

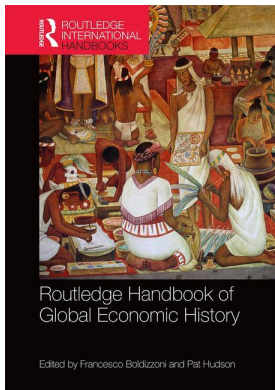
This article was downloaded by: 10.2.97.136

On: 27 Mar 2023

Access details: *subscription number*

Publisher: *Routledge*

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: 5 Howick Place, London SW1P 1WG, UK



Routledge Handbook of Global Economic History

Francesco Boldizzoni, Pat Hudson

Manufacturing the Historic Compromise

Publication details

<https://test.routledgehandbooks.com/doi/10.4324/9781315734736-9>

Ylva Hasselberg

Published online on: 14 Dec 2015

How to cite :- Ylva Hasselberg. 14 Dec 2015, *Manufacturing the Historic*

Compromise from: Routledge Handbook of Global Economic History Routledge

Accessed on: 27 Mar 2023

<https://test.routledgehandbooks.com/doi/10.4324/9781315734736-9>

PLEASE SCROLL DOWN FOR DOCUMENT

Full terms and conditions of use: <https://test.routledgehandbooks.com/legal-notices/terms>

This Document PDF may be used for research, teaching and private study purposes. Any substantial or systematic reproductions, re-distribution, re-selling, loan or sub-licensing, systematic supply or distribution in any form to anyone is expressly forbidden.

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The publisher shall not be liable for an loss, actions, claims, proceedings, demand or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.

9

MANUFACTURING THE HISTORIC COMPROMISE

Swedish economic history and the triumph of the Swedish model

Ylva Hasselberg

Swedish economic history was born between 1927 and 1932. The exact date of birth is not known. My claim is connected with two events that were crucial for the emergence of the Swedish welfare state: the instigation of the 1927 Unemployment Commission and the ascent of social democracy to political power in 1932. It was then that the founding figure of Swedish economic history, economist Eli F. Heckscher, finally gave up his claim to being a prominent economist and began to identify himself as an economic historian. The reader will have to accept this claim for the moment; I shall come back to it, and certainly qualify it, in a moment. The new-born child was weak, and did not receive much attention, but started to gain strength as the end of the 1930s drew near. The great depression had hit Sweden in 1931, but already in 1934 the economy had recovered, and the mean growth rate during the 1930s was over 3 per cent (Schön 2000: 348). The generational structure was particularly beneficial for the hasty turnaround of the economy. At the beginning of the 1930s, the age cohort 20–29 years rose steeply, as a result of high birth rates around 1910. Around 1935, the share of the Swedish population that belonged to this cohort was higher than at any other point in time during the twentieth century. A large segment of the population were young adults, ready to work, consume and build new families – providing of course that there were work opportunities. Unemployment insurance was the prime policy target of the social democratic government (Schön 2000: 353). In 1938, the well-known Saltsjöbaden agreement was signed by the parties of the labour market, putting an end to labour market conflicts and setting up institutional preconditions instrumental in securing political and industrial stability (Magnusson 2010: 447–9). These economic and political conditions form the backdrop for the emergence and distinctive evolution of economic history in Sweden, as we shall see. The take-off of the new discipline took place in 1948, in the aftermath of the Second World War, when for the first time four stable positions (however not *chairs*) in economic history were set up, through a decision in Parliament. This was a period when a new research policy aimed to provide room for expansion for an emerging social science that was beginning to see the light of day. Economic history became a *social science*, as was economics, but unlike the discipline of history, which remained within arts faculties. The child was now beginning to walk on its own two feet.

As can easily be anticipated, this chapter argues that the institutionalization of Swedish economic history was shaped by the political and economic development of Sweden in the period 1920–50, and that this also goes for the contents and arguments regarding the economic history of Sweden that became the core narrative of the discipline. Swedish economic history was built around a core narrative that supported the identity of Sweden as an industrialized nation and a welfare society. The constructed narrative in itself became an argument for the existence of the discipline. Economic history was seen as a progressive, central and *important* discipline, the value of which for society in general could simply not be questioned. How this came to be and what history it resulted in are the first questions that I will try to answer. The third question is how the nationalist character of the core argument should be interpreted, from the perspective of global history, and how economic history as a nationalist project in Sweden has fared during recent decades. Is it possible to discern a change or even a violent overturn of the traditional interpretation of Sweden's economic development over time?

The genealogy of the historic compromise: analysing the master narrative of social peace

There is a particular type of historical narrative that has given rise to the concept of the *grand narrative* (Lyotard 1984). Allan Megill (1995) has chosen to make a distinction between Jean-François Lyotard's *metanarrative*, the *grand narrative* and what he calls the *master narrative*. By master narrative Megill means a more specific narrative which purports to say something central and fundamental regarding the society in which we live. One example of a master narrative of Swedish society is the story of the Swedish *snilleindustri* (meaning literally 'genial industry', referring to a number of successful enterprises founded on inventions) that had been built on a solid tradition of technical know-how and proficiency, embodied in exceptionally talented and resourceful inventors and industrialists (Bergwik et al. 2014). Master narratives are highly rhetorical and often very stylized, their role being to provide identity and ideological foundation. This is not to say that the components of a master narrative are necessarily untrue or suspect. The development of the Swedish export industry is a success story, it cannot be denied.

Swedish economist Arthur Montgomery, of Scottish descent, became one of the main protagonists of the evolving discipline of economic history in the late 1920s. He took this road for many reasons, but it can safely be said that he would not have become involved, had it not been for the workings of Eli Heckscher, then professor in economics at the Stockholm School of Economics. Heckscher became his protector and mentor. In Montgomery Heckscher found a loyal and honest friend and supporter. When Montgomery, who was primarily interested in ethical issues at the time, became engaged in writing about poor relief and social policy in history, Heckscher quickly realized that this research interest could be turned into something useful that would give rise to a broader interest in economic history. During the 1930s, Montgomery's niche in the project of writing economic history became the writing of synthesizing narratives regarding a period that was termed contemporary history, i.e. the late nineteenth and early twentieth centuries. In 1931 he published *Industrialismens genombrott* (The breakthrough of industrialism); in 1934 *Svensk socialpolitik under 1800-talet* (Swedish social politics during the nineteenth century); in 1939 *The rise of modern industry in Sweden*; in 1946 *Sveriges ekonomiska historia 1913–1939* (Sweden's economic history 1913–1939); in 1955 *Ekonomiska utvecklingslinjer i Sverige och Västeuropa 1929–1954* (Economic development trends in Sweden and Western Europe 1929–1954). Montgomery wrote about subjects that other

Swedish historians just did not take notice of: how the industrialization process had happened; its roots and the consequences of it for society and its organization.

Of particular interest in this context is *The Rise of Modern Industry in Sweden*, published by P. S. King & Son and aimed at an international audience. The motivation for publishing a synthesis of Swedish economic history in English speaks for itself:

The economic and social conditions of present-day Sweden have in recent years attracted considerable interest abroad. This may, perhaps, serve as a justification for my book; those who have become interested in the Swedish economic and social organisation of to-day may also like to know how it has evolved into its present state, which carries the tale rather far back into the country's past.

(Montgomery 1939: introduction)

Clearly, the aim of *The Rise . . .* was not only to teach Swedish economic history to an English-speaking audience, but also, and perhaps more importantly, to explain and illuminate a phenomenon that had begun to attract international attention: the Swedish welfare state.

The Polish historian Kazimierz Musiał (2002) has, in a very penetrating study, discussed the rise of the presently widely accepted view of the Scandinavian countries as progressive and modern. This view is not, as one could imagine, a post-war phenomenon. He convincingly argues that Denmark was seen as a Scandinavian apostle of modernism in the 1910s and 1920s. Danish society with its industrialized and highly efficient agriculture, its successful cooperatives and its modern educational system, was seen as a leader on the road to modernity. Sweden, on the other hand, was seen as a backwater: a conservative, poor and less developed country. But then in the 1930s, something happened. Not least American writers on the subject of social reform began to use Sweden as a starting point for discussing developments at home. Sweden was becoming a model example through its way of handling the depression and, in comparison with Roosevelt's New Deal, the politics of Swedish social democracy seemed very effective (Musiał op. cit.: 42–71, 81, 165ff.).

There are many aspects of this sudden rise to attention that merit further thought. One that is worth some consideration is that the new image of Sweden was a scientific construction, and that it grew out of the encounter of a generation of young Swedish social scientists with their American colleagues. American and British commentators were also impressed with the strong position of Swedish economists as expert advisers in the political sphere (Musiał op. cit.: 97ff.). Swedish economists Gösta Bagge, Gunnar Myrdal and Bertil Ohlin went to the USA to find inspiration (and funding) for promoting social science in Sweden. In return, they exported the insight that Sweden was a model country: Musiał (op. cit.: 105), writes: 'In this way an American view of a rationally founded and progressive Sweden was created thanks to the very attractive notion of the "laboratory" country presented by its eminent scholars.'

It is in this light that we must understand the decision to publish *The rise . . .* The 1930s saw the sharpening of an ideological and scientific clash between the younger generation of Swedish economists, such as Bertil Ohlin, Alf Johansson and Gunnar Myrdal (later to be known as the Stockholm School of Economics), who held interventionist views of the role of the state in the economy, and the older generation of laissez-faire proponents. Eli Heckscher belonged to the anti-interventionist group, and he derisively referred to interventionist economic policy as 'neomercantilism', cleverly using historical knowledge of the mercantilist state to promote his views on controversial issues such as the active social democratic labour market policy. In his great work *Mercantilism* (Sw. *Merkantilismen*), which still today is the

most internationally read and cited of his works, Heckscher devotes the penultimate chapter to a comparison between mercantilism and economic liberalism, and it is followed by a critique of the return of protectionist and interventionist policies, where he tries to answer the question of why the golden age of *laissez-faire* did not last (Heckscher 1931/1953: 304–27). His conclusion, a truly original one, was that the central difference between mercantilism and liberalism was the respect of economic liberalism for human values, in contrast to the ruthlessness and lack of respect for humanity of mercantilism. Admittedly, he underlined that socialism as an idea was in this respect also fundamentally different from mercantilism. But, he also attributed a total lack of theoretical understanding of the economy to mercantilism, which it supposedly shared with socially motivated interventionist policies. Thus he concluded the second edition with an excursus on the topic of J. M. Keynes and mercantilism, clearly suggesting that Keynes had not only ‘tried to rehabilitate’ mercantilism but was indeed a mercantilist himself (Heckscher op. cit.: 340). Mercantilism was and remained a *muleta* for Heckscher, and sometimes the reader wonders to what extent his analysis of mercantilism as a historical reality was indeed affected by his analysis of economic policy in his own time.

Economic history could, according to the views of Heckscher and Montgomery, form the basis of a counter-move to the persuasive image of Sweden as a country where progressivity was clearly linked to its emerging welfare state, a state that certainly did not refrain from an active economic policy. This insight creates a certain anticipation regarding the historical narratives constructed by economic historians. What, for example, did Montgomery stress in his analysis of Swedish economic development? It does not seem likely that he would have stressed the impact of recent welfare policies such as the very generous unemployment insurance.

Let us deconstruct the historical narrative that Montgomery began to create in the 1930s in order to explain the present status of Swedish society. The text that will be deconstructed is a short essay published in *Svenska folket genom tiderna* from 1939 to 1940, a multi-volume popular summary of historical knowledge at that time, with contributions from a number of well-known Swedish historians. The title of Montgomery’s piece was ‘Levnadsstandard och ekonomisk utveckling under de senaste hundra åren’ (Standard of living and economic development during the last hundred years). It was largely a summary of the two monographs *Industralismens genombrott i Sverige* (The breakthrough of industrialism in Sweden) from 1931 and *Svensk Socialpolitik under 1800-talet* (Swedish nineteenth-century social policy) from 1934.

‘Standard of living . . .’ (Montgomery 1940) begins with an irrevocable fact of great weight: the decreasing mortality in Sweden after 1720, resulting in a population increase. The result was pauperization, which in its turn led to a fear of social unrest and an increased burden for society in the form of poor relief. This social crisis was overcome through two separate trends: emigration and industrialization, of which industrialization was the main road forward. Industrialization led to increasing wage levels for workers in the period 1860–1936. The Swedish working class was ‘deproletarized’. This development was strengthened by the fact that nativity now also was beginning to decrease, so as to work in favour of the bargaining position of the working class on the labour market. In Sweden, nativity fell sharply in comparison with other, comparable, countries. As the supply of labour fell, wages increased, letting the working class out of the ‘Malthusian trap’.

The ‘deproletarization’ (meaning the rise of the working class from a proletariat state) of the Swedish working class was also much furthered by another central circumstance: the shortening of working hours. This meant that the pay per hour rose even more steeply than the yearly income, giving workers time to engage in other activities – cultural, organizational, political and sporting. This contributed to the levelling of classes. The reader cannot but draw

the conclusion that the late nineteenth and early twentieth centuries were very favourable to the Swedish working class.

Industrialization, according to Montgomery, was the prime factor behind the rising living standard. The productivity of workers increased, thanks to improved technology and capital investment. This was even truer for industry. The net value of industrial products had increased by 800 per cent from 1860 to 1913, although this figure did not include the putting-out industry. Industrial expansion was substantial. By the late nineteenth century, industrialization resulted in rising demand for labour. The agrarian proletariat diminished both through emigration and through moving to industry. Among industrial workers great change had occurred. Workers had increased in number, while craftsmen had decreased. The differences between the working class of 1939 and its equivalent a hundred years earlier were so large that it defied comparison. Not only had economic standards improved but personal freedom had expanded as well. The rights of the master of the house and the patriarchal conditions connected with these rights had been abolished. Workers had gained the right to organize. Montgomery states that this right would not have filled its purpose a hundred years earlier, because the great mass of workers had been unable to organize even if they had had the right to do so. The level of education and 'spiritual training' of workers had been too unsatisfactory for them to have been able to build up large and complex organizations: 'It must however be strongly stressed that the "deproletarianization" of the working class was not only an economic issue. It was also a spiritual movement' (Montgomery op. cit.: 270–1). In this spiritual movement, mass education and the compulsory four-year primary school (introduced in 1842) had played a pivotal role, together with the mass movements of the late nineteenth century: the temperance movement and the labour movement. The temperance movement had set the scene for the labour movement, through education and schooling in organization.

Thanks to the labour movement, the operational independence of workers from employers had grown. This was of course something which sharpened the consciousness of class conflict. 'However, in the long run it has also worked to lessen the acidity of these conflicts, by creating a feeling of being the equal of your counterpart', Montgomery (op. cit.: 271) claims. Furthermore, the labour movement was changing character, since new groups of a different social composition than the old working class were incorporated. White collar employees were now joining the labour movement. The direct influence of trade unions on wage levels, stated Montgomery, had been more limited than previously assumed. On the other hand its indirect influence had been substantial, primarily through the intimate cooperation between the labour movement and the social democratic party. It was through influencing political development that the labour movement had been able to promote its aims for increased pay. The best example of such a line of politics was the unemployment policy of the 1930s. In return, trade unions had stabilized the power base of the social democratic party, and to achieve this they had had to refrain from activities of a monopolistic character.

Another area where a great influence from the labour movement had been assumed was the emergence of modern social policies. But Montgomery argued that the influence of social policy on income distribution was easily overrated. National income rose parallel to industrialization; the income level of workers also rose in line with it. Through weighing a number of indicators against each other, Montgomery came to the conclusion that the poorer strata of the population had possibly improved their social and economic position faster than the rest of the population during recent decades. It was however hard to know whether this had also resulted in any real income equalization. In any case Montgomery thinks it evident that the general economic upturn had been the decisive factor in improving the

economic position of the working class. Social policies had been of secondary importance. And he concludes:

It has often been said that class contradictions have been levelled in Sweden during the last decades and there is evidently much truth in this claim. However, it would certainly be rash to suppose for sure that these conditions will be permanent. Admittedly there is no cause to believe that the present social peace is only depending on favourable economic circumstances, but it would be unreasonable to deny, that these have played a very important role.

(Montgomery *op. cit.*: 276)

When we reach this point, we have come to the end of the historical process Montgomery is describing, and also to the central conclusion. The peak of the process is the realization of 'social peace'. The conclusion that this had something to do with the Saltsjöbaden agreement that had been signed the previous year does not seem out of place. Social peace was the highest level of development that had been reached in Sweden in 1939 – and the irony is of course that this social peace enters the scene at the same as the rest of the world entered the Second World War.

Analysing Montgomery's narrative, it is evident that the prime driving force behind social peace is economic development. The causal chain certainly starts with population growth, leading to social and economic crisis, but the solution to this crisis is industrialization and the great success of Swedish exports. An improved standard of living is seen as a central factor behind the fostering of educated and responsible workers – a cultivation of spirit and a rise in intellectual standard took place. This process, in its turn, was behind the success of the social democratic party, and led to an elevation of workers to equality with their employers. The use of the term 'deproletarization' in this context is highly interesting. It describes the uplift of an entire social class – a social class that hardly existed a hundred years earlier – from a proletariat condition. For a Swedish reader, the association with a stanza in the social democratic song *Arbetets söner* (Sons of Work) lies close at hand: 'From the demeaning grave of serfdom, up to an honourable and noble accomplishment'.¹ Social peace was born out of the meeting between the economic efficiency of Swedish industry and the self-initiated journey of the Swedish working class from economic, social and mental poverty into the light. Social peace was a child of the enterprise and ability of industrialists, their proven competence in banking, and timber and iron exports, together with the ability of the working class to capture the gains created by industrialization. Montgomery's narrative acknowledges and respects the parties that signed the Saltsjöbaden agreement, and lends legitimacy to the roles they played in history.

The social peace narrative has a strong flavour of the Whig interpretation of history, telling a story that seems to lead straight to the present, almost by necessity. In his other works, Montgomery develops the different aspects of and stages in the process. It would take up too much space to elaborate and give justice to the complexity of the narrative. A few points that are not evident from what I have already said need to be made, though. First, it is important to note that the starting point of the narrative, early nineteenth-century Swedish society, is painted in very dark colours. This goes for almost all aspects of society, and it creates a very dramatic effect and a stark contrast to the industrialization process. Liberalization, deregulation and industrialization are all positive forces according to Montgomery. Social problems were thus *not* a child of industrialization but something its historical mission was to cure. Furthermore, the process is depicted as very harmonious and fairly even, with no

reverses, crises or hesitations. Second, there were certain historical structures and institutions in Swedish history before industrialization that were important preconditions for the positive development. One was the Swedish iron industry with its disciplined and loyal workers, and engaged owners. Here lay the roots to technical proficiency and here started the education of the Swedish engineers. Also, and to this we shall return, the early modern iron industry existed in a context of self-owning peasants whose hard labour and economic modesty was the pillar of society in general, and also the root of democracy. Third, the lesson to be learned by the 1930s was that economic development and economic stability were essential to a harmonious and stable society and that, for the sake of this, it was vital that all groups and interests in society worked to preserve and strengthen the economy, especially the export industry, on the back of which the future of Sweden relied. There was no cause to believe that the harmonious development would continue without ongoing economic growth. Therefore, it was risky to meddle with the economy through state intervention. The current discussion of socialization or more economic planning was an invisible but real issue in the narrative. According to Montgomery, the role of the state was not to control or regulate the economy, neither to stimulate the economy through public consumption, but to ease the social effects of economic downturns on the population. He saw for example unemployment benefits in this light.

It is a source of wonder, the elegant mixture of historical analysis and analysis of current issues that Arthur Montgomery produced. His narrative seems to shed a revealing light on issues that were controversial at the time: the falling birth rates, the active social democratic unemployment policy and the socialization plans. None of these issues were bluntly treated as part of a political discourse. Neither was there a tendency to criticize the emerging welfare state. The voice of Arthur Montgomery is ever modulated, careful and balanced. It is the voice of historic compromise speaking. In the same breath, socialization is dismissed at the same time as the flourishing cooperative movement is praised as being the newest branch on the trunk of Swedish industry. No wonder that this voice, that could speak with such impeccable scientific balance of relevant and interesting issues in society, at the same time giving legitimacy and clarification to industrialism through its own history, would win public approval and also create a space for *economic history*.

History of the people's economy

I am convinced that we, with heightened levels of popular education, deeper scientific insight and, we have to add, because of the demand from the great mass of people, in time will teach history from a perspective where the people's economy and the historic acting of the people are the centre. This is a natural thing in a culture that likes to call itself democratic.

*(Member of Parliament Ture Nerman in the first chamber
of the Swedish Parliament, 7 April 1937)*

The father of Swedish economic history is undoubtedly Eli Heckscher. Every event that occurred during the period that concerns economic history can in fact be traced to the doings of Heckscher. Heckscher was born in 1879 in a Jewish family: his father Isidor had immigrated from Denmark and was a Danish trade consul in Sweden. His mother was Rosa Meyer of a Stockholm merchant family. The Heckscher family were well off, but not rich; they were intellectuals, and Eli grew up in an environment where reading, discussion, debate were constantly going on. His parents were not politically liberal though. Isidor, who was a lawyer

by schooling, can best be described as a moderately conservative civil servant and law man. Rosa, by far the more interesting of the two, held views that in many instances can be called chauvinist: she did not agree with the suffragette movement; she was more or less against women's rights and could also possibly be termed anti-semitic in her views.

Heckscher took an early interest in economic history. He started his career as a young conservative historian, studying for the famous historian Harald Hjärne in Uppsala. The message from Hjärne to his pupils was that historians must be active in society; they must *matter*. Being a historian was to be a member of the elite, with a mission to take responsibility for the development of society, and to guard the interests of the state. Historians wrote the history of the state, they worked as civil servants; they handled the affairs of the state (Hasselberg 2007: 100–5). Intellectually and emotionally, the years in Uppsala formed Heckscher. According to the wishes of Isidor, who wanted his son to walk in his own footsteps and acquire a 'more practical' education within the faculty of law, he also studied economics with David Davidson. In 1904 he wrote an article in the central journal of Swedish history *Historisk Tidskrift*, where he expressed the opinion that economic history was needed, and that it had an important task to fulfil *vis-à-vis* both history and economics. Above all, studying the economic aspects of history would lead to understanding and explaining economic development, something which historians and economists had hitherto failed to do (Heckscher 1904). Heckscher wrote a PhD thesis on the benefit of railroads to the state and then acquired a chair in economics in the newly founded private Stockholm School of Economics in 1909. In the late 1920s, events began to press Heckscher in the direction of engaging fully in the project of building a new discipline. His position as a solidly empirical economist was beginning to erode, as a new generation of economists entered the scene and brought with them a more theoretical stance, and ideas that lay close to those of Keynes. Another aspect of this development concerned power and influence over politics. The younger generation began to take over positions as experts and advisers to the government (Hasselberg 2007: 65–95). To his dismay, Heckscher noticed that the new prophets advocated the idea of increased public spending. In this situation, he began the process of redefining his scientific identity, and he also began the process of creating political support for a discipline that did not yet exist. He was given a personal chair in economic history in 1929, and established a tiny research institute with his own and Montgomery's work as the main assets. He published his great work on *Mercantilism* (Heckscher 1931) – perhaps his most important scientific contribution.

During the 1930s, Heckscher's work to establish economic history began to bear fruit. Interestingly enough, Heckscher had followed two paths in his networking efforts. The first, and perhaps more natural path, was to curry favour with the business establishment. From his personal chair, he had started to direct his attention to business history, and had started off with a huge project of mapping business archives in the entire country. He and Montgomery now started to act as representatives of a 'more realistic' perspective on the economy, a perspective that did not start out from a theoretical model, but from solid knowledge of the actual economy and its history. In this respect, economic history was what economics no longer was. The reward for this was the support of right-wing politicians such as his old friend Gösta Bagge, the leader of the conservative party, and Ernst Trygger, who was the university chancellor until 1937. The university commission of 1933, led by Trygger, suggested a new chair in economic history to the government, as a countermeasure to the 'radical economic theoreticians'. The other path led in the opposite direction. In 1936 the communist MP Ture Nerman, after five years of stubborn work in Parliament, managed to get the Swedish Trade Union Confederation to finance a huge research project on the *history of the working class*. His

ulterior aim was to reform the teaching of history in schools; industrialization had begun to transform society to such an extent that the history taught in schools seemed, and not only to the radicals, more and more old fashioned. Writing the history of the working class was a first step in the project of creating a body of knowledge that could substitute for traditional history in schools. Heckscher took up a seat on the editorial committee, as did his colleague and friend the conservative historian Bertil Boëthius, together with leading trade union representative Sigfrid Hansson, the political scientist Herbert Tingsten and the art historian Andreas Lindblom. Heckscher was also elected to be a judge in a prize competition initiated by the social democratic publishing house of *Tiden* (Time) where the task was to produce a history schoolbook that would reflect the demands of modern Sweden. Heckscher flirted with two diametrically opposed interests in his attempts to promote economic history – and strangely enough the positive response of social democracy did not repel the conservatives, or the other way around.

In the following year, 1937, Nerman again tried to stimulate an interest in Parliament in the reform of history teaching. The debate that followed his suggestion again tells a story of a discipline that had started to take shape as a result of what Thomas Gieryn (1999) calls *boundary work*. Economic history slid smoothly into the cultural space left vacant on the map by history. History was the history of kings. Economic history was the history of people. History was the history of wars. Economic history was the history of peace. Economic history was thus depicted in terms of a peaceful strife by people in general to win the daily bread, while history, on the other hand, was even more suspect when seen in the light of the present European tendencies: armament, dictatorship and a barbarian worship of heroes and uniforms. The arguments brought forward in the debate of 1937 thus combine the openly nationalistic demands for a new identity and a new education, better suited to the needs of industrial society, with the refutation of Nazi Germany and fascist Italy and their ideologies. Needless to say, the positioning of economic history was also the positioning of a country that would stick to its neutrality during the war. Although the first permanent chairs in economic history had to wait for another decade – because of the war – it was during the late 1930s that the discipline gained the support it needed. The realization of Heckscher's dream was only a matter of time.

One could thus conclude that the evolution of Swedish economic history as a discipline is in itself a mirror of the historic compromise. Arthur Montgomery was a leftist liberal or possibly a social-democrat, while Heckscher was an inveterate spokesman of laissez-faire politics with a political view hovering between Manchester liberalism and moderate conservatism. Others who engaged in the project of writing economic history were Bertil Boëthius (whom I will return to below), Torsten Gårdlund, economist and social democrat, and the Marxist historian and social-democratic politician Per Nyström, with whom Heckscher battled over the legitimacy of materialistic interpretations of history. They did not agree entirely on what was the core of economic history, and even less on the lessons to be learnt from it. But they agreed on the importance of economic history as a counterbalance to both economics and history, and in this mission they gained economic and political support both from the Swedish Trade Union Confederation and from representatives of private business.

Let us again turn to what resulted, what economic history became in the decades that are generally referred to as the golden age of high industrialism. I have dedicated much space and energy to the deconstruction of the history of Sweden's progress told by Montgomery. It is in many instances a progressive, liberal, history and its prime mover is industrialization. Montgomery was an expert in nineteenth-century trade policy and became an expert in the pre-history of welfare arrangements. However, the first links in the narrative chain

he constructed were not his own, but borrowed from another historian and friend of Heckscher's: the solidly conservative historian Bertil Boëthius. Together with Heckscher and Montgomery, Boëthius engaged himself in the writing of economic history, and the three of them were in essence Swedish economic history from 1920 to 1950. Boëthius, belonging to a family of conservative scholars and priests, saw himself as a historian in the tradition of the nineteenth-century historian E. G. Geijer, legendary universalist and actually the first advocate of cultural history in Swedish historiography. Among Geijer's many lasting contributions was a persistent claim about the centrality of the Crown and its alliance with a self-owning class of free peasants with political representation. This mythical coalition was seen as a precondition for stable and balanced development, and also for checking and controlling the aristocracy. The aristocracy stood for everything that was ideologically suspicious according to Geijer and his followers: regional interests in contrast to national interest, greed, wastage and lack of moral fibre (Sjödell 1965; Hasselberg 2007: 255). A node in this master narrative of Swedish history was *odalbonden*, the Swedish self-owning peasant, whose closeness to the land, political independence, loyal support for the King, and general inclination towards continuity, fitted very well in the construction of national identity of a former great power, that had had to surrender this position permanently when Finland was lost in 1809.²

Boëthius was a late follower of Geijer, and he was in many instances typical. The Swedish archaeologist David Loeffler (2005: 63–71) in his thesis has analysed the common values of a number of families belonging to the late nineteenth-century Swedish cultural elite, to which the Boëthius family belonged. He discerns five central metaphors: 1. the existence of a culture emanating from a healthy and virtuous peasant class; 2 and 3. this peasant class as a racial entity with a common language, that needed protection from harmful influences; 4. the belief in a golden age in Sweden's history, in which this peasant class had played a major role; and 5. a stern belief in the inherent goodness of Nature. These metaphors were, according to Loeffler, connected to a high appreciation of the virtues of collectivism, duty, obedience and loyalty. To Boëthius and some of his colleagues, these metaphors and the virtues connected with them were the cornerstones of Swedish society, and they were also the pillars of their version of state-centred conservatism. When Boëthius wrote economic history – and he did contribute some important works, such as a social history of the workforce in the early modern iron industry, which was published in the above-mentioned history of the working class – he did it from a perspective that stressed continuity, loyalty, hard labour and simple ways as virtues. He constantly stressed reproduction and collective values above production and individualism (Boëthius 1917, 1921, 1940, 1951; Hasselberg 2007: 243–57). He cannot on one single point be accused of being a liberal.

Dismantling the progressive narrative of social peace as an inevitable and positive consequence of industrialization thus means embracing the insight that this seemingly modernist argument had roots that were all but liberal, and that included a nationalism that was not necessarily either progressive or open to the rest of the world. Swedish economic history in the 1930s and 1940s was truly a chameleon that combined narrative elements as well as values that were in some instances contradictory. The one thing that can be said for this chameleon is that it evidently worked. It attracted enough support to found a new discipline, and it attracted support from all political camps and from people of all social classes. It provided identity and legitimacy for members of the old elite, for the rural population, for workers, industrialists and social democratic politicians, alike.

It may seem awkward to the reader that Heckscher's violent anti-interventionism, based on a type of economic history that was solidly based on the conviction that the price mechanism

must be allowed to work without interference, should result in the master narrative of social peace. It is also understandable if the reader wonders what became of Heckscher's anti-interventionism, and how it is possible to reconcile his legacy with the growth and success of the Swedish welfare state. The first answer to this riddle lies, as I understand it, in historicization itself. The core of Montgomery's argument is the claim that industrialization was the prime mover in relation to social welfare. This was the central claim and the central lesson to be learned. Social policy and welfare were the natural consequences of economic development, whereas the opposite, as could be learned from *Mercantilism*, was not true.

Second, in the 1950s and 1960s, the discipline slowly grew through expansion and diversification, not through overturning its established truths. It has often been said that the first generation of professors in economic history after Heckscher (Karl-Gustaf Hildebrand, Ernst Söderlund, Artur Attman and Oscar Bjurling) were occupied with revising and overthrowing the results of Heckscher. Though this may be true, it was a process of questioning and qualifying parts of Heckscher's enormous legacy, on the basis of more thorough empirical studies, not of rewriting the master narrative. None of the first generation of Heckscher's followers wrote syntheses, general overviews or course books. Rather, they produced monographs within the field of business history, history of trade and history of organized labour and capital. Eli Heckscher's general course book in Swedish economic history, published in 1944, was still in use on the basic course in economic history in Uppsala University as late as 1989.

Furthermore it must be said that Söderlund, Hildebrand, Attman and Bjurling were all historians, and that only Oscar Bjurling, the first professor in economic history in Lund, had studied economics on a more advanced level. Thus, and I think this accounts for the invisibility of anti-interventionism and Heckscher's more general views in their work, they *did not make any theoretical claims on the level of general economy and they did not really engage themselves in what Heckscher would have called economic analysis*. The reconciliation of Heckscher's legacy with the Swedish welfare state was accomplished through historicization and facticity, in which what was in essence still tension and perhaps even conflict, was carefully embedded.

A globalized Swedish model?

How then has the narrative of social peace fared in the last decades? Has the master narrative of Swedish economic history been adapted to the political and economic development of more recent years? It would certainly be reasonable to assume so. Swedish corporatism has suffered many defeats during the period since 1980, and the days of Keynesian economic policy are a thing of the past. Unemployment figures are closer to the European average than they were ever allowed to be during the golden decades, and this has been a fact since the economic crisis of the early 1990s. And ought one not also to assume that new perspectives and global influences must have had an impact on the discipline?

My analysis so far has concerned the foundation of a scientific discipline and how it came to occupy a certain space in the disciplinary structure as an independent discipline with a definite contribution to a body of knowledge that was *in demand*; that was asked for and filled a purpose in society. The formative period of economic history was finished in the early 1970s, which is when there actually were individuals who had their scientific training within the discipline and who had written theses. Economic history did not, however, rise to a central position as a discipline, although it enjoyed a brief spell of popularity in the 1970s as the result of a radicalization of society in general. Economic history has never attracted so many students as then. Two of the more prominent representatives of economic history,

professors Bo Gustafsson and Lars Herlitz, were outspoken political radicals. Economic history could again position itself as the history of the working people, and also as a more radical alternative to economics. Critical perspectives on economic theory entered economic history. It was not that Gustafsson and Herlitz wrote a politicized history. In the case of Gustafsson, it has even been explicitly argued that the solution to the problem of how to handle the boundary between science and politics was to draw a strict demarcation line between them (Magnusson 2012). Still, radical students were attracted to the discipline, at a time when student enrolment virtually exploded in Sweden. Furthermore, economic history could ride on the wave of interest in writing one's own history; the so-called *gräv rörelse* ('digging movement'). The digging movement acquired its name from Sven Lindqvist's (1978) book *Gräv där du står* (Dig where you stand), which was a call for people to write the history of their own working place and their own social context, as a tool for furthering economic democracy and altering the balance of power between employers and employees (Alzén 2011).

The 1970s and 1980s brought with them an expansion of the body of knowledge of economic history, and also an expansion of the range of subjects that could be defined as belonging within it. Radicalization brought not only labour history but women's history and developmental studies within the widening umbrella of economic history. In many instances, economic history was quicker to respond to social change than the history discipline. The reasons for this are of course hard to pinpoint, but it is reasonable to believe that the fact that the discipline was young and consisted of a small number of actors, and had its place within social science and not arts, must have contributed. No matter how susceptible to change the discipline was and how broad and inclusive it became, the master narrative of Sweden's development into an industrial nation was however left untouched.

Two later developments in relation to the industrialization narrative deserve to be discussed separately. The first is the 1970s debate as to the causes and structures behind industrialization. A very influential work was *Industrialismens rötter*, by Merike Fridholm, Maths Isacson and Lars Magnusson (1976). In this book the authors dealt with Sweden's industrialization by tying it to the proto-industrialization debate. This meant first that the focus on the last quarter-century of the nineteenth century was abandoned and second that the industrialization process was now discussed from the perspective of an international debate that concerned industrialization in general and thus put in a wider frame. It did not, however, mean that the peculiarly Swedish and nationalist character of the industrialization narrative vanished. The reader is probably aware of the fact that a more thorough study of the putting-out system was the general pillar of proto-industrialization studies. The early textile industry had been the particular centre of attention. In Sweden, the concept of proto-industrialization has primarily been tied to the iron industry, which has never been a domestic industry. Admittedly the focus on iron had led to a number of studies on iron trade and the export industry during the 1950s and 1960s that undoubtedly placed the iron industry and trade in an international context (e.g. Attman 1944, 1973). However, we have already seen that the iron industry, together with the self-owning peasants, were central to the master narrative of social peace. The proto-industrialization debate thus rather led to a reinvention of the narrative, perhaps even a strengthening of it. Inter-regional markets became more interesting than international trade. The idea of the Swedish ironworks as the historical source of both welfare arrangements and a strong and technically competent working class is a powerful idea, which has continued to flourish up to the present, not least through Maths Isacson's (1991) explicit argument for seeing the ironworks as giving birth to the welfare state. The position of the iron industry in Swedish economic history is, I would not hesitate to

say, sacrosanct. In 2007 came the first real critically oriented attempt to analyse the global contribution of the Swedish iron industry, when Göran Rydén together with the British historian Chris Evans published *Baltic Iron in the Atlantic World in the Eighteenth Century*. Evans and Rydén (2007) showed that the Swedish iron industry – like the Swedish engineering industry of today, famous for its successful global export of weapons – flourished not only in the context of self-owning Swedish peasants, but also in the greater context of an Atlantic economy that was dependent on slave labour. Evans and Rydén have been quite singular in setting Swedish iron in this context but their thought-provoking argument has not attracted many new students to this problem.

The second development in the industrialization narrative that I would like to discuss briefly is the Schumpeterian argument that has been launched by Lennart Schön, and that has now begun to take on the character of the standard analysis of Swedish economic development over time. The third edition of Schön's course book on Sweden's economic history (2000/2007/2012) was published in 2012. His picture of Sweden's economic development that is brought up until the present places it firmly in an international frame, relating it to global business cycles and global economic development. One could thus argue that the nationalist character of Swedish historiography has experienced a severe downfall, and, superficially, this seems to be the case. However, a full analysis of Schön's argument reveals something else. It relies heavily on the particular version of Joseph Schumpeter's thesis on the nature of business cycles presented by Swedish economist Erik Dahmén (1950). Dahmén invented the concept of *utvecklingsblock* ('development blocks') in order to bring out the centrality of state-industry cooperation that has given birth to so many successful Swedish export industries. Once again, the theme of peaceful cooperation comes to the surface as the prime mover of economic development in Sweden, resulting in the innovation capability necessary to cope with global economic challenge.

The Swedish model is and remains central to Swedish economic history. Even though its present health and status in Swedish society can be questioned, not least in relation to changes in the labour market and terms of labour conditioned by a globalized economy, the discipline of economic history cherishes it as a central part of its identity. From its invention during the interwar period, the narrative of social peace and historic compromise has travelled forward in time. It remains because it so eminently fulfils both the goal of giving legitimacy and meaning to an academic discipline and the goal of supplying a factual base to a conception of who we Swedes are, that can also be used to think about the future. The difference today is that Arthur Montgomery wrote the history of social peace, with a warning finger pointed towards all policy measures that were potentially detrimental to Swedish industry, whereas today Lars Magnusson (2006/2013) explicitly asks in the title of one of his books: 'Will the Swedish model last?'. But when he tries to answer this question, the solution is no longer a Swedish affair, but a question of the unemployment rate and the innovation power of the economy in relation to other countries. The Swedish model has gone global. What can we learn from that? For me personally, the contribution of Swedish economic history to global economic perspectives is perhaps best captured in the question mark. Will the Swedish model last? At least, as economic historians, we do not believe in the inherent necessity of its downfall. The attempt to teach students how the welfare state was constructed, the sheer presenting of the fact that it was once politically feasible and possible to have both growth and social welfare, is not a bad bequest to leave. And the question mark itself, if attributed with a meaning, must mean that whether or not this will be possible in the future and how to manage it, is something that can be both discussed and politically negotiated.

Notes

- 1 The text to *Arbetets söner* was written in 1885 by Henrik Menander, and according to legend it was ordered by the socialistic pioneer and founder of the social democratic party August Palm. The song has a central place in the musical treasures of the Swedish labour movement still today.
- 2 'Odalbonden' is actually the title of a poem written by the Swedish poet cum historian Erik Gustaf Geijer in 1811.

References

- Alzén, A. (2011) *Kulturarv i rörelse: en studie av 'gräv där du står'-rörelsen*, Mölndal: Brutus Östlings bokförlag Symposion.
- Attman, A. (1944) *Den ryska marknaden i 1500-talets baltiska politik 1558–1595*, Lund University.
- Attman, A. (1973) *The Russian and Polish markets in international trade 1500–1650*, Meddelanden från Ekonomisk-historiska institutionen vid Göteborgs universitet 26.
- Bergwik, S., Godhe, M., Houltz, A. and Rodell, M. (eds.) (2014) *Svensk snillrikhet? Nationella föreställningar om entreprenörer och teknisk begåvning 1800–2000*, Lund: Nya Doxa.
- Boëthius, B. (1917) 'Staten som lifsform', *Svensk Tidskrift* 7.
- Boëthius, B. (1921) *Robertsfors bruks historia*, Uppsala: Almqvist & Wiksells boktryckeri-aktiebolag.
- Boëthius, B. (1940) 'Den karolinska tiden', *Dagens Nyheter*, 12 February.
- Boëthius, B. (1951) *Gruvornas, hyttornas och hamnarnas folk. Bergshanteringens arbetare från medeltiden till gustavianska tiden*, Stockholm: Tidens förlag.
- Dahmén, E. (1950) *Svensk industriell företagarverksamhet*, vol. 1. Uppsala: Almqvist & Wiksell.
- Evans, C. and Rydén, G. (2007) *Baltic iron in the Atlantic world in the eighteenth century*, Leiden: Brill.
- Fridholm, M., Isacson, M. and Magnusson, L. (1976) *Industrialismens rötter: om förutsättningarna för den industriella revolutionen i Sverige*, Stockholm: Prisma.
- Gieryn, T. (1999) *Cultural boundaries of science: credibility on the line*, Chicago, IL: University of Chicago Press.
- Hasselberg, Y. (2007) *Industrisamhällets förkunnare. Eli Heckscher, Arthur Montgomery, Bertil Boëthius och svensk ekonomisk historia 1920–1950*, Hedemora/Möklinta: Gidlunds förlag.
- Heckscher, E. (1904) 'Ekonomisk historia. Några anteckningar', *Historisk Tidskrift*.
- Heckscher, E. (1931) *Merkantilismen: ett led i den ekonomiska politikens historia*, Stockholm: Norstedt.
- Heckscher, E. (1931/1953) *Merkantilismen*, 2nd revised edition, Stockholm: Norstedt.
- Isacson, M. (1991) 'Bruket och folkhemmet', *Häften för kritiska studier* 2.
- Lindqvist, S. (1978) *Gräv där du står*, Arbetsliv: dokumentation av industri och människa. Årsbok för Bygd och natur.
- Loeffler, D. (2005) *Contested landscapes/Contested heritage. History and heritage in Sweden and their archeological implications concerning the interpretation of the Norrlandian past*, Archeology and Environment 18, Umeå: University of Umeå, Department of archaeology and Sámi studies.
- Lytard, J-F. (1984) *The postmodern condition: a report on knowledge*, Theory and History of Literature 10, Manchester: Manchester University Press.
- Magnusson, L. (2006/2013) *Håller den svenska modellen?: arbete och välfärd i en globaliserad värld*, Lund: Studentlitteratur.
- Magnusson, L. (2010) *Sveriges ekonomiska historia*, Stockholm: Rabén Prisma.
- Magnusson, L. (ed.) (2012) *Vetenskap och politik: Bo Gustafsson 1931–2000, en minnesskrift på 80-årsdagen av hans födelse*, Uppsala studies in economic history 95.
- Megill, A. (1995) "'Grand narrative" and the discipline of history', in F. Ankersmit and H. Kellner (eds.) *A new philosophy of history*, Chicago, IL: Chicago University Press.
- Montgomery, A. (1939) *The Rise of Modern Industry in Sweden*, London: P. S. King & Son.
- Montgomery, A. (1940) 'Levnadsstandard och ekonomisk utveckling under de senaste hundra åren', *Svenska folket genom tiderna. Vårt lands kulturhistoria i skildringar och bilder*, Malmö: Allhem.
- Musiał, K. (2002) *Roots of the Scandinavian model: images of progress in the era of modernization*, Baden-Baden: Nomos Verlagsgesellschaft.
- Schön, L. (2000/2014) *En modern svensk ekonomisk historia: tillväxt och omvandling under två sekel*, Lund: Studentlitteratur.
- Sjödell, U. (1965) 'Kungamakt och aristokrati I svensk 1900-talsdebatt', *Historisk Tidskrift* 1.