

# **Business and the Nordic Welfare States, 1890-1970: Introduction to the Special Issue**

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## **Business and the Nordic Welfare States, 1890-1970:**

### **Introduction to the Special Issue**

#### Abstract

Social scientists have since the 1990s shown an increasing interest in the role of business actors in welfare state development, and these debates provide many opportunities for historians of the Nordic countries to contribute with their insights and findings. This special issue brings together six historical studies on the role of business in the development of the welfare states in the Nordic countries, including the role of firms as providers of company welfare as well as the activities of firms and of business interest groups to influence policies and public opinion. Two observations stand out. First, the contributions draw a picture of a gradual shift in this period from that of fundamental opposition, which often dominated up to the mid-twentieth century, to a more pragmatic approach of cooperation. Cooperation in policy-making co-existed with confrontation in public debate, where business interest groups promoted alternatives to ‘big government’. Second, these studies underline the value of paying attention to what Reinhart Koselleck called ‘horizons of expectations’. These historical studies show how the vocabulary of the actors changed in this period, and show how business interest groups not only influenced political decisions, but also adapted their expectations to changes in the political context.

Keywords: welfare state history, social policy, business history, firms, employers’ associations, business interest associations

Contemporary debates about the Nordic countries and ‘the Nordic model’ are influenced by two distinct narratives. The first one focuses on the generosity of the Nordic welfare state model and its relationship to Social Democracy. In this narrative, the Nordic countries are seen as resembling the Social Democratic model of the welfare state. This model is characterized by egalitarian norms, universal coverage by social programs, a high level of public social service provision, solidaristic wage bargaining, gender equality, high levels of labour market participation, and the integration of labour unions and employers’ associations in policy formulation and administration. The origins of this narrative of the Nordic countries as developed and encompassing welfare states have been traced back to the interwar years,<sup>1</sup> and it was also Social Democrats who, in the postwar years, took up the concept of the welfare state and used it as a label for their idea of the good society. In this narrative, the Nordic countries basically offer an alternative to free market capitalism; they are viewed by scholars, and see themselves, as a more humane way of organizing a society. This depiction continues to stand strong in many different circles, both within the Nordic countries and outside.

The second narrative focuses on the Nordic countries as economically competitive nations. This narrative is of much more recent origin. Since the 1990s, scholars in the social sciences have increasingly stressed the competitiveness of the Nordic countries, continuously being top-ranked in terms of business-friendliness and the home to many competitive multinational firms.<sup>2</sup> Nordic Social Democrats of the mid-20<sup>th</sup> century did not hesitate to emphasize the productivity and efficiency of the Nordic economies, and in Sweden, the Rehn-Meidner model, developed in the 1950s by two economists from the union federation LO, was based on the understanding that solidaristic wage policy would reward firms with high productivity, thus reconciling economic and political objectives. Yet, the notion of the Nordic countries as a model of global economic competitiveness only really became a part of the self-image

within the Nordic countries in the late 20<sup>th</sup> century. At a party conference in 2010, the Swedish Social Democratic Prime Minister, Göran Persson, famously identified the Swedish welfare state as a bumblebee flying against all odds, a metaphor that had already been circulating in the public debate in the years before. Social scientists and economists have studied the causes behind this apparent paradox of the Nordic countries.<sup>3</sup> Yet, not all scholars agree with this benevolent view of the Nordic welfare state. The economist Magnus Henrekson, for instance, argues that the high taxes in Sweden stifle investments and entrepreneurship.<sup>4</sup> Similarly, the economist Assar Lindbeck attributed the economic problems of Sweden during the early to mid-1990s to the size of the welfare state.<sup>5</sup>

The Nordic countries have emerged from the economic crises of the 1990s, which affected in particular Finland and Sweden, with a somewhat less generous version of their welfare states, more flexible labor markets, and balanced state budgets.<sup>6</sup> Scholars have argued that they adapted to a changed global economy by following a political-economic approach that the political scientist Philip G. Cerny called the ‘competition state’, that is, a reform approach that aims to redirect the activities of the nation state towards the goal of enhancing domestic firms’ competitiveness in a globalized economy.<sup>7</sup> The Nordic countries have in some areas embraced this approach more so than many other European countries, in particular those in Continental Western and Southern Europe, specifically through supplying firms with a highly-skilled and flexible workforce. In Denmark, for instance, the political economist Ove Kaj Pedersen suggested that the welfare state since the 1990s had turned into such a ‘competition state’, in which all parts of the public sector are reformed to serve the purpose of national competitiveness.<sup>8</sup> The Social Democrat Bjarne Corydon, Minister of Finance in Denmark from 2011 to 2015, embraced this idea, but the subsequent debates within the party clearly showed that far from all did so.<sup>9</sup> In short, to stick with the metaphor of the bumblebee, one reason why the bumblebee flies (again) may be that the bumblebee has dieted.

It is a commonplace view now that welfare state programs have both positive and negative effects on firms and that the exact balance of effects will depend on how exactly these programs are designed. Yet, to understand how the interests of firms influence social policy-making we believe that, rather than making use of abstract economic models, we can learn more from studying the activities of firms and those organizations that represent their interests in the political sphere. Understanding how firms and business interest groups influenced the adoption and reform of social programs and understanding what concerns, hopes and worries, that shaped their views of various types of social programs can thus enhance our understanding of welfare state history by complementing research focusing on other actors and institutions, including political parties, the labor movement, or women's movements, for instance.

This special issue thus investigates how business interest groups in the Nordic countries contributed to and influenced the formation and development of social programs and employee participation. Our contributions focus on the period of the adoption and expansion of national public programs, that is, from roughly the 1890s to about the 1960s. While we know, in retrospect, that a welfare state is compatible with economic competitiveness, this was not obvious at the time the welfare state programs were introduced. In other words, the more recent experience and theorizing of the competitiveness of the Nordic model compels us to reconsider the role of business agents and the private sector in the historical trajectory of the welfare state.

Key questions that guide the inquiries of the contributions are: How did business interests influence the formation of welfare state programs in the Nordic countries, both individually, as firms, and collectively, as business interest associations? What kind of policies did they support and what kinds did they oppose? In which ways (if any) do welfare state programs in

the Nordic countries today reflect successful interventions by business interest groups in earlier periods? This special issue takes up these questions.

Social scientists have been asking questions about the relation between business and the welfare state for some years, and it was also scholars in the social sciences, particularly in comparative political economy, who began to relate the Nordic countries to economic success.<sup>10</sup> In historical research, however, such questions have only rarely been addressed, and the history of business and the history of the welfare state seem to have dwelled in two separate scholarly worlds. This special issue relates the in-depth research by historians to the questions discussed in the social sciences, and for that purpose, brings together historians of welfare and historians of business. It is not the purpose of this special issue to arrive at any kind of general theory or chronology of business-welfare state relations. Our goal here, rather, is to engage with some questions that have been overlooked in the historiography of the Nordic countries.

### **The State of the Art in the Social Sciences**

In the social sciences, the influence of business interests on welfare state development has been studied primarily by scholars in political sociology and in political economy. Scholars in these fields have explored how business interest groups have affected welfare state politics as well as the character of the social policy preferences of firms.<sup>11</sup> In doing so, they have drawn on the work by historians or conducted their own archival research. This research does not deal specifically with the Nordic countries, although some studies include Nordic countries as cases, such as the work by Peter Swenson on Denmark and Sweden,<sup>12</sup> and the work by Cathie Jo Martin on Denmark,<sup>13</sup> which we will discuss subsequently in this section.

These strands of social science research have their origin in debates about the determinants of welfare state development, notably the factors that explain differences in the scale and characteristics of welfare state arrangements across countries. Conventionally, welfare state researchers in the social sciences regarded welfare state programs as a class issue, with labor unions and labor-affiliated parties as the main protagonists of welfare state expansion.<sup>14</sup> These labor-centered accounts assumed that employers would oppose social benefits because they reduce the dependency of workers on gainful employment, thus weakening work incentives, an argument made, for instance, by Gøsta Esping-Andersen.<sup>15</sup> In other words, labor-centered accounts have often assumed that employers were inherently opposed to public social policies, instead of actually examining whether this was indeed the case. This shortcoming has left them open to criticism.

One important exception from this pattern is the work of the political scientist Jonas Pontusson, who studied labor-initiated or Social Democratic reforms in industrial and investment policies in Sweden between 1968 and 1976. Pontusson found that the likelihood of these labor-driven reform initiatives to succeed depended on them not challenging business interests. Those initiatives that had the support of at least a large part of the business community, such as the codetermination reform of 1976, succeeded, while those that were opposed by business, such as the wage-earner funds, failed.<sup>16</sup> Likewise, the political scientist Peter Katzenstein studied the origins and conditions for emergence of social corporatism, that is, institutions for compromise between employers, and noted that such institutions have mostly developed in small European countries. Katzenstein emphasized the importance of cross-class alliances, that is, alliances between a segment among employers and a segment from labor, as decisive for the emergence of social corporatism, and he traced the formation of such alliances to the 1930s.<sup>17</sup> Both Pontusson and Katzenstein thus pointed to the importance of support from the business community as a precondition for the success of social compromise and of union-led or Social Democratic-led reform initiatives. However,

neither of these studies examined in detail precisely why some business interest groups might either support or oppose specific reforms or policy proposals.

From the 1990s onwards, a new strand of research in political science emerged that began to challenge the view that business interest groups will typically oppose welfare policy proposals or reform initiatives. These studies intended to ‘bring capital back in’, as Peter Swenson has put it.<sup>18</sup> According to these recent studies, which often draw on archival research, business interest groups did not in general oppose the construction and expansion of welfare state programs. Some types of employers, they argue, supported some types of social programs. These studies thus aimed to show that cross-class collaboration, rather than class conflict, was behind major reform initiatives, and that class mobilization by unions could not fully explain, for instance, differences in the scale of social programs across countries.

Social scientists who view business interest groups as positive contributors to the construction of welfare state programs emphasize a diverse range of factors that may result in employers’ associations supporting the expansion of public social programs. We can identify broadly four types of factors. One group of studies, based on Marxist-inspired studies, depicts the welfare state as a tool to pacify workers and to stabilize capitalism.<sup>19</sup> In this context, some Marxist studies highlight business support for welfare reforms, as well as divisions between different ‘factions of capital’. Examples of studies using a Marxist framework to explain business support for social programs are those Rhonda Levine<sup>20</sup> and Jill Quadagno<sup>21</sup> on social policy legislation of the New Deal period in the United States. Both studies highlight divisions within the business community, arguing that the reforms worked in the interest of the dominant segment of capital.

A second strand of studies argues that social protection serves as an incentive to workers to invest in company-specific or industry-specific skills, since social programs, and unemployment insurance in particular, reduce the risks associated with investing in specific

skills.<sup>22</sup> Some studies find that such concerns about skill investments also shaped employers' views of social policies at the time of program adoption. A prominent example of this line of argument is Isabela Mares' research on the role of employers in the introduction of unemployment insurance in Germany and France.<sup>23</sup>

A third strand of research emphasizes the importance of corporatist institutions in shaping employers' views on social policy issues. According to this perspective, centralized and encompassing interest organizations, such as national peak-level federations, are more inclined toward social compromise and, moreover, shape the way their members, individual firms, see social programs. Studies by the American political scientists Cathie Jo Martin and Duane Swank comprise the most important contribution to this line of argument.<sup>24</sup> Based on a quantitative analysis of several countries combined with historical case studies of Denmark, Germany, the United Kingdom, and the United States, Martin and Swank concluded that centralized and encompassing peak federations, typical for countries with corporatism, are more supportive of public social policies and that such organizations incentivize their members towards more supportive views of social policies. Denmark plays an important role in their study, and based on interviews with employer representatives, Martin found that Danish employers are more willing to participate in active labor market programs than are British employers.<sup>25</sup>

A fourth strand of research relates to employers' attitudes toward welfare state programs in connection with their wage bargaining strategies. Social programs can serve to consolidate wage policies, for instance as concessions for wage moderation, or in the form of occupational benefits being part of the bargaining package. Peter Swenson offers one version of this line of argument. He argues that the adoption of centralized institutions of wage bargaining in Denmark and Sweden resulted from 'cross-class alliances' between parts of the labor unions and parts of the employers. According to Swenson, from the 1930s on, these

cross-class alliances led employers' associations to largely abandon partisan confrontation and instead cooperate with social democratic governments in building up welfare state programs.<sup>26</sup> This cross-class arrangement took form in resistance to internal opposition within unions and employers, not so much conflicts between the two classes; hence the designation 'cross-class.'

Studies that highlight business support for the welfare state have been challenged by proponents of labor-centered accounts. These accounts doubt that business support for welfare state programs, where it exists, is genuine, seeing it instead as a strategic move intended to influence policy details. In this perspective, business support for some social reforms reflects a recognition that radical opposition would be ineffectual when a political majority supports a reform, and business may in such a situation be more effective in influencing details, rather than in stopping a reform..<sup>27</sup> These scholars point out that political actors may have reasons to misrepresent the true character of their interests and that they may feign support when this appears strategically useful. However, industrialists may also exaggerate their opposition to a reform in order to make their calls for cuts more forceful. In short, the misrepresentation of interests can cut both ways, either exaggerating or hiding opposition.

Walter Korpi, one of the main architects of the labor-centered account,<sup>28</sup> responded to the challenge posed by the new, business-centered accounts in a 2006 article.<sup>29</sup> Korpi argued that Swenson and other business-centered accounts risk confusing consent and support. Korpi points out that the instances of business support for welfare expansion identified in the revisionist accounts are no more than cases of business interest groups accepting reforms because the alternatives would have been worse.

Similarly, an analysis of business involvement in the New Deal reforms in the United States by Jacob Hacker and Paul Pierson emphasizes that some business groups accommodated to political constraints.<sup>30</sup> For Germany, Thomas Paster has pointed to the importance of

business accommodating pro-welfare actors by putting its weight behind compromise proposals to contain the scope of welfare expansion.<sup>31</sup> In short, social scientists have debated and theorized the role of business influence on welfare state development intensely, but these debates have so far not been conclusive. Disagreement among political scientists persists; the contributions to this special issue move these debates forward by researching empirical cases that so far remain understudied.

### **The State of the Art in History**

Among historians, the role of business actors in Nordic welfare state development has not been a prominent field of study. Internationally, there exist many studies of the role of business interests, notably for the US<sup>32</sup> and Germany,<sup>33</sup> but only few historians have worked on the role of private firms and their political representatives in the Nordic welfare states. Most Nordic welfare state history has focused on the history of social policy, and the main actors have tended to be politicians, parties (especially Social Democrats, social liberals and the agrarian Center Parties), and the labor movements. The recent multi-volume publication on the history of the Danish welfare state could be a prominent example of this trend,<sup>34</sup> and a similar line is followed in the works of Anne-Lise Seip and Klas Åmark on Norwegian and Swedish history. In such welfare state history, the role of business has typically been that of antagonist – and it was certainly also the case that for much of this period representatives of the private sector were connected to the right side of the political spectrum, and prominent business agents were typically critical of state expansion and social policy. Nevertheless, it is worth mentioning that this tradition of social policy history increasingly views the outcome of political negotiations as compromises between different parties and interests, without removing the center and left parties as the driving force, and without making the question of business interests an independent topic.<sup>35</sup>

The lack of attention by historians to the role of business is probably due to the fact that the first generation of welfare state historians came mostly from a labor history tradition.

Although historical scholarship on the evolution of the labor market has a long history in all the Nordic countries, it has had a particularly strong focus on the early period, in which antagonism between labor and business was strong. Thus, when historians of labor, and later of the welfare state, have taken up other agents beyond the worker's movement and the social democratic parties, they typically focused on the role of philanthropy, women, experts, and social movements.

Conversely, within the field of business history, the welfare state has played only a marginal role, and the question of Nordic peculiarity was not a point of focus in this research. Francis Seiersted's theory of Norwegian 'democratic capitalism' is one of the few exceptions to this picture.<sup>36</sup> Since the 1990s, however, important developments have taken place in the field of business history, among these was the question of Nordic comparisons and the economic competitiveness of the Nordic countries. Inspired by Anglo-American theories of comparative enterprise systems,<sup>37</sup> business historians have addressed the question of Nordic capitalism and its characteristics.

This renewed interest in Nordic capitalism has not, however, led to any kind of convergence with welfare state history. On the contrary, we might even say that while welfare state history has basically moved within the first of the two narratives mentioned in the beginning, most business history research has moved within the second. When explaining the success of Nordic businesses generally, business historians have emphasized the long-term integration of the Nordic economies into European and international markets and systems of knowledge and technology. The Nordic countries have, for instance, been identified as lying in the 'semi-periphery' of the leading nations, leading to remarkable wealth before the development of the welfare state.<sup>38</sup> Other scholars have focused on the twentieth century and more explicitly on

the question of Nordic commonalities and peculiarities. However, focus has quite explicitly been on market coordination and competitiveness. A prominent example of this market focus has been volume edited by Fellman et al., *Creating Nordic Capitalism*.<sup>39</sup> With a rich collection of business histories as well as overview chapters on the individual countries, this book is currently the only major work to provide a thorough comparative study of Nordic business systems. Among other things, the studies in the book demonstrate that the Nordic countries in many respects (today) fit the model of coordinated market economies, although this can certainly not be traced back to the nineteenth century, just as it showed some important differences between the Nordic countries. In other words, business history research tells us that significant changes in time and space should be kept in mind.

Although very important with regard to the question of Nordic peculiarity, the business history approach tends to focus on capitalism as such, and especially about economic regulation. It is not specifically about the welfare state or the role of business in politics. As concerns the specific question of business interests and the welfare state, two lines of business history research constitute exceptions to this pattern. First, a number of studies have analyzed practices of corporate 'welfare', not least housing and other means to attract labor, in the early part of the period, particularly up to the inter-war period.<sup>40</sup> Industrial firms in the late nineteenth century, especially in Finland and Sweden, were often located in rural areas, and business leaders therefore had to deal with various social questions in the local environment by establishing their own social programs.

Second, important research exists on the political role of business interest organizations during various historical periods. Important works here are those by Niklas Stenlås and by Sven Söderpalm on the political activities of Swedish industrialists in the 1930s and 1940s,<sup>41</sup> and more recently, Morten Lind Larsen has studied the role of Danish industrialists in the postwar years.<sup>42</sup> However, it is still striking that many periods and cases remain unstudied.

## **The contributions of this issue**

Our contributions take up detailed cases and key questions that bring forward historical research on the topic and are relevant to the debates about business-welfare state relations going on in the fields of political economy and political sociology.

Jeppe Nevers' paper on the politics of Danish industrialists between 1910 and 1940 shows how major industrialists such as Alexander Foss were fundamentally hostile to social democratic and social liberal ideas of social policy, but that they nevertheless had to accommodate to some demands in certain situations. One of these special situations was the years just after World War I, when a sense of political and economic crisis circulated and there was a fear of revolution. Nevers shows how in this context, a segment of the industrialist community decided to accommodate to selected demands for social policy reforms, even though they all remained staunch believers in liberal capitalism. Thus, even in a period of accommodation, Danish industrialists continued to believe that social policies would basically harm Danish competitiveness and should be kept to a minimum. In the specific context, however, they ended up taking a more pragmatic stance on carefully selected social policy issues. A comparable development took place in the 1930s, but as Nevers explains: 'the underlying ideology never changed, but in approbations to new structures and institutions new practices and policies emerged.' This characterization is also in line with the findings by some political scientists, such as Paster on the politics of German industrialists in welfare state reform,<sup>43</sup> who also emphasize the role of accommodation to changing political contexts and pacification of the labor movement.

Rikard Westerberg's paper follows a similar line of argument, showing how business interest groups in the Nordic countries during the post-war period tried to construct an ideological alternative to social democratic ideas of economic planning and nationalization and organized

political campaigns in support of ‘free enterprise’. The findings from Westerberg’s archival work suggest that Nordic business interest groups in the immediate post-war period contested the political hegemony of social democracy. The moderation of the labor movement in the 1950s and 1960s reduced the sense of urgency among business interest associations regarding the need for an ideological confrontation. In Sweden, however, ideological confrontation returned in the 1970s, with the debate about the wage-earner funds, which led business to increase public campaigning and opinion formation. Westerberg’s findings thus suggest that, in Sweden at least, the reconciliation between business and social democracy was not of a sustained character. His findings resonate with research in political science that documents a shift by Swedish business since the 1980s away from corporatist compromise toward more public campaigning for free markets.<sup>44</sup>

Astrid Hedin investigates how the Swedish employer federation during the 1960s and 1970s promoted employee consultation at the workplace and how their support contributed to the passing of the Co-determination Law of 1976. Unlike the two contributions by Nevers and Westerberg, Hedin emphasizes cross-class collaboration and the win-win character of employee consultation as a tool to promote labor productivity and loyalty. However, Hedin also describes how in the late 1970s, the radicalization of the labor movement through the campaign for wage-earner funds led to the breakdown of this temporary alliance between employers and unions. The papers by Westerberg and Hedin, which both focus on Sweden but on different policy issues, offer different interpretations of the contributions of Swedish business interests to the formation of institutions of social compromise in the post-war period. Hedin sees business interests as genuinely supportive of some institutions, employee participation at the workplace specifically, and the collapse of social compromise as the result of a radicalization of the labour movement. Westerberg, in contrast, sees business interests as never reconciled with broader political visions about a state-managed economy advocated by Swedish Social Democrats. We suggest that these differences in interpretative perspective

result from the two papers investigating policies and programmatic visions that had very different implications for the managerial freedom of firms. Swedish business interests endorsed employee participation at the workplace, an institution that does not infringe management's freedom to decide on investments and corporate strategy, but they did not accept the more encompassing political vision of a state-managed economy that would involve nationalization of parts of industry and economic planning by the government.

While the contributions by Hedin, Nevers, and Westerberg deal with the role of business in politics, the articles by Sjöblom, Fellman, and Espeli examine the role of business as provider of welfare programs. Company welfare programs predate the expansion of public welfare programs. Large industrial firms began to provide occupational social benefits to their employees during the late 19<sup>th</sup> century, typically to promote employee loyalty to the firm, to attract labor, and to weaken the appeal of unions. Business now also plays a role as a private welfare provider through life insurance and private pensions. Given their role as providers of company and individual social programs, how did firms respond to the expansion of the state as a welfare provider?

Alf Sjöblom's contribution shows for Sweden, commercial insurance providers were actively involved in the design of public welfare programs. The commercial life insurance sector wanted public pensions to be designed such that they did not encroach on the space for commercial life insurance. In the case of the 1946 basic pension reform, the life insurance sector succeeded in securing voluntary, private insurance. Sjöblom thus shows how even in the universalist welfare system of Sweden, the private insurance sector succeeded in carving out a space for commercial, private pensions.

Harald Espeli analyzes the contributions of employers' associations toward the formation of collective occupational pension plans in Norway, Sweden, and Denmark. In all three countries, employers' associations sought to ensure that public pensions did not undermine

the viability of collective and firm-level occupational pensions. In Norway and Denmark, moreover, employers' associations promoted their own collective occupational pension plans and, in some instances, also succeeded. In Norway, for instance, plans by the national employer federation to set up a collective pension funds were defeated by a rival proposal for a pension fund from the insurance sector. Taken together, the contributions by Espeli and by Sjöblom show how employers' associations and the private insurance sector shaped the formation of a space of private and collective occupational pension plans that complemented state-provided pensions.

Finally, Susanna Fellman investigates the role of company welfare programs in Finland in the interwar period as well as the goals of management with providing company welfare. Her paper draws on archival sources from the paper company GA Serlachius AB and the textile division of Tampella AB. Her analysis shows that starting in the late nineteenth century, these and other companies established company welfare programs largely to contain worker discontent and to facilitate control of workers. These industrialists looked with suspicion on the expansion of a centralized welfare state, not only because they feared having to pay higher wages, but also because it threatened to encroach on their own company welfare schemes. In addition, industrialists preferred to cooperate with municipalities in the provision of social services, such as health care, in order to prevent the central state from taking a greater role. The paper thus points to conflicts between company welfare and the expansion of the state welfare, and how industrialists came only reluctantly to accept a greater role of the state.

## **Conclusions**

While our contributions are not intended to reach a common conclusion, two general observations are worth noting. First, our contributions draw a picture of a gradual shift from fundamental opposition, which often dominated until about the mid-twentieth century, to a

more pragmatic approach of cooperation. While fundamental ideological differences on the appropriate role of the state persisted between the business community and welfare reformers, business interest groups increasingly cooperated with the protagonists of reform to shape details of planned reforms, rather than trying to defeat these reform plans entirely.

Simultaneously, they aimed to secure a space for commercial and company welfare, such as occupational pension funds. Cooperation in policy-making, however, often co-existed with confrontation in public debate, where business interest groups promoted alternatives to ‘big government’. Thus, confrontation remained strongest when proposals were interpreted as attacks on the fundamental pillars of the capitalist system, such as the wage earner funds, whereas co-operation was easier when business saw policies and programs that could improve the supply of labor or help the spread of market-based solutions.

A second take-away from these historical case studies is the value of paying attention to what the German historian Reinhart Koselleck called ‘horizons of expectations’ in the past. This may seem obvious, but is worth noting because studies in the social sciences often take as their starting point the policy goals and cognitive and normative expectations of the present and then go on to study if and how these concerns and expectations affected policy decisions of past periods. For instance, such studies might take our current concern with the role of skills for competitiveness and then examine if and how such concerns played themselves out in the development of public policies in earlier periods. In this kind of historical extrapolation, they risk overlooking the fact that the goals, experiences, and expectations that shaped the decisions of historical actors may have differed profoundly from those we have today. Such approaches risk zooming in on concerns that matter greatly to us today, but which did not necessarily matter to the same degree to the actors of the periods studied. A theoretically more open perspective that is sensitive to the historical context allows us to be more attentive to the actual experiences and expectations that guided the actors during the periods studied. In

following this spirit, our contributions illuminate the concerns and expectations that guided business actors at a given time and how those changed over time.

Koselleck developed the terms 'space of experience' and 'horizon of expectation' in order to capture precisely this contextual aspect.<sup>45</sup> Koselleck stressed that the experiences and expectations of the historical actors are embedded in their concepts and can thus be extracted from primary sources. Several of the articles in this special issue deploy such a focus on concepts, although in different ways and to different degrees. Alf Sjöblom, for instance, shows how business agents in Sweden used a special language of 'social rights', while Jeppe Nevers uses a conceptual approach to track the changes and continuities in the ideology of the Danish industrialists. The idea of searching for shifting horizons of expectations in contemporary rhetoric when explaining human and political agency has recently entered welfare state history.<sup>46</sup> The contributions to this issue show how this approach can be fruitfully applied in analyzing the role of business in politics. These papers show that the experiences, expectations and the vocabulary of the actors changed considerably from, say, the 1910s to the 1930s, and again from the 1930s to the 1960s. Thereby, our contributions show how business interest groups did not only influence political decisions, but also adapted their expectations to changes in the political context.

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1. Kurunmäki and Strang, *Rhetorics of Nordic Democracy*.
  2. see, for instance Steinmo, *The Evolution of Modern States*; and Fellman, *Creating Nordic Capitalism*.
  3. For instance, Thakur, *Sweden's Welfare State*; Campbell et al., *National Identity and the Varieties of Capitalism*.
  4. Henrekson, „Entrepreneurship“, 437-8.
  5. Lindbeck, „The Swedish Experiment“ 1312.
  6. Haffert and Mehrtens, „From Austerity to Expansion?"; Kvist and Greve, „Nordic Welfare Model"; Jochem, „Nordic Employment Policies”.
  7. Cerny, "Paradoxes of the Competition State".
  8. Pedersen, *Konkurrencestaten*.
  9. Andersen, *Konkurrencestaten og dens kritikere*.
  10. For instance, Stephens et al., "The Welfare State in Hard Times".
  11. For a detailed review of research in the social sciences on business-welfare state relations see Paster, „Bringing Power Back In“.
  12. Swenson, "Bringing Capital Back in"; Swenson, *Capitalists against Markets*.
  13. For instance, Martin, "Labour Market Coordination and the Evolution of Tax Regimes".
  14. For instance, Shalev, "The Social Democratic Model and Beyond", 319.
  15. Esping-Andersen, *The Three Worlds of Welfare Capitalism*, 22.
  16. Pontusson, *The Limits of Social Democracy*, 229.
  17. Katzenstein, *Small States in World Markets*, 139-90.
  18. Swenson, "Bringing Capital Back in".
  19. O'Connor, *The Fiscal Crisis of the State*.
  20. Levine, *Class Struggle and the New Deal*.
  21. Quadagno, "Welfare Capitalism".
  22. Mares, *The Politics of Social Risks*; Estévez-Abe et al., "Social Protection and the Formation of Skills".
  23. Mares, "The Sources of Business Interest in Social Insurance"; Mares, "Is Unemployment Insurable? "; and Mares, "Strategic Alliances and Social Policy Reform".
  24. Martin and Swank, *The Political Construction of Business Interests*; Martin, "Consider the Source! "; Swank and Martin, "Employers and the Welfare State"; Martin and Swank, "Does the Organization of Capital Matter? "; Martin and Swank, "Gonna Party Like It's 1899"; see also Paster, "Business and Welfare State Development"; and Arisi, *The Political Organisation of Business*; and Paster, „Why Did Austrian Business Oppose Welfare Cuts?“.
  25. Martin, "Reinventing Welfare Regimes".
  26. Swenson, "Bringing Capital Back in", 536.
  27. Korpi, "Power Resources and Employer-Centered Approaches", 202; Hacker and Pierson, "Business Power and Social Policy"; and Paster, "German Employers and the Origins of Unemployment Insurance".
  28. Korpi, *The Democratic Class Struggle*.
  29. Korpi, *The Democratic Class Struggle*.
  30. Hacker and Pierson, "Business Power and Social Policy".
  31. Paster, *The Role of Business*; and Paster, "How Do Business Interest Groups Respond".
  32. The role of business interests in the social policy reforms of the New Deal period, in particular, has been studied in depth by US business historians. Examples are Berkowitz and McQuaid, *Businessman and Bureaucrat*; Berkowitz and MacQuaid, *Creating the Welfare*

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*State*; Gordon, "New Deal, Old Deck"; Gordon, *New Deals*; and Jacoby, "Employers and the Welfare State".

The origins of company welfare have also been studied in depth by US business historians, for instance, in Jacoby, *Modern Manors*; Klein, *For All These Rights*; and Tone, *The Business of Benevolence*.

33. Breger, *Die Haltung der industriellen Unternehmer*; Breger, "Bismarcks Sozialstaat"; and Ullmann, "Industrielle Interessen" analyse the involvement of business interests in Bismarck's social reforms.

In the English-language literature, E.P. Hennock, among others, covers the role of heavy industry in the adoption of accident insurance in the early 1880s. Hennock, *The Origin of the Welfare State*.

Some other studies by German historians, while not focused mainly on business, also touch on the role of business interests in welfare reforms. Examples are the analysis of the introduction of unemployment insurance in Führer, *Arbeitslosigkeit und die Entstehung der Arbeitslosenversicherung*; the analysis of the domestic class politics during World War I in Kocka, *Facing Total War*; and Feldman, *Army, Industry, and Labor*; and the analysis of post-war social policy development in Hockerts, *Sozialpolitische Entscheidungen*.

For an overview in English about the involvement of business interest groups in the development of welfare state programs in Germany see Paster, „Business Interests“.

34. Petersen et al., *Dansk velfærdshistorie, Vol 1-6*.

35. Ibid.

36. Sejersted, *Demokratisk kapitalisme*.

37. see Chandler, *Scale and Scope*.

38. Boje, *Vejen til velstand*.

39. Fellman, *Creating Nordic Capitalism*.

40. For instance, Tønsberg, "Patriarkalisme".

41. Stenlås, *Den inre kretsen*; Söderpalm, *Direktörklubben*, Söderpalm, *Arbetsgivarna och saltsjöbadspolitiken*; Söderpalm, *Storföretagarna*.

42. Lind Larsen, *Produktivitet, vækst og velfærd*.

43. Paster, *The Role of Business*.

44. Blyth, "The Transformation of the Swedish Model"; Kinderman, "Challenging Varieties of Capitalism's Account of Business Interests"; Pestoff, "Globalization"; Pestoff, "The Demise"; Ryner, *Capitalist Restructuring*, 169-70; and Svallfors, "Politics as Organised Combat";.

45. Koselleck, "'Erfahrungsraum' und 'Erwartungshorizont'".

46. Beland and Petersen, *Analysing Social Policy Concepts and Language*.