personnel strategies to school based VET and are reluctant to resuscitate apprenticeship training, even though corporatism is the dominant form of interest mediation. In Denmark (as in Germany), trade unions and social democrats have become supporters of dual apprenticeship training despite their initial criticism. Consequently, the skill formation regimes remained relatively stable after the 1980s.

Future research could explore whether the causal mechanisms identified here apply to other countries and/or policy fields. Carney (2010), for instance, makes a similar argument on the impact of partisan politics on the origins of finance capitalism. Following Iversen and Stephens (2008), the causal argument developed in this article can also be applied to most different cases, i.e. policy developments in different 'worlds of human capital formation'. Second, future research could analyse to what extent path dependencies not only shape strategies and preferences of collective actors, but also whether institutional contexts influence in individual citizens' attitudes, preferences and value orientations. And finally, the question of path sustainability should be discussed more thoroughly against the background of the recent policy initiatives to promote the Europeanization of VET policies by creating a
common European Qualifications Framework. This process essentially began with the Copenhagen Declaration in 2002 and has taken on a considerable dynamic ever since (Powell and Trampusch, 2012). Compared to other cases such as Germany, there seems to have been much less political conflict and debate about this issue in Denmark and, as a consequence, the impact of Europeanization was found to be incremental at best (Cort, 2010). However, further research in this direction would be highly desirable.

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