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The European Enterprise.

Has European Integration Created a Specific Firm  
apart from National and Global Enterprise?

**Swedish Industry in the European Movement**

Professor Ph.D.  
Kersti Ullenhag  
Department of Economic History  
Uppsala University  
E-mail: kersti.ullenhag@ekhist.uu.se

## ***Aim and Scope***<sup>1</sup>

Sweden is a small export-dependent country. Countries within the EU have for centuries been outstanding as Swedish markets for exports as well as imports. Sweden was a non-enthusiastic late-comer in the European Union, though. It did not become a member until 1995 and was, 10 years later, a member outside the Monetary Union. Nevertheless, long before Sweden became a member of the Community, Sweden had, otherwise, participated in European co-operation and Swedish industry had adapted to institutions launched by the Community. When Sweden joined the EU Swedish economy was not what it was used to be. European integration and Globalisation – or perhaps rather Globalisation and European integration – had meant a rapid transformation of Swedish industry since the time of the Rome-treaty.

The aim of this essay is to discuss this rapid transformation in the light of the European integration. The reception of new European institutions in Swedish industry will be highlighted by studies of strategies and policies launched by the Federation of Swedish Industries and The Swedish Employers' Association (SAF).

The essay will hold four parts. The first part will focus on the role of The Federation of Swedish industries and the SAF in Swedish politics in the long run. The second part will describe the transformation of the industrial context in Sweden in the last decades of the 20<sup>th</sup> century. The third will study the interplay between the Common Market, Swedish industry and the political framework from the late 1960s until 1995 when Sweden became a member of the EU. The essay will end up by a discussion of the Swedish relation to the EU and the outcome of the transformation of Swedish industry.

Has the industrial population in Sweden - at the threshold of the new millennium - in some sense become more European or has it rather become more global? Or, to use the words governing our session: 'Has European Integration [in Sweden] Created a Specific Enterprise apart from National and Global Enterprise?'

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<sup>1</sup> I want to thank Olof Allgårdh for information, informed views and source material. Olof Allgårdh was 1995-2003 in charge of an office established by The Federation of Swedish Industries and The Swedish Employers' Association (SAF) in Brussels. In the end of the 1980s he was heading the then new secretariat for European integration within the ministry for foreign affairs in Stockholm. I also want to thank Lars Kritz, director at the Federation of Swedish industries, for informed information and comments. For helping me out in the archive at the Centrum för näringslivshistoria I thank Vadim Azbel.

## ***The voice of Swedish industry in politics***

The Federation of Swedish Industries was established in 1910 and was for decades to come a strong force in Swedish society. The Swedish Employer's Association (SAF) was established as a counterpart to The Swedish Confederation of Trade Unions (LO) in 1902. Labour market relations stayed within the SAF when The Federation of Swedish Industries was constituted.

## **The Federation of Swedish Industries**

The Federation of Swedish Industries was constituted in want of a special Ministry of trade and industry. The founders experienced the need for a Federation

to promote socially useful production and to advance the common interests of Swedish industry.<sup>2</sup>

Men representing large companies working on international markets constituted the Federation. Quite a few were family firms based on domestic raw material and Swedish inventions. The aim of the Federation to have a board representing export industries as well as industries supplying domestic markets was formally met, but the latter had a limited representation. This balance of power had come to stay. It might explain why businessmen in small-scale Swedish industry established an interest organisation of their own in 1936. (This organisation was called Svenska småföretagares intresseförening 1936, Svenska småföretagares riksorganisation 1937 and Svenska företagares riksförbund 1940<sup>3</sup>).

The Wallenberg family was at the very centre of the Federation of Swedish Industries. In the first decades Marcus Wallenberg Sr headed the family and after his decease in 1943 he was followed by his son Marcus Wallenberg, Jr.<sup>4</sup> The Wallenberg family primarily represented Stockholms Enskilda Bank (SEB) but they also represented an expanding industrial ownership. In 1924 roughly 4 % of the industrial labour force in

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<sup>2</sup> Kersti Ullenhag (2000), "The Federation of Swedish Industries in Swedish Politics" in Anne-Marie Kuijlaars, Kim Prudon & Joop Visser (eds), *Business and Society*. Centre of Business History, Rotterdam, p 371f.

<sup>3</sup> Åke Elmér (1954), "Svenska företagares riksförbund" in *Svensk Uppslagsbok*, Förlagshuset Norden AB, Malmö, band 28, p.130.

<sup>4</sup> Ullenhag (2000), pp 372f and 378ff.

Sweden was employed within the Wallenberg sphere. In 1946 the corresponding figure approached 12 %. Ten years later it was 20 %.<sup>5</sup> In 1969 it was no less than 23 %.<sup>6</sup> The sphere was built on ownership and bank service. Preference shares holding high number of votes opened up for influence and control on the board in companies where the family owned minimum 5 % of the share capital. In 1971 the family bank, Stockholms Enskilda Bank merged with Skandinaviska Banken. The merger gave Skandinaviska Enskilda Banken. According to Marcus Wallenberg, Jr:

The most important argument for this [the merger] was that the bank was growing too slowly in relation to its large industrial customers.<sup>7</sup>

The new structure was established, but the Wallenberg group kept influence in big corporations. Marcus Wallenberg himself, at the end of 1978, was chairman of the board in 25 Swedish companies.<sup>8</sup>

The Federation of Swedish Industries was expected to provide men in industry with a platform for unified political action. From the very beginning and onwards, the Federation as such got proposed Government measures submitted for consideration. At the outbreak of World War I the Federation in a sense became part of the State. The Federation placed its organisation - staff as well as premises and other facilities - at the disposal of a new commission appointed by Government to administer industrial war policy. In World War II, as well, board members of The Federation played an active role on state commissions.

As individuals men from the internal circle of the Federation opened up channels to the political level. Marcus Wallenberg Sr was one of the Swedish delegates in the trade

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<sup>5</sup> Ullenhag (2000), pp. 376 and 378.

<sup>6</sup> Ulf Olsson (2001) *Furthering a fortune. Marcus Wallenberg. Swedish Banker and Industrialist 1899-1982*. Ekerlids Förlag, p 339.

<sup>7</sup> Ulf Olsson (2001), p 374.

<sup>8</sup> Ulf Olsson (2001), p 398f. Typical Wallenberg companies from the 1920s onwards were e.g. Astra, Atlas Copco/Atlas Diesel and Scania Vabis. After World War Two among those added were Allmänna Svenska Elektriska AB (ASEA), Svenska Kullagerfabriken (SKF), LM Ericsson and Svenska Aeroplan Aktiebolaget, SAAB (Håkan Lindgren; 1987, *Bank, Investmentbolag, bankirfirma. Stockholms Enskilda Bank*, pp 406 - 418.)

negotiations with Great Britain 1916-1918. In World War Two. Marcus Wallenberg Jr was on the Swedish trade commission negotiating with Great Britain.

Besides, a number of the board members in early times were active in party politics. During the 1910s the board of The Federation continuously had a member in the Swedish Government; two as Liberals and one as a Conservative. Four board members served in the Swedish Parliament during the 1910s. Two were Liberals and two were Conservatives. A number of the members of the Board of the Federation served on a county and/or a town council as well. As time went by, the number of leading businessmen in party politics was successively reduced.<sup>9</sup>

After World War Two – in the long period of social democratic government - the contact with the political level turned unofficial. Ulf Olsson has described the relation between social democracy and the business community as follows:

Industry was allowed to live its own life, to a very great extent, as long as it delivered resources for redistribution and social reform. Pragmatic Social Democrats [...] continued to strive to find practical solutions to the countries economic problems, together with representatives of the business community.<sup>10</sup>

Tage Erlander – social democrat and prime minister 1946-1969 – used to invite men in big business to regular unofficial conferences at his official country residence at Harpsund. In an official statement, when Wallenberg Jr died in 1982, Erlander said: ' He built Sweden together with us.'<sup>11</sup>

Marcus Wallenberg Jr for one also had frequent contacts with the social democratic minister of finance, Gunnar Sträng, who took office in 1955 and stayed on for no less than 21 years. It is said that Wallenberg and Sträng had some kind of contact almost every day in the 1970s.<sup>12</sup> Once, when Marcus Wallenberg was ill, Sträng and the former Minister of Industry sent Wallenberg a message. They hoped that Wallenberg would soon return to 'your work for the prosperity of 'Mother Svea' that we are all engaged in'. In

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<sup>9</sup> Ullenhag (2000), pp. 376f and 380f.

<sup>10</sup> Olsson (2001), p. 339.

<sup>11</sup> Olsson (2001), p. 430.

<sup>12</sup> Björn Wahlström (1999), *En laber bris*, p. 87.

his answer Wallenberg used the same symbol of Sweden and wrote: 'Come on Mother Svea! Mother of us all!'<sup>13</sup>

Wallenberg's reply, written in the 1970s, underlines the traditional attitude behind and within the Federation of Swedish Industries. The men behind the Federation of Swedish Industries had a wish to promote not only the development of their companies but also of Sweden. Through the Federation they wanted 'to promote socially useful production'. The chief initiator himself, Erik Johan Ljungberg, in leaving the chairmanship of the Federation in 1914, identified

a safe route to the happiness for the whole nation and to an independent and healthy development of Sweden.<sup>14</sup>

In the decades following the 1960s new surroundings called for new strategies. The Wallenberg family stayed at the centre of the Federation of Swedish Industries, though.

Per-Martin Meyerson who held a post as investigator at the Federation 1974-1992 has in his memoirs described the change of managing director in 1982. He comments,

the decision and the responsibility rested with Peter Wallenberg. The Federation was still to be seen as the Wallenberg family 'secretariat for political issues'.<sup>15</sup>

Peter Wallenberg had succeeded his father as head of the family.

### **The Swedish Employers' Association** <sup>16</sup>

The Swedish Confederation of Trade Unions (LO) was constituted in 1898. Four years later, in 1902, The Swedish Employer's Association (SAF) was established as a counterpart. In 1906 the SAF acknowledged the trade unions and their right to negotiate. The Association worked for national agreements for every line of business. The LO had strong links to the Social Democratic party. Members of trade unions within the LO were collectively affiliated to the Social Democratic Party until the 1990s. Sweden became highly unionised.

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<sup>13</sup> Olsson (2001), p. 341.

<sup>14</sup> Ullenhag (2000), p. 380.

<sup>15</sup> Per-Martin Meyerson (1997), *Sockerbagare i doktorshatt*. Fischer & Co, p. 84.

<sup>16</sup> For the history of the SAF see Hans De Geer (1992), *Arbetsgivarna: SAF i tio decennier*. and for the history of the LO Anders L Johansson and Lars Magnusson (1998), *LO andra halvseklet. Fackföreningsrörelsen och samhället*. Atlas.

In 1938 the SAF and the LO came to an agreement about industrial relations in Saltsjöbaden. About 90 per cent of the workers were then recruited by the LO. ‘Saltsjöbadsavtalet’ meant that both sides rejected legislation for the benefit of negotiations. The ‘Swedish model’ was born. The main agreement was in the 1940s followed by specifications. Collective bargaining on national level was introduced and representatives of the SAF and the LO got seats in public authorities. “The Swedish model” of negotiation governed industrial relations in Sweden in the following decades of rapid economic growth.

In the late 1960s the left wing movement brought about unofficial strikes and in the 1970s the international oil crisis was followed by a recession in Sweden. In 1976 a non-Socialist coalition government succeeded the Social Democratic cabinet. The spirit of mutual understanding dissolved.

Social Democrats in opposition meant confrontation and a revival of socialistic visions. The main conflict focused on a proposal for employee funds launched by the LO. These funds – never realized – would transfer industrial ownership to the trade unions. As time went by the SAF withdrew from collective bargaining and from seats in places for negotiation. The LO became in the 1990s a political interest organization.

### ***An industrial context in transformation***

The last decades of the 20<sup>th</sup> century meant a rapid transformation of Swedish economy. Between 1965 and 1995 the industrial workforce was reduced by a third, or 400 000 employees. The reduction was most rapid in the early 1990s. The service sector increased.<sup>17</sup> Mergers became frequent. The winding up of the foreign exchange control - which was completed in the beginning of the 1990s - stimulated the internationalisation of Swedish industry.

### **Swedish subsidiaries abroad**

Swedish companies have a long history on international markets. The first producing subsidiaries abroad were established in the late 19<sup>th</sup> century. Some companies had

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<sup>17</sup> Lennart Schön (2000), En modern svensk ekonomisk historia. Tillväxt och omvandling under två sekler. SNS Förlag, p. 476.

become multinational before World War One. After World War II, in the 1960s and the 1970s, expansion abroad accelerated. In 1960 Swedish industrial enterprises<sup>18</sup> had 106 000 employees working in producing units abroad. In the late 1970s the corresponding figure were more than twice as high, or 230 000.<sup>19</sup>

The period from the middle of the 1980s to the turn of the millennium witnessed a new rapid expansion on global markets. This expansion includes the service sector. In 1986 the number of employees in all Swedish subsidiaries abroad were 360 000, in 1996 no less than 606 000 and in 2001 it reached 990 000.<sup>20</sup> Employment in Sweden was in global corporations substituted by employment abroad. Their employment in Sweden had been surpassed in 1997 and was in 2001 no more than 650 000. The expansion abroad in the late 1990s was above all related to the service sector.<sup>21</sup>

Europe was traditionally the main market for Swedish direct investment. In spite of the building of the European market, the share of Swedish direct investment in Europe fell, though, when Swedish corporations expanded on international markets in the late 20<sup>th</sup> century. The European share of Swedish employment abroad was 1960 almost 70 per cent, in 1986 it had fallen by 10 per cent and in 2001 it stayed at 42 per cent.<sup>22</sup>

There had been a brake on the fall of the European share for a short period in the late 1980s. Measured by fixed prices direct investments in the EU showed a tenfold increase. It was 2 000 millions of Swedish crowns in 1985 and 23 000 millions in 1990.<sup>23</sup> When the share of employees within Swedish subsidiaries in Europe fell, the share in the U.S.

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<sup>18</sup> A Swedish enterprise is here and in the following a company/corporation where Swedish owners are in control; can control more than 50 per cent of the number of votes at the shareholders meeting.

<sup>19</sup> Harald Lund (1967), "Svenska företags investeringar i utlandet" i *Sveriges industri*. Sveriges industriförbund, p.124 and Birgitta Swedenborg (1992), "Svenska multinationella företag" i *Sveriges industri*. Sveriges industriförbund, p. 94.

<sup>20</sup> Birgitta Swedenborg (1992), p.91 and *Näringslivets internationalisering. Effekter på sysselsättning, produktivitet och FoU* (2004). itps. Institutet för tillväxtpolitiska studier, p. 34. In the following year the expansion ceased.

<sup>21</sup> SOS. *Svenskägda koncerner med verksamhet i utlandet 2003* (2005). itps, pp. 8 and 12.

<sup>22</sup> Birgitta Swedenborg (1992), p. 94 and *Näringslivets internationalisering. Effekter på sysselsättning, produktivitet och FoU* (2004), p 34.

<sup>23</sup> Birgitta Swedenborg (1992), p. 89.

increased. It was less than 10 per cent 1960. The share increased by ten per cent until 1986 and reached 23 per cent 2001.<sup>24</sup>

The move into the American market had accelerated in the 1980s. No less than 170 Swedish enterprises, which had not been in the U.S. before, got subsidiaries here in the 1980s.<sup>25</sup> A Swedish-American Chamber of Commerce had been founded in New York as early as 1906, though.<sup>26</sup> Companies within the Wallenberg sphere had old roots in the U.S. Alfa Laval and Svenska Kullagerfabriken established subsidiaries in the U.S. before World War One.<sup>27</sup> Early in World War Two Marcus Wallenberg had managed to bring together the Wallenberg sphere's American assets in the "PIN companies": Providentia Ltd, Instor Inc. and Nineteen Corporation.<sup>28</sup>

Thus, Markus Wallenberg focused on the American market, but the strategy of the Wallenberg sphere also underlines that Swedish industry worked on global markets. At the turn of the millennium Swedish corporations were represented all over the world; in Eastern Europe, Canada, Latin America, Australia, Asia and Africa.<sup>29</sup> Over a period of years Sao Paulo is said to have been Sweden's third largest industrial town.<sup>30</sup> Big corporations dominated the activities abroad. At the end of the period no less than 84 % of the employed in Swedish subsidiaries abroad were employed within the 20 largest Swedish industrial corporations. In the service sector 92 % of those employed abroad were to be found within the 40 largest Swedish corporations. The rapid transfer of employees into Swedish subsidiaries abroad in the last decades of the 20<sup>th</sup> century had to do with mergers. If the outcome of a merger meant that Swedes kept control of at least 50

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<sup>24</sup> Birgitta Swedenborg (1992), p. 94 and *Näringslivets internationalisering. Effekter på sysselsättning, produktivitet och FoU* (2004), p 34.

<sup>25</sup> *Sweden in America. Swedish Subsidiary Companies in The United States of America* (1990).

<sup>26</sup> *Sweden in America. Swedish Subsidiary Companies in the United States of America* (1990), p. 9.

<sup>27</sup> Later on the family owned holding company Investor got an American subsidiary (1941). ASEA and Astra got subsidiaries in the U.S. in the 1940s. Saab-Scania followed suite in 1956 and LM Ericsson in 1980 (Håkan Lindgren, 1994, *Aktivt ägande. Investor under växlande konjunkturer*. Institutet för ekonomisk-historisk forskning vid Handelshögskolan i Stockholm, p. 235).

<sup>28</sup> Ulf Olsson (2001), p.91

<sup>29</sup> SOS. *Svenskägda koncerner med verksamhet i utlandet 2003* (2005). itps, pp 12 and 31 ff.

<sup>30</sup> Interview with Olof Allgård 2005-08-26.

% of the value of votes in the parent company, the classification of the corporation has in Sweden stayed Swedish.<sup>31</sup>

### **Foreign subsidiaries in Sweden**

The moving out from Sweden of employment in Swedish corporations was – to some extent – substituted by employment in foreign owned subsidiaries moving in. The number of foreign owned subsidiaries in Sweden grew substantially; primarily in the 1990s, when the winding up of the foreign exchange control had been completed.

In 1962 the number of employees in foreign owned enterprises in Sweden was approaching 62 000.<sup>32</sup> In 1980 it reached 105 000. 16 years later the number was more than twice as high (240 000), and the expansion went on. In 2002, the number of employees in foreign subsidiaries in Sweden was no less than 531 000. In six years the number had increased more the twice. This meant that 22 % – more than every fifth – of all the employees in trade and industry in Sweden were employed by foreign subsidiaries. The corresponding figure in 1980 had been roughly 5 %.

Enterprises from one of the 15 (exclusive Sweden) EU- countries have –over time - employed rather a stable proportion of the employees in foreign subsidiaries in Sweden. This proportion was 53 % (36 100 employees) in 1962<sup>33</sup>, 57 % (154 900 employees) in 1996 and 56 % (291 000 employees) in 2001.<sup>34</sup> Between 1996 and 2002 the number of enterprises from the U.S. and Norway expanded the most, though. In 2002 more than 100 000 or every fifth employee in foreign companies in Sweden were working in subsidiaries controlled by the US.<sup>35</sup>

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The number of employees in Swedish companies working abroad was in the 1960s twice the number of employees in foreign enterprises established in Sweden. In 1996 the

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<sup>31</sup> SOS. *Svenskägda koncerner med verksamhet i utlandet 2003* (2005). itps, pp.15,16 and 3.

<sup>32</sup> Harry Johansson (1967), "Utländsk företagsetablering i Sverige" i *Sveriges industri*. Sveriges industriförbund, p.136f.

<sup>33</sup> Johansson (1967), p. 136.

<sup>34</sup> *Näringslivets internationalisering. Effekter på sysselsättning, produktivitet och FoU* (2004). itps. Institutet för tillväxtpolitiska studier, p. 34.

<sup>35</sup> *Näringslivets internationalisering. Effekter på sysselsättning, produktivitet och FoU* (2004), p. 24.

corresponding figure was two and a half, and five years later, in 2001 it was less than twice.

## **A New World**

From the 1970s onward Swedish economy lagged behind in international comparison. In the 1990s unemployment, in a new way, became a problem in Swedish economy. The last decades of the 20<sup>th</sup> century meant a drastic transformation of Swedish economy. In industry the traditional stability was lost. Basic industries lost ground. The industrial structure changed, not least by mergers that meant globalisation. Big business became less deeply rooted in Sweden. Also new corporations within the expanding service sector – in the first place IKEA and Hennes & Maurits – turned global

Anne Wibble, who represented the Liberals in Parliament and had been minister of finance 1991-1994, commented on the new situation in the spring 1995:

In the 1970s we were convinced that everything was possible to attain by economic policy. Since then we have learnt that this is not the case.<sup>36</sup>

To her, it was obvious that the deregulation of Swedish capital markets and the strategies adopted by Swedish multinationals had decisively changed the prerequisites of Swedish economic policy. Swedish multinationals had taken the lead in Swedish globalisation. The scope for a national economic policy was reduced. Kåre Willoch, a prominent leader of the Conservatives in Norway and Norwegian prime minister 1981-1986, has in his memoirs (1990) expressed a similar conclusion on the shifting scope for national economic policy. He discusses the role of the big oil corporation Statoil as a ‘new State in the State’.<sup>37</sup>

Thus, the transformation of Swedish economy in the last decades of the 20<sup>th</sup> century called for new roads in politics. It also called for new strategies within the Federation of Swedish industries and the SAF. The Federation of Swedish Industries had to adapt to a shrinking industrial structure and to new ownership structures. The SAF faced a new labour market structure and a new relation to the LO.

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<sup>36</sup> Interviews with Anne Wibble, april 1995.

<sup>37</sup> Kåre Willoch (1990), *Minner og meninger III: Statsminister*. Chr. Schibsteds Forlag, Oslo. p. 282 ff.

## ***Early steps towards Europe***

### **The birth of the EFTA**

The treaty of Rome came into force the 1<sup>st</sup> of January 1958. It meant, that – Germany, France, the Netherlands, Belgium, Luxembourg and Italy ('the internal six') – agreed on a common market, European Economic Community (EEC) bounded by a tariff wall. For Sweden 'the internal six' represented an important market. No less than 33 per cent of Swedish exports went here in 1957. The share for imports was 42 per cent.<sup>38</sup>

The management within the Federation of Swedish Industries felt that there was a need for industry in Sweden, Great Britain, Denmark, Norway, Switzerland and Austria ('the external six') to coordinate their views, if they wanted to influence the ongoing OEEC- debate on a large European free trade area including the EEC. In January 1958 the Federation of Swedish Industries sent Wilhelm Paues to Germany, Belgium and Great Britain to explore the possibilities for European industry to influence negotiations by joint efforts. In Great Britain Paues met with sir Norman Kipping, managing director in the Federation of British Industries. Paues and Kipping jointly decided to launch a meeting for the 'external six' at a coming meeting for West European industrial organisations in February 1958. Because of the French attitude to Britain the initiative was to be taken by Sweden.

A series of meetings for the federations within 'the external six' was followed by the forming of a committee composed by federations of industries from both sides, from 'the external six' and 'the internal six'. Chairman of the committee was Axel Iveroth, managing director of the Federation of Swedish Industries. The discussions were said to be rather successful. When Charles de Gaulle had come to power in France in Mai 1958 the possibilities to reach an agreement on a large European free trade area including the EEC seemed very limited, though. In the autumn of 1958 the federations within 'the external six' agreed on a resolution in Paris. The resolution had been taken in confer with British and Swedish authorities.

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<sup>38</sup> SOS. *Handel. Berättelse för år 1957*. Del 1, p 26f.

At a visit to Stockholm and the Federation of Swedish Industries in December 1958 sir Hugh Beaver, chairman in the British Federation of Industries, summarised the position of his federation. The ‘external six’ could not be passive. They had to build a free trade organisation of their own. This organisation should be built in a way that facilitated cooperation with the EEC. Afterwards, management within the Federation of Swedish Industries found, that this was the birth of the EFTA-thought.

In Mai 1960 – more than a year later – the European Free Trade Association (EFTA) was established as an answer to the customs union agreed on by the members of the EEC. EFTA was constituted at Saltsjöbaden, outside Stockholm. The ‘external six’ then had become the ‘external seven’. Portugal had joined the group. The seven signed an agreement about free trade.<sup>39</sup> In Sweden the Federation of Swedish Industries and the SAF formed a committee for cooperation in questions concerning European integration.<sup>40</sup>

### **Near but not within**

The debate on the relations between the EFTA and the EEC was, more or less continuously, ongoing in the years following the Saltsjöbaden agreement. England, Denmark and Norway applied for membership in the EEC no later than 1961. In Sweden the Social Democratic prime minister Tage Erlander in a speech declared that a Swedish membership was no possibility because of Swedish neutrality (Metalltalet).<sup>41</sup> At the same point of time, in August 1961, the chairman of the LO, Arne Geijer, warned Sweden against a membership: ‘Sweden could not accept to be tied to reactionary politics or to right-wing dictatorships in Western Europe.’<sup>42</sup>

In the 1960s, applications for membership from other EFTA-states did not produce results, but in 1969 the situation was changed. Charles de Gaulle left his presidency and his veto on England was in December 1969 repealed by his successor Georg Pompedou.

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<sup>39</sup> *Bilder från Industriförbundet 1910-1985*. Industriförbundets arkiv. P 6f.

<sup>40</sup> Anders Kjellberg, ”Arbetsgivarstrategier i Sverige under 100 år” in *Arbetsgivare i Norden. En sociologisk analys av arbetsgivarorganisering i Norge, Sverige, Finland och Danmark* (2001) Köpenhamn: Nordiska ministerrådet, p.248.

<sup>41</sup> Daniel Viklund (1977), *Spelet om frihandelsavtalet. En kritisk studie i svensk europapolitik 1959-1972*. Rabén och Sjögren, p.28f.

<sup>42</sup> Jan Olsson and Olle Svenning (1988), *Tillhör Sverige Europa*. Författarförlaget, p 20.

Negotiations for memberships could start.<sup>43</sup> Applications were since Mai 1967 at hand from Great Britain, Ireland and Denmark and since June 1967 from Norway.<sup>44</sup>

At the end of this month, Axel Iveroth – chairman of the Federation of Swedish Industries – approached Gunnar Lange – Swedish minister of commerce –with the message that the Federation was of the opinion that Sweden had to show its view on the EEC and ask for membership. If not, the Federation was to present the government with an official letter, where government was to be criticised for passivity. The risks that were at hand if Sweden was put outside a widened common market were to be strongly emphasized.<sup>45</sup> In 1967 those countries that now applied for membership and the EEC-countries jointly had been the markets for 68 % percentage of Swedish importation of goods and 63 percentage of exportation.<sup>46</sup> Sweden had to adapt.

At this point in time the negative attitude to the EEC within the labour movement was not as homogeneous as it had been a decade earlier, and within a month after the contact with Iveroth, Lange sent “an open letter” to the EEC. Sweden wanted negotiations bringing Sweden nearer the EEC. The outcome of these negotiations was to decide if a Swedish application for membership, association or some other relation to the EEC should be forwarded. In spring 1970 Olof Palme – since the year before Swedish prime minister in a social democratic government – went to Bonn, London and Paris to discuss Sweden’s relation to the EEC. His declarations abroad gave the impression that Sweden was going to apply for membership.<sup>47</sup> Kjell Olof Feldt (who in 1971 succeeded Lange as Swedish minister of commerce and thus became responsible for the negotiations with the EEC) understood that Palme after his visits to politicians in Europe was convinced that they were willing to give Sweden special treatment. According to Feldt, Palme was convinced that Sweden had a role to play in European politics and that this presupposed that Sweden had a seat in the decision-making bodies of the Community.<sup>48</sup>

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<sup>43</sup> Daniel Viklund (1977), p 43.

<sup>44</sup> Klas Misgeld (1997) *Den fackliga europavägen. LO, det internationella samarbetet och Europas enande 1945-1991*. Atlas, p. 107f.

<sup>45</sup> Utrikesdepartementets arkiv. H91H.

<sup>46</sup> Sveriges officiella statistik (1969): *Utrikeshandel 1967*. Del 2. Statistiska centralbyrån, p 96.

<sup>47</sup> Jan Olsson and Olle Svenning (1988) p. 20f and Daniel Viklund (1977), pp35-39 and 47-55.

<sup>48</sup> Kjell-Olof Feldt (2005), *Min väg till politiken*. Ekerlifs förlag, p.168f.

In the Swedish labour movement, there were conflicts of opinion, though.<sup>49</sup> The social democratic party was divided and the LO was against a membership, because – on comparison – they found that Swedish working conditions and industrial relations in Sweden were better than those within the EEC.<sup>50</sup> In some trade union quarters the EEC was looked upon as “a construction to forward the development of capitalism in Western Europe”.<sup>51</sup>

Nevertheless, the LO and the SAF formed a reference group to discuss questions of integration.<sup>52</sup> The Federation of Swedish Industries internally appointed a group to deal with EEC-questions and initiated negotiations with the SAF, the LO, public authorities and trade organisations. In November 1970 the managing director Axel Iveroth presented Olof Palme with a letter on the industrial needs in relation to an EEC-membership.<sup>53</sup>

Some month later, in March 1971, the Swedish government in plain language declared that Swedish neutrality made it impossible for Sweden to become a member, though. The government referred to plans launched in 1970, the Davignon-plan for European foreign policy and the Werner-plan for an economic and monetary union.<sup>54</sup> An outspoken, cynical, former minister gave his comment: ‘We were saved by these reports’.<sup>55</sup>

The director Erik Braunerhielm at the Federation of Swedish Industries in a letter commented the government’s statement:

The question whether these conditions are consistent with Swedish neutrality rests with the government. The government will make a discretionary assessment as an exact definition is missing.<sup>56</sup>

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<sup>49</sup> The role of internal politics in relation to the the EEC-policy will be analysed by Erik Magnusson in his forthcoming dissertation *Sweden and the EEC 1960-1973*.

<sup>50</sup> Hans Olsson/Lennart Pettersson, “ Arbetarrörelsen och EG” in Carl B. Hamilton (editor) (1987), *Europa och Sverige. EG-frågan inför 90-talet*. SNS, pp 171 and 181. Confer Carl-Einar Stålvant, “Sverige och ekonomisk politisk integration” in Carl B. Hamilton (editor), (1987), p 217 f and Daniel Viklund (1977), p. 90f

<sup>51</sup> Villy Bergström and Olle Svenning (1971), *Fackföreningsrörelsen och EEC*. Tidens förlag., p.7.

<sup>52</sup> Klaus Misgeld (1997), p. 111.

<sup>53</sup> Industriförbundets styrelseprotokoll 1970-06-17, 09-16, 10-14, 11-18 and 12-16. Industriförbundets arkiv. Stockholms Företagsminnen.

<sup>54</sup> Daniel Viklund(1977), p. 85ff.

<sup>55</sup> Jan Olsson and Olle Svenning (1988), p.23.

<sup>56</sup> Erik Braunerhielm to Karl Birnbaum, Utrikespolitiska institutet 1972-03-20. Industriförbundets arkiv Stockholms Företagsminnen.

Braunerhielm engaged a group of specialists to write an anthology called 'The neutrality and the future of Swedish foreign policy'. From different points of view the authors had to discuss the relation between a membership in the EEC and Swedish neutrality. According to plans, the book was to be published 1 September 1972, but the anthology did not appear. Some of the essays were later on published internally within the Federation of Swedish Industries.<sup>57</sup>

In 1973 Great Britain, Denmark and Ireland left EFTA for memberships within the EEC. Sweden and the other three remaining EFTA-countries ended up with free trade agreements.<sup>58</sup> In time Swedish trade with industrial goods in Western Europe became free of duty and import restrictions.<sup>59</sup> In his comments on the agreement Axel Iveroth said;

for the part of industry we greatly regret that the government has not reached its own objects and even lesser those for which we have wished.<sup>60</sup>

Nevertheless, the political debate on the Swedish relation to the Common market stayed silent for more than a decade. The shift to non-socialistic governments, that held office 1976-82, did not break the silence.

The Federation and the SAF wanted to show its interest in a closer cooperation with the Community, though.<sup>61</sup> In 1974 they jointly opened up an office at Brussels. Sweden became an associated member of the UNICE (Union des Confédérations de l' Industrie et des Employeurs d'Europe) and got representatives in UNICE-committees.<sup>62</sup> The LO took part in the building of a new trade union organisation in Western Europe, 1973, the EFS/ETUC (European Trade Union Confederation).<sup>63</sup>

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<sup>57</sup>Protokoll från arbetsgrupp. Industriförbundets arkiv. Stockholms Företagsminnen.

<sup>58</sup> DANIEL Viklund (1977), p.117.

<sup>59</sup> Erik Braunerhielm, "En västeuropeisk 'ekonomisk sfär'" in Carl B Hamilton (1987), p.19.

<sup>60</sup> According to Viklund (1977), p. 131.

<sup>61</sup> Sören Karlsson (2001), *I Sveriges och industrins tjänst*, p 131.

<sup>62</sup> Anders Kjellberg, "Arbetsgivarstrategier i Sverige under 100 år" in *Nordisk Arbejdsmarked. Arbetsgivere i Norden. En sociologisk analyse af arbejdsorganisering i Norge, Sverige, Finland og Danmark*, p. 249.

<sup>63</sup> Klaus Misgeld (1997), p.30.

### **Sweden EEA and the ‘internal market’**

In the middle of the 1980s the Swedish relation to Europe was brought to the fore. In spring 1984 ministers from all West European countries met in Luxemburg to discuss the relations between the EFTA and the EEC. This meeting was in the interest of Sweden. The Swedish minister for foreign trade, Mats Hellström was amongst the initiators. The outcome of the Luxembourg-meeting was a decision to shape “European Economic Space/Area” (the EES/EEA-declaration). The aim was to bring forth a dynamic European development by harmonizing of standards, decreasing of technical barriers to trade, and facilitating of border formalities. Co-operation in research and technological development were to be increased.<sup>64</sup>

The fulfilment of these aims called for negotiations between the EFTA and the EEC. In Sweden these negotiations became urgent in the late 1980s, when it seemed obvious that the gap between the EEC Member states and the EFTA might be widening. Mr. Jacques Delors – head of the EEC-Commission since January 1985 – had launched the project “the internal market”; the Member states would form a large European market without internal borders. Within this market movement for people, work, capital and service was to be free. The European Commission summarised his scheme in a “white-paper” in June 1985. The ‘white paper’ was 1987 codified in the ‘Single Act’. The scheme for an integrated market held no less than about 300 proposals and was to be fulfilled in 1992.<sup>65</sup>

### **Industrial policy**

In December 1985 a delegation from the Federation of Swedish industries got information on ‘the internal market’ at a meeting with the UNICE-president Lord Pennock in Brussels.<sup>66</sup> As a result the Federation, in February 1986, arranged a visit to Brussels for delegates from Swedish industry. The delegates had the possibility to meet

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<sup>64</sup> Erik Braunerhielm, ”En västeuropeisk ‘ekonomisk sfär’” in Carl B. Hamilton (editor), (1987), p 28ff and Mats Hellström (1999), Politiskt liv. Hjalmarson & Högberg, p. 28ff.

<sup>65</sup> Riksdagen. Protokoll.Bihang. 1987/88. Saml. 9. Utrikesutskottets betänkanden och yttrande. Protokoll.Bihang 1987/88 nr 1-34 1 y. UU 1987/88:24.

<sup>66</sup> Direktionskansliet. Direktionen. Minnesanteckningar 1985-12-06, § 1. Industriförbundets arkiv. ???  
Centrum för Näringslivshistoria.

with five EG- commissioners.<sup>67</sup> At the annual meeting of the Federation in April Swedish relations to the EG was discussed under the heading of 'Europe – the home-market of Sweden'. In June 1985 lord Frances Cockfield, an English member of the Commission – who was close to Margaret Thatcher – presented the plan for 'the internal market' in Sweden. He discussed the cooperation between Swedish industry and the EG at a dinner with the executive body of the Federation of Swedish industry.<sup>68</sup> His speeches sent a strong signal to Swedish business to seek a new and closer relationship with the Community.<sup>69</sup>

The Federation of Swedish industry, in the autumn of 1986, intensified its work on the Swedish relations to the European Community. In September the managerial body discussed how to allocate tasks that had been assigned to director Eric Braunerhielm, who was now to retire. He had written "a will" addressed to management.<sup>70</sup> This will became a starting point for policy-discussions. According to Braunerhielm a co-ordination of international affairs was needed. As Sweden had to adapt to future decisions concerning trade and industry within 'the internal market' it was necessary to put forward proposals early in the process. A strong representation in the UNICE was seen to be important as was direct links to the European Commission. Braunerhielm also asked for closer co-operation with the SAF and with Nordic federations. Besides, he meant that public opinion in Sweden had to be informed. EFTA and EU-information was needed not least in schools.<sup>71</sup>

In the Federation it was felt that the road to the 'internal market' called for a unifying industrial approach to the Common market. The need for investigations and analyses was felt to be urgent. In January 1987 the Federation launched an EG-scheme. The consequences for Swedish industry until now, and the forthcoming consequences of non-

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<sup>67</sup> Direktionskansliet. Direktionen. Minnesanteckningar 1986-01-22, § 1 and 1986-2-20, § 2. . Industriförbundets arkiv. ????. Centrum för Näringslivshistoria.

<sup>68</sup> "Direktionskansliets verksamhet hittills under 1986". Industriförbundets arkiv. A 3:1. Centrum för Näringslivshistoria.

<sup>69</sup> E-mail from Olof Allgård 2005-09-27.

<sup>70</sup> Direktionskansliet. Minnesanteckningar. Konfidentiellt 1986-09-26, § 3. Industriförbundets arkiv. . A2. Direktionsprotokoll. Centrum för Näringslivshistoria.

<sup>71</sup> Erik Braunerhielm to Lars Kritz 1986-08-11. Minnesanteckningar VD-kansliet. Industriförbundets arkiv. A3:2. Centrum för Näringslivshistoria.

membership, should be analysed within all fields of the Federation. The question of neutrality was not to be discussed within this scheme. Working-papers and reports were distributed within the organisation. Suggestions for industrial policy were presented in December.<sup>72</sup> The conclusion was that the ‘white paper’ for the EG-countries had started a process that would increase their ability to compete but a process that also was a threat to the EFTA-countries. Sometimes these countries could expect to be allowed to take part on the EG-conditions and sometimes they could expect to be exposed to discrimination.<sup>73</sup> The possibility to use the UNICE to influence countries in the EG as well as countries in the EFTA was – during this process – emphasized by Zygmunt Tyszkiewics, Secretary General of the UNICE, at a visit to the Federation of Swedish Industries.<sup>74</sup>

Within the Federation the view on a Swedish EU-membership was divided. Peter Wallenberg – president of the Federation (1987-89) –opted for a membership, though.<sup>75</sup> When the EG-scheme was presented, in December 1987, he appealed to the government to reconsider the Swedish position in relation to a Swedish membership in the EG; a market for more than half of all exports from Sweden. His appeal was given at a seminar organised by ‘The Society for Politics, Trade and Industry’ in the parliament building. The title of the speech was ‘Sweden and the EG. Threat or Possibility’. Wallenberg emphasized that Swedish industry might be forced out of Sweden if the relations to the EG stayed unclear.<sup>76</sup>

The conclusion that Swedish enterprises in the existing circumstances might prefer investments outside Sweden was a fact. In the years 1985-1988 the ten most internationalized Swedish corporations increased their investments in their foreign parts

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<sup>72</sup>” Projektbeskrivning” och muntliga informationer lämnade av Lars Kritz vid interview 2004-03-05.

<sup>73</sup> Thomas Hagdahl. Arbetspromemoria and Minnesanteckningar..Konfidentiellt 1986-09-26, § 4. Direktionskansliet. Industriförbundets arkiv. A 2. Centrum för Näringslivshistoria.

<sup>74</sup> VD-kansliet. Direktionen. Minnesanteckningar 1987-04-24. Direktionskansliet. Industriförbundets arkiv. A 2. Centrum för Näringslivshistoria

<sup>75</sup> Per-Martin Meyerson (1997),pp 183-188.

<sup>76</sup> Sören Karlsson (2001), p.131f and Minnesanteckningar från VD-kansliet 1988 –01-05, § 1. . Industriförbundets arkiv. A 3:2. Centrum för Näringslivshistoria.

and Memorandum from the secretariat for the managing directors at the Federation of Swedish Industries 1987-12-11.Centrum för Näringslivshistoria.

by 30 percentages and reduced their investments in Sweden by 20 percentages.<sup>77</sup> The share of Swedish investments within the EU increased heavily in the last part of the 1980s (confer above, p.9). Swedish enterprises wanted to have a platform within the integrated market in case Sweden once more would choose to stay outside.

### **Swedish policy**

At the point of time when Wallenberg appealed for a Swedish membership in the EG – in December 1987 – the social democratic government felt that it was urgent to speed up the negotiations on the EEA-declaration. The government clarified its view on the Swedish role in the West-European integration in a bill that was accepted by Parliament in 1988. The Swedish line of policy was said to be the same as it had been in the early 1970s. Sweden wanted to deepen its relation with the EG as long as the co-operation did not interfere with Swedish neutrality. Within this limitation Sweden would work for increased mobility for commodities, services, men/women and capital in Europe. Sweden had a certain interest in the field of research and development and would work for a strengthening of the social dimension in European co-operation. In the field of industry the government should work for a European market, where Swedish industry was given equal rights with countries within the EG. This called for equal rights for Swedish commodities passing borders, equal rights in public purchasing and adherence to the ongoing harmonizing of technical barriers to trade; technical roles, technical standards, testing of commodities, certificating, safety rules and rules for marks of origin.<sup>78</sup> Swedish participation in technical research aiming at a modernising of European industry was in this context found important. EFTA should – according to the bill – be the bases for Swedish negotiations with the EG and Nordic co-operation should be strengthened.<sup>79</sup> In the debate in the standing committee on foreign affairs it was concluded that ‘Swedish neutrality is not laid down in a treaty. We decide ourselves its contents’.<sup>80</sup>

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<sup>77</sup> Magnus Lemmel, EES är steget mot EG-medlemskap. Rådet för Europafrågor (regeringens) 1988-1993. Industriförbundets arkiv F 6b:9. Centrum för Näringslivshistoria.

<sup>78</sup> Riksdagen. Protokoll. Bihang. 1987/88. Saml. 1. Band B6. Prop.1987/88:66,.

<sup>79</sup> Riksdagen. Protokoll.Bihang. 1987/88. Saml. 9. Utrikesutskottets betänkanden och yttrande. Protokoll.Bihang 1987/88 nr 1-34 1 y. UU 1987/88:24.

<sup>80</sup> Utrikesutskottets betänkande 1988/89:UU 19. Sverige och den Västeuropeiska integrationen, p. 22.

To handle questions concerning the European co-operation and to identify the need for adaptation of Swedish law the government would establish a secretariat for European integration within the ministry for foreign affairs. If bills diverging from EU-regulations were presented, they had to include explanatory statements. Ambassador Ulf Dinkelspiel, was appointed Swedish chief negotiator on European questions and headed along with two other highly qualified diplomats, Olof Allgård and Frank Belfrage, the secretariat. The integration secretariat had to co-ordinate about 20 working groups from departments of states. These groups had a number of consultative groups from communities of interest such as industry, trade unions and consumers. The secretariat reported every three-month. Series of books were published.<sup>81</sup>

### **A Swedish Council for European questions**

In the bill of December 1987 the social democratic government presupposed deeper contacts with wage-earner organizations and industry in questions concerning the European market. To discuss negotiations within the Luxembourg scheme in the light of the launching of ‘the internal market’, the government, in March 1988, decided to establish a Council for European questions within the ministry of foreign affairs. This council, chaired by the social democratic prime minister Ingvar Carlsson, was to be an agency for running consultations between the government and representatives for different public interests, e.g. the Bank of Sweden, the commercial banks, industry, trade unions, consumer’s cooperation and the universities.<sup>82</sup> Later on the National Union of Farmers (Lantbrukarnas riksförbund) was included.<sup>83</sup>

Industry had been informed on the coming of a Council for European questions at a dinner in January. Prime minister Ingvar Carlsson had invited twelve men with strong positions in corporations working on global markets to meet six representatives of the government. Men from industry were told that the government wanted to meet men from the business community for “free, easy and confiding” discussions on the Swedish

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<sup>81</sup> Interview with Olof Allgård 2005-08-26.

<sup>82</sup> Protokoll vid regeringssammanträde 1988-03-29. Industriförbundets arkiv F 6B:9. Centrum för Näringslivshistoria.

<sup>83</sup> Bo Dockered till Ingvar Carlsson 1988-06-10 and Ingvar Carlsson to Lantbrukarnas riksförbund 1988-07-07. Industriförbundets arkiv F 6B:9. Centrum för Näringslivshistoria.

relations to the Common market.<sup>84</sup> The invitation was presented at a meeting of the management at the Federation of Swedish Industries. It was felt that the government had an unrealistic view on the possibilities for the EFTA to reach non-discrimination for industry in the EFTA-states by negotiations with the EU.<sup>85</sup>

The first meeting with the Council for European questions was held 25 April 1988. Representatives of industry had a preparatory meeting at the Federation of Industries. This kind of preparatory meeting was to be the rule in the future. At the first preparatory meeting it was decided that representatives of industry should not bring up the question of membership in the EG or the question of Swedish neutrality.<sup>86</sup>

At the first meeting with the Council Karl-Erik Sahlberg presented the views of the board of the Federation. He emphasized that Sweden – to avoid discrimination – had to adapt to proposals put forward in the ‘white-paper’. In the Federation it was observed that agents within the EU meant, that all members within European Economic Space in no circumstances could be on an equal footing with members within the ‘internal market’. Sahlberg stressed that criticism was passed on Sweden primarily for the foreign exchange control and for the discrimination of foreign enterprise acquisition. On the other hand Sweden was, or was about, to be discriminated in public purchasing and in research launched by the EU. Moreover the free movement for European citizens did not apply to Swedes: It was difficult for men in Swedish industry to get work permits within the EU, and Swedish students were no part of current exchange programs.

Tom Hedelius representative of the commercial banks, pointed to the fact that the foreign exchange control and the discrimination of foreign enterprise acquisition – mentioned by Sahlberg – was a special hindrance in banking. Peter Wallenberg stressed that members in the Council wanted to have access to information gathered in the Foreign

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<sup>84</sup> Ingvar Carlsson to Lars Nabseth 1988-01-07. Industriförbundets arkiv F 6B:9. Centrum för Näringslivshistoria.

<sup>85</sup> Minnesanteckningar från VD-kansliet 1988 –01-19, § 1. Industriförbundets arkiv. A 3:2. Centrum för Näringslivshistoria.

<sup>86</sup> Anteckningar 6/4 1988 från samtal med EG-gruppen. Rådet för Europafrågor (regeringens) 1988-1993. Industriförbundets arkiv. F 6b:9. Centrum för Näringslivshistoria.

Ministry. He was told that ambassador Ulf Dinkelspiel was to be the contact between the foreign ministry and the Council.<sup>87</sup>

In Mai 1988 the SAF suggested that the SAF and the Federation of Swedish Industries should co-ordinate their work with the EG-question. Leading managers within the organisations decided to form an informal group – headed by Peter Wallenberg – that, in the first hand, should prepare the meetings with government in the Council for European questions. It was established that the SAF was to bear the main responsibility for working groups dealing with education, personal mobility, working life and work environment. The Federation was responsible for the remaining working groups except those, which were dedicated media (joint responsibility) and tourism (neither the SAF nor the Federation). If the Federation or the SAF was to have the responsibility for the overall policy was an issue that was not solved. In the Federation Lars Kritz was appointed co-ordinator of the European project.<sup>88</sup>

### **Swedish industry in European surroundings**

The European project called for a strengthening of the business office in Brussels. Carl-Reinhold Tersmeden, when he was to retire from his post as head of the office in 1989, in a paper to Magnus Lemmel where gave his comments on the coverage of the UNICE. He mentioned that about 25 delegates from the Federation took part in committees and working groups within the UNICE. He stressed that the staff in Brussels needed to get information on their meetings. When visiting Brussels he wanted the delegates to contact the office. About a year later Lemmel informed Tersmeden that ha had reshaped his comments into an internal instruction.<sup>89</sup>

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<sup>87</sup> Minnesanteckningar från sammanträde med Rådet för Europafrågor måndagen den 25/4 1988 på Rosenbad, Rotundan kl 13.00-16.00 and Industriförbundets mål. Industriförbundets arkiv F 6B:9. Centrum för Näringslivshistoria.

<sup>88</sup> Minnesanteckningar från VD-kansliet. Konfidentiellt. 1988-05-24, 1988-06-29 and 1989-09-08, §1. Protokoll AU 2/1990, p.1. Industriförbundets arkiv. Centrum för Näringslivshistoria. Minnesanteckningar från överläggning den 27 juni 1988 om former för samråd och samverkan inom näringslivet i EG-frågan. Handling överlämnad av Lars Kritz vid interview

<sup>89</sup> Minnesanteckningar från VD-kansliet Konfidentiell, 1988 –05-30, § 1. Magnus Lemmel till Carl-Reinhold Tersmeden 1990-07-05. Handlingar rörande samarbete med europeiska industriförbund. F 6b:10. Industriförbundets arkiv. A 3:2. Centrum för Näringslivshistoria

In their work within the UNICE Swedish delegates opposed a strengthening of the organisation. Thus, a proposal to introduce majority voting did not apply to the Swedes. They wanted negotiations aiming at consensus or national freedom to decide.<sup>90</sup>

In 1989 the 'social dimension' was brought to the fore within the EG. This dimension included industrial relations, where Sweden held the view that legislation should be avoided and negotiations held on branch- or company-level. A seminar on the social dimension was held at EG/EFTA-meetings in Gothenberg in June 1990 in connection with the EFTA's 30<sup>th</sup> anniversary. Some weeks before this meeting Zygmunt Tyszkiewics, Secretary General of the UNICE, had sent a letter to Stellan Artin at the SAF. Magnus Lemmel, Director General at the Federation and Carl Reinhold Tersmeden in charge of the Swedish office in Brussels got copies. Tyszkiewics, wrote:

the social dimension' in the EFTA countries (especially the Nordic ones) has a shape rather different from that in many of the EC-member States

In these circumstances Tyszkiewics would make the point that

There is no real debate about social policy. The real debate is about 'subsidiarity', i.e. what should be decided at EC-level and what should be left for decision or negotiation at other levels. This will be the main theme of the forthcoming intergovernmental conference over institutional reform of the Community.<sup>91</sup>

'Social policy and the role of the social partners at European level' was discussed at a presidential meeting within the UNICE in June 1991. Six representatives of Swedish industry was present; two from the Federation, three from the SAF and Christer Leijonhufvud from the Swedish office in Brussels. The Commission in Brussels had asked the social partners to envisage the possibility of collective agreements. The UNICE had to give a response to the commission and to discuss subsequent strategy. In the debate Ulf Laurin from the SAF gave the Swedish position as follows:

The current trend in Sweden was towards rejection of centralisation whose effects had been disastrous. However, the Commission's proposal should not be envisaged as relating to the conclusion of collective labour agreements in the usual sense of the

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<sup>90</sup> Director General of the Federation of Swedish Industries to Mr Carlos Ferrer, President UNICE 1991-11-27 and Svenska Arbetsgivarförbundet. Internationella sekretariatet. 1991-12-02. Special Presidents' meeting, Scheveningen 1991-12-03- Industriförbundets arkiv F6b volym 11. Centrum för näringslivshistoria.

<sup>91</sup> Z. Tyszkiewics to Mr. S. Artin, SAF, Stockholm. Handlingar rörande samarbete med europeiska industriförbund. Industriförbundets arkiv F 6b:10. . Centrum för Näringslivshistoria

term but as the only alternative to the proposal from Brussels for detailed and inappropriate social legislation.<sup>92</sup>

A Brussels proposition to create European Works Councils (EWCs) was within the EEC strongly opposed not only by Sweden.<sup>93</sup>

### ***The last steps into the European Union.***

In February 1989 Olof Ljunggren in a letter to his board and to management within his associations presented the SAF-view on the Swedish relations to the EG. The SAF accepted the strategy adopted by the government. To apply for a membership in the EG before 1993 when the 'internal market' was completed was, according to the SAF, of no use. Delors had in the European Parliament suggested a customs union between the EFTA- countries and the EG-countries. To the SAF the content of such a union was unclear. The SAF found it necessary to see the results of negotiations by the EFTA before alternative routes were launched.<sup>94</sup>

Almost half a year later Magnus Lemmel, managing director at the Federation of Swedish Industry (1989-1995) in an unofficial letter to his board presented his view on the bargaining position EFTA - EG. He expressed uneasiness about disintegration within the EFTA-group. Lemmel noted that the LO was sceptical to the discussed customs union, which, according to him had high priority in Swedish business.<sup>95</sup>

The 31 of October 1989 Magnus Lemmel spoke on the Swedish radio claiming a speedy application for a Swedish membership in the European Community. A membership was needed to improve the investment climate in Sweden. Lemmel was of the opinion that the majority of the Swedish people wanted a membership. He meant that

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<sup>92</sup> Council of presidents. Meeting on 13 June 1991 – Luxemburg. Minutes. Industriförbundets arkiv F 6b:11. Centrum för Näringslivshistoria

<sup>93</sup> Council of Presidents – 4.12. 1991. Item 4. Situation Report regarding the most important Community instruments concerning Social Affairs. Industriförbundets arkiv F 6b:11. Centrum för Näringslivshistoria

<sup>94</sup> Olof Ljunggren till Ledamöter och suppleanter I SAFs styrelse och till verkställande direktörer I SAFs förbund 1989-02-27. Rådet för Europafrågor (regeringens) 1988-1993. .Industriförbundets arkiv. F 6b:9. Centrum för Näringslivshistoria

<sup>95</sup> Magnus Lemmel till Industriförbundets styrelse 1989-06-30. Rådet för Europafrågor (regeringens) 1988-1993. .Industriförbundets arkiv. F 6b:9. Centrum för Näringslivshistoria

it would be disastrous, if the question of a membership was to become a question for party politics in the coming parliamentary election.<sup>96</sup>

At the meeting with the Council for European questions two days later representatives of the Federation clarified their position. The Federation supported the ongoing discussions about the EEA-agreement but such an agreement had, according to the Federation, to be followed by a swift application for membership in the EU.<sup>97</sup>

The fall of the Berlin Wall 9 November 1989 and the disintegration of the Soviet Union meant that the claim for neutrality was no longer a hindrance for a Swedish membership in the Common Market. At the opening of the social democratic party conference in spring 1990 the Prime Minister Ingvar Carlsson said: 'A new Europe is developing'. A year later he delivered an application for a Swedish membership in the European Communion signed by the Social Democratic, the Conservative, the Liberal and the Centre Party. It was decided that Sweden was to take a referendum in the autumn of 1994.<sup>98</sup>

The year before, 1 January 1993, the EEA agreement, accepted by Sweden, came into force. The need to adapt to European standards was not appreciated by Swedish corporations working on global markets but had to be accepted. Europe was an important market. The falling down of borders was opening up new possibilities, though. Director Lars Kritz –head of the market and transport policy department in the Federation of Swedish industries – found that the agreement marked a borderline in Swedish relations to Europe.<sup>99</sup>

The EU-referendum was taken 14 November 1994. The Federation of Swedish Industries and the SAF had invested heavily in different campaigns for 'a yes'. Information was produced, busses filled with exhibitions toured the country, so-called EU-ambassadors were educated, prominent directors took part in a phone-in programme

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<sup>96</sup> Utskrift av Program från Ekonomiekot 1990-10.31. Rådet för Europafrågor (regeringens) 1988-1993. Industriförbundets arkiv. F 6b:9. Centrum för Näringslivshistoria

<sup>97</sup> Till Näringslivets representanter i regeringens råd för Europafrågor från Magnus Lemmel 1989-12-08. Rådet för Europafrågor (regeringens) 1988-1993. Industriförbundets arkiv. F 6b:9. Centrum för Näringslivshistoria

<sup>98</sup> Ingvar Carlsson (2003), *Så tänkte jag. Politik & dramatik*. Hjalmarson & Högberg, pp. 405, 418f and 517.

<sup>99</sup> Interview with Lars Kritz 2004-03-05.

etc. A majority of the Swedish people voted yes 13 November 1994. Sweden became a member of the Union 1 January 1995.<sup>100</sup> The debate that for a short period of time had been so loud and intense became silent. The membership did not become firmly established in Swedish society.

At the time when Sweden became a member of the EU Olof Allgård was recruited as head of the Swedish business office in Brussels. He as well as his predecessors wanted to strengthen the relations between the EU and the Swedish business organisations; not least by visits by prominent representatives of Swedish industry to the European Commission and the European Parliament. Allgård also felt that the Brussels office should – to a greater extent – be present at important meetings of the two business organizations in Stockholm.

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In the late 1990s, during Allgård's time Brussels he met with one proposal of a certain interest for Sweden that got required solutions in the UNICE. It had to do with share holding. It was proposed that the system with preference shares should be abolished. One share should always mean one vote at the shareholders' meeting. This proposition was a serious threat against ownership structure in Swedish industry; not least against the Wallenberg sphere. Control within this group was, more often than not, built on holding of preference shares. Sweden managed to get an exception from the proposed rule.

Olof Allgård felt that the chances of success in influencing the social democratic government on industrial policy often were greater if you could use arguments in a European discussion i.e. to lobby from Brussels in stead of trying local lobbying in Sweden.<sup>101</sup>

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<sup>100</sup> Sören Karlsson (2001), 138ff.

<sup>101</sup> Interview with Olof Allgård 2005-08-26.

## ***Concluding Remarks***

### **The Swedish approach to Europe**

Sweden is at the outskirts of Europe. The Swedish road to the EU has been a road of negotiations between different parties in Swedish society. Sweden has approached the European Community but slowly and is still in the first decade of the new millennium outside the Monetary Union.

The 'Swedish model' was introduced as an industrial regime at Saltsjöbaden in 1938. Employers as well as workers rejected legislation for the benefit of negotiations. In the Swedish society an aspiration for consensus by negotiations spread in different directions. Social democratic governments – which was in office for most of the period – could not afford to challenge the LO. On the other hand they opened up negotiations with leading men in big business, not least with representatives of the Wallenberg sphere.

Sweden had been a non-belligerent country in World War Two and was not devastated by war. In the 1950s and 1960s, Swedish economy had a time of prosperity. At this point of time the LO was strongly against a membership in the EEC. Working conditions and industrial relations were found to be much more favourable in Sweden than in the 'Capitalistic Europe'. In the Swedish debate on the relation to the EEC in the late 1960s and early 1970s the Federation of Swedish industry claimed a Swedish membership in the EEC but was silenced, when the government declared that Swedish neutrality made a membership impossible. Sweden stayed within the EFTA and got a free trade agreement on industrial commodities with the EEC. The Swedish debate on the Swedish relation to the Common market was silenced for more than a decade.

It seems obvious that the negative attitude within the LO had something to say in relation to the policy adopted by the social democratic government. Labour market relations could in relation to the SAF help to explain the consensus reached in relation to industry. The SAF preferred the Swedish model of industrial relations built on negotiations to the European model of legislation. The flexibility from the Federation of Swedish industries might have to do with the dominant position of the Wallenberg group. The Wallenberg group focused on the US not on Europe.

The Swedish approach to Europe was primarily an industrial one. When the social democratic government launched the bill on the Swedish role in the West-European integration in 1987 it concluded that Sweden by the free trade agreement on industrial commodities in 1973 had attained the main aim of its European policy. The launching of the 'internal market' had changed the situation. The Swedish application for membership in the EU in the year 1991 was launched at the threshold of a new world. The Berlin wall had fallen in November 1989, and the Soviet Union was disintegrating. Swedish economy had, since the 1970s fallen back in an international comparison. Globalisation of big business and the movement of capital flows had reduced the possibilities for a national economic policy. Manufacturing industry – the bases for the Federation of Swedish industry – had lost ground and so had the Federation of Swedish industry. The new European structure meant that Swedish social democrats were excluded from social democratic party meetings on the European level. These meetings were reserved for the member states, which of course was felt highly unsatisfactory in Sweden.<sup>102</sup>

The Swedish referendum on a Swedish membership in the EU in 1994 was preceded by a massive campaign from Swedish industry. Their message was that a Swedish membership was needed for economic growth. Sweden became a member of the EU 1 January 1995, but the membership did not become firmly established in Swedish society. Until the Swedish referendum on the EMU in 2003 information from Brussels was rather meagre in Swedish media. Also this time Swedish industry launched a massive campaign, but this time the answer from the Swedish people was 'no'. This 'no' has been interpreted as a 'no' to the EU as such. The EU-membership had not, as promised, given economic growth. In a Swedish perspective, Swedish unemployment was still unacceptably high.

Swedish European policy since the Rome treaty has focused on economic effects in Sweden. Steps towards closer political relations have not been desired. There has been no Swedish feeling of a European heritage. After the referendum on the EMU a Swedish journalist asked: 'Will Sweden ever become European?' An answer was: 'If it is the memory of European history that tempt the Europeans to accept the EU, in spite of all its imperfections [...] Sweden is not European and will not be it for long'. The journalist felt

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<sup>102</sup> Interview with Olof Allgård 2005-08-26.

that the Swedish involvement in European history in the centuries preceding the 20<sup>th</sup> century was forgotten in Sweden. ‘The idea of the EU as a project for piece and democracy might appeal to Swedish brains but not to Swedish stomachs and hearts.’<sup>103</sup>

A reminder of the difficulty to leave a national heritage for a European is given by Annika Ström Melin. As EU correspondent for the Swedish Broadcasting Corporation, she lived in Luxemburg - this old European site - in the late 1990s and early 2000s. She found that ‘Europeans’ to the native Luxembourgers were the civil servants at the European Court.<sup>104</sup>

### **European integration a road to the ‘European enterprise’?**

At the threshold of the 20<sup>th</sup> century basic industries and enterprises built on internal innovations expanded in Sweden. Some of those followed their exports, established units on foreign markets and became multinational. These enterprises were deeply rooted in Sweden, though. They were, more often than not, family firms. Their workforces were recruited locally. They worked within Swedish institutions. When prominent managers in 1910 established the Federation of Swedish Industries, they wanted not only to promote their “common interest” but also “socially useful production” and a “healthy development of Sweden.” Their enterprises - in some cases multinational - were in the true sense national.

At the threshold of the 21<sup>th</sup> century the industrial landscape of Sweden was quite different. Between 1965 and 1995 the industrial workforce had been reduced by a third, or 400 000 employees. Old Swedish enterprises had by mergers expanded on international markets. These enterprises were in Sweden still classified as Swedish, if Swedes after the merger kept control of at least 50 % of the value of votes in the parent company. Their workforce might be recruited primarily abroad. They had to adapt to different institutions in different countries. These enterprises were in the true sense global.

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<sup>103</sup> Maciej Zaremba (2003), När blir Sverige europeiskt? Bertil Ohlininstitutet, p 8.

<sup>104</sup> Annika Ström Melin (2005), Europeerna. Arvet efter EUs pionjärer. Bokförlaget Atlantis AB, p. 19ff.

The transformation of big business in Sweden can be exemplified by the development of ASEA. This enterprise built on technological innovations was established in 1883. It was integrated in the Wallenberg sphere at the threshold of the 20<sup>th</sup> century and went abroad. Marcus Wallenberg Sr appointed Sigfrid Edström as managing director. He entered the working committee of the Federation of Swedish Industries in 1911. In 1988, when ASEA – still in the Wallenberg sphere – was the biggest but one Swedish corporation it merged with the Swiss corporation Brown Boveri and they formed ABB. The merger was a European one outside the EU but the new corporation was active in 140 countries.<sup>105</sup>

The question to be answered here is whether, at the turn of the millennium, Sweden also housed – or perhaps was about to get - specific European Enterprises brought about by European integration. At the turn of the Millennium the EU was the main market for Swedish exports and imports, but this had been the case for centuries, so it was not an effect of Europeanisation. In the 1960s Europe was also the main market for Swedish direct investments abroad. The share was almost 70%. This share had fallen, though. In 2001 it stayed at 42 %. Foreign subsidiaries in Sweden were in most cases European in the 1960s, but when Sweden had become a member of the EU the number of foreign subsidiaries from the US and Norway grow more rapidly than the number of those from the EU.

The enactment of the law on Societas Europaea (SE) by the Swedish Parliament in 2004 will probably not bring in a number of new European enterprises in the population of Swedish firms. The SEs cannot divide and disperse their profits over boarders<sup>106</sup>, which makes them less attractive to share holders.

A shift from a market perspective, focusing on trade and investments, to a production perspective will highlight Europeanised Enterprises in Sweden at the turn of the millennium, though. Production in Sweden has especially since the end of the 1980s adapted to technological standards set by the European Community. At the turn of the

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<sup>105</sup> Jan Glete (1983), ASEA under hundra år. ASEA AB, Ullenhag (2000), p. 381 and Lennart Schön (2000), p. 516.

<sup>106</sup> Interview with Olof Allgård 2005-08-26.

millennium big global enterprises as well as small national firms in Sweden produced 'European products' in a 'European way'.

European CEOs and European workers have in the new millennium challenged Swedish industrial relations. European management strategies, introduced in European subsidiaries, have in some cases caused debate. The coming of workers from the new members of the Union in Eastern Europe has given conflicts on the labour market. The question of industrial relations has been brought to the fore. In this field harmonizing of European rules seems unavoidable.