

Compensation & Corporatism

*Trade Openness, Risk and Social Policy in Mid-20th century
Sweden*

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Abstract

This study will consider the link between trade openness and the preferences for social policy of key actors. In so doing, the findings will contribute to better understanding the qualitative link between globalization and social policy expansion (the compensation hypothesis) and complement previous quantitative findings. Given the importance of corporatism for the relationship, this study considers the peak associations of labor and business (the LO and the SAF) during the halcyon days of corporatism and on the verge of European trade integration. The preferences of the leaders of the LO and the SAF for compensatory social policy as well as their understanding of trade-related risks and trade openness are investigated by use of qualitative content analysis (QCA) on journals and convention material during the period of 1958-1961.

The findings hold implications for how social policy as risk mitigation is understood in relation to the risks and benefits of trade. Mostly for the LO, but to a lesser extent for the SAF as well, the consequences of trade are sophisticatedly gauged and acknowledged both for their benefits and risks (only LO). Risk mitigation is understood solely as active labor market policy and, in contrast to theory, not as unemployment insurance.

Key words: Economic integration, Social Policy, Corporatism, Qualitative Content Analysis, Preference Formation

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Table of contents

1 Introduction.....	1
1.1 Purpose & Research Questions	2
1.2 Disposition	3
2 Background – The Middle Way	5
2.1 Corporatism in Sweden	5
2.2 Swedish Social Policy	7
2.3 Sweden as a trading nation: A brief history of 20 th century trade liberalization	9
3 Literature Review: Unpacking the Compensation Hypothesis	11
3.1 Corporatism, Coalitions & Parties	11
3.2 Theoretical framework	13
3.2.1 Selection of Actors and Hypotheses.....	14
3.2.2 Complementing Theory.....	16
4 Methodology & Data	18
4.1 Case & Period - Selection: Trade Openness in Sweden from 1958-1961	18
4.2 Data Selection	21
4.2.1 Selecting Segments	22
4.3 Qualitative Content Analysis	23
4.3.1 Ontology & Epistemology	23
4.3.2 Justifying QCA.....	24
4.3.3 Developing the coding frame	25
5 Results.....	28
5.1 Risk Awareness – Anticipatory.....	29
5.1.1 Risk Awareness – Anticipatory and Unequal	32
5.2 Risk Awareness – Contemporaneous/Reactionary	33
5.3 Perception of Trade Openness – Necessary	34
5.3.1 Perceptions of Trade Openness – Beneficial.....	35
5.3.2 Perceptions of Trade Openness – Avoidability.....	36
5.4 Risk Mitigation – Active Labor Market Policy.....	39
5.4.1 Risk Mitigation – ALMP and Unclear	39
5.4.2 Risk Mitigation – Active Labor Market Policy and Individual Adjustment.....	41
5.4.3 Risk Mitigation – Active Labor Market Policy and Industrial Adjustment.....	42

5.5	Risk Mitigation – International	44
6	Discussion & Conclusion	45
6.1	Findings	45
6.1.1	Trade Openness and Risk	46
6.1.2	Structural Adjustment as Risk Mitigation	47
6.2	Concluding Remarks	48
7	References	50
8	Appendix	54

List of Tables & Figures

Figure 3.1 Theoretical relationship between trade openness and social policy expansion.

Figure 4.1 Trade Data for Sweden 1950-1970.

Table 4.1 Trade related articles in the material.

Figure 4.2 Concept-driven coding frame.

Figure 5.1 Concept and data-driven coding frame.

1 Introduction

“When considerations of national policy make it desirable to avoid higher tariffs, those injured by that competition should not be required to bear the full brunt of that impact. Rather the burden of economic adjustment should be borne in part by the Federal Government.” President John F. Kennedy, 1962

The quote neatly illustrates the trade-off of trade liberalization. Even though trade is widely regarded as bestowing net benefits in the aggregate, some groups will be made disproportionately worse off. Above, Kennedy alludes to one solution which may make trade openness more palatable to the disadvantaged portion of the population which is to let them take part in the windfall reaped by the beneficiaries. Compensating for the dislocations of trade with public spending is a way of redistributing the risks, of employment – and wage-loss, from the winners to the losers of trade. The process of evening out the risk distribution has garnered notable attention in the literature as a determinant of public sector expansion in advanced capitalist-economies under the umbrella of the compensation hypothesis (Cameron 1978; Katzenstein 1985; Rodrik 1998 etc.). This study represents another contribution to further understanding the compensation hypothesis. It will investigate previously unexamined links between trade openness and the preferences for social policy of key actors. In doing so, this study will complement the quantitative support of the compensation hypothesis with in depth qualitative evidence that enhances the understanding of how institutional structure (corporatism) and peak associations may be part of the underlying mechanism of the relationship between trade openness and social policy.

The idea behind the compensation hypothesis is that economic globalization (capital and – trade openness) introduces uncertainty – or risk for workers who will demand insurance as an offset. In the absence of private alternatives, the government has to step in and “socially insure” (Rodrik, 1998, p. 1) against employment and wage risk. Pioneering work by David Cameron (1978) and Peter Katzenstein (1985) identified the degree of corporatism (centralized collective bargaining and elements of social partnership (ibid)) as an important causal link between openness and expansion of the public economy. In addition, Cameron also posits a direct link between trade openness and public economy expansion that runs through increased social-democratic vote shares which is developed by Walter (2010) and Stephens (1979;2005).

The compensation hypothesis is but one determinant of the size of government, however, and in close rivalry is the efficiency hypothesis. Instead of causing an expansion of government, the pressure to maintain external competitiveness prompts tax-reductions and a dismantling of government services (Rodrik 1997; Busemeyer 2009; Garrett & Mitchell 2001; Meinhard & Potrafke 2012 etc.). In

terms of capital market openness, investors will avoid countries with high capital tax rates and large shares of government spending and force a “race to the bottom” of successive tax hikes and benefit cuts in an attempt by governments to attract them (Garrett 1998; Swank 2002).

Apart from the relation to international markets, the field of welfare studies has offered a plethora of determinants of the size of government and the welfare state. Class aspects have been studied most prominently by Walter Korpi (1980;2006) where the size of government is increasing in the relative size of the labor movement and the resources that such dominance bestows. Others also study the importance of party-dominance and expand the understanding to include party and institutional structure (electoral system, constitutional structure) as important factors of welfare-spending (Huber & Stephens 2001). Authors affiliated with the “varieties-of-capitalism” structural shifts (Cusack et al 2006) as well as the structure of the business community (Martin & Swank 2004; Martin 2004) and industry risk-profiles (Mares 2007)

1.1 Purpose & Research Questions

As alluded to in the previous passage, the purpose of this study is to examine the link that connects trade openness with social policy-expansion and is mediated by corporatism. The focus is on how one particular link in the causal chain between trade openness and the peak associations of business and labor operates. More tangibly, the study will consider the awareness and conceptualization of trade-related risks and how this relates to their preference for social policy as mitigating those risks. The study does, by no account, tell a comprehensive story of the entire chain of causality, indeed no claim of causality is made at all, but it does make a first dig at understanding one of the links. Modest as these ambitions may seem, their completion, nonetheless, represents a crucial juncture for the viability of the compensation hypothesis. Should no evidence be found that trade openness exerts any influence on how key corporatist actors perceive and address risk, the foundations of the compensation hypothesis are gravely questioned and would need to be substantially refined.

The analysis will be carried out by way of qualitative content analysis (QCA) on journals and manifestos of the peak associations of the Swedish labor market, Landsorganisationen (LO) and Svenska arbetsgivareföreningen (SAF) during a period of four years between 1958 and 1961. Sweden represents an ideal case to study the intersection between corporatism, trade and social policy since it may be considered as ideal-typical cases of, at least, welfare generosity and corporatism. In other words, if we should find evidence of the corporatist branch of the compensation hypothesis to ring true, Sweden in the heyday of corporatism and in the initial stage of European integration would be a probable context to find it.

To guide the inquiry, one main research question and two auxiliary research questions will be formulated. The main research question is phrased as:

How can the preferences for social policy of Swedish peak association leaders be understood in a context of trade openness?

Where the definition of preferences is borrowed from Druckman & Lupia and understood as “a comparative evaluation of (i.e ranking) over a set of objects” (2000). Preferences are the products of interactions between individually held attitudes and the external environment (ibid). For our purposes, the notion of preferences as dynamic are important since an underlying assumption of the compensation hypothesis is that, in interaction with economic integration, something happens to preferences. Risk is understood theoretically as uncertainty as is common in the literature (Rodrik 1998; Walter 2010) Answering the main research question involves answering two auxiliary research questions about how the leaders understand and are aware of the risks of trade. To hold preferences for social policy in relation to trade openness, a requisite is, of course, that the leaders are aware and acknowledge the risks of trade. Hence the first auxiliary research question is:

Are the leaders of the Swedish peak associations aware of the risks of trade?

Related is also how they perceive and understand the risks of trade. For example, how they relate temporally to trade liberalization or how risks intermingle with the perception of trade openness. The second auxiliary research question is formulated as:

How do the leaders of the Swedish peak associations understand trade openness?

Apart from the source of internal relevance in the added qualitative understanding of the causal mechanism behind the compensation hypothesis, the study also has external relevance. To the extent that redistributing the gains of trade and compensation for its losses can be considered as shoring up support (or at least, lessening opposition) or increasing the legitimacy of economic integration, the understanding of its structural underpinnings could be harnessed by policymakers and free-trade activists in the formulation of policy and advocacy. In the current climate of mounting protectionism and isolationism, the ability to formulate new arguments for liberal economic policies are not to be underestimated. Even if corporatism is less palatable, the benefits of other forms of social partnerships may be reassessed as a result of this study.

1.2 Disposition

The previous section has laid out the focus and purpose of this study. From here on forth the next chapter will provide background on parts of Swedish history and politics necessary for the understanding of corporatist actors, openness and social policy. Chapter 3 will introduce previous research on the topic and present how this will inform the theoretical framework as well as pose some additional questions where literature has not proceeded yet in order to generate testable hypotheses but also to develop further theory. Chapter 4 will present and discuss the use of QCA s

well as selection of material, time period and the case of Sweden. This chapter will also feature the preconceived parts of the coding frame used for analysis. In chapter 5 the results are presented, and the empirical parts of the coding frame are presented. Finally, chapter 6 discusses the results and concludes the study.

2 Background – The Middle Way

To make sense of the role of peak associations in the advocacy of compensatory social policy, it needs to be placed properly in the context of Swedish political history. This chapter will sketch briefly the evolution of and the distinct nature corporatism, social policy as well as its history trade liberalization in large parts of the 20th century. This is important not only for interpreting the results but also in justifying case – and period selection as well as the selection of relevant actors.

In describing Swedish political and economic development some talk of a distinct “Swedish model” (Thullberg & Östberg 1994) which combines the values of socialism with the considerations of capitalism. The Swedish model could be considered as resting on three pillars, the cradle-to-grave welfare state (Folkhemmet), the institutionalized system of bargaining between labor and capital and the government and the spirit of parliamentary consensus and coordination (ibid, p. 5).

Any account of the Swedish model is incomplete without acknowledging the significance of the labor movement. The Swedish labor movement, as constituted by the union-movement and the social democratic party (SAP), formed as a consequence of industrialization and mechanization in the 1880-90’s and the emergence of a working class (Åmark 1994). Ever since its formation the party has enjoyed electoral success remarkable not only domestically but in international comparison (Therborn, 1994). In the years 1921-1985 the average vote share attributed to the SAP was 44.8 percent and was prevented from leading the government in only 14 of those years, figures unprecedented in parliamentary democracy (ibid, pp. 59-60).

It is a mistake, however, to conclude that because both the SAP and the labor unions claim to represent the working class, that without exception, the labor movement is characterized by harmonious cooperation (ibid). In the 1920-30’s the SAP and LO clashed over the scope of union militancy, where the efforts of the party to mediate industrial relations to prevent harmful strikes, was repeatedly rejected until in 1938, the SAF and LO reached an agreement independent of the government.

2.1 Corporatism in Sweden

As will be explored closer in the next chapter, corporatism has been put forth as an important causal link between economic openness and welfare spending. Naturally, understanding the significance of corporatism generally and in Swedish terms requires a definition. The concept of corporatism has been studied avidly in the

literature but without firm consensus on its definition. Perhaps the most generous definition is provided by Katzenstein (1985) whose definition combines both norms of decision-making and structural attributes. Corporatism is characterized by an “ideology of social partnership” (ibid, p. 88) where cooperation and consensus are hallmarks of national and interest group politics. Corporatism is also found where interest groups are “centralized and concentrated” (ibid, p. 90) mostly in the form of peak associations and where conflicting objectives are voluntarily and informally coordinated within a commonly agreed upon framework (ibid, pp. 91-92). Interest groups are involved in a policy network where they participate in the “formulation and implementation of particular policies” (ibid, p. 92) where they are encouraged to pursue wider goals than narrow sectoral interests. Lewin defines corporatism as “the governmentally authorized participation of organizations in decision and administration” (Lewin, 1994, p. 57) where, in contrast to Katzenstein, the participation of interest groups is made less informal with the requirement of governmental authorization.

With the concept of corporatism briefly explored, it is possible to sketch the defining characteristics and historical evolution of Swedish corporatism. Most trace the birth of Swedish corporatism to events in the 1930’s (Lewin 1994; Katzenstein 1985 etc). Before, industrial relations were marked by continuous conflict and disagreements between labor and capital often resulted in massive strikes and lockouts, notably for the construction industry in the early 30’s and late 20’s as well as manufacturing in the late 1910’s (Åmark 1994). Why the industrial détente occurred in the 1930’s is likely due to a series of factors, but a few stand out as particularly plausible. Katzenstein (1985) suggests that a combination of vulnerability to international goods markets and political turbulence in surrounding Europe ushered in an era of political compromise, exemplified by the coalition between the SAP and the agrarian party in 1932.

Another consequential event was the treaty, commonly referred to as “Saltsjöbadsavtalet” (Lewin, 1994, p. 59). Saltsjöbadsavtalet was struck between business and labor not only to dampen industrial conflict but indeed also to create a framework of collective bargaining that limited government intervention. Rules governing centralized and local negotiations were formulated and an arbitration committee was formed to adjudicate disputes. To rein in the use of the weapons of industrial conflict (strikes and lockouts), their deployment was made subject largely to the discretion of the peak associations, the LO and SAF (their use was made more exclusive in revisions to internal governing documents a few years later). Granting the peak associations, the weapons of industrial conflict saddled them with the responsibility to maintain labor peace and is part of what Lewin calls “the centralistic tendencies” (ibid) of Saltsjöbadsavtalet. To some extent, Saltsjöbadsavtalet cemented the position of the LO and SAF as representatives of labor and business respectively, which is manifested in both their inclusion in the formulation and administration of policy and their role in the stabilization policies of the following decades, as shown earlier. Lewin enumerates four expressions of Swedish corporatism, three which involve the formulation of policy and one with its implementation, all for which the LO and the SAF were key figures. Not only were interest groups allowed to influence legislation through their representation

on legislative committees, the interest groups were also solicited to advice on legislative proposals. Interest groups were also included in the administration and implementation of policy through membership of “amateur-boards”¹ (ibid, p. 66) composed of politicians and officials from other parts of the administration as well as the interest groups. Labor market interests dominated interest group representation in all three forms of participation and within the labor market interests, the LO and SAF were most widely represented, particularly in the “amateur-board” (ibid, p. 67). The fourth expression of corporatism has to do with the participation of interest groups in economywide bargaining with the government and is interesting not only in itself but for how it captures the evolution of Swedish corporatism.

Eventually it all came to an end, however, and the timing causes and nature of the breakdown of Swedish corporatism is not subject to consensus within the literature. Lewin traces one of the causes of the breakdown to the decision of the SAF to decentralize wage negotiations in the early 70’s in response to the ideological militancy of the LO and the feeling of entrapment that the arrangement generated (ibid, p. 101).

Others trace the breakdown to the decision by the SAF to leave corporatist engagement in all its forms in 1985 (Svensson & Öberg 2003). When the SAF left the amateur-boards, the government saw no rationale for maintain labor-representation by the LO and they were consequently excluded. Several authors have questioned whether the breakdown has indeed occurred. Svensson & Öberg (2003) as well as Lindvall & Sebring (2006) indicate that this may be the case. Svensson & Öberg (2003) discuss how interest representation in legislative committees have diminished forcefully (ibid, p. 8) and the creation of new committees with stakeholder representation is less common in the 90’s than earlier years. They maintain, however, that even though representation by interest groups has decreased, this is not necessarily synonymous with diminished influence. This discussion is important in the light of openness and welfare spending since if the link between the phenomena run through corporatism, its absence is likely to be consequential.

2.2 Swedish Social Policy

Unique about the Swedish welfare state according to Esping-Andersen is its emphasis on “general universality, equality” as well as efficiency (Esping-Andersen 1994, p. 75). Particularly in contrast to the Anglo-Saxon welfare states, the Swedish welfare state is tailored less toward means-tested poverty alleviation

¹ Lekmannastyrelser (Lewin, 1994, p. 66)

and is instead geared at universal provision of preventive and growth-enhancing programs. The Swedish model of welfare provision not only successfully combines equality and efficiency but make them functions of each other. Universal healthcare, family-policies and universal education mitigate disparities between the have and have-nots but also maintain a productive and high-skilled labor force (ibid, p. 76). Intertwined with equality and efficiency are the two overarching ambitions of the Swedish welfare state, namely to promote full employment and minimize social despair. Particularly full employment emerged as a lodestar for Swedish social and economic policy in the postwar-era. Swedish prime minister Tage Erlander captures the essence of Swedish employment policy in a speech to parliament in 1946 where he describes full employment as “so important that, no doctrine, no dogmatic delusions will prevent us from charting the path to a society where employment is secured” (Lindvall, 2006, p. 12).

The historical trajectory of Swedish social policy shows, however, that universality and generosity have not always been its signifying characteristics. Despite the passage of a pension reform in 1913 (Esping-Andersen, 1994, p. 81), and work-related injury insurance in 1916 (Edebalk, 1996, p. 13) Swedish social policy lagged behind the rest of Western Europe by the late 1920's. A break with the past came with the election in 1928 of social democratic prime minister Per Albin Hansson when the idea of “folkhemmet”, the conception of the state as a “home”, a family within which the well-being of all was provided for” (Esping-Andersen, 1994, p. 82) was introduced. The following 10 years witnessed an explosion of social-legislation in the form of new pension reforms (1935 and 1946), the Ghent-inspired unemployment insurance (Edebalk 1996) as well as preventive health and social-care (1937, 1938, 1943) to name a few. Not until the 1950's did social policy assume the shape recognizable today. Similar to the 1930's, the transformation of social policy was a function of the social democratic party's search for a broad coalition on which to base its social-political ambitions. The decline of the agricultural class in favor of the emerging white-collar service sector necessitated a shift away from policies aimed at and eligible only for the working class. Old-age pension, unemployment insurance etc were made universally available and the welfare state became a “middle-class welfare state” (Esping-Andersen, 1994, p. 90). The transformation of the welfare state in the 1950's created a constituency among the middle class that became crucial in preserving its legitimacy,

Labor market policy is one branch of social policy that is particularly interesting, both because it is indicative of the strength of the union movement in Swedish politics but more importantly because it is perhaps the most acute remedy to the dislocations induced by economic openness (Burgoon 2001; Mares 2004). Passive labor market policy, in the form of unemployment insurance, have since the early 20th century been administered by the unions themselves. In 1934 the government codified the Ghent-system which meant that each union would administer and distribute insurance for the unemployed but with the funding partially covered by the government (Edebalk 1996). Looming over the debate over unemployment insurance in Sweden has been the question of whether to make coverage mandatory. While at times, both the SAF and the LO as well as both the

social democratic government and its conservative/liberal opposition have, at least tentatively, supported mandatory insurance, no consensus has emerged on the exact provisions of such an insurance.

The other arm of labor market policy did not see the light of day until the 1960's but became a staple of Swedish industrial and social policy. Active labor market policy in the form of "vocational training or retraining and public works" (Katzenstein, 1985, p. 119) had been institutionalized by way of manpower boards as part of the Rehn-Meidner-model of structural adjustment. As mentioned earlier, active labor market policy was part of a wider package of countercyclical policy and union wage compression that would ease structural adjustment by forcing less profitable firms to release labor to more profitable firms. Since the 60's however, the role of active labor market policy has grown more independent of Rehn-Meidner as government intervention in industry became less palatable.

2.3 Sweden as a trading nation: A brief history of 20th century trade liberalization

Integral to the compensation hypothesis is economic openness of which trade openness is a subset. Hence, to make sense of the compensation hypothesis in the Swedish context, some background on the evolution of Swedish trade policy is provided here. As will be evident later, this section will also inform the selection of periods under consideration.

By the latter half of the 19th century, Sweden had developed into a highly trade dependent nation (Katzenstein 1985) who up until the interwar era espoused the cause of trade liberalism (Lundberg, 1976, pp. 77-78). However, the economic and political turbulence of the interwar-period prompted Sweden to follow the rest of the West in ramping up trade restrictions and tariffs (ibid pp. 78-79). The international economic and political integration of the early postwar-period enveloped and made Sweden revert to the trend of increasing trade liberalism, most pointedly with the accession to the UN in 1946 and as a signatory to the General Agreement of Trade and Tariffs (GATT) in 1950 (Viklund 1977). The GATT involved a succession of multilateral easing of trade restrictions centered around "negotiating rounds" (Viklund 1977). The 1960's and 70's also featured attempts at European economic integration within which Sweden was involved. Partly in response to the treaty of Rome and the creation of the European Economic Community (EEC) in 1958, the UK and Sweden initiated the negotiations for the European Free Trade Agreement (EFTA), signed in 1960 by the Scandinavian

countries and Switzerland in addition to Sweden and the UK (ibid). The foundational notion of the EFTA was to act as a counterweight to the EEC but when the EEC signaled its ambition to expand its ranks in the early 1960's most of the EFTA-countries either applied for membership, some form of association or at least pondered membership (ibid). Eventually, Denmark, Norway and the UK ended up joining the EEC and signed along with the previous members of the EEC a trade compact with the rest of the EFTA in 1972 (ibid). In Sweden, the issue of membership in the EEC was a sensitive issue owing to its potential violation of Swedish neutrality. When prime minister Erlander broached the issue in a speech to the metalworkers union in August of 1961 (the so-called "metal-speech" (Viklund, 1977, p. 29), he framed it not as pertaining to membership at all but rather as a free-trade agreement (ibid). The looming expansion of the EEC, he argued, risked the undoing of the trade gains reaped by the formation of EFTA and unless Sweden and the other countries in the trade bloc managed to secure an arrangement with the EEC, their undoing would be highly likely. In the late 1960's the issue blossomed into a discussion of membership but the neutrality question ultimately only made a trade agreement possible which was signed in 1972.

3 Literature Review: Unpacking the Compensation Hypothesis

To make sense of how trade openness may affect preferences for social policy, it is important to understand the general theory of why and how there exists a link between the two phenomena. This chapter will situate this study within the body of previous research and lay out the theoretical framework which will be applied to the material. In the next three subsections the general link between openness and social spending will be explored while the fourth section will examine the implications of the general theory for Sweden. First, however, the origins of the compensation hypothesis from the vantage of trade theory will be provided.

In the aggregate, the implications of economic globalization are mostly positive (Garrett 1998; Feenstra 2010). Through the process of specialization in sectors where countries are more efficient producers and through firm scale effects consumers gain access to a larger variety of products at lower prices and productive resources are allocated more efficiently (Feenstra 2010; Melitz 2003). However, particularly in the short run, some segments of society are disproportionately negatively affected by the forces of globalization. Trade liberalizations trigger realignment of production patterns which implies job loss and potential wage cuts for workers in certain sectors. In turn, capital market deregulation threatens workers with the possibility of seeing their workplace outsourced to cheaper locations abroad (Garrett & Mitchell 2001). Exposure to foreign competition forces domestic producers to more intensively adjust costs by varying employment and compensation levels, increasing labor market risk for their employees (Rodrik 1998). The seminal works by David Cameron (1978) and Peter Katzenstein (1985) explore the implications of openness for the public economy and the structure of industrial relations.

3.1 Corporatism, Coalitions & Parties

Common to both Katzenstein (1985) and Cameron (1978) is their emphasis on the structure of the collective bargaining process where firms and workers negotiate wages and working conditions as a conduit for compensatory social spending. Cameron argues that openness forces production and exporting to be located in a smaller number of larger firms as smaller firms are forced to exit due to fierce

competition. Larger firms encourage larger trade unions which serve to increase unionization rates and to extend the scope of collective bargaining. Since unionized workers are more likely to vote for leftist parties and leftist parties are more likely to accede to offering compensatory spending, increased union density is one link from openness to expansion of the public economy. Widening the scope of the collective bargaining process empowers labor confederations to represent larger portions of the labor movement in “economy-wide consultations and agreements” (Cameron, 1978, p. 1278) and to use their authority over individual union affiliates to demand spending to shield their members from job loss and wage cuts outright or to secure it as a compromise for maintaining internationally competitive wages. Katzenstein (1985) finds the sources of compensatory spending in the particular predicament of small European nations. Smaller nations are more dependent on the proper functioning of the global economy than larger nations, disqualifying the use of trade-protection to shield domestic producers and workers from the vagaries international markets.

Later research develops the role of political parties in democratic corporatism (tripartite bargaining) and on what the interaction between party ideology and trade union concentration implies for welfare spending and openness (Garrett 1998; Stephens 1979, 2005). Where capital markets are more integrated, and capital more fluid mobile capital may react to the high taxation required to finance an extensive public economy by moving investments to countries with lower taxation and erode the tax base. In such a context, Garrett holds that party ideology and the structure of the labor movement are key ingredients to understanding government spending patterns. Social spending is more likely to emerge in exchange for union wage restraint in a “virtuous circle” (Garrett, 1998, p. 5) of bargaining between social democratic governments and a highly centralized and widely encompassing labor movement. Mobile asset holders, while still put off by the large tax receipts, may regard the macroeconomic stability ensured by the authority of peak associations in the labor movement to mediate between traded and non-traded sectors and to prevent wage-drift as well as productivity-enhancing Keynesian government spending as sufficiently beneficial to not withdraw their capital. Although being less sympathetic to the constraining effect of international capital markets espoused by Garrett, Stephens (2005) agrees that social democratic corporatism and trade openness interact to produce higher social expenditure.

In addition to the behavior of labor organizations some authors study the preferences of capital (investors, employer organizations) under economic openness. External risk may increase the sectoral cleavage between sectors characterized by high risks of income and job loss and those characterized by low risks (Mares 2004). Coalitions between workers subjected to economic insecurity and their employers result in demands for increases in the generosity and redistribution of social insurance. Employers in high-risk sectors regard redistribution from less risky sectors as a favorable alternative to shouldering the responsibility of providing their employees with social protection and to safeguard their skill-investments (ibid). On the other hand, coalitions representing low-risk sectors will oppose redistributionary social insurance and propagate for funding based on actuarial contributions. Burgoon (2001) considers under which conditions

the politics of openness will be harmonious or contentious. When public expenditure comes in the form of programs directly related to the vulnerabilities of openness that is simultaneously geared at easing the adjustment to globalization (such as active labor market programs), the interests of capital and labor are likely to align in favor of increased public commitment. On the other hand, government programs whose funding is drawn from taxation that disproportionately burdens investors and firms and present no productivity-enhancing elements but still appeals to the dislocations of trade (passive labor-market programs for example), will ring favorably with labor and be opposed by capital.

Yet another aspect is the notion of the relationship between exposure to globalization and social expenditure as time-invariant. Castles (2004) argues that the degree to which economic openness generates increased social spending depends on “programme maturation and convergence” (ibid, p. 113). Increases in social spending should be expected to occur in the initial phase of trade exposure as a cushion for the dislocations for trade but abate in later stages as welfare programmes mature and waning economic growth constrains the ability to conduct further expansion. Other authors focus less on the time-invariancy as related to the development of individual countries but as a result of larger systemic shifts. The nature of economic integration is posited by Busemeyer (2009) as an explanation for the reversal of the positive relationship between openness and social spending from the 1980’s to the 1990’s. Where openness in the 80’s could be characterized more in terms of domestic responses, its character in the 90’s is “more strongly related to a new phase of intensified and more encompassing internationalism” (ibid, p. 475) where domestic intervention in the economy is more restricted.

Some study the micro-foundations of the compensation hypothesis. The prospect of uncertainty in future income flows or potential job loss generates feelings of economic insecurity and preference for greater redistribution (Walter 2010). The sources of economic insecurity may not be distributed equally across the population and is likely a function of multiple aspects. Objective features such as skill-specificity (Iversen & Soskice 2001; Cusack et al 2006; Walter 2010) and occupation (Rehm 2009) are shown to be key determinants of subjective perceptions of economic insecurity. Walter (2010) defines the relevant objective criteria to be skill-level and sectoral employment. The losers from globalization, she argues, are low-skilled individuals employed in sectors within which the country of residence is comparatively disadvantaged in. Low-skilled individuals in comparatively disadvantaged sectors are most endangered by globalization since they face the risk of job loss or pay cuts from fierce foreign competition as well as not being able to sell their skills on the world market. Least likely to experience globalization-induced feelings of economic insecurity are highly educated individuals in comparatively advantaged industries since their income increases and risk of job loss decreases.

3.2 Theoretical framework

The previous discussion treats generally the links between globalization and welfare-state expansion and the question remains as to what it says about the Swedish context and how the literature can be used to say something about the preferences of the LO and the SAF over social policy. This section will elaborate on the parts of the literature that will be used in the analysis and discuss how it is informed by gaps in existing research. Katzenstein (1985) includes Sweden as part of the group of small trade-dependent European nations where corporatism is the key ingredient for domestic compensation. Sweden, he argues occupies a middling position between social democratic (SDC) and liberal corporatism (LDC). As characteristic of SDC, compensation is public in the form of full employment policies. However, with an internationally oriented business community and offensive R&D-investment truer to LDC's. In contrast with countries that feature purely liberal or social democratic corporatism, Swedish corporatism accommodates both strong and centrally organized employer organizations and unions (ibid, p. 125). While for Katzenstein it is the centralized authority of the labor movement that works to secure public compensation policy, some authors have highlighted the centralization of the business community as another determinant. Martin & Swank (2004) discuss how a centralized system of employer representation, and corporatist integration and coordination may motivate firms to support social policy. When firms are embedded in larger networks, their exposure to and cooperation with other firms narrow individual goals are replaced by the interests of the wider business community.

3.2.1 Selection of Actors and Hypotheses

As the section on Swedish corporatism discussed the largest peak-associations of the labor movement, Landsorganisationen (LO) and for employers, Svenska Arbetsgivareföreningen (SAF) have occupied positions of great authority in collective and economy-wide bargaining for a large part of the 20th century. Consequently, the relationship between globalization and social spending in Sweden is likely to run through corporatist actors. This is particularly warranted given the weight of social-democratic governance for the realization of compensatory social policy (Garrett 1998; Stephens 2005) and the dominance of the SAP throughout large swaths of Swedish history. Put differently, if globalization leads to increased social spending, the combination of highly centralized interest groups and a historical dominance of the social democratic party represents a suitable context to find it.

Katzenstein's exploration of Sweden goes a long way toward setting the structural settings for how social spending emerges but is less invested in documenting how actors and preference fit in. The theories by Mares (2004) and Burgoon (2001) help us understand under which conditions the preferences of unions and employer organizations should coalesce and produce coherent demands for social spending and when they should diverge. Before proceeding further, it is

necessary to pause to discuss which actors should be paid more attention than others. While globalization is likely to impact workers and employers no matter the size and political clout of their respective unions and employer organizations, Katzenstein (1985) and Cameron (1978) stress how the causal mechanism is crucially contingent on the ability of peak associations to authoritatively represent large numbers of firms and unions. Hence, if their specification of the causal mechanism is accurate, it is the preferences of the peak associations that are relevant in shaping compensatory social policy. Applying Burgoon's theory, heightened periods of economic openness should cause both the SAF and the LO to argue for an expansion of active labor market policies to facilitate worker readjustment to globalization-induced production realignments. For passive labor market, openness should trigger the LO and the SAF to issue sharply divergent positions where the LO should argue for the acceleration in unemployment risk to be offset by increased spending while the fear of increased taxation and reservation wages should impel the SAF to argue against increased spending.

The decision to focus on the preferences of the peak associations, however, is not taken lightly. Unavoidably, the preferences of the peak associations are probably largely determined by the preferences of their elites or leaders. While it is not unlikely that the welfare of their members partly structures the preferences of peak association-leaders, they may be complicated by other competing objectives. Assuming that the leaders of the LO and SAF completely internalize the preferences of their constituent members thus becomes problematic. Indeed, the previous chapter recounted how the prospect of co-optation of both the LO and the SAF by the government came to be used as a line of attack for critics of corporatism. This cautionary note does not disqualify the focus on peak association-leaders but nonetheless should be important to keep in mind.

In contrast to Burgoon, Mares (2004;2007) does not regard class as monolithic and instead fragments capital and labor into high-risk and low-risk segments. Increased external risk will induce demands for social insurance (particularly unemployment insurance) that feature increased risk-redistribution and increased coverage. Her study of openness and sectoral risk takes manufacturing and agriculture as the high and low-risk sector, respectively based on unemployment and terms-of-trade volatility (Mares 2004). Projecting this design on Sweden would perhaps require an examination that goes beyond the peak-associations into individual unions and employers, at least within manufacturing. However, notable about Mares' study is that her sample consists of France and Germany, both large countries, where, if we are to believe Katzenstein (1985), the corporatist link between openness is weak or nonexistent. Furthermore, since a central thrust of the corporatist thesis, particularly for Cameron (1978), is that compensatory spending is obtained by peak associations by virtue of their authority over individual unions, the demands of unions in the manufacturing sector for increased social spending should be expressed by their peak-association if their share of the overall sectoral composition is sufficiently large. Since the LO primarily represents unions in the manufacturing sector, we can assume that LO represents its interests and that their preferences for social spending will roughly conform to those of individual manufacturing unions. This is less true for the SAF, since they represent a wider

variety of high-skilled and low-skilled service and manufacturing sectors (Lewin 1994). In emphasizing sectoral risk-profiles, we arrive at a competing hypothesis from that derived from Burgoon's theory. Now, we expect that increased economic openness will not trigger diverging demands for unemployment insurance, at least not for unemployment insurance where both the LO and the SAF should emphasize the need for greater elements of universality and coverage. The hypotheses below are derivatives of the overarching hypothesis that the leaders of the peak associations will hold preferences for social policy in the context of openness. Indeed, this hypothesis is essential and if it is proven wrong and we find that trade openness is not discussed in terms of risk or compensation for risks, the compensation hypothesis has grounds for doubt. The derivative hypotheses are listed as:

H1: The SAF and the LO will support the expansion of ALMP

H2: The preferences of the SAF and the LO will diverge for unemployment insurance where the LO will support expansion of coverage and greater risk redistribution while the SAF will oppose it

And the competing hypothesis is formulated as:

H3: The preferences of the SAF and the LO will converge where will demand expansion of coverage and increased risk-redistribution

3.2.2 Complementing Theory

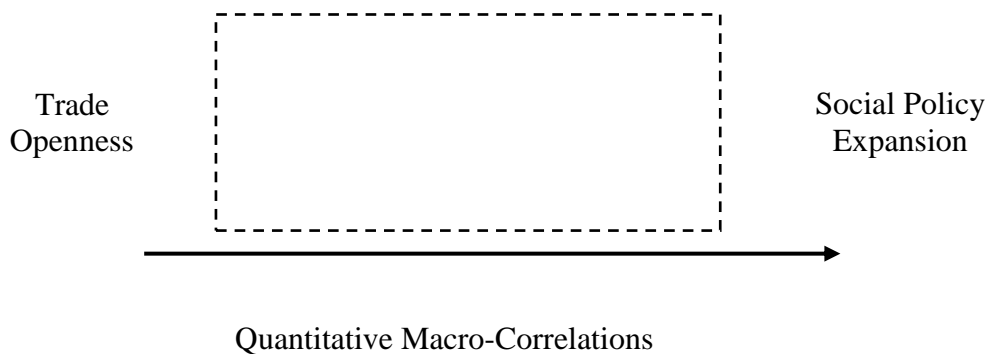
The accounts by Mares and Burgoon are general, macro-based characterizations of how economic openness conditions social policy preferences for interest groups as a response to external risk. While essential for understanding the preferences of Swedish peak associations, they do not go far enough in specifying the exact nature of the relationship between openness and preferences for social spending. First, both authors rely on the implicit assumption that workers and firms can identify the risks of trade and that they are properly assessed. If representatives of firms and workers do not perceive trade to be associated with risk or if the risks are misidentified, openness is not likely to be of consequence for their preferences for social policy. Second, previous research is less clear on whether we are to expect social policy preferences to be a function of changes in actual trade flows or of projected changes in future trade flows. An impending trade liberalization may trigger demands for an expansion of social policy to offset the possibility of future trade risk, that is, the risks are anticipated. The prospect of compensatory social spending as anticipated may represent a break with previous research since preferences for social policy are essentially decoupled from actual trade figures. It is certainly possible, however, that the effects of anticipation are subsumed in the results of previous macro-studies indicating a positive relationship between openness and social spending. It is equally likely, that both the anticipation of increased trade flows and its actual manifestation will result in demands for risk-mitigation. Policymakers may misestimate the size of trade flows following trade

liberalization and, as a consequence, inadequately compensate for its dislocations. The implications for this study are that while periods preceding trade liberalizations should definitely be included to accurately model social policy preferences, actual trade figures are useful in understanding them as well.

To make sense of how risks are assessed and its relation to preference formation, we also need to prod deeper into how the leaders of the peak associations perceive trade openness. For example, the intensity with which risk mitigation is called for may be dependent on the degree to which economic integration is avoidable. Similarly, the degree of dependence on export markets may signal how the leaders weigh the cost and benefits of trade openness.

To summarize, the purpose of this study is to examine some of the underlying assumptions of the compensation hypothesis and to show how they can be nuanced by fleshing out the causal mechanism. Where most studies train attention on the link between trade openness and changes in social spending (the black arrow in the graph below), the focus here is instead on the intermediate links (the area enclosed by the dashed line in the graph below). Whether it be anticipated or contemporaneous, trade openness increases worker risk-perception and triggers in them a political reaction. Walter (2010) traces these micro-foundations and examines the direct link translating trade openness into social spending as channeled through larger social democratic vote shares, originally proposed by Cameron (1978) and developed by Douglas (1978, 2005). The other “arm” of the causal channels runs through corporatism and the influence of peak associations in economy-wide and collective bargaining (Cameron 1978; Katzenstein 1985). This study operates from the idea that in examining the preferences of these peak associations, the foundations of the corporatist link will emerge.

Figure 3.1 The relationship between trade openness and social policy



4 Methodology & Data

This chapter presents and discusses how to approach and analyze trade openness and the preferences of the leaders of the LO and SAF. The first subsection justifies the selection of Sweden under the period 1958-1961. The second subsection demonstrates why journals and convention-material from the peak associations are appropriate data. The third subsection establishes why QCA is the most suitable approach to engage the material with, discusses philosophical assumptions as well as develops an analytical instrument. Before turning to case-selection, however, we need to establish how we want proxy globalization.

The quest to define globalization has yielded a multitude of results. To arbitrate between different conceptions is not straightforward, however, and this study will focus on openness or exposure to international trade in goods and services expressed as the sum of exports and imports. While capital market integration is undoubtedly interesting, exposure to foreign capital markets was arguably quite limited in Sweden up until the mid-1980's. If we want to combine a period of heightened trade openness with one where corporatism is strong, the 1980's would be less advisable given its reputed "breakdown" in the mid to late 80's. Trade openness as $\text{exports+imports/GDP}$ is probably the most common definition in the literature (Cameron 1978; Katzenstein 1985; Busemeyer 2009 etc..) but to isolate for the effects of changes in GDP unrelated to changes in trade flows, exports + imports are not weighted by GDP. Apart from measures of capital market openness, Rodrik (1998) and Mares (2004) advance terms-of-trade volatility as preferable to trade flows due to its closer connection with risk. There may be reasons to question terms-of-trade volatility, however, since as Kim (2007) shows, it is not obvious that trade openness is equivalent to volatility and even if it is, their relationship is ambiguous.

4.1 Case & Period - Selection: Trade Openness in Sweden from 1958-1961

Case Selection

In order to investigate how trade openness impacts the social policy preferences of union and employer organization leaders, a necessary first task is to select a suitable case. During the mid to late 20th century the Swedish welfare state on several accounts was developing into one of the most generous in the world (Esping-Andersen 1994; Garrett 1998; Katzenstein 1985). If we are interested in the

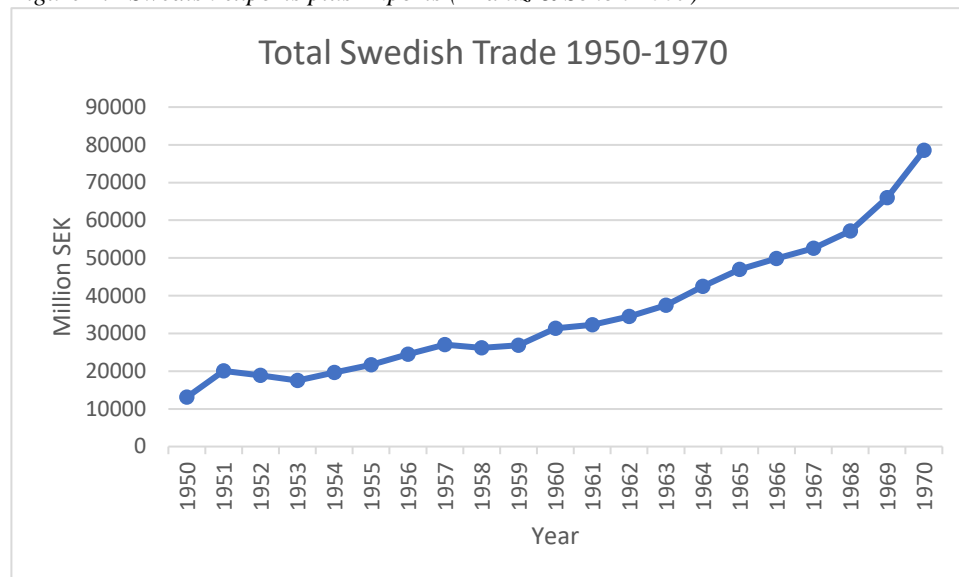
evolution of welfare states, Sweden thus represents what by some is referred to as an “influential case” (Teorell & Svensson, 2007, p. 151; Seawright & Gerring, 2008, p. 303). A case study of Sweden also represents an ideal choice to study the corporatist channel between globalization and social spending since under large periods of its history it has featured a highly centralized union movement and a sustained dominance of the social democratic party. Therefore, if anywhere the link between corporatism and social spending exists, it should be highly visible in Sweden. Selecting Sweden on the merits that it features favorable conditions for the realization of the compensation hypothesis is sometimes referred to as the “most likely-method” of generalization (Teorell & Svensson, 2007, p. 154). The idea behind the most likely-method is that if a particular phenomenon is not evident even under favorable conditions it is harder to locate for cases where conditions are less favorable either. In other words, the results can be generalized to cases not under examination. Hence, if we cannot find that trade openness exerts any influence over the preferences of the leaders of the Swedish peak associations, there is reason to cast doubt on the corporatist mechanism elsewhere as well.

Selection of periods

Having established how we want to proxy globalization, we now turn to selecting the periods under consideration. One source of inspiration is to consider periods when political action would make trade openness more likely to increase. For this purpose, the period 1958-1961 is selected. Even though Sweden had joined the GATT as early as 1950, the progression toward ever increasing trade liberalism did not properly accelerate until after 1959 (Lundberg, 1976, p. 90). Indeed, this is reflected in graph 4.1 where total trade grows by 16% as compared to roughly 3% in the two surrounding years.

Furthermore, if we believe that they are aware of and can anticipate the risks associated with increased trade flows, discussions of and demands for social policy should precede a trade liberalization. As we saw in the background-chapter, since the EFTA was signed in January 1960 and the initiative was raised in 1959 it is plausible that its consequences would be debated in close vicinity to the signing. This would make 1959 a suitable year for examination. Since, furthermore, the formation of the EFTA was to some extent a reaction to the formation of the EEC in 1958, this year should also be included. Similarly, the period after the metal-speech in the latter half of 1961 and the subsequent year is a period where the issue of trade could reasonably have been revived. Viklund (1977) characterizes the metal-speech and the substantial reduction of the EFTA- market resulting from the EEC-expansion as “making for the first time, the relations with the EEC highly relevant in Sweden” (ibid, p. 29). Including 1961 may also capture some of the discussion of the Dillon round and the upcoming Kennedy round that opened three years later. An objection to the period under selection can be raised on account of coarseness. Trade policy is likely to only be one of many topics that merit discussion by the LO and the SAF and it follows that some periods may not contain any mention of trade at all. This objection also gets at the problem of arbitrary or biased selection. While valid points, the truth is that

Figure 4.1 Swedish exports plus Imports (Krantz & Schön 2007)



exactly when trade flows or the possibility of trade flows are supposed to translate into discussion of social policy are not specified by existing theory. Some studies (Cameron 1978; Garrett & Mitchell 2001; Garrett 1998 etc..) model the relationship between trade and actual social spending as contemporaneous while others (Rodrik 1998; Meinhard & Potrafke 2012; Busemeyer 2009) model a delayed reaction using averaged trade flows under different periods while Burgoon (2001) employs one-year lags of trade openness. For this study, their measures are less helpful, primarily because it is concerned not with the actual enactment of social spending but with its advocacy. It should be kept in mind, however, that while this four-year period represents a remarkable period in the chronology of Swedish trade policy, the prospect of trade openness would certainly not be a novelty at this stage. The predominance of the export sector in general and the GATT-treaty in particular ought to already have evoked and reiterated the risks of trade. Another more practical justification, particularly for not including the year of the GATT-accession is data availability. Although, the data on trade flows are generously available, the journal of the SAF (more below) is only available from 1953.

Another reason for considering the early 1960's is structural and relates to the nature of Swedish corporatism at that particular time. While as Lewin (1994) argues, intimations of the impending breakdown of corporatism appeared in the early 1970's, most date the ultimate breakdown to somewhere between 1985 and 1992 (Lindvall & Sebring 2005; Svensson & Öberg 2003). Since the purpose of this study is to examine the corporatist link between openness and social policy, openness may still wield influence over the preference formation of the leaders of the LO and SAF but their relevance for social policy is less obvious.

4.2 Data Selection

This section will select and discuss the data that will support the analysis and help answer the research question. The appended subsection (4.2.1) will discuss how to divide and summarize the material as well as providing practical instructions on selection and analysis.

As counselled by Bergström & Boréus (2002), texts should be placed in the context of its intended recipients. If the LO/SAF acts as agent of its members in advocating increased social spending it is plausible that they would advertise their advocacy through a union/employer journal available to all its member unions. Another source of public communication from the LO and the SAF are documents from annual conventions such as minutes and policy programs. This source has been used by both Lewin (1994) and Edebalk (1996) in addition to journals to study the LO and SAF. The entirety of the material is listed below according to peak association as:

- LO
 - I. Fackföreningsrörelsen 1958-1961: 46 issues/year (184 issues in total numbering 20-30 pages/issue)
 - II. Convention-minutes from the LO-convention of 1961 (568 pages)
- SAF
 - I. Arbetsgivaren 1958-1961: 21-23 issues/year (88 issues in total numbering 21-24 pages/issue)
 - II. SAF convention minutes 1958-1961 (Roughly 70 pages/year)²

Both sources have in common that, their primary intended recipients are their members, although, of course, it is not inconceivable that they are consumed by other actors. Particularly for the LO, the ability of the material to reflect communication intended for their members is perhaps why those sources deserve more emphasis than communication intended for the general public (newspaper material) or the government (committee reports (remissutlåtanden)). This is because, to some extent, the ability by the peak associations to bargain with the government for compensatory social spending rests on their authority over the collective bargaining process. Conversely, it is also likely that the mandate to negotiate on behalf of their members is bestowed on the peak associations based on their ability to secure compensation for trade-related risk. In that sense, communication with the members of the peak associations as primary recipients assumes a legitimating function. This function may be close to what Cameron (1978) had in mind when, in reference to the role of labor confederations in securing union wage restraint, he describes them as having felt “compelled to use their access

² Although common to the convention material for both the LO and the SAF, the material for the SAF annual conventions consisted primarily of practical details such as lists of participants, roll calls and meeting-formalities.

to the government to obtain increments to the disposable income of their members, thereby compensating them for wage sacrifices” (p. 1258).

4.2.1 Selecting Segments

In order to find parts of the material fit for analysis, a selection mechanism needs to be developed that selects relevant segments from the material. Formulating a selection mechanism before conducting the analysis is an integral part of making sure that all parts of the material are analyzed consistently.

This mechanism should be defined quite generously so as to “err on the safe side” (ibid, p. 83) and not leave out anything important. Hence, for a segment to be classified as related to trade and subjected to analysis, it is enough for it to mention trade or economic integration. This includes if a segment involves trade agreements where trade or economic integration are implied. Naturally, the ability to find relevant segments is dependent on the definition of a segment. Deciding on how to define segments is denoted by Schreier as “segmentation” (Schreier, 2012, p. 136) and involves deciding between a formal or thematic criterion for identifying a segment. A formal criterion means designating segments according to predetermined structures in the text such as passage, sentence or entire article. A formal criterion is probably more appropriate to guide the selection mechanism than for the actual analysis since we do not know beforehand how the authors divide their material nor do we have any reason to expect that discussion of trade is limited consistently to a particular textual unit. Owing to the size of the material and the fact that none of it is digitalized, segments in the selection mechanism are defined as entire articles, where the headline needs to fit the selection criteria listed above. Exceptions are articles that feature editorial content and recur consistently such as “veckans perspektiv” and “samhällsekonomi” in Fackföreningsrörelsen and “Debatten” in Arbetsgivaren. Editorial features are particularly interesting because they tend to reflect the collective opinion of the editorial staff to a larger extent than articles issued by individual authors.

Once an article has been selected, a thematic criterion will delimit the text into segments. A thematic criterion means that segments are identified when statements or utterances share a common point of reference, they “go together” (ibid, p. 137). This allows for more flexibility to define segments within *each article*. To make the selection of material and subsequent analysis more transparent, the process is detailed stepwise below:

1. Manually (not computerized) leafing through the material and applying the selection mechanism to the headline of each article in search of fits.
2. Upon encountering articles that fit the criteria for selection or recurring articles with editorial content, the analytical instrument will be applied on thematically defined segments within the articles.

To get a sense of the material (and, also, to evaluate the suitability of our period selection) the number of journal articles that mentioned trade and were selected by the mechanism is presented below. As is evident from the figures, trade is discussed almost as often by both the LO and the SAF, if not more often by the SAF if we take the relative amount of material into consideration.

Frequency	The SAF	The LO
No of Articles	65	77

Table 4.1 Mentions of trade or economic integration in Arbetsgivaren and Fackföreningsrörelsen.

4.3 Qualitative Content Analysis

Studying preferences is less than straightforward. Some study preferences by constructing mathematical utility functions that are empirically tested by experiments. Another option is to consult the actors directly through interviews. Since both practices may be untenable for this study, however, another option is to consider how the actors frame their interests in public communication. Since in the words of Krippendorff, texts have no “reader-independent qualities” (2013, p. 28) or “never speak for itself” (Schreier, 2012, p. 2), they need to be given meaning through systematic interpretation. Hence, approaching the material issued by the LO and the SAF will be done by devising an instrument consistent with a form of textual analysis labelled QCA. QCA could be understood as a method for systematically describing the meaning of textual material by reducing it into a frame of categories (Schreier, 2012, p. 1).

4.3.1 Ontology & Epistemology

Whether implicit or not, in the process of conducting research one adopts a certain perspective on the nature of reality (ontology) and the lengths to which knowledge of reality can be gained (epistemology) (Furlong & Marsh, 2010, p. 185). This study is no exception and in evaluating whether it is closer to realism or relativism (ibid) it is fruitful to consider the research question and the assumptions underlying it. The question of ontological and epistemological affiliation is less academic than it may seem and fundamentally it structures the selection of methodological instrument. In centering the research questions around preferences, assumptions are made both that actors possess “true” preferences, and that they can be discerned. These assumptions imply the adoption a realist perspective on both ontology and epistemology. Fortunately, as Schreier, argues “the use of QCA is often based on realist assumptions” (Schreier, 2012, p. 47) and the notion of an objective and discernable reality. As stated, these assumptions stem from the formulation of the research questions, but it should be acknowledged that to gain more involved

knowledge, at least, the assumption of epistemological realism may need to be relaxed. This study does not allow for the possibility that actors are deceptive in their communication and instead takes them at their words. In the event that preferences are deliberately misrepresented, methodological tools with closer affiliation to epistemological relativism may be more appropriate, but this is a topic for further research.

4.3.2 Justifying QCA

The practice of reduction in QCA makes it particularly attractive in comparison with other more hermeneutically oriented methods since it allows the analysis to be limited to parts of the material that are relevant for the research question. Meaning in QCA is extracted by distilling concrete information into more abstract categories which necessarily entails filtering away parts of the material. Since the research question concerns somewhat abstract notions of risk, the ability to organize the material into abstract categorizations is crucial. It is also useful because it recognizes that meaning is context-dependent. While existing theory makes useful predictions on the classes of social policy (active and passive labor market policy) that are likely to be discussed in the context of trade openness, it is not unlikely that their characteristics are classified and discussed differently in the Swedish context.

Crafting categories in QCA is both *concept-driven* and *data-driven* (ibid, p. 7) which means that both theory and material inform how the instrument of analysis is constructed. The measure of flexibility with which QCA is conducted is one of the features that make it more suitable, particularly in contrast with purely concept-driven methods such as quantitative content analysis (QA) (ibid, p. 16) or more data-driven methods such as coding (ibid, p. 41). To successfully answer the research question, elements of both concept-driven and data-driven analysis would need to be included. Prior understanding of trade openness and risk and how it structures preference for different social programs is obviously instrumental in conceptualizing the preferences of the leaders of the LO and the SAF but as the discussion in the theoretical framework revealed, existent theory is not without gaps. Consequently, the data would need to be engaged with in order to expand the understanding of the micro-level of the compensation hypothesis, particularly as it pertains to risk assessment.

4.3.2.1 Qualitative vs Quantitative Content Analysis

The distinction with QA has already been made sporadically but since it constitutes a viable alternative to QCA, it deserves more concentrated attention. QA is similar to QCA in that it seeks to systematically describe the material through categorization, but the focus is on frequency and quantification rather than complex interpretation. The use of quantitative content analysis is appropriate particularly when the objective is to dislodge patterns from large data-material or make

comparisons (Bergström & Boréus, 2002, p. 86). Ignoring the question of contextual interpretation, the use of QA would be more appropriate had the purpose of the study been to test for the existence of demands for social spending. Since the purpose of this study is rather to understand the nature of the preferences for social spending, QA is less appropriate. The difficulties in reconciling the research question with quantitative content analysis boils down to one of its common critiques, namely that it is sometimes less “important how many times something is said, than how it is said” (ibid, p. 78). Reporting how frequently the word risk is mentioned, for example, would hint as to what extent risk is regarded as important but not how and why it is important or how it is understood. Furthermore, the significance of repeated realizations of a phenomenon, once an instance of it has been located, is not obvious.

A caveat to the selection of QCA over QA concerns the suitability for hypothesis-testing. Relative to quantitative content analysis, QCA is more appropriate for deductive hypothesis-testing. However, while the study relies on the hypothesis that periods of heightened trade openness should make the leaders of the peak associations demand increased social spending, the purpose is also to understand how they conceptualize and assess risk.

4.3.3 Developing the Coding Frame

QCA involves focusing on key aspects of the material by assigning it to a system of categories and subcategories. Categories are abstractions of relevant aspects of the material while subcategories indicate the meaning or “value” of the categories (Schreier, 2012, p. 61). The distinction between concept-driven and data-driven was introduced earlier and the merits of a mixed strategy for this study was discussed. Thus, the material will be engaged with through (largely) theoretically-crafted main categories with the subcategories gathered from the data.

The coding frame will be structured around the overarching main categories of risk awareness, risk mitigation and perceptions of trade openness. As discussed in the theoretical framework, it makes sense to distinguish between anticipatory risk and risk related to changes in trade flows. This distinction is reflected in the subcategories *Anticipatory risk* and *Contemporaneous/reactionary risk* that branch from *Risk Awareness*. Anticipatory risk is recognized in a segment if it contains discussion of future dislocations associated with trade-policy for example in relation to an upcoming specific trade liberalization but also in relation to upcoming trade liberalizations in general or when the effects of liberalizations are not yet realized. Furthermore, segments are assigned as contemporaneous/reactionary risk if dislocations are discussed in relation to current or past trade flows or effects that can be linked to trade flows such as import competition. Finally, to make sure that appropriate segments are not omitted due to ambiguities or mis-specified categories, the category *Unclear* is also included. This level completes the main category of risk awareness and the attention transitions to the second overarching category, namely risk mitigation.

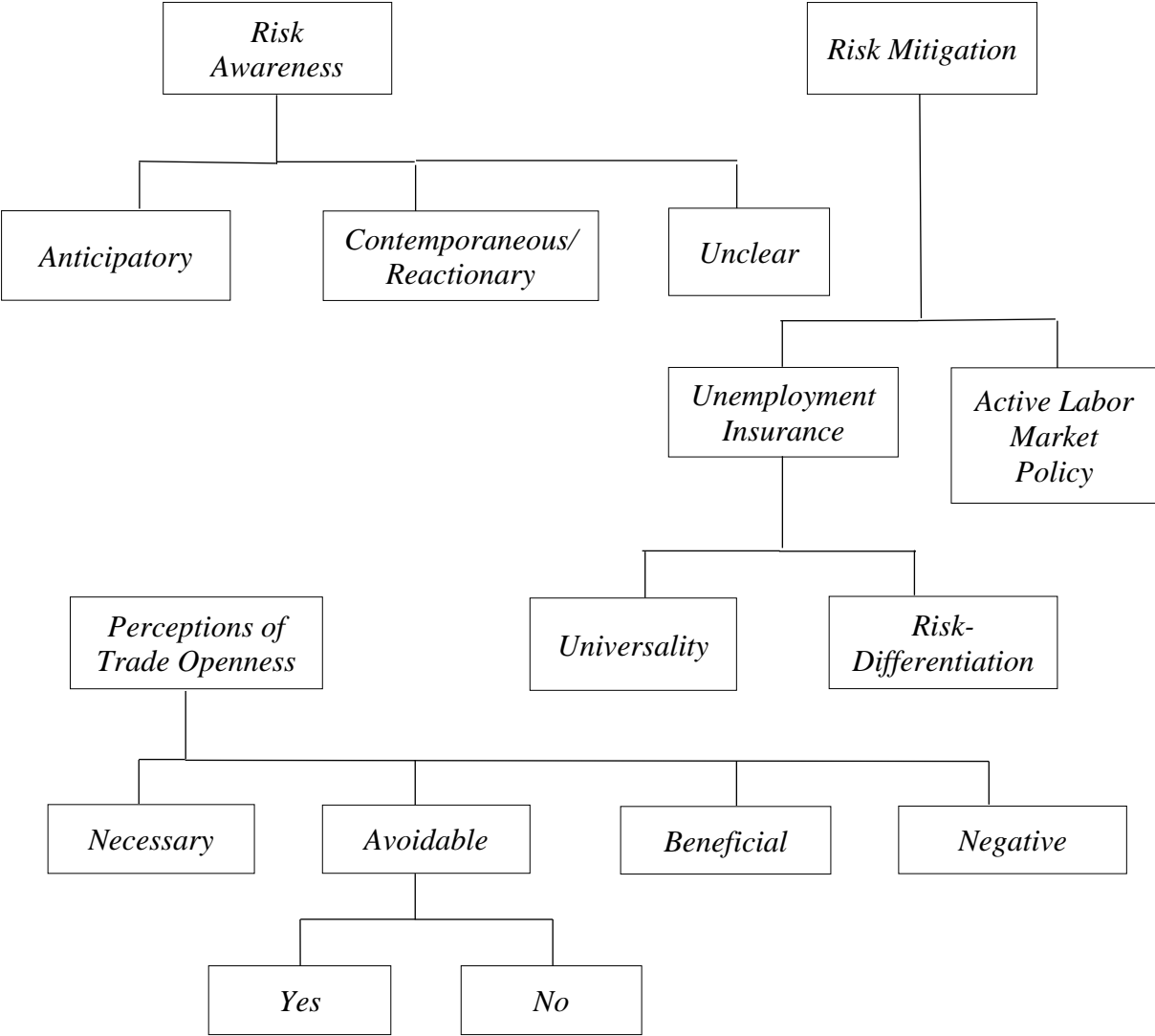
Risk Mitigation consists of one sublevel which is based on the expectation that labor market policy is more closely aligned with the risks of trade-openness (Burgoon 2001). Hence, this sublevel is again made up of three subcategories, listed as: *Unemployment Insurance (UI)*, *Active Labor Market Policy (ALMP)* and unclear. For a segment to be defined under the subcategory UI, the dislocations trade needs to be discussed in relation to income supplementation in case of unemployment. UI further branches into two subcategories based on the attributes of the system of unemployment insurance outlined by Mares (2004). The first subcategory is listed as *Universality* and defines a segment if it contains discussion of the extent of coverage of unemployment insurance. An example that would be assigned to universality is a segment treating the merits of mandatory unemployment insurance. The second branch captures *Risk-differentiation* and a segment is recognized as belonging to this subcategory if it mentions or advocates changes in the degree of risk-differentiation in the levying of membership-fees.

The second subcategory of risk mitigation captures ALMP. Assigning a segment to this subcategory is appropriate if it mentions elements associated with active labor market policy such as job relocation assistance or job-training or policy enhancing labor mobility.

The final main category is named *Perceptions of Trade Openness*. A segment is defined as belonging to this category if it contains value judgments on the prospect of Swedish trade liberalization, trade openness or economic interconnectedness. The first sublevel is made up of four categories, listed as *Avoidable*, *Necessary*, *Beneficial* and *Negative*. The category of *Avoidable* is recognized if a segment contains discussion of the concept of trade openness as avoidable, for example by resort to protectionism or isolationism. This category branches into the dichotomous subcategories: *Yes* and *No*. The subcategory *No* is recognized if trade liberalization or increasing trade openness is framed as inevitable or that the default of trade policy is to not engage in protectionism. Conversely, the subcategory of *Yes* is recognized when trade openness is discussed as being subject to protectionism or withdrawal from international trade agreements.

Within the first sublevel, another category is *Necessary*. This category is relevant if trade openness is discussed pragmatically as a necessity owing to Swedish dependence on access to export-markets or foreign imports. Joined and related to *Necessity* is the category of *Beneficial*. The requirement for a segment to be recorded as *Beneficial*, is that it should introduce benefits to trade openness such as scale-effects, specialization or cheaper imports. In contrast with *Necessary*, this category requires that trade be regarded positively rather than as a pragmatic compromise. Finally, the category *Negative* is recognized whenever trade openness or its effects are expressed as undesirable. The concept-driven coding frame is graphed below as a “coding-tree” where the three overarching categories of *Risk Awareness*, *Risk Mitigation* and *Perceptions of Openness* structure the remaining branches. In sum, the coding frame is presented below as:

Figure 4.2: Concept-driven coding frame

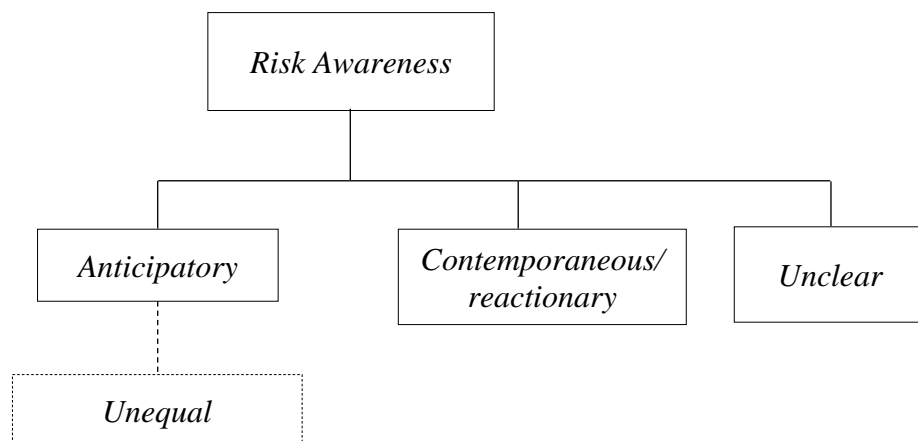


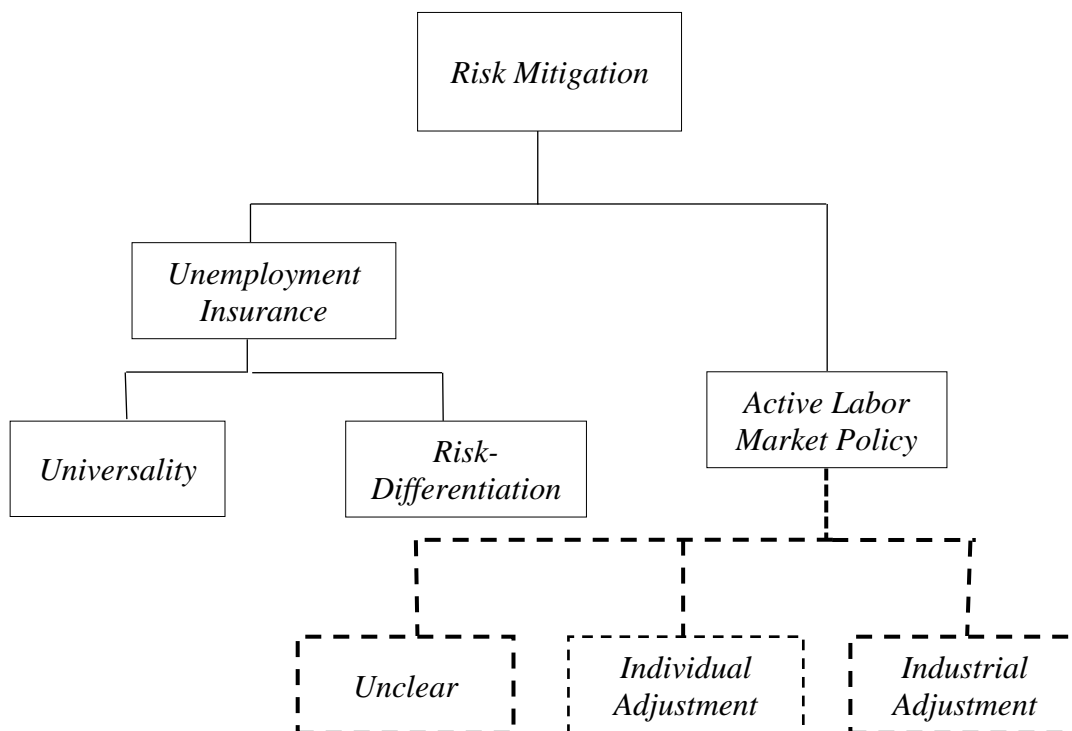
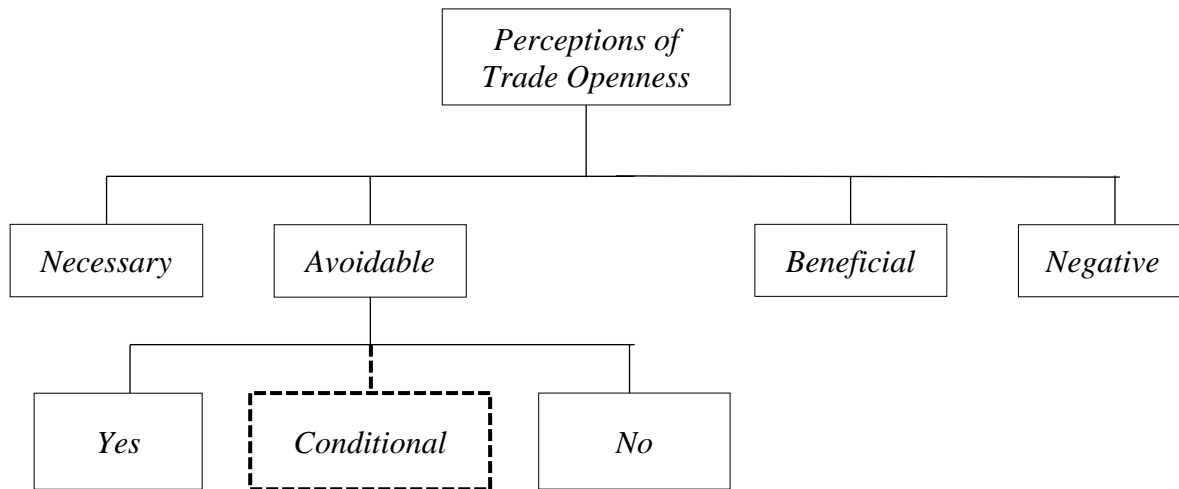
5 Results

The function of this chapter is to present the results of the QCA. The first section presents the findings on each of the concept-driven categories but also of those derived from the data. Note that the findings are translated from Swedish by the author. This introduces problems of meaning lost in translation but since the analysis is based on the original Swedish segments, these should be somewhat contained. Nonetheless, for evaluation of the quality of the translation, the untranslated passages are found in the appendix. The passages are numbered with correspondingly numbered passage in Swedish in the appendix for easy orientation. The segments will most often be presented as embedded within a larger body of text to allow for contextual interpretation. Consequently, when a body of text is referred to as a passage, quote or an excerpt, that body is distinct from the conceptual segment that was discussed in chapter 4 and which the coding is based on. To clearly distinguish a segment from a passage it will be presented in bold. Occasionally though, if the segment is presented without any additional units of text, they will be interchangeable.

Below is presented the coding frame which will form the foundation for answering the research questions. In contrast with figure 4.2, this includes both concept-driven and data-driven categories. Note that the data-driven categories will be discussed below but are presented here as a reference point.

Figure 5.1 Concept and data-driven coding frame. Dashed lines indicate data-driven category





5.1 Risk Awareness – Anticipatory

This section presents the segments recorded under the main category of *Risk Awareness* and qualifies for the subcategories *Anticipatory*. This section will

present the segments where the risks of trade are anticipated or speculated upon. Relative to the section on contemporaneous/delayed risk, segments are more plentiful here and mostly in reference to the impending effects of European integration (EFTA, and potential association with the EEC). Risks are revealed to be understood as both variegated and theoretically founded, where the downsides of specialization are featured prominently. Additionally, a new subcategory is developed in relation to unequal risk distribution of trade.

Fackföreningsrörelsen

Occasionally trade is acknowledged as associated with general dislocation or disturbance, but the nature of risk is not unpacked further. Indeed, in the passage below from issue 33-34 of the 1959-volume, risks are close to a foregone conclusion. In reference to the formation of the EFTA, the author concludes that the inability to use protective trade policy to shield struggling firms and their employees will “probably not end well for many”. Note that the author speculates on the outcomes of EFTA, an event yet to come, which qualifies it as under anticipatory.

- (1) ”But if our ability to carry out protective trade policies become smaller, how will the firms – and their employees fare, that are already struggling? Well, if they keep going down the same track, it will probably not end well for many” (Fackföreningsrörelsen, 1959, p. 86)³

At other times, the risks are similarly broad but the mechanism responsible is given more shape. The mechanism is made explicit in the passage below from issue 9 of the same year (again in reference to EFTA), the adverse effects of the tariff reduction on some firms is tasked to the specialization of business.

- (2) ”In general, one speaks woefully of the specialization of business, brought forth by the razing of the tariff-walls which will push some firms aside and pull the rug from underneath others” (ibid, p. 189)

Some do identify specific sources of the risks associated with trade liberalization. In reference to countries outside the EEC, writing in issue 10 of the 1958 volume, the author outlines volatile prices and dumping as potential consequences of the EEC.

- (3) ”The risk of dumping and volatile price pressure on the European market outside the EEC-area is still large” (ibid, 1958, p. 200)

On the spectrum of risk awareness, some use more variegated definitions of risk. To some extent, these definitions adhere to the branching predicted by the

³ Note that pages are counted differently for Fackföreningsrörelsen and Arbetsgivaren. Where references to Fackföreningsrörelsen are made to pages in volumes where several issues are gathered, for Arbetsgivaren, they refer to pages within each issue.

Heckscher-Ohlin-model into employment – and wage-risk. The association between trade and unemployment is emphasized as singular in the passage below from an article on European trade integration in issue no 20 of the 1958-Ivolume.

- (4) "To this can be added the risk of unemployment in association with freer trade that always exists" (ibid, p. 426)

The connection between unemployment risk and trade is made more explicitly in the passage below from the 19th issue of the 1961-volume. Here, *veckans perspektiv* predicts that the structural shifts of trade policy and asymmetric impact on different sectors will force some firms to exit and engender unemployment later in the 1960's. In relation to the classification of risk this passage is interesting because, while the reference to trade policy is made after the EFTA-accession, unemployment risk is anticipated rather than experienced.

- (5) "The structure of Swedish business is changing. Some sectors are advancing strongly while others expand less or stand still, some even contract. **This is the result of trade policy and the new trade-political constellations that have emerged in Europe. During the 60's we will most likely experience the exit of several firms and unemployment in several places**" (ibid, 1961, p. 394)

The EFTA-accession is discussed not only in the context of unemployment risk but also in relation to wage risk. In the passage below (issue 35 edition of *veckans perspektiv* of 1959), the formation of the trade-bloc is referenced as having short run consequences for wage-setting and the conduct of full employment-policy. While not explicitly arguing that these consequences are negative, the insights on Swedish social policy and corporatism provided in the background chapter, offers helpful context on how the passage should be interpreted. We know that wage compression and solidarity are guiding principles of wage-setting for the labor movement and that the government has consistently maintained a commitment to full employment at least until the 1970's and the era of mass unemployment (Lindvall 2006). Consequently, together with the reference to significant shifts for countries involved, the implications are that trade interferes with the ability to prevail in these ambitions.

- (6) "During a transitional period, the changed conditions for production that result from the systematic dismantling of the clotting of trade-exchange may represent significant shifts within the countries. Hence, both wage- and full employment policy are affected"" (ibid, 1959, p. 98)

Convention Minutes

In the 1961-convention, discussions of trade risks and mitigation are found primarily in the section labelled "Labor market and – localization politics" (Landsorganisationen, 1961, p. 333). The sentiments below are issued in response to a motion by the textile-workers union calling for action to combat the textile-crisis. The passage does not mention any specific trade agreement but instead issues a forecast on economic integration in the 1960's. Although mostly beneficial, trade

and fiercer international competition is identified as confronting business with “profound transformational-problem”.

- (7) “During the 1960’s we should most likely witness even larger shifts. **The effort toward west European integration, the industrialization of the developing countries and, last but not least, the economic advancement of the Communist nations are expected to bring fiercer international competition and profound demands for Swedish business**” (ibid)

The idea of trade openness (along with other policy-areas) as causing transformational issues for business is featured elsewhere, here as echoed in a speech by Meidner.

- (8) “The politics of free trade, liberalized credit-policies and expansion-friendly tax policy will without a doubt cause significant transformational issues.”

Arbetsgivaren

Compared to the LO, the SAF appears less aware or less willing to acknowledge the risks of trade. Only in the context of specific sectors is trade associated with risk. In an editorial in issue 18 of the 1958-volume, the columnist derives the source of the problems encountered by the textile-industry to the struggle to compete with low-cost Italian cloth-imports (two segments joined by a contextual sentence). The columnist goes so far as to argue that unless imports cease, they will spell the demise of the Swedish wool-industry.

- (9) “**One of the causes of this crisis is the import of the cheap, so called, prato-fabrics.** They are of of very low quality and are often offered at lower prices than our yarn-costs which makes the 12% tariff-rate illusory. **If the imports of these cheap and qualitatively inferior fabrics are allowed to go on, the only remaining thing is for Swedish wool-industry to end its 300-year old history.**” (p. 3)

5.1.1 Risk Awareness – Anticipatory and Unequal

This subsection introduces the first data-driven subcategory which is attached to the subcategory of *Anticipatory*. This subcategory is named *Unequal* and is defined whenever trade-related risks are anticipated as being unequally distributed between firms, sectors or workers. The first exemplification of *Unequal* is found in issue 48 of the 1959-volume (veckans perspektiv) describes the transitional demands of the EFTA-formation as positive for some and negative for others, implying a differentiated impact.

- (10) “In the short run, individuals in the labor market and collectives will face quite profound demands for restructuring. **These demands for restructuring will overwhelmingly be**

perceived as negative disturbances – at least in the short run – while for others they are positive” (ibid, 1959, p. 409)

One of the signifying results of the HO-model are its distributional implications. This is related in the passage (issue 38 1958) below where one consequence of EFTA for western Europe is that any difficulties will not be distributed equally

(11) ”The difficulties of an expanded trade that among others, western Europe will face would not be distributed equally across the citizenry” (ibid, 1958, p. 212)

In the 25-26 composite issue of the following year, the business community is referred to as reacting heterogeneously with trade liberalization where “weak” firms are disadvantaged and “strong” firms benefit.

(12) ”Successive lowering of tariffs and increases in import quotas creates a more natural localisation of business in that the weaker firms in each countries see their position weakened while an expansion aids the most efficient” (ibid, 1959, p. 558)

5.2 Risk Awareness – Contemporaneous/Reactionary

This subsection presents the results for the subcategories present and contemporaneous/reactionary risk. Relative to the findings of anticipatory risk, the results for contemporaneous/reactionary risk are less bountiful. However, in spite of the scarceness, a connecting theme does emerge.

Fackföreningsrörelsen

The two passages below both analyze specific sectoral outcomes of trade. The initial passage below, retrieved from issue veckans perspektiv no. 40 of the 1958-volume, links foreign import-competition with layoffs at a wool-factory in Malmö. Here, layoffs are linked implicitly with foreign import competition since the response to the layoffs is to demand public intervention to help the industry weather foreign competition.

(13) ”The layoffs at Malmö Yllefabriks AB as a result of decisions to cancel production has attracted considerable attention and elicited demands for public intervention to help the Swedish textile-industry cope with foreign competition” (ibid, 1958, p. 40)

The next passage, entitled “Freer trade exacerbates leather industry crisis” from issue 24 of the 1960-volume, treats the problems of import competition faced by glove producers. Rising import competition from low-cost foreign producers are depicted as endangering glove-sector employment.

(14) “For the glove industry, employment difficulties are founded in other conditions, mainly increased imports of cheaper gloves from countries with very low living standards, low wages and other production costs” (ibid, 1960, p. 520)

Arbetsgivaren

Akin to the recorded segments for the LO, the SAF also discusses contemporary risk in relation to a specific industry, in this case machinery-production. In an article entitled “For machinery – Bitter export-competition” in issue 1 of the 1960-volume, the author recounts how in the previous year several firms have been outcompeted by foreign competition. Fierce competition from firms on the European continent force Swedish firms to compete with prices that barely cover their costs.

(15) “In 1959 the Swedish machinery industry has faced drastic competition both home and abroad. Several firms have even been pushed out of established markets where foreign firms offer products at prices that do not even amount to Swedish production costs.” (p. 1).

5.3 Perception of Trade Openness – Necessary

The segments recorded for this category largely proclaim the essential nature of the export-sector and their access to foreign markets for the Swedish economy.

Fackföreningsrörelsen

The first segment attesting to this sentiment is retrieved from issue 3 of the 1959-volume where *veckans perspektiv* succinctly describes Swedish export-dependence. The conclusion reached by the department of finance that economic development is strongly predicated on exports and foreign demand is judged correct by the author.

(16) “In the national budget the continued economic development is rightly tasked as strongly contingent on exports and foreign demand” (Fackföreningsrörelsen, 1959, p. 26)

Arbetsgivaren

For the SAF, Swedish trade-dependence is described as even starker. In issue 15 of the 1961-volume of *Arbetsgivaren*. The necessity of European integration is emphasized by arguing that neither the US, the developing countries nor the East can substitute the important European export market.

(17) "Neither the US, the developing countries or the East can in the foreseeable future replace Europe as the stable – or at least the least insecure – main export market." (*Arbetsgivaren*, 1961, p. 2)

In the previous issue the article "EEC-association – industrial condition of survival?" the prospect of unwarranted industrial investment is discussed. The author maintains that to justify 70 millions worth of investment, exports need to constitute 40-50 percent (of GDP presumably). This implies that if the market is not expanded, these investments will be in vain and dismantled with job losses as a consequence.

(18) "Our current investment-scheme of about 70 million is conditioned on an export of 40-50 percent and later 70-75 percent, preferably within Europe." (*ibid*, p. 1)

In the passage below from issue 14 of the 1958-volume of *Arbetsgivaren*, the columnist debates the troubles of the textile-industry that we have come across earlier in this chapter. Although, it is argued, the industry is not necessarily saved by European trade integration, the alternatively high foreign tariffs are an even worse option. In other words, the dependence of the textile-industry on foreign trade is necessary for its survival even if it may not be enough nor otherwise beneficial.

(19) "What is there to do in confronting this forecast? Well, initially the grave hope is that Swedish efforts at bringing about a free-trade area do not falter, not because it represents an immediate solution, but the alternative – a potentially higher tariff-wall surrounding our old core markets on the European mainland – is so frightening that the free-trade argument is given its own worth." (*ibid*, 1958, p. 6)

5.3.1 Perceptions of Trade Openness – Beneficial

Both the LO and the SAF indicate that they regard trade openness as bearing, at least, some benefits. Primarily, the benefits are advanced as increased specialization.

Fackföreningsrörelsen

The first passage from the LO extols the benefits of trade-induced structural transformation. The passage is retrieved from the 51-52 of the 1960-volume and details on how specialization in economically profitable industries is both

“desirable and necessary” and offers opportunities toward more efficient production and higher standard.

(20) “A transfer from sectors where other countries are more favourably positioned to sectors more economically profitable for us will probably occur at a higher rate than we have grown accustomed to. **Such a development is not deplorable, it is rather desirable and necessary.** There is no reason to believe that the influence of small business would be diminished. **Partly because smaller businesses with local affiliation in different sectors and partly because small business will become valuable suppliers to larger industries. In fact, it is through such specialization that we gain access to more efficient production and higher standards of living.**” (Fackföreningsrörelsen, 1960, p. 504)

Convention-Minutes

The prospect of the expansion of international trade is discussed in terms of its benefits at the LO-convention in a speech by chairman Arne Geijer. In an excerpt from the speech provided below, Geijer attributes international expansion with providing the Swedish people with higher future income. In laudatory tones he declares that the structural shift is welcomed rather than deplored and although the nature of the structural shift is not explicated, we know from previous discussion that it is more often than not referred to in the context of specialization.

(21) “It is the only condition on which Sweden is able to follow international development and further expand foreign trade and guarantee a higher future income. Swedish business is undergoing a structural shift. We do not deplore this, we welcome it” (Landsorganisationen, 1961, p. 5)

Arbetsgivaren

For the SAF, specialization is considered a consequence of fiercer import-competition with the added benefit of lower consumer-prices (issue 15) If firms are denied this opportunity on the other hand, they will lag behind world development.

(22) “Rapid technological progress mean that rational production requires ever larger product markets. If these markets are constrained, this will eliminate the most significant precondition for development. Naturally, as participants in a common market, we would face fierce competition but we would be equally entitled to compete back and the end result would probably a specialization and lower consumer prices.” (Arbetsgivaren, 1961, p. 6)

5.3.2 Perceptions of Trade Openness – Avoidable

For the LO, the prospect of avoiding trade openness by protectionism or withdrawal was mostly not discussed as a viable option. When it did surface it was either conditional on the effective conduct of labor market policy or as a temporary last resort in a crisis. The idea of trade openness as conditioned on policy inspires a

data-driven attachment to this category, which will be formulated and supported below. The SAF did not discuss trade openness in terms of avoidability.

5.3.2.1 Perceptions of Trade Openness – Avoidable/No

The idea of trade openness or interconnectedness as inevitable is expressed by Meidner in the passage below from issue 50 in the 1959-volume by the idea of a “common fate” shared by all peoples around the world.

(23) “The particular circumstance that the peoples around world are waking up to a national and economic consciousness ties us all together in one common fate.” (Fackföreningsrörelsen ,1959, p. 460)

A year prior, in issue 21, protectionism and the option of isolation from any form of European integration is dismissed as “not a practical alternative”. It appears that the source of the impracticability is obvious to the point of requiring no explanation implying that it does not constitute a realistic alternative.

(24) “Basically, we have two possibilities. Either we can try to resist and persevere as protectionists. However, this option exists only if we are willing to stay outside a common market, that is the EEC or another free-trade area. This is not a practical option” (ibid, 1958, p. 449)

5.3.2.2 Perceptions of Trade Openness – Avoidable/Yes

Only one segment was recorded for this subcategory and it is again retrieved from Fackföreningsrörelsen (issue 44 of the 1958-volume). The passage debates whether or not protectionism is a prudent remedy to stall the unemployment risk for workers in the uncompetitive textile-industry. The author reaches the conclusion that tariffs on textile-imports may be levied but only as a temporary emergency-measure in leu of more long-term measures

(25) “We should be able to agree that such action should only be exercised as a temporary last resort to avoid unemployment during a short transitional period. But the objective has to be to continuously provide textile workers with other and preferably better employment.” (Fackföreningsrörelsen ,1958, p. 356)

5.3.2.3 Perceptions of Trade Openness – Avoidable/Conditional

This subcategory is based on observations, as opposed to preconceived in the material. To be classified as *Avoidable/Conditional*, protectionism should be neither ruled out nor prescribed generally but instead be discussed as conditioned on the ineffectiveness of government policy. The segments that inspired the creation of this subcategory are found in both Fackföreningsrörelsen and the LO-convention minutes. In other words, only the LO discussed avoidability as conditional.

Fackföreningsrörelsen

The first instance of *Conditional* is found in issue 20 of the 1960-volume where it surfaces as part of the ongoing discussion of the textile-industry. The author argues that whether the diminishing of the textile-industry should be delayed or hastened is contingent mainly on the ease with which employees are provided acceptable work elsewhere. Arguably, in light of our background knowledge of the troubles of the textile-industry as stemming from foreign import-competition, delaying would involve some form of protection. However, the degree of protection is a function of the ease with which (presumably) policy can provide other appropriate work.

(26) "Whether or not the shrinking-process in the textile-industry should be delayed or expedited is contingent mainly on the ease with which employees are provided acceptable employment elsewhere (ibid, 1960, p. 433)

The argument is made more forcefully in the issue 24 edition of *samhällsekonomi* (1961). A liberal trade policy is described as viable only in the context of full employment, and the exercise of labor market policy. Essentially, trade liberalism is only acceptable to the extent that it is introduced at a "socially acceptable way" and where industrial workers are aided by active labor market policy. The strength of both individual and industrial adjustment are regarded as determining the need for tariff-hikes – the more efficient the policy, the lesser the need.

(27) "We view this as a clear sign that, at least in the long run, liberal trade policies can only be pursued against the backdrop of full employment and full exploitation of the contingencies of labor market policy. Not least when it comes to applying liberal trade policies. In this context, we strongly emphasise the necessity with which structural transformation is carried in consideration of social aspects and that, hence, efficient labor market policy is used to protect the employees within that industry if needed. The more active the localisation and structural policies, the less the need is for tariff increases." (ibid, 1961, p. 529)

Convention Minutes

Discussion of conditional-avoidability at the convention is a continuation from the speech by Meidner in quote (8). Beyond that quote, Meidner argues that:

(28) "Policy can thus not be driven longer than to the point where labor market policy is not able to solve the issues of transformation." (Landsorganisationen, 1961, p. 340)

In other words, the pursuit of free-trade policies is limited by the extent to which labor market policy can redress the dislocations of trade.

5.4 Risk Mitigation – Active Labor Market Policy

For both the LO and the SAF (albeit in lesser extent), risk mitigation is overwhelmingly recorded as ALMP. However, the definition of ALMP is questioned, at least if, following Burgoon (2001) we let it be confined to job-relocation and job-assistance. Instead, it appears that ALMP is understood as a more comprehensive set of policies that target, in addition to individuals, firms or industries as well. The comprehensive take on ALMP is likely a reflection of the RM-model in its entirety. Hence, in contrast to the preconception that only the aspects of the RM-model that related to individual adjustment would surface in relation to trade, those related to the adjustment of business also appear. Consequently, the coding frame is adjusted to account for the expanded understanding of ALMP by attaching a new sublevel to the ALMP-category in the concept-driven coding frame. The sublevel is made up of three subcategories listed as *Individual adjustment*, *Industrial adjustment* and *Unclear*. The subcategory *Individual adjustment* is recognized by the same criteria as for the ALMP-category defined in the concept-driven coding frame. For a segment to be classified as belonging to *Industrial adjustment*, political management of the structure of industry or production/specialization-patterns should be discussed as a response to trade risks. The final subcategory, *Unclear*, is defined to capture segments where ALMP is discussed in relation to trade risks, but no distinction between individual and industrial adjustment is made or if ALMP is considered as encompassing both elements. Another data-driven attachment to this category is *International* which implies that ALMP (whichever form) should be carried out jointly within the formation of European trade agreements.

5.4.1 Risk Mitigation – ALMP and Unclear

This subsection will first present segments where the distinction between individual and structural adjustment is not made and then proceeds to present segments where both are present. Organizing the subsection as such offers an appealing segue from the general to the specific forms of ALMP obtained in the following subsections.

Fackföreningsrörelsen

First off is a segment extracted from the 51-52 issue of the 1959-volume where Meidner neatly connects trade liberalization with labor market policy. While the segment does not explicitly refer to ALMP, it comes as part of a series of articles laying out the mechanics of the RM-model.

(29) "To plan and facilitate the transformation induced by liberal import-policies requires a well-built and efficient labor market policy." (Fackföreningsrörelsen ,1959, p. 484)

The following passage from issue 21 of the same year explicitly references ALMP but again does not delve deeper into its contents. The segment is retrieved from a larger discussion of the effects of EFTA and argues that, in light of the adjustment costs, a necessary precondition for entry is the conduct of ALMP.

(30) "A rationalization of irrational firms would, in a capricious labor market mean that many people no longer can acquire income in previous sectors. Hence, a condition for the rationalization is that the conduct of active labor market policy." (ibid, p. 448)

Some delve into the mechanics of ALMP without discriminating decisively between structural and individual adjustment. In the passage below (38 1958), again in the context of EFTA, it is argued that the problems (risks) of the trade liberalization are countered by increasing flexibility and adjustability through increased factor mobility. Since the reference concerns general factor mobility as opposed to labor or capital mobility, it is less clear whether the author considers measures geared toward worker or industry adjustment but most likely both are implied.

(31) "We need to reduce the frictions and solve the problems through increased flexibility and adjustment capacity in our economy, through increased factor mobility." (ibid ,1958, p. 212).

In another segment the orientation of ALMP is explained more carefully. In response to the dislocations of EFTA (quote (1)), the passage below prescribes facilitating the transfer of capital and labor from the non-tradable sector to the export sector. The segment also illustrates how individual and structural adjustment often intertwine and the difficulties in trying to disentangle them.

(32) "The purpose then becomes to facilitate the transfer of capital and labor current and prospective exporting firms instead of containing resources through support of firms catering only to the home market (hemmamarknad, author's clarification) that will encounter fiercer competition." (Fackföreningsrörelsen ,1959, p. 86)

At other times the bifurcation of ALMP seems to make more sense. The passage below is obtained from the issue 51-52 edition of samhällsekonomi (1960) and discusses the merits of Swedish association with the EEC. Here, the author distinguishes between firm-localization and vocational training in calling for expansive and efficient labor market policy. Unlike previous segments, measures embodying individual and industrial adjustment are identified as distinct components under the overarching umbrella of labor market policy.

(33) "It is obvious that in this situation we would need an expansive and efficient labor market policy that firm localization and vocational need to be part of." (ibid, 1960, p, 504)

Convention Minutes

In the speech by Meidner to the LO-convention from which quote (24) was retrieved, he also delineated how the difficulties associated with free trade should be confronted. The extent to which the consequences of trade are manageable are tied directly to the ability to conduct labor market policy. Since one of the topics of the speech is the Rehn-Meidner model, it is safe to assume that labor market policy refers to the active rather than passive even if it cannot be determined whether individual or industrial adjustments are of concern.

(34) **“Hence is made obvious the key role played by labor market policy.** To what extent we dare risk the consequences of free trade for business, to what extent we let market forces allocate scarce capital..” (Landsorganisationen, 1961, p. 340)

5.4.2 Risk Mitigation – Active Labor Market Policy and Individual Adjustment

The purpose of this subsection is to present the findings on how individual adjustment is discussed as mitigating the risks of associated with trade. Individual adjustment includes job-relocation assistance and job training and is mostly referred to as part of the RM-model’s objective of structural reorientation.

Fackföreningsrörelsen

In continuation of quote 6 (on the implications of the EFTA and EEC for Swedish business) the passage below treats how the difficulties of trade are alleviated by labor market policy. The subtext is that increasing labor mobility is crucial in eradicating the unemployment induced by firm-exit which is achieved by job retraining and relocation

(35) “We need to be clear in that such a structural change necessitates public intervention to put off or alleviate the difficulties that will arise. One measure is an efficient labor market policy. A more efficient labor market policy is already conducted, but measures should be expanded to eschew the unemployment that will otherwise arise as firms dismantle. The labor market board need resources so that labor re-education can be moved from one area to another or one town to another.” (Fackföreningsrörelsen 1959, p. 98)

In another passage from samhällsekonomi issue no. 15 (1960) an interpretation of the direction of labor relocation is given and amounts to “expanding firms and areas of employment”.

(36) “Furthermore, a richly nuanced labor market policy should help to shuffle labor toward expanding firms and areas of employment”(Fackföreningsrörelsen ,1960, 328)

Previously, the textile industry was provided as an illustrative example of how contemporaneous risk were debated. The challenges of the textile industry surfaces

under this subcategory as well, retrieved from samhällsekonomi in issue 44 (1958). The segment nicely sums the ideas of individual adjustment expressed earlier where the target of ALMP should be to facilitate the reshuffling of the employment structure from low-wage textile employment to expanding sectors such as the export or construction-sector.

(37) "The solution to our textile-problems lies instead in more and better labor market policy. We should not strive toward keeping people in low-wage sectors but instead in every imaginable way facilitate their relocation to expanding sectors, for example the export sector, construction sector and service sector." (Fackföreningsrörelsen, 1958, p. 357)

The logic of industrial reorientation displayed here, echoes sentiments from the previous subsection where instead the export-sector was the beneficiary and will recur forcefully in the next subsection on industrial adjustment to which we now turn.

5.4.3 Risk Mitigation – Active Labor Market Policy and Industrial Adjustment

In addition to combating the uncertainties of trade openness with individually-oriented programs, ALMP also includes measures that target firms and industry. Trade openness is only damaging insofar as foreign competition drives out firms and workers lose their jobs. If production is instead concentrated mostly in sectors where Sweden has a comparative advantage, the impact of trade on wages and employment will be less severe. The objective of industrial policy becomes then to encourage specialization by industrial adjustment measures that include facilitating capital mobility and granting favourable tax-treatment.

Fackföreningsrörelsen

In a sense, the objective of industrial adjustment is to anticipate and reinforce the effects of trade liberalization by aligning production structure to what will occur upon opening up. This tendency is illustrated well in the passage below from issue 51-52 in the 1958-volume where the Swedish response to European integration is debated. Rather than to opt for protectionism, the author argues that competitive pressures should be met by increased specialization.

(38) "What Sweden as well as the Nordic need to be able to face such competitive pressures in an economically satisfactory way is not higher tariffs but increasingly specialised goods production." (Fackföreningsrörelsen, 1958, p. 524)

In another passage from issue 48 of the same year, the objective of industrial adjustment policy is still specialization, but the nature of the policy is given more shape. In the context of a hypothetical west European trade agreement (related to the third quote on p. 32), the best response is reoriented tax policy and credit-market liberalization rather than tariff-hikes.

(39) "The best we can do is then to conduct economic policy so as to facilitate specialisation even for us, instead of through increased tariffs, attempt to preserve the current differentiation of business. Such policy should include a reorientation of profit-taxation and a more liberal money and credit policy." (ibid, p. 451)

The benefits of a reoriented tax and credit-policy are related to the efficient allocation of resources and specialization in the passage below (issue 15, 1960). For growing firms not to be developmentally stunted, they need smooth access to credit and a tax-policy conducive to the reinvestment of profits.

(40) "In turn, this is a condition for an economic policy that through different measures make it possible to transfer productive resources from one firm or sector to another. Through suitably formulated credit or tax policy, growing firms need to be made sure not to be developmentally inhibited through credit constraints" (Fackföreningsrörelsen ,1960, p. 328)

The woes of the textile-industry once again serve to illustrate the general sentiments of risk mitigation. In the passage below from issue 9 of the 1958-volume the future of domestic textile-production is discussed. Although, in the passage below the measures are referred to as suggestions from a committee-report, it is extracted from an article debating potential remedies for the textile-industry, where the suggestions of the committee-report are offered as one remedy. To be able to harness the possibilities of the EFTA-expansion, the textile sector needs to be the subject of increased investments, as well as larger degrees of specialization and concentration. The phrasing "planned rationalization" does not necessarily entail a government-planned process of specialization and concentration but given how this has been suggested in previous segments they nonetheless illustrate how the problems of business structure are understood. Interestingly, in contrast with the segment relating individual adjustment and the textile-industry where its status as a "low-wage industry" necessitated it be drained of labor, this author still regards its prospects auspiciously.

(41) "But for these routes to expansion to be exploited by Swedish textile industry, the report presumes a planned rationalization in the sector carried by doubled investments, specialized production and larger concentration of business." (Fackföreningsrörelsen ,1958, p. 170)

Convention Minutes

In continuation of quote (7), the secretariat discusses how foreign competition conditions the pathways of industrial adjustment. The objective of the adjustment as funneling resources toward sectors with "natural preconditions" recalls the notion of managed specialization found in the survey of Fackföreningsrörelsen.

(42) "That we as far as possible should strive toward eventually and flexibly adjusting business according to the changes in competition so as to utilize our insufficient capital and labor assets in those sectors where our natural advantages lie and where we can reap the best return." (Landsorganisationen, 1961, p. 334)

5.5 Risk Mitigation – International

Another discovery that was made upon engagement with the material is that risk mitigation is discussed not only as the task of the national government but as an inter-state commitment, sometimes embedded within trade agreements. The basic idea is that risk mitigation is administered jointly or, at least, coordinated between national governments. Other than the international aspect, this category adds nothing new to the differentiation of risk mitigation not covered earlier, which means that this category will not bifurcate into subcategories based on ALMP and so forth.

Fackföreningsrörelsen

The first segment is from 1959 where in issue 48, the future of European economic integration is discussed. The author stresses that in order to maximise trade gains, signatories should work jointly to equalize the gains. Hence, the author expresses that trade liberalization should be characterized by solidaristic risk-sharing.

(43) "To carefully follow these events as well as making sure that the advantages are soundly distributed. To the union movement is tasked also the need for international equalization arrangements as an adjacent condition for the expansion of the free-trade association to yield highest possible increases in the standard of living. (Fackföreningsrörelsen, 1959, p. 450)

For context the second passage is partly reproduced quote (31) where we recall the call for increased factor mobility (since the second sentence refers to both national and international we reuse it here.) but appended to include both national international factor mobility.

(44) "We need to reduce the frictions and solve the problems through increased flexibility and adjustment capacity in our economy, through increased factor mobility. **This applies both nationally and internationally**" (ibid, 1958, p. 212)

6 Discussion & Conclusion

This chapter discusses and summarizes the results obtained in the previous chapter. This includes discussion of the interrelations between the categories and their implications for the preferences of the leaders of the LO and the SAF. Finally, the results are discussed in relation to the research questions advanced at the outset of this study.

6.1 Findings

In the following subsection the results will be examined closer and allowed to interact, but first some general observations. It appears that at least, the LO and to a lesser extent the SAF are highly aware of the of the risks associated with trade openness and that they possess a rich understanding of the sources of risks and their implications. However, the very sources of trade-related risk are paradoxically part of what makes trade appealing. The specialization and concentration of business, for example is regarded both as a disturbance to workers and as a boon for productivity. In fact, preemptive and reinforced specialization are perceived as integral parts of risk mitigation and compensation. Shuffling employees from firms or industries with low productivity to their more efficient counterparts will make firms more competitive and workers will be less likely to be displaced by firm-exit. Facilitating the relocation of labor is how the literature on compensation has come to understand active labor market-policy (Burgoon 2001) but the results also reveal a second component, industrial adjustment. Industrial adjustment means that, in addition to individually targeted action, active labor market policy also involves facilitating or managing firm specialization and concentration. Although, ALMP directed at firms is not unheard of (Martin & Swank 2004), in terms of compensatory social policy, the finding is more novel.

Another finding is the relative disparity between the LO and the SAF, not necessarily on how often trade is discussed, indeed as table 4.1 shows, but how often and the nuance with which risk and risk mitigation is treated. Where for the LO, analysis and debate on trade involved the implications of transformation or specialization for firms and workers, for the SAF, this was largely absent. While the mechanisms of trade were acknowledged for their benefits by the leaders of both peak associations, their double-edgedness was almost exclusively problematized by the LO.

6.1.1 Trade Openness and Risk

This subsection will discuss in detail the results for the main categories of *Risk Awareness* and *Perceptions of Openness*. The results for risk awareness reveal a sophisticated and theoretically grounded understanding of the mechanics of trade integration. This assessment is reinforced by the fact that to an overwhelming extent, the risks of trade are discussed in anticipation of future trade agreements or processes of economic integration.

Although not all instances are submerged in detail, quite a few emphasize the role of specialization as a source of trade-related risks. Trade liberalizations are tasked as causing a restructuring of business where less efficient firms are forced out in favor of more efficient firms. This restructuring (or transformation as it is commonly referred to) is believed to have consequences for employees in less competitive or relatively inefficient firms, in that they may risk unemployment or wage-cuts. While, for a country like Sweden (capital abundant), their predictions are consistent with those of the Heckscher-Ohlin-model, the decline of factor rewards are framed largely as the inability to conduct solidary wage-policies. Truer to the H-O-model, however, are the conceptions of risk redistribution, at least for the leaders of the LO. Rather than being distributed equally between workers in all industries, risks are disproportionately located in some firms or sectors, where the export-sector is brought forth as a potential beneficiary. While not discussed in terms of asymmetric risk distribution or relative wins/losses, the textile-industry emerges consistently as victim of trade openness by both the SAF and the LO. Whether regarded as an obsolete import-competing sector or a future, albeit more specialized, export-sector, it is recognized as an industry both in crisis and which will suffer more hardship as the process of trade-integration progresses.

The textile-industry is further illustrative because it represents a concrete exception to the rule of advocating trade openness rather than protectionism. It is only with respect to the textile-industry where tariffs are suggested and even then, only as a temporary last-resort. A theoretical boundary to future economic integration is hinted at, however, and sketched by the capacity of labor market policy. Otherwise maintaining trade openness and further liberalization is largely encouraged as providing material benefits or, at least, accepted as the necessary concession of a trade-dependent nation. Whether as a result of trade-dependence or some deterministic force of ever-increasing economic integration, isolationism or protection is, occasionally, not even regarded as an option.

Taken together, the risks of trade are acknowledged as real and as requiring remedy but also not sufficiently punishing to warrant outright protection. The gains of trade outweigh the costs but only if the losers are properly compensated. The reorientation of production caused by trade openness is to be met, not by thwarting further integration and conservation of erstwhile production-patterns, but rather by encouraging and expediting it. The exact nature of the expedition is through a policy of managed specialization and is detailed in the next subsection.

6.1.2 Structural Adjustment as Risk Mitigation

Initially, the expectation was that the uncertainties associated with exposure to international product markets influences demand or preferences for social insurance, primarily in the form of passive and active labor market-policy. As it turns out, however, expansion or alteration to the Swedish system of passive labor market policy (Ghent-system of unemployment-insurance) was entirely absent, as was indeed any mention of it at all in relation to trade, from the material. Instead, mostly for the LO but also for the SAF, discussion of active labor market policy was found. Moreover, the definition of ALMP is expanded from that held initially and is better described as interlocking policies of structural adjustment. In addition to different forms of job-relocation assistance and job training that address the risk of unemployment by improving labor mobility, individual adjustment, risks are also targeted by what may be termed industrial adjustment. Since workers are employed by firms that operate within industries, the purpose of industrial adjustment is to improve the competitiveness of firms and industries and thus prevent them from having to shed labor and cause unemployment. Previously, I have chosen to label this managed specialization or concentration because it involves reinforcing the specialization of business induced by market expansion. Descriptions of industrial adjustment range from general to specific but where they are specific, industrial adjustment is made up of targeted tax-policy and facilitating access to credit.

The policy of structural adjustment is intended not only to counteract the adverse effects of trade openness on Swedish workers and firms but also as a model that is transferable to international cooperation. Revealing as the ideas are about how the leaders of the LO imagine the future of European integration as multipronged and interconnected, the discussion of international risk mitigation also serves to elucidate the ideological underpinnings of compensatory social policy. As described, the purpose of the arrangement of international risk mitigation is to even out the distribution of trade-related risk. The notion of shared responsibility or solidarity with those disadvantaged by trade openness connects with more subtler hints from the discussion of risk awareness. It further resonates with one the fundamental tenet of Swedish social policy (described in the background chapter), solidarity.

Readers that are familiar with Swedish political-history may argue that this is simply an application of the mechanics of the RM-model, which is indeed the case. However, the novel aspect captured by the category of *Industrial Adjustment* is not the existence of the RM-model but that the aspects that transcend the targeting of individual sources of labor market friction are mentioned as alleviating the risks of trade openness.

6.2 Concluding Remarks

The purpose of this final subsection is to reflect back on the research questions that guided this inquiry and juxtapose the findings with the theories that inspired it. Additionally, limitations of the study and suggestions for further research will be discussed.

For expositional purposes the research questions are reproduced below:

Main research question: *How can the preferences for social policy of Swedish peak association leaders be understood in a context of trade openness?*

Auxiliary research question 1: *Are the leaders of the Swedish peak associations aware of the risks of trade?*

Auxiliary research question 2: *How do the leaders of the Swedish peak associations understand trade openness?*

A conclusion that can be reached from the results and the subsequent discussion is that the risks of trade are sophisticatedly gauged, by at least the leaders of the LO. While the risks of trade play a part in the assessment of trade openness, the overarching view is that it should not be stifled, if not expanded. The willingness to engage with international markets is contingent on the existence of an efficient system of active labor market policy where both industrial and individual adjustment are part of the mitigation of risks.

In relation with previous research, and specifically the theories by Mares (2004) and Burgoon (2001), the findings of this study become particularly interesting. Although, there is some evidence for the existence of a cross-class coalition in support of social policy in the context of openness, this emerged for active rather than passive labor market policy. In fact, no support is mustered for the effects of heightened trade openness on preferences for the generosity and coverage of unemployment insurance advanced by Mares. Of course, this conclusion is drawn with the same caveat as mentioned in the theoretical framework, that her findings were drawn from a more variegated definition of the labor movement, and that they may not be applicable to peak associations. However, as was argued, this study puts more faith in corporatism and thus focuses on peak associations. If Mares' theory is given less support, the theory by Burgoon is given more credibility by the findings of this study. To the extent that the SAF and the LO preferred similar sources of risk mitigation this occurred for ALMP. However, the findings suggest that Burgoon's understanding of ALMP may be somewhat narrow and a proper account of social policy preferences in the context of openness should be expanded to encompass industrial adjustment. Furthermore, the limited treatment by the SAF of risk mitigation questions our ability to sketch an understanding of how openness and their preferences for social policy interact. It also suggests the need to question

how corporatism influences the role of business in the advocacy and development of social policy. However, since corporatism is only a background variable and not under examination in this study, this suggestion is mostly a recommendation for further research. Although this study has broken some ground in unpacking the causal mechanism of the compensation hypothesis, further research should complete the chain. Now that we have tentative evidence that trade does exert some influence on social policy preferences, the next frontier to cross is how they go about in securing compensatory social policy and how exactly corporatism is influential.

As with any study, this study suffers from limitations. As comes with the territory, the ability to generalize from a case study should be treated with caution. In narrowing down the focus of this study to gain sufficient depth and for the examination to be manageable, discriminating choices have had to be made on case, material, time period and units of analysis. While the selections appear sound and properly supported by theory, the possibility of omitting relevant aspects is always present. As mentioned in the section on period-selection, the prospect of trade openness did not appear out of nowhere in 1958, and even though the results seem to support the notion that 1958-1961 is an exceptional period in Swedish trade history, we cannot be fully certain. Finally, even though the most-likely design is arguably the most appropriate, the forcefulness it lends our findings would perhaps be stronger had no signs of the compensation hypothesis been uncovered at all. The viability of the hypothesis may be restricted only to an ideal-typical representation. Nonetheless, this does not disqualify the results and if anything, encourages further research, particularly in the context other welfare-regimes.

7 References

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8 Appendix

This appendix presents the extracts from the material in the original Swedish. For references see the translated text.

- (1) Men om våra möjligheter att bedriva skyddspolitik blir mindre, hur skall det då gå för företag – och deras anställda – som redan nu har svårt att klara sig? Ja, om de fortsätter att gå i samma hjulspår som hittills kommer det förmodligen att gå illa för många”
- (2) Man talar i allmänhet om nackdelar när man diskuterar den specialisering av näringslivet som yttrar sig i att tullmurarnas rivande kommer att tränga tillbaka en del företag och rycka undan grunden för andra
- (3) Risken för dumping och ett ryckigt pristryck på den europeiska marknaden utanför OEEC-området är dock fortfarande stor.
- (4) Härtill kan läggas att den risk för arbetslöshet i samband med en friare handel som alltid finns
- (5) Svenskt näringsliv håller på att ändra struktur. Vissa branscher ökar starkt, men andra ökar mindre eller står stilla, några går till och med tillbaka. Detta har sin grund i de förändringar som sker handelspolitiskt och i anslutning till de nya handelspolitiska konstellationerna som vuxit fram i Europa. Sannolikt får vi under 60-talet uppleva att flera företag kommer att slå igen och att arbetslöshet uppstår på vissa orter.
- (6) Under en övergångsperiod kan förändrade produktionsförutsättningar av det slag systematiska avvecklingar av handelsutbytets uppdämningar representerar, medföra avsevärda förskjutningar inom de olika folkhushållen. Härigenom påverkas både de lönepolitiska betingelserna och förutsättningarna för fullsysselsättningspraktik
- (7) Under 1960-talet torde vi med stor sannolikhet ha att emotse än större förskjutningar. De västeuropeiska integrationssträvandena, utvecklingsländernas industrialisering samt, sist men inte minst, kommuniststaternas ekonomiska framträngande kan väntas medföra hårdare internationell konkurrens och djupgående omställningsproblem för det svenska näringslivet.”
- (8) En frihandelspolitik, en friare kreditmarknadspolitik och en expansionsvänlig skattepolitik kommer utan tvekan att vålla avsevärda omställningssvårigheter
- (9) En av orsakerna till den aktuella krisen är importen av de billiga italienska sk prato-tygerna. De har en mycket låg kvalitet och offereras till priser som ofta understiger våra garnkostnader vilket gör den 12-procentiga tullbelastningen illusorisk. Om importen av dessa billiga och kvalitetsmässigt underlägsna ylletyger får fortsätta så återstår det endast för svensk ylleindustri att avsluta sin 300-åriga historia.
- (10) På kort sikt blir det fråga om att möta ett ganska djupgående omställningskrav, som tränger sig på produktionsföretagen och därmed arbetsmarknadens enskilda individer och kollektiviteter. Dessa omställningskrav kommer hos en del att i övervägande grad uppfattas som negativa störningar – åtminstone på kortare sikt – medan de för andra utgör en förändring i positiv riktning”

- (11) De svårigheter som i bla västeuropa blir följden av ett större handelsutbyte skulle visserligen inte fördelas jämnt på alla medborgare utan drabba vissa grupper mer än andra”
- (12) Successiva tullsänkningar och importkvothöjningar skapar en naturligare lokalisering av näringslivet genom att de svagare företagen i varje medlemsland får sin ställning försvårad medan en expansion underlättas för de mest effektiva”.
- (13) Uppsägningarna av personalen vid Malmö Yllefabriks AB som en följd av att företaget beslutat inställa driften har väckt en betydande uppmärksamhet och även framkallat krav på samhällsinsgränsningen för att hjälpa den svenska textilindustrin att klara sig i konkurrensen från utlandet”
- (14) För handskindustrins del bottnar sysselsättningssvårigheterna i andra förhållanden, främst då i en stigande import av billiga handskar från länder med mycket låg levnadsstandard, låga löner och produktionskostnader i övrigt
- (15) Den svenska verkstadsindustrin har under 1959 mötts av en i många fall nära nog drastisk konkurrens både ute och hemma. Flera företag har pressats bort från tom gamla väl inarbetade marknader, där utländska företag offererar produkter till priser som ofta inte ens uppgår till de svenska företagens självkostnader.
- (16) I nationalbudgeten framhålls med rätta att den fortsatta ekonomiska utvecklingen i Sverige är starkt avhängig av exporten och denna i sin tur av den utländska konjunkturen
- (17) Varken USA, utvecklingsländerna eller öststaterna kan inom överskådlig tid ersätta Europa som den stabila – eller – åtminstone den minst osäkra – huvudmarknaden för vår export.
- (18) Vårt nuvarande investeringsprogram om ca 70 miljoner förutsätter en export av 40-50 procent och senare 70-75 procent företrädesvis inom Europa
- (19) Vad är då att göra inför dessa framtidsutsikter? Ja, till en början måste den allvarliga förhoppningen uttryckas, att man från svensk sida icke förtröttas i ansträngningarna att få ett frihandelsområde därigenom ej någon omedelbar lösning men alternativet – en eventuellt högre tullmur runt några av våra gamla kärnmarknader på Europas fastland – är så skrämmande att frihandelslinjen redan därigenom får ett eget värde.
- (20) En överflyttning från varuområden där andra länder har bättre förutsättningar till för oss ekonomiskt lönande produktion kommer sannolikt att äga rum i ett snabbare tempo än vi varit vana vid. En sådan utveckling är då inget att beklaga; den är tvärtom önskvärd och nödvändig” ”Det finns ingen anledning tro, att småföretagens betydelse skulle reduceras. Dels finns det alltid behov av mindre företag med lokal avsättning inom olika branscher, dels kommer allt fler småföretag att genom ökad specialisering bli värdefulla underleverantörer till större industrier. I själva verket är det bla genom sådan specialisering som vi får möjlighet till effektivare produktion och högre standard.
- (21) Det är den enda förutsättningen för att Sverige skall kunna följa med i den internationella utvecklingen och ytterligare vidga utrikeshandeln och därmed garantera bättre försörjning för det svenska folket i framtiden. Det pågår en strukturell förändring av det svenska näringslivet. Vi beklagar inte detta – vi välkomnar den
- (22) Den snabba tekniska utvecklingen medför att rationella produktionsmaskiner kräver allt större marknader för sina produkter. Begränsas dessa marknader, försvinner den viktigaste förutsättningen för möjligheten att följa med i utvecklingen.” ”Såsom deltagare i en gemensam marknad skulle vi givetvis få en hård konkurrens, men vi kunde på likaberättigade villkor konkurrera tillbaka, och slutresultatet skulle förmodligen bli en specialisering medförande lägre priser till våra kunder.

- (23) Just den omständigheten att folken runtom i världen vaknat upp till nationellt och ekonomiskt medvetande binder oss alla samman till ett gemensamt öde.
- (24) Vi har i stort sett 2 möjligheter. Antingen kan vi försöka arbeta emot och klara oss genom att vara protektionister. Men den möjligheten finns bara, om vi står utanför en gemensam marknad dvs EEG eller ett frihandelsområde. Detta är inget praktiskt alternativ.
- (25) Vi borde kunna vara överens om att tillgripa sådana utvägar endast som en tillfällig nödfallsåtgärd, för att undvika arbetslöshet under en kort övergångstid. Men målet måste vara att undan för undan bereda en del textilsysselsatta andra och helst bättre utkomstmöjligheter.
- (26) Huruvida krympningsprocessen inom textilindustrin bör fördröjas eller påskyndas, kommer främst an på vilken lätthet de anställda kan beredas annat acceptabelt arbete.
- (27) Vi ser detta som ett tydligt tecken på att en frihandelsvänlig politik åtminstone i längden kan föras endast mot bakgrund av full sysselsättning och med utnyttjande av arbetsmarknadspolitikens möjligheter. Inte minst när det gäller att tillämpa en friare handelspolitik. Vi understryker i detta sammanhang starkt nödvändigheten av att omställningar inom industrin oavsett orsakerna till desamma, sker på ett ur sociala synpunkter godtagbart sätt och att sålunda effektiva arbetsmarknadspolitiska åtgärder vidtas för att skydda de anställda inom industrin om så skulle behövas. Ju aktivare arbetsmarknads lokalisering och strukturpolitik som förs desto mindre blir således behovet av tullhöjningar.
- (28) Politiken kan sålunda inte drivas längre än till den punkt där arbetsmarknadspolitiken inte längre förmår lösa omställningsproblemen.
- (29) Att planera och underlätta den av en liberal importpolitik framkallade omställningen inom näringslivet fordrar en välutbyggd och effektiv arbetsmarknadspolitik
- (30) Ett bortrationaliserande av orationella företag kan naturligtvis i ett labilt arbetsmarknadsläge innebära, att många människor inte längre får sin utkomst inom tidigare näringar. Förutsättningen för en sanering är därför nödvändigtvis att man från samhällets sida bedriver en aktiv arbetsmarknadspolitik.
- (31) Vi måste minska friktionerna och lösa problemen genom ökad smidighet och anpassningsförmåga i vår ekonomi, genom ökad rörlighet av produktionsfaktorer.
- (32) Det gäller då att underlätta överföringen av kapital och arbetskraft till nuvarande och blivande exportföretag istället för att försöka hålla kvar resurserna genom stöd åt hemmaföretag som får svårare konkurrens undan för undan
- (33) Att vi i den situationen behöver en utbyggd och effektivare arbetsmarknadspolitik är uppenbart, och i en sådan måste även företagslokalisering och yrkesutbildning ingå
- (34) Därav framgår den nyckelroll i sammanhanget, som tillfaller arbetsmarknadspolitiken. I vad mån vi vågar ta frihandelspolitikens konsekvenser för vårt näringsliv i vad mån vi låter marknadskrafterna ombesörja fördelningen av det knappa kapitalet
- (35) Vi måste vara klara över att en sådan ändrad struktur nödvändiggör insatser från samhällets sida för att avvärja eller mildra de svårigheter som blir ett faktum. Ett av medlen är en effektiv arbetsmarknadspolitik. Det förs numera en effektivare arbetsmarknadspolitik än tidigare, men åtgärderna bör ökas ytterligare för att därmed undanröja den arbetslöshet som annars uppstår då företag avvecklas. Arbetsmarknadsstyrelsen behöver resurser så att omskolning av arbetskraft kan flyttas från ett område och en ort till ett annat område och en annan ort.

- (36) En rikt nyanserad arbetsmarknadspolitik skall vidare hjälpa till att slussa över arbetskraft till växande företag och sysselsättningsområden.
- (37) Lösningen på våra textilproblem ligger i stället i mer och bättre arbetsmarknadspolitik. Vi bör inte sträva efter att hålla folk kvar i låglönenärningar utan i stället på alla tänkbara sätt underlätta deras omflyttning till expanderade näringar, till exempel exportindustri, byggnadsverksamhet och serviceyrken.
- (38) Vad Sverige lika väl som Norden i övrigt behöver för att kunna möta ett sådant konkurrenstryck på ett ekonomiskt tillfredställande sätt är inte högre tullar utan en ökad specialisering i varuproduktionen.
- (39) Det bästa vi kan göra är då att föra en ekonomisk politik som underlättar specialisering även hos oss, istället för att genom höjda tullar etc. söka bibehålla nuvarande differentiering av näringslivet. I en sådan ekonomisk politik bör ingå en omläggning av nuvarande vinstbeskattning i riktning mot en bruttobeskattning av företagen samt en friare penning- och kreditmarknadspolitik
- (40) Detta är i sin tur en förutsättning för en ekonomisk politik som med olika medel gör det möjligt att föra över produktiva resurser från en verksamhet eller en näringsgren till en annan. Genom en lämpligt utformad kredit – och skattepolitik måste man se till att företag som är stadda i tillväxt inte hämmas i sin utveckling genom svårigheter att låna pengar och att genom självfinansiering trygga sin utbyggnad.”
- (41) Men för att dessa expansionsmöjligheter skall kunna utnyttjas av svensk textilindustri förutsätter utredningen en planmässig sanering inom näringsgrenen, uppburen av en fördubblad investeringsvolym, specialisering av produktionsinriktningen och koncentration av företagsenheterna.
- (42) Att vi så långt som möjligt bör eftersträva att i tid och på ett smidigt sätt anpassar vårt näringsliv efter de förändrade konkurrensförhållandena så att vi kan använda våra otillräckliga kapital – och arbetskraftstillgångar inom de områden av näringslivet där vi har naturliga förutsättningar och kan få den bästa avkastningen
- (43) Att vaksamt följa dessa utvecklingsförlopp samt se till att fördelarna blir rimligt fördelade. För fackföreningsrörelsen tillkommer även behov av ökade internationella utjämningsengagemang som en närliggande förutsättning för att frihandelsförbundets marknadsutvidgning skall kunna ge största möjliga standardhöjning.
- (44) Vi måste minska friktionerna och lösa problemen genom ökad smidighet och anpassningsförmåga i vår ekonomi, genom ökad rörlighet av produktionsfaktorer. Detta gäller både nationellt och internationellt

