

## **The Bridge to Europe**

Business Elites, Think Tanks, and Swedish-European Integration during the 1980s



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## *Table of Contents*

Acknowledgements	i
<b>Introduction</b>	1
The Yes to EU (Foundation)	1
Historiographical Intervention	5
Sources and Chapter Outline	8
<b>Chapter 1: Establishing a Beachhead, 1980-1983</b>	
Swedish Neutrality from Napoleon to Reagan	10
A New Marshall Plan	18
The Third Way	23
<b>Chapter 2: Laying the Foundations, 1983-1986</b>	
Grand Hôtel and the Freedom Foundation	28
The Scandinavian Link	37
<b>Chapter 3: Raising the Stakes, 1986-1990</b>	
International Tragedy and The Sacred Cow	49
National Insecurity and Blue-Eyed Sweden	53
To Distant Shores	62
<b>Conclusion</b>	
The Bridge to Europe	69
<b>Bibliography</b>	73

## *Acknowledgements*

Having moved from Sweden to New York, it has been interesting to see what traces of Sweden exist here. Starting in Rockefeller Center, a short walk will take you to the Swedish Church. Once a warming abode for countless emigrants, today its doorstep is crowded with an international queue, spurred on by social media trends, waiting to try Swedish *fika*. As you follow the line that stretches around the block, you will find an H&M store: an incredibly successful multinational Swedish fast-fashion company built on, sometimes, dubious labor practices in the third world. And a short free ferry ride from W. 39th St. takes you to Sweden's inofficial brand ambassador in Brooklyn, IKEA, hoisting the blue and yellow and selling meatballs with lingonberry jam (despite having fled from Sweden and its taxes long ago).

I have also been curious to hear others' thoughts on Sweden. Sometimes, I have heard it referred to as a social democratic utopia, and other times, a socialist hell-hole. I have seen some appalled by Sweden's falling economic equality, and others amazed at its rising number of dollar billionaires. When Sweden joined NATO in 2022, some were astonished to learn that Sweden had not joined a military alliance for nearly 200 years. More recently, others have called for the Swedish company Saab AB to supply its Gripen fighter planes to Ukraine and the EU pronto. And I have heard mutters akin to Trump's unelaborated 2017 exclamation, 'Look at what's happening in Sweden!', ambiguously referring to immigration or some European civilizational breakdown. And yet more have congratulated me on the country's neutrality, alpine skiing, and Swiss chocolate.

Consequently, lately, I have been asking myself: What has been happening in Sweden? And why does it matter? The 1980s, at first glance, seem a strange place to start in answering these questions. The decade is often remembered for the rise of individualism, yuppie culture,

and international pop hits. Oftentimes, these developments are overshadowed by the tragic passing of the national icon Olof Palme in 1986, or Sweden's entry into the EU in 1995. Other trends of the 1980s, such as the rise of neoliberalism, transnationalization, and globalization, seem far more elusive in the public memory. Writing in Manhattan, where these concepts pervade the air amidst IKEA and H&M stores, I will make the case that we ought to take a second look at the 1980s and that its lessons remain consequential for both Sweden and Europe to this day.

I am grateful to all those who made this bridge to Europe possible. I want to thank Professor Charly Coleman for organizing the History Department's European Archives Program and setting my sights high. Professor Roslyn Dubler for illuminating the path toward tackling European integration. Professor Marwa Elshakry for her unrelenting support and invaluable advice. Professor Mark Mazower for pushing me to be a better historian on a weekly basis. Professor Adam Tooze for crucial insights into the workings of international finance and power. And Professor Carl Wennerlind for Nobel Prize-worthy ideas and guidance.

I am thankful beyond words for my parents and their unceasing love and support. The same goes for my sister, whom I give a shoutout to in her own academic toil. And finally, to Elizabeth, whose infinite wisdom, patience, and humour not only made writing this thesis a reality, but a cherished memory.

## Introduction

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### *The Yes to EU (Foundation)*

The year was 1990, and preparations were well underway for the campaign that would decide whether Sweden would join the European Union (EU; before 1993, referred to as the European Communities, EC, or the European Economic Community, EEC). Prime Minister Ingvar Carlsson had just announced that the Social Democratic Party leadership would support Sweden's path toward EU membership. As such, in what is often referred to as a 'footnote' of a government austerity bill, the dominant Social Democratic Party suddenly abandoned its historical interpretation of the principle that had guided them and the nation: Swedish neutrality. With it disappeared the foundation that had underpinned Swedish internationalism, which had historically enabled social democratic governments to denounce U.S. conduct in the Vietnam War, support the anti-apartheid movement in South Africa, champion nuclear non-proliferation, and aid in peace mediation. Thus ended the strict neutrality doctrine that had preserved Sweden's peace since the end of the Napoleonic Wars.

The social democratic prime minister's endorsement of Swedish EU membership caused a stir among the Swedish public, as political scientists Mikael Giljam *et al.* attest to in *Ett Knappt Ja till EU* (Barely a Yes to the EU). Many saw EU membership as vital to Sweden's economy, to avoid isolation, and to change the EU from within.<sup>1</sup> Yet the potential ramifications of a Swedish EU membership also raised concerns. Neutrality had long been embedded in the country's social fabric. Citizens concerned about Sweden's sovereignty feared that national decision-making

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<sup>1</sup> Maria Oskarson, "Väljarnas Vägsålar," in *Ett Knappt Ja till EU: Väljarna Och Folkomröstningen 1994*, 1. uppl, by Mikael Giljam (Norstedts juridik, 1996), 127, 128, 131.

would be ceded to Brussels.<sup>2</sup> Women were uneasy about whether joining the EU would undermine hard-won gender equality policies and labor protections.<sup>3</sup> Environmentalists feared that EU regulations might dilute Sweden's stringent environmental standards. Some Swedes were alarmed by how EU membership would impact the Swedish welfare state.<sup>4</sup>



**Figure 1.** A moomintroll.<sup>5</sup>

Despite these qualms, Sweden witnessed the emergence of a swarm of supposedly grassroots movements before the referendums: among these were the Girls for Europe, Seniors for the EU, and Students for Europe. Even the Moomintrolls for the EU had been rallied. In addition, the King himself joined the fray, urging Sweden to join the EU.<sup>6</sup> Although there were apparent social tensions between the Swedish welfare state and alignment with EU policy, the

<sup>2</sup> Andreas Bieler, "The Struggle over EU Enlargement: A Historical Materialist Analysis of European Integration," *Journal of European Public Policy* 9, no. 4 (2002): 127, 132, <https://doi.org/10.1080/13501760210152448>.

<sup>3</sup> Maria Oskarson, "Skeptiska Kvinnor - Entusiastiska Män," in *Ett Knappt Ja till EU: Väljarna Och Folkomröstningen 1994*, 1. uppl, by Mikael Gilljam (Norstedts juridik, 1996), 211–24.

<sup>4</sup> Oskarson, "Väljarnas Vägsålar," 131, 127.

<sup>5</sup> "Moomintroll," *Moomin*, n.d., accessed March 31, 2026, <https://www.moomin.com/en/characters/moomintroll/>.

<sup>6</sup> Peter Strandbrink, *Förnuftets Entoniga Röst: Om EU-Kampanjens Demokratiska Rum Och Medborgarskapets Villkor* (Södertörns högskola, 2003), 44–45, 59, 80.

movement leading up to the 1994 EU referendum appeared to be one of the largest popular campaigns the country had ever seen.

However, this movement's supposedly popular nature turned out to be largely an illusion. As political scientist Peter Strandbrink highlights in *Förnuftets Entoniga Röst* (The Uniform Voice of Reason), many of the seemingly 'popular' and spontaneous organizations were founded, funded, or staffed by associates of business organizations and their think tanks. These organizations were bolstered by nationwide campaigns, which reached out to every town, phone line, and TV, informing the public of the perks of joining the EU. Business-funded campaigns flooded the media landscape with tens of thousands of opinion articles. Meanwhile, the comparable lack of resources for the campaign against joining the EU made their presence in the public space extremely limited. Strandbrink concludes that the campaign leading up to the Swedish 1994 EU referendum was "dominated by the Business sphere".<sup>7</sup>

Business organizations, too, viewed themselves as crucial in determining the outcome of the referendum. As the information chief of the major business organization *Svenska Arbetsgivareföreningen* (the Swedish Employers' Confederation, SAF) asserted, "leading business organizations [must in practice] bear the ultimate responsibility for ensuring that the referendum results in a yes to membership."<sup>8</sup> Throughout the 1980s, SAF, as well as its dependents, *Näringslivets Fond* (the Business Fund) and its think tank Timbro, had driven extensive lobbying and information campaigns to undermine the welfare state consensus and advance a neoliberal restructuring of Sweden's economy. By the 1990s, it seems as though question of Swedish EU membership was not entirely disconnected from this venture; in the words of the chief neoliberal strategist, Sture Eskilsson, spoken at the Business Fund's 1992

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<sup>7</sup> Strandbrink, *Förnuftets Entoniga Röst*, 44–45, 52, 102–4, 62, 124, 82.

<sup>8</sup> Charlie Brantingson, *De Många Samtalen Om EU: Så Grundlades JA-Segern i Folkomröstningen 1994* (Ekerlid, 1995), 43.

annual board meeting, “Socialism is dead, but the left senses a new dawn. For us, the most important thing is to identify its sources of nourishment as early as possible. The clearest one is the rallying around the ‘No to the EC’ campaign.”<sup>9</sup>

On an unprecedented scale, Swedish business leaders also went out to emphatically tell the Swedish populace what to vote.<sup>10</sup> The Volvo director, Pehr Gyllenhammar, upon finally partaking in Sweden’s beloved radio program, *Sommar*, dedicated the entire hour to the historical and cultural ties between Sweden and the EU, asserting that “we must have enough self-esteem to dare go into something new.”<sup>11</sup> Less flowery in its language was the polling company Sifo under the watch of the former Volvo PR manager, Bo Ekman, which threatened that Swedish companies would *probably* invest a trillion Kroner in recession-struck Sweden, but only if it joined the EC. Percy Barnevik, who had already moved his company headquarters to Switzerland, meanwhile, channelled the idea of cultural rebirth as he argued in newspapers for a “probable Nordic renaissance within the EC” and that Sweden “must vote yes.”<sup>12</sup> And as the 1994 referendum approached, the four largest Swedish companies declared in articles and advertisements that they, too, would leave the country unless it joined the union.<sup>13</sup>

When the campaign concluded and the voting halls began to fill up for the 1994 EU referendum, a vote for Swedish membership in the EU had been endorsed by Ingvar Carlsson in the Social Democratic Party and the political elite of the incumbent Moderates, Christian Democrats, the Centre Party, and the Liberal People’s Party.<sup>14</sup> Facing this titan coalition and its

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<sup>9</sup> Sture Eskilsson, “Anförande Av Vid NÄFOs Årsmöte,” May 5, 1992, Näringslivets Fond, CfN.

<sup>10</sup> Strandbrink, *Förnuftets Entoniga Röst*, 53, 73–75; See also, Brantingson, *De Många Samtalen Om EU*, 62–75.

<sup>11</sup> Jan Ellerås, “Pehr G. Gyllenhammar,” *Sommar i P1*, Sveriges Radio, July 4, 1992, <https://www.sverigesradio.se/avsnitt/pehr-g-gyllenhammar-1992>.

<sup>12</sup> Strandbrink, *Förnuftets Entoniga Röst*, 73–74.

<sup>13</sup> Karl-Orfeo Fioretos, “The Anatomy of Autonomy: Interdependence, Domestic Balances of Power, and European Integration,” *Review of International Studies* 23, no. 3 (1997): 372.

<sup>14</sup> Lee Miles, *Sweden and European Integration*, 1st ed. (Routledge, 1997), 245–48, <https://doi.org/10.4324/9780429437670>.

business backers were the Green Party and the recently rebranded communist party, the Left Party, who, despite together scoring an unusually high 11.2% of the vote in the 1994 general election, remained marginal in Swedish politics.<sup>15</sup>

And yet, Sweden just barely joined the European Union with a 52.3% majority in the 1994 EU referendum.<sup>16</sup> A few weeks later, on January 1st, 1995, Sweden formally became a member of the EU.

### *Historiographical Intervention*

The role of Swedish business elites and think tanks in funding and influencing the 1990-1994 campaign years that tipped Sweden into the EU has been explored by political scientists, although much more remains to be said.<sup>17</sup> Less attention has been given to the business community's role in the preceding decade, the 1980s, which culminated in the Social Democratic leadership's endorsement of Swedish EU membership in 1990. This support was a critical precondition for the Swedish EU referendum, as it came from the historically hegemonic and still dominant party in Swedish politics. It was also a decision made following a decade of coordination on EC policy alongside business elites and fighting a losing struggle against assertive business think tanks for control over Sweden's ideological landscape.

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<sup>15</sup> "Historisk statistik över valåren 1910–2022. Procentuell fördelning av giltiga valsedlar efter parti och typ av val," Statistikmyndigheten SCB, accessed October 12, 2025, <https://www.scb.se/hitta-statistik/statistik-efter-amne/demokrati/allmanna-val/allmanna-val-valresultat/pong/tabell-och-diagram/historisk-valstatistik/historisk-statistik-over-valaren-19102022.-procentuell-fordelning-av-giltiga-valsedlar-efter-parti-och-typ-av-val>.

<sup>16</sup> Mikael Gilljam, "Det Klivna Sverige?," in *Ett Knappt Ja till EU: Väljarna Och Folkomröstningen 1994*, 1. uppl (Norstedts juridik, 1996).

<sup>17</sup> Mikael Gilljam, *Ett Knappt Ja till EU: Väljarna Och Folkomröstningen 1994*, 1. uppl (Norstedts juridik, 1996); Strandbrink, *Förnuftets Entoniga Röst*; Andrew C. Twaddle, "EU or Not EU? The Swedish Debate on Entering the European Union 1993–1994," *Scandinavian Studies* 69, no. 2 (1997): 189–211; Andreas Bieler, *Globalisation and Enlargement of the European Union: Austrian and Swedish Social Forces in the Struggle over Membership*, 0 ed. (Routledge, 2002), 115–20, <https://doi.org/10.4324/9780203461242>.

There is a growing body of academic literature on how business organizations came to dominate Sweden's media and ideological landscape in the 1980s. Historian Jenny Andersson has shown how SAF, the Business Fund, and its think tank Timbro made up part of a business elite-led effort to influence public opinion, undermine the welfare state, and push economic liberalization.<sup>18</sup> The consequence, according to scholarly literature, was that neoliberalism became firmly established in the public debate in Sweden, while social democratic leadership increasingly adopted neoliberal economic policies in the 1980s.<sup>19</sup> Political Scientist Mark Blyth, commenting on this mobilization, has suggested that "Sweden's attempt to join the EU was therefore perhaps best understood as an attempt by business and the conservatives to let the economic ideas and institutions of the EU achieve by international convergence what they had failed to do through domestic reform."<sup>20</sup> However, despite Blyth's assertion that EC membership was pushed by business interests as part of their major mobilization against the welfare state, no study has directly investigated the archives of Swedish business organizations or think tanks to determine what role they played in shaping political and public opinion on the matter.

The role of Swedish business elites in advocating for further Swedish-European integration and simultaneously advising the social democratic leadership on EC policy during the late 1980s has been noted in political science literature.<sup>21</sup> Political scientists Christine Ingebritsen and Karl-Orfeo Fioretos argue that following the announcement of the EC internal market in 1986, capital flight ensued from Sweden to such an extent that Social Democratic leadership had

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<sup>18</sup> Jenny Andersson, "Neoliberalism from Within: The Business Fund and the Struggle for Market Ideology in Sweden," *Contemporary European History* 34, no. 2 (2025): 380–96, <https://doi.org/10.1017/S0960777324000286>.

<sup>19</sup> Mark Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," *World Politics* 54, no. 1 (2001): 1–26, <https://doi.org/10.1353/wp.2001.0020>.

<sup>20</sup> Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century*, 8. pr (Cambridge Univ. Press, 2011), 231.

<sup>21</sup> Jakob Gustavsson, *The Politics of Foreign Policy Change: Explaining the Swedish Reorientation on EC Membership* (Lund Univ. Press, 1998), 159–62.

to accede to business elites' demands for membership in the EU.<sup>22</sup> These narratives frame Swedish business elite as simply reacting to EC institutional developments, missing that many of the same business elites had themselves lobbied for the creation of the internal market following the founding of the European Roundtable of Industrialists (ERT) in 1983. Despite their central position at the end of the decade, the role of business elites in influencing Swedish-European integration throughout the 1980s remains largely unexplored.

Although at best a footnote in Swedish accounts, the key role of the ERT in advocating for the creation of the internal market has been addressed by scholarly literature on the EC, as has the Volvo leader Gyllenhammar's role, in the words of political scientist van Apeldoorn, "as the charismatic figure who dominated the ERT in the first years."<sup>23</sup> Political scientist Andrew Moravcsik suggests that the "The activities of the Roundtable of European Industrialists focused primarily on the concerns of its non-EC European membership," while political scientist Sieglinde Gstöhl proposes that the ERT in 1983 began lobbying for the EC internal market to encompass the countries in the European Free Trade Association (EFTA), of which Sweden was part.<sup>24</sup> However, despite these suggestions, scholarly literature has done little to actually explain how, or to what extent, the business elites of the ERT worked for closer integration between the two.

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<sup>22</sup> Christine Ingebritsen, *The Nordic States and European Unity*, 1. print., Cornell paperback, Cornell Studies in Political Economy (Cornell University Press, 2000); Fioretos, "The Anatomy of Autonomy."

<sup>23</sup> Maria Green Cowles, "Setting the Agenda for a New Europe: The ERT and EC 1992," *JCMS: Journal of Common Market Studies* 33, no. 4 (1995): 503–6, 511, 513, 515, <https://doi.org/10.1111/j.1468-5965.1995.tb00548.x>; Belén Balanyá, ed., *Europe Inc: Regional and Global Restructuring and the Rise of Corporate Power*, 2nd ed (Pluto Press in association with Corporate Europe Observatory, 2003), 21–22; Bastiaan van Apeldoorn, ed., *Transnational Capitalism and the Struggle over European Integration*, Routledge / RIPE Series in Global Political Economy. RIPE Series in Global Political Economy (Routledge, 2002), 84–86, 122, 128–29, 152.

<sup>24</sup> Andrew Moravcsik, "Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community," *International Organization* 45, no. 1 (1991): 45, <https://doi.org/10.1017/S0020818300001387>; Sieglinde Gstöhl, "The Nordic Countries and European Economic Area," in *The European Union and the Nordic Countries*, by Lee Miles (Routledge, 1996), 47; Sieglinde Gstöhl, *Reluctant Europeans: Norway, Sweden and Switzerland in the Process of Integration* (L. Rienner, 2002), 148.

Thus, Swedish business leaders such as Gyllenhammar simultaneously lobbied EC decision-makers through the ERT, influenced the Swedish government on EC policy, and oversaw a business organization mobilization able to undermine the social democratic government's hegemony in Sweden, yet their contributions to Swedish-European integration remain largely missing in scholarly literature. Thus, this thesis asks: how did Swedish business elites and think tanks shape Sweden's integration into the European Community in the 1980s? I argue that business elites worked to shape the EC internal market and sway political and public opinion toward Sweden's integration into it as early as 1983 in their effort to push for the privatization of the Swedish welfare state and access new markets abroad. By 1987, the affiliated Business Fund and its think tank, Timbro, also began to covertly influence Swedish society toward membership in pursuit of these goals. I conclude that these actors were central to Swedish-European integration in the 1980s.

### *Sources and Chapter Outline*

This thesis stands out from existing Swedish-European history in that it examines the archives of the Business Fund at the Stockholm Center for Business History. Furthermore, it uses the recently digitized documents of the Historical Archives of the European Union (HAEU) and the newspaper archives in the Swedish National Library in Stockholm. Also used are Swedish parliament debates and motions, *Financial Times* articles, and ERT reports. Translations from Swedish and French throughout this thesis are my own.

This thesis proceeds chronologically across three chapters. Chapter 1 establishes the constraints to Swedish membership in the EC, before showing how the interests of Swedish business elites began pushing the Social Democratic government toward closer collaboration with the EC in the early 1980s. Chapter 2 shows how the same Swedish business elites who were

part of mobilizing domestic business organizations toward implementing neoliberalism in Sweden were lobbying the EC and government leaders to liberalize the EC market and integrate Sweden into it. Chapter 3 argues that following the announcement of the internal market program in 1986, business elites and the Business Fund covertly worked to shift political and public opinion toward membership. The conclusion reflects on the stakes of this elite-driven process for neutrality, democracy, and the European Union.

## Chapter 1: Establishing a Beachhead, 1980-1983

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### *Swedish Neutrality from Napoleon to Reagan*

Neutrality would be at the heart of the Swedish debate when social democratic Prime Minister Ingvar Carlsson announced his support for a Swedish EC membership in 1990. What, then, was the historical relationship between Swedish neutrality and EC policy, and how did it function in the 1980s?



**Figure 2.** King Karl XIV Johan, 1843.<sup>25</sup>

When the Napoleonic wars came to a close, the Swedish kingdom had lost its eastern half of its territory, Finland, to the Russian Empire, and had conquered a new western half in Norway. Thus, Napoleon's former marshal, Jean-Baptiste Bernadotte, crowned as Swedish dual monarch,

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<sup>25</sup> "Karl XIV Johan (1763-1844)," Nationalmuseum, accessed March 31, 2026, <https://collection.nationalmuseum.se/en/collection/item/43026/>.

King Karl XIV Johan Bernadotte,<sup>26</sup> in 1814, redirected the kingdom's focus inward, establishing what would become an entrenched Swedish tradition of neutrality.<sup>27</sup>

While neutrality sheltered Sweden from the Crimean War, the First World War, and the Second World War, Sweden industrialized and developed an export-oriented economy consisting of raw and manufactured goods. Sweden saw the emergence of a large working class cutting trees in the Arctic forests and manning smoggy urban industries, joined by a small class of industrialists capitalizing on these developments. By the mid-20th century, ownership of the Swedish industry and major companies had largely been concentrated, frequently in the hands of the oft-mentioned 'fifteen families.' Simultaneously, a strong Social Democratic Party had established itself, and with it came *Folkhemmet* (The People's Home): the Swedish welfare state.<sup>28</sup> As the export-reliant welfare state left the Second World War untouched, the social democratic government was forced to define Swedish neutrality in a new paradigm: the Cold War.

The late 1950s saw the crystallization of the Cold War abroad and Swedish corporatism at home. At the Harpsund estate, a country manor donated to the Swedish prime minister in the will of an eminent Swedish industrialist,<sup>29</sup> social democratic Prime Minister Tage Erlander navigated Sweden's neutral position amidst a divided world order. Visitors ranged from the

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<sup>26</sup> Known as King Karl III Johan in Norway.

<sup>27</sup> Christine Agius, *The Social Construction of Swedish Neutrality* (Manchester University Press, 2013), 60–64, <https://doi.org/10.7765/9781847791993>; See also Mikael af Malmborg, *Neutrality and State-Building in Sweden*, St. Antony's Series (Palgrave, 2001), 79–148.

<sup>28</sup> Lars Magnusson, ed., *An Economic History of Sweden*, Routledge Explorations in Economic History 16 (Routledge, 2000), 110–11, 146–47, 214–21; For more on Swedish welfare state, see Kjell Östberg, *The Rise and Fall of Swedish Social Democracy* (Verso, 2024); Jenny Andersson, "Social Democracy in Sweden," in *The Cambridge History of Socialism, Volume 2*, ed. Marcel van der Linden, The Cambridge History of Socialism (Cambridge University Press, 2023); Gøsta Esping-Andersen, "The Making of A Social Democratic Welfare State," in *Creating Social Democracy: A Century of the Social Democratic Labor Party in Sweden*, rev. ed, ed. Klaus Misgeld et al. (The Pennsylvania State Univ. Press, 1992).

<sup>29</sup> Rikard Westerberg, "Corporations and Corporatism: Swedish Big Business and the Harpsund Conferences 1955–1962," *Scandinavian Economic History Review* 73, no. 2 (2025): 123, <https://doi.org/10.1080/03585522.2024.2377623>.

recently estranged Indian and British Prime Ministers to representatives of the Kennedy administration, as well as the leader of the USSR, Nikita Khrushchev.<sup>30</sup>



**Figure 3.** From the left, a cheerful Khrushchev seated alongside Erlander at Harpsund, 1964.<sup>31</sup>

Prime Minister Erlander would, at the behest of his secretary Olof Palme, also turn Harpsund into the site of a series of closed-door corporatist consultations with domestic leaders of business organizations, unions, and industry between 1957 and 1962. Among the key issues of the ‘Harpsund Democracy’ (*Harpsundsdemokratin*) was determining the Swedish position toward the recently founded European Economic Community (commonly referred to as the EEC or EC), and defining what Swedish neutrality would look like going ahead.<sup>32</sup> Following

<sup>30</sup> Westerberg, “Corporations and Corporatism,” 123–25.

<sup>31</sup> “Meeting between Swedish Prime Minister Tage Erlander and Soviet Premier,” Alamy, 1964, <https://www.alamy.com/stock-image-a-historical-meeting-between-swedish-prime-minister-tage-erlander-167595833.html>.

<sup>32</sup> Westerberg, “Corporations and Corporatism,” 128–29, 134–36.

consultation at the country estate, Prime Minister Erlander decided to publicly elaborate his position on the EC and Swedish neutrality in 1961.

In what became known as the ‘Metal Speech’, presented at the annual conference of the Metal Workers’ Union, Erlander ruled that membership in the European Community “is incompatible with neutrality.”<sup>33</sup> Instead, Sweden opted to found its own European Free Trade Association (EFTA) alongside the UK, Denmark, Norway, Portugal, Switzerland, and Austria. This ensured access to some of the foreign markets that were crucial to Sweden’s export-based economy, without, in the mind of social democratic decision makers, compromising the sovereignty of its foreign policy to a European suprapstate.<sup>34</sup>

It would be up to Erlander’s successor (and former secretary), social democratic Prime Minister Olof Palme, to define neutrality when he assumed power in 1969. Although initially keen to apply for some form of membership with reservations for neutrality, Palme abandoned these hopes as the EC began implementing the Werner report, an economic and monetary union, and the Davignon report, which entailed foreign policy coordination for all future members of the EC. Sweden elected to remain in EFTA and concluded a set of Free Trade Agreements with the EC.<sup>35</sup> Neutrality, as interpreted by Palme, continued to keep the country out of any alliance that could draw it into a future war.

Under Prime Minister Palme, Sweden’s neutrality served a second purpose as Sweden reached, in the words of political scientist Agius, “the apex of its active internationalism.”<sup>36</sup> Neutrality became essential to the Swedish social democratic project of building bridges between East and West and demolishing inequalities between the North and South. Measures ranged from

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<sup>33</sup> Tage Erlander, “Metaltalet,” Speech, Stockholm, August 22, 1961, <https://www.svenskatal.se/tal/tage-erlander>.

<sup>34</sup> Miles, *Sweden and European Integration*, 53, 64–67.

<sup>35</sup> Miles, *Sweden and European Integration*, 90–94, 102–9.

<sup>36</sup> Agius, *The Social Construction of Swedish Neutrality*, 120.

an allocation of 0.7% of Swedish GNP to overseas aid in 1974, the critique of American actions in Vietnam (earning Palme the moniker ‘that Swedish asshole’ from President Richard Nixon), to diplomatic initiatives within the fields of nuclear disarmament and human rights.<sup>37</sup> As Agius argues, Swedish neutrality was both a doctrine of security and an essential part of Sweden’s idea of itself and its place in the world.<sup>38</sup>

In the 1970s, Sweden was embroiled in the global oil shocks of 1973 and 1979, which resulted in the most intense Swedish industrial crisis since the 1920s.<sup>39</sup> In response, social democratic leadership employed ‘*överbrygningspolitik*’ (‘bridging policy’) which used currency devaluation as a tool to maintain high employment levels, “especially in the industrial sector.”<sup>40</sup> The same, however, could not be said for other parts of Europe, where, in the words of Mark Mazower, “full employment became a memory, and neo-liberal economics came back into vogue.”<sup>41</sup>

Amidst the oil shocks and recession of the 1970s, many of the ambitions of the EC were halted, such as the planned Economic and Monetary Union.<sup>42</sup> Meanwhile, some EC member states introduced neoliberal policies, centered on diminishing the welfare state and unleashing market forces.<sup>43</sup> The tide of market liberalization could be felt as its evangelists, Friedrich Hayek

<sup>37</sup> Agius, *The Social Construction of Swedish Neutrality*, 109–16.

<sup>38</sup> Agius, *The Social Construction of Swedish Neutrality*, 120–21; For more on social democratic internationalism and neutrality, see Alf Johansson and Torbjörn Norman, “Sweden’s Security and World Peace: Social Democracy and Foreign Policy,” in *Creating Social Democracy: A Century of the Social Democratic Labor Party in Sweden*, rev. ed, ed. Klaus Misgeld et al. (The Pennsylvania State Univ. Press, 1992); Malmberg, *Neutrality and State-Building in Sweden*.

<sup>39</sup> Magnusson, *An Economic History of Sweden*, 258–61.

<sup>40</sup> Lars Magnusson, “Do the Nordic Lights Shine Bright Again? – Sweden’s Response to the 1970s and 1980s Crisis,” *Journal of Modern European History* 9, no. 2 (2011): 200–201.

<sup>41</sup> Mark Mazower, *Dark Continent: Europe’s Twentieth Century*, 1st Vintage Books ed (Vintage Books, 2000), 328.

<sup>42</sup> Aurélie Dianara Andry, *Social Europe, the Road Not Taken: The Left and European Integration in the Long 1970s*, 1st ed. (Oxford University Press/Oxford, 2022), 167–69, <https://doi.org/10.1093/oso/9780192867094.001.0001>; Although the idea of “Eurosclerosis” was widely thrown around in public debate, scholarly literature has highlighted how some institutional integration continued, see Anil Awesti, “The Myth of Eurosclerosis: European Integration in the 1970s,” *L’Europe En Formation* n° 353-354, no. 3 (2009): 39–53, <https://doi.org/10.3917/eufor.353.0039>.

<sup>43</sup> Laurent Warlouzet, “A Flanking European Welfare State: The European Community’s Social Dimension, from Brandt to Delors (1969–1993),” *Contemporary European History* 33, no. 1 (2024): 28–32, <https://doi.org/10.1017/S0960777322000479>.

and Milton Friedman, received their Nobel Prizes in economics at the Stockholm Concert Hall, and its champions, Margaret Thatcher and Ronald Reagan, came to power in the U.K. in 1979 and in the U.S. in 1980.<sup>44</sup> The very invention of the Nobel Prize in economics in 1968 and its market liberal disposition emerged amidst Sweden's own business elite-led mobilization to push economic liberalization in Sweden (see Chapter 2).<sup>45</sup>



**Figure 4.** Friedman awarded the Nobel Prize in Economics by King Bernadotte. 1976.<sup>46</sup>

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<sup>44</sup> For more on neoliberalism as a transnational project, see Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Harvard university press, 2018).

<sup>45</sup> Avner Offer and Gabriel Söderberg, *The Nobel Factor: The Prize in Economics, Social Democracy, and the Market Turn* (Princeton university press, 2016), 98–106, 178–97.

<sup>46</sup> “The Nobel and the Hoover Institution,” Hoover Institution, accessed March 30, 2026, <https://www.hoover.org/research/nobel-and-hoover-institution>.

In 1976, the Social Democrats lost their position in government for the first time in forty years to a coalition of the Moderates, the Centre Party, and the Liberal People's Party. The six ensuing years, however, as Political Scientist Mark Blyth asserts, "turned out to be a huge disappointment for business," as the right-wing coalition was unable to provide alternatives to social democratic policies.<sup>47</sup> In fact, in response to the industrial crisis that slammed the Swedish industrial steel and shipbuilding sectors, the right-wing government nationalized more industry in their first three years than the Social Democrats had since the inception of the Second World War.<sup>48</sup> And to the frustration of one young member of parliament, the future moderate Prime Minister Carl Bildt, the new government made little effort to expand its collaboration with the EC.<sup>49</sup>



**Figure 5.** Whiskey on the Rocks. Outside Karlskrona, Sweden. 1981.<sup>50</sup>

<sup>47</sup> Blyth, "The Transformation of the Swedish Model," 12.

<sup>48</sup> Blyth, *Great Transformations*, 207–9; Jonas Pontusson, *The Limits of Social Democracy: Investment Politics in Sweden*, 1. print, Cornell Studies in Political Economy (Cornell University Press, 1994), 138–42.

<sup>49</sup> Ulf Dinkelspiel, *Den motvillige europén: Sveriges väg till Europa* (Atlantis, 2009), 84–85; Carl Bildt, *Uppdrag Europa* (Norstedt, 2003), 82–83.

<sup>50</sup> "Gåsefjärden och U137," Marinmuseum, June 11, 2025, <https://www.marinmuseum.se/utforska/filmer/gasefjarden-och-u137>.

The 1980s in Sweden can be said to have begun with a rough hangover. On the morning of October 28th, 1981, a confused Swedish fisherman encountered an 80-meter-long Soviet Whiskey-class submarine stranded on the rocks of the southern Swedish archipelago. Whiskey on the Rocks, as the heavily mediatized spectacle came to be known, would become the first of many submarine incursions during the early 1980s that, as political scientist Fredrik Bynander argues, “acquired the status of a national trauma.”<sup>51</sup> For some Swedes, the incident played into their fears “that Sweden had slipped into a Soviet zone of interest,” for others, it reassured them of the state's ability to deal with future incursions.<sup>52</sup> For the Business Fund think tank Timbro, Soviet incursions would eventually form the centerpiece of their attack against neutrality in the late 1980s.

For the Social Democratic Party leader Palme, however, submarine incursions did little to change his stance on neutrality. Just twelve days after the Whiskey on the Rocks debacle, Palme gave his ‘Tetra Speech’ at the 1981 international-expansion-themed business conference hosted by the Swedish multinational milk-carton company Tetra Pak.<sup>53</sup> In the the first true elaboration on Swedish neutrality and EC relations in nearly a decade, Palme continued to rule out Swedish EC membership on the grounds of Swedish neutrality. And, although Palme expressed his sympathies to the French socialist President François Mitterrand’s ambitions to create an *espace social Européen*, he hinted that Sweden’s international activism, too, was incompatible with EC foreign policy coordination.<sup>54</sup>

Ultimately, as Palme and the Social Democratic Party returned to government at the end of 1982, Swedish neutrality and international activism had become entrenched among the

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<sup>51</sup> Fredrik Bynander, *The Rise and Fall of the Submarine Threat: Threat Politics and Submarine Intrusions in Sweden 1980-2002* (Acta Upsaliensis, 2003), 4–6, 10, <https://doi.org/10.13140/2.1.4436.6888>.

<sup>52</sup> Bynander, *The Rise and Fall of the Submarine Threat*, 115–16.

<sup>53</sup> “*Veckan Som Kommer*,” *Svenska Dagbladet*, November 9, 1981, *National Library of Sweden*.

<sup>54</sup> Olof Palme, “Tetratalet,” Lund, November 9, 1981, 11, 7–10, 16–17, Arbetarrörelsens arkiv och bibliotek, [https://olofpalme.arbark.se/wp-content/dokument/811109\\_tetrapak.pdf](https://olofpalme.arbark.se/wp-content/dokument/811109_tetrapak.pdf).

Swedish populace. It had also been established as incompatible with membership in the EC. The beginning of the 1980s also saw a spike in incursions into Swedish territory, a development that would much later be capitalized on by business organizations as an argument against the security and rationality of Swedish neutrality.

### *A New Marshall Plan*

Entering the 1980s, Pehr Gyllenhammar, the CEO of the Swedish multinational car company Volvo, had already turned his attention far beyond Sweden. In 1977, in response to the global oil shock and the consequent recession in Sweden, he had attached himself to the recent Norwegian oil discoveries off the North Sea.<sup>55</sup> In secret, Gyllenhammar leveraged his ties with prominent politicians in Norway and Sweden to realize ‘The Norway Deal’ (*Norgeavtalet*): the CEO’s bid to swap 40% of Volvo stocks to the Norwegian state, in return for capital and a substantial stake in the growing Norwegian oil industry.<sup>56</sup> By the time Gyllenhammar announced the deal to the public at Grand Hôtel in Stockholm, the Norwegian and Swedish prime ministers simultaneously went out with their own conferences to bless the deal, in what the journalist chroniclers Henric Borgström and Martin Haag dubbed “a show that Volvo’s PR-machinery could not complain about.”<sup>57</sup> Nonetheless, it was not enough to grease the wheels for the investors, as the deal fell through before the vote of the Volvo shareholder meeting.<sup>58</sup>

Gyllenhammar followed up the unsuccessful ‘Norway Deal’ by attempting to achieve peace in the Middle East, meeting with the leaders of Palestine, Israel, Egypt, and Jordan.

Regretably, and despite advice from his close friends, former U.S. Secretary of State Henry

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<sup>55</sup> Elisabeth Sandlund, “Gyllenhammar På Bolagsstämman,” *Svenska Dagbladet*, May 26, 1978, National Library of Sweden.

<sup>56</sup> Henric Borgström and Martin Haag, *Gyllenhammar* (Bonnier, 1988), 83.

<sup>57</sup> Borgström and Haag, *Gyllenhammar*, 86.

<sup>58</sup> Borgström and Haag, *Gyllenhammar*, 103–4 Unfortunately for Volvo shareholder value, the Norwegian “Oil Fund” today owns 1,5% of all listed companies in the world.

Kissinger and the U.K. Foreign Secretary Lord Carrington, Gyllenhammar's covert one-man peace delegation, too, failed.<sup>59</sup> At the very least, in 1980 Jordan hosted its first-ever 'Swedish Week', a Swedish business exhibition which Gyllenhammar himself made sure to attend.<sup>60</sup>

Whether it was attempting to secure Norwegian oil for Volvo or conducting personal business in the Middle East, Gyllenhammar utilized his vast contact network for personal business.

By the beginning of the 1980s, Gyllenhammar sought to use these networks to construct his own intergovernmental and supranational initiatives. In 1980, he proposed the creation of a group of Nordic industrialists working together with the Nordic Council of Ministers to "get something done."<sup>61</sup> The 'Gyllenhammar group' as a *Svenska Dagbladet* (henceforth *SvD*) newspaper article dubbed it, began advocating for the idea of a Nordic home market, intended to remove protectionist measures between the Nordic states and liberalize capital flows between them.<sup>62</sup> The calls for a larger market were accompanied by appeals for state interventionism. At the Nordic conference in Oslo 1982, Gyllenhammar proposed both state-sponsored industrial investments of 100 billion Swedish Kroner and a highway stretching from Oslo, Norway, to his Swedish hometown, Gothenburg, outside of which a new Volvo factory was planned.<sup>63</sup>

Gyllenhammar, establishing the tone for the rest of the decade, had turned to a supragovernmental level to realize state-sponsored industry investments and access to foreign markets, both favorable to large multinationals such as Volvo.

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<sup>59</sup> Pehr Gyllenhammar, *Character Is Destiny* (Morgan James Publishing, 2020), 2, 63–74; Pehr G. Gyllenhammar, *Fortsättning Följer* (Bonnier, 2000), 220–28.

<sup>60</sup> Anita Fogelberg, "Jordanien: Svensk Satsning På Snabbt Växande Marknad," *Dagens Industri*, March 27, 1980, National Library of Sweden.

<sup>61</sup> Christer Tärn, "Volvochefen: Aktiv Industripolitik Krävs För Att Främja Nordiskt Samarbete," *Dagens Industri*, July 20, 1980, National Library of Sweden; Borgström and Haag, *Gyllenhammar*, 258.

<sup>62</sup> Ersman Nina, "Hemmarknad Nyckelordet För de Nya Nordisterna," *Svenska Dagbladet*, March 2, 1982, National Library of Sweden.

<sup>63</sup> Nina, "Hemmarknad Nyckelordet För de Nya Nordisterna."



**Figure 6.** Gyllenhammar with his mentor, David Rockefeller (middle), and close friend, Henry Kissinger (left) at a Chase Manhattan meeting in Stockholm, 1978.<sup>64</sup>

Simultaneously, as he took the role of an agent of Nordic collaboration, Gyllenhammar traveled to the Harvard Business School Club international dinner in New York in 1982. Before the 1,200 leading corporate figures gathered, he announced his ‘new Marshall Plan.’<sup>65</sup> Elaborating on his position in the English newspaper, *International Management*, and the Swedish newspaper, *Dagens Industri*, he argued that U.S. industrial leaders should take the initiative to rebuild Western industry by tackling issues such as industrial investments, taxation policies, strong unions, and protectionism.<sup>66</sup> Once again, Gyllenhammar advocated for an international framework to realize neoliberal ideas such as market expansion and reining in unions. Yet, despite his extensive ties to American business, the crowd remained hesitant.<sup>67</sup>

Although the terminology of Gyllenhammar’s Marshall Plan implied an intended European resurgence, the initiative may just as well have been a reaction to potential European

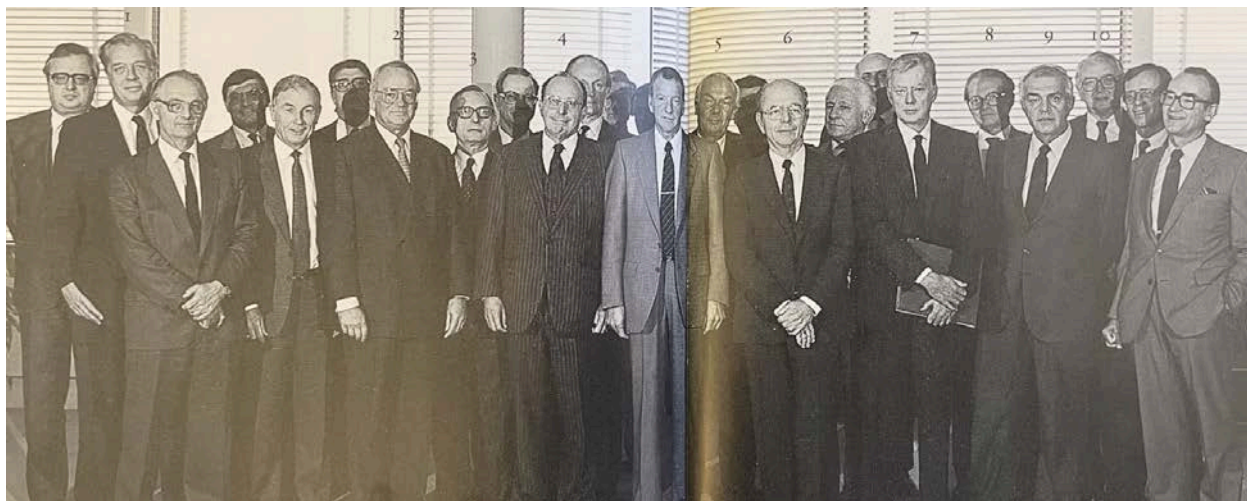
<sup>64</sup> Borgström and Haag, *Gyllenhammar*, 128–29.

<sup>65</sup> Pehr G. Gyllenhammar, *Även Med Känsla* (Bonnier fakta, 1991), 155.

<sup>66</sup> Jan Wäingelin, “Gyllenhammar Väcker Uppmärksamhet i USA,” *Dagens Industri*, July 15, 1982, National Library of Sweden; Cowles, “Setting the Agenda for a New Europe,” 503–4.

<sup>67</sup> The Swedish business leader was Vice President at the Aspen Institute, a member of the Chase Manhattan Bank International Council, on the board of United Technologies, and as of 1983, partner at Kissinger Associates Gyllenhammar, *Även Med Känsla*, 156, 149; Cowles, “Setting the Agenda for a New Europe,” 504.

developments or an attempt to capitalize on them. The same year, the EC ministers at the European Council meeting in Copenhagen had pledged to create an internal market for the Community.<sup>68</sup> Although Volvo had already begun buying companies operating within the EC in 1975, attempts to further establish Volvo within the Community market through acquisitions failed in the early 1980s.<sup>69</sup> The prospects of being excluded from an EC market were thus likely worrying for Volvo decision makers, whose largest market by the 1980s had become Europe.<sup>70</sup> Yet, an opportunity emerged as Gyllenhammar and the EC Industry Commissioner, Étienne Davignon, met in 1982 to discuss the prospects of creating a group of business leaders to tackle the industrial situation in the EC.<sup>71</sup> This new group was named the European Round Table of Industrialists (ERT), and as I will argue in Chapter 2, became a central supporter of an EC internal market which included Swedish industry.



**Figure 7.** The multinational industrialists of the ERT. Pehr Gyllenhammar in the middle. Nd.<sup>72</sup>

<sup>68</sup> “White Paper on the Completion of the Internal Market (14 June 1985),” European Commission, June 14, 1985, CVCE.EU.

<sup>69</sup> Gyllenhammar, *Även Med Känsla*, 97–101, 131–32.

<sup>70</sup> Ann-Kristin Bergquist and Mattias Näsman, “Safe before Green! The Greening of Volvo Cars in the 1970s–1990s,” *Enterprise & Society* 24, no. 1 (2023): 64, 66, 74, <https://doi.org/10.1017/eso.2021.23>.

<sup>71</sup> Cowles, “Setting the Agenda for a New Europe,” 504.

<sup>72</sup> Gyllenhammar, *Fortsättning Följer*, 226–27.

In April, 1983, the first meeting of the ERT was held in Paris, where Gyllenhammar was joined by key EC officials, the European Commissioners Davignon and François-Xavier Ortoli, in announcing the lineup of its seventeen prominent business leaders.<sup>73</sup> Members ranged from the Italian Umberto Agnelli (representing FIAT), Swiss Helmut Maucher (Nestlé), to Dutch Wisse Dekkers (Philips). From Sweden, Gyllenhammar was joined by Curt Nicolin, a Swedish business heavyweight and chairman of the industrial company ASEA, owned by the Wallenberg dynasty (arguably far more influential than the royal Bernadottes). It was a deliberate assemblage of some of the most prominent industrial leaders in Europe, who, as one member explained, “had a reputation beyond management, who had weight in public opinion, who had *political influence*” (italics in original).<sup>74</sup>

Gyllenhammar’s actions in the early 1980s are critical because, whereas scholarly literature on the ERT has portrayed the Volvo director’s initiative as a response to EC developments,<sup>75</sup> I argue that Gyllenhammar’s support for the EC internal market was not merely reactive, but part of a larger business strategy. Although supporting state interventionism favorable to Volvo, Gyllenhammar propagated neoliberal ideas such as freer capital flows, market expansion, and reining in unions, justifying them in the name of “Nordic collaboration”, “European integration”, or a “Western revival.” For Swedish-European integration, this development is significant because I argue that large Swedish multinational companies were becoming increasingly influential in social democratic foreign policy-making.

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<sup>73</sup> Cowles, “Setting the Agenda for a New Europe,” 505.

<sup>74</sup> Cowles, “Setting the Agenda for a New Europe,” 504.

<sup>75</sup> van Apeldoorn, *Transnational Capitalism and the Struggle over European Integration*, 84.

### *The Third Way*

‘What is good for Volvo, is good for Sweden’ had always been more than just a saying.<sup>76</sup>

—Andreas Bieler, *Globalisation and the European Union*

Less than a month after the announcement of the ERT, Palme decided to host the first Harpsund meeting since Erlander’s ‘Harpsund Democracy’ discussed the EC issue in 1962. This time around, there was no room for union leaders. Instead, Palme, alongside Vice Minister Ingvar Carlsson, hosted the sixteen most influential business leaders and family representatives, among them Gyllenhammar, ASEA chairman Curt Nicolin, CEO Percy Barnevik, and owner Peter Wallenberg.<sup>77</sup> Unlike the 1960s Harpsund meetings, the actual content of the closed-off 1980s meetings remains largely unknown to us. One business leader, discussing some of his talking points for the meeting, asserted that taxes must go down to “European standard,” while the possibility for capital flows out of Sweden must go up (it would *not*, he added, lead to capital flight).<sup>78</sup> Whether or not a newly founded ERT initiative came up during a conversation fuelled by whiskey on the rocks, the meeting was to be emblematic of the type of consultation that would shape Sweden’s policy-making toward the EC for the remainder of the decade.

Scholarly literature has shown that once back in government in 1982, the Social Democrat Party leadership embarked on a continuation of their bridging policy from the early 1970s. The Swedish “third way” was the government’s ambitious economic policy to keep inflation low, maintain full employment, and keep the government budget deficit in check.<sup>79</sup>

<sup>76</sup> Bieler, *Globalisation and Enlargement of the European Union*, 76.

<sup>77</sup> Håkan Johansson, “De Kommer till Palmes Harpsund,” *Aftonbladet*, April 23, 1983, National Library of Sweden.

<sup>78</sup> The business leader in question was the chairman of the Wallenberg-run business organization SI, covered in Chapter 2. Sophie Petzell and Lars-Georg Bergkvist, “Inga Fonder, Sänkta Skatter Samt En Minskad Byråkrati,” *Svenska Dagbladet*, May 4, 1983, National Library of Sweden.

<sup>79</sup> Magnusson, “Do the Nordic Lights Shine Bright Again?,” 200–202; See also Magnusson, *An Economic History of Sweden*, 257–80; J. Magnus Ryner, *Capitalist Restructuring, Globalisation and the Third Way: Lessons from the Swedish Model* (Taylor & Francis, 2002), 123–87, <https://doi.org/10.4324/9780203279236>; Östberg, *The Rise and*

Intended as an alternative to the sharp neoliberal austerity measures of Britain's Thatcherite 'first way,' and the big-budget Keynesian 'second way' in socialist Prime Minister Mitterrand's France, it was built on a supply-side solution: growth, in the words of economist Magnusson, "was to be stimulated by a sharp rise in companies' profitability."<sup>80</sup>

This strategy entailed reforms such as a rampant devaluation of the Swedish kroner, which increased the profits of the export-based industry, but demanded that unions stay quiet despite the dilution of worker wages.<sup>81</sup> Companies such as Volvo also seem to have received favorable treatment in other ways. Political scientist Jonas Pontusson describes how, in return for converting the bankrupt shipyard in Uddevalla into a car factory, the automobile manufacturer was offered an expedited highway from Gothenburg to Uddevalla, employment subsidies, and tax concessions that far exceeded the cost of building the factory.<sup>82</sup>

Palme's third way support for export-based industry extended beyond domestic economic policies, applying also to, I argue, foreign policy. Palme was personally closely involved in the international initiatives of the major Swedish export companies, such as Volvo. As Prime Minister, he had given his blessing to Gyllenhammar's mission to shape industry policy in the Nordic Council, and when it came to the ERT initiative, the two were reported by *SvD* to have been in contact since its early stages, during which Palme allegedly commented that "the government shares the same line of thought, that the economy should be stimulated by a multinational initiative."<sup>83</sup>

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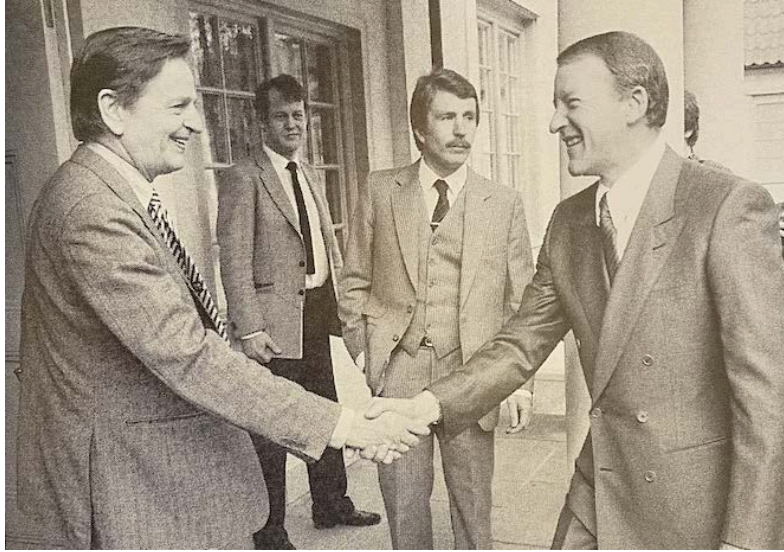
*Fall of Swedish Social Democracy*, 232–59; Jenny Andersson, *Between Growth and Security: Swedish Social Democracy from a Strong Society to a Third Way*, Critical Labour Movement Studies (Manchester University Press, 2007), 105–24.

<sup>80</sup> Magnusson, *An Economic History of Sweden*, 261.

<sup>81</sup> Magnusson, "Do the Nordic Lights Shine Bright Again?," 201.

<sup>82</sup> Pontusson, *The Limits of Social Democracy*, 146.

<sup>83</sup> Borgström and Haag, *Gyllenhammar*, 258–59; Gustaf von Platen, "Parismötet Med Europas Industritoppar," *Svenska Dagbladet*, April 8, 1983, National Library of Sweden.



**Figure 8.** Palme and Gyllenhammar at Harpsund, May 4th, 1983.<sup>84</sup>

It was in this spirit of the third way, I posit, that Palme elected to elaborate on EC policy not at a trade union meeting (as Erlander had in his Metal Speech), but at the major Swedish business export-oriented Tetra Pak conference. EC membership was ruled out, but Palme also asserted that, with the FTA set to finalize in 1984, there was a window to bring up the question of further economic integration between EFTA and the EC. He continued by explaining to the business leaders that “when it comes to economy, industry, and technology, we have a basically unlimited space to collaborate... in support of Swedish industry and Swedish export interests.”<sup>85</sup>

Although Sweden had repeatedly considered EC membership with reservations in the EC during the 1960s, it was not until Palme’s return to government that a Swedish Prime Minister visited the European Parliament.<sup>86</sup> During the 1983 foreign policy and trade debate in the *Riksdag* (Swedish parliament), the social democratic minister of trade affirmed its wish “to

<sup>84</sup> Borgström and Haag, *Gyllenhammar*, 128–29.

<sup>85</sup> Palme, “Tetratalet,” 11.

<sup>86</sup> Miles, *Sweden and European Integration*, 114.

deepen collaboration within several areas” with the EC.<sup>87</sup> Whereas the FTA had been negotiated bilaterally between EFTA members and the EC, the minister noted that EFTA would have more power in negotiations by working collectively, and indicated that he would bring up the question of “the possibility of acting in unison” at the next EFTA meeting.<sup>88</sup>

Ultimately, as the FTA between EC and Sweden was finalized on January 1, 1984, it was the Social Democratic Party leadership, keen to secure the interests of Swedish export-based industry, who took the initiative in leading a multilateral front of EFTA members and successfully pushing for deeper collaboration with the EC at the Luxembourg meeting on 9 April 1984,<sup>89</sup> initiating a new phase of EC-EFTA integration. Before the late 1980s, ‘deeper collaboration’ meant the prospect of an EC membership.

### *Conclusion*

Despite its supposed position as a pivotal moment in Swedish-European integration history, the 1984 Luxembourg meeting and Sweden’s key role in it remain arguably one of the least explored episodes of the 1980s by current scholarly literature. Political scientist Miles has provided one account, arguing the Free Trade Agreement made in 1973 institutionalized political relations and deepened economic ties between the two, thus making “it inevitable that the relationship would be further deepened” when the Free Trade Agreement was finalized in 1984, and the EC regained momentum the preceding year.<sup>90</sup> Yet, Miles’ neofunctionalist reading takes

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<sup>87</sup> “Riksdagens protokoll 1982/83:98,” Parliamentary debate, Stockholm, March 16, 1982, 96, [https://www.riksdagen.se/sv/dokument-och-lagar/dokument/protokoll/riksdagens-protokoll-19828398-onsdagen-den-16\\_g60998/](https://www.riksdagen.se/sv/dokument-och-lagar/dokument/protokoll/riksdagens-protokoll-19828398-onsdagen-den-16_g60998/).

<sup>88</sup> “Riksdagens protokoll 1982/83:98 Onsdagen den 16 mars (Riksdagens protokoll 1982/83:98),” 97, accessed November 7, 2025, [https://www.riksdagen.se/sv/dokument-och-lagar/dokument/protokoll/riksdagens-protokoll-19828398-onsdagen-den-16\\_g60998/](https://www.riksdagen.se/sv/dokument-och-lagar/dokument/protokoll/riksdagens-protokoll-19828398-onsdagen-den-16_g60998/).

<sup>89</sup> Dinkelspiel, *Den motvillige europén*, 90; Gstöhl, “The Nordic Countries and European Economic Area,” 47; Miles, *Sweden and European Integration*, 114.

<sup>90</sup> Miles, *Sweden and European Integration*, 111.

into consideration neither economic and political developments at play in Sweden during the early 1980s, nor why it was the Swedish Social Democratic Party that assumed a pioneering role at the meeting.

I argue that the Luxembourg process must be understood in terms of the Social Democratic third way response to the lingering challenges that Sweden's economy faced since the 1970s. Social democratic foreign policy was increasingly adhering to an idea, emanating from its third way economic policy, which prioritized the growth of Sweden's predominantly export-based industry. Swedish policy towards the EC was consequently being developed in concert with Swedish industrial heavyweights such as Gyllenhammar, who had established a beachhead at the European Commission through the ERT initiative as early as 1983 in his bid to construct an expansive liberalized market favorable to his automobile empire. He was joined by Wallenberg-sphere director Nicolin, who, I will argue, played an increasingly central role in shaping Swedish public opinion on the welfare state and neutrality.

## Chapter 2: Laying the Foundations, 1983-1986

### *Grand Hôtel and the Freedom Foundation*

On October 4 1983, between 70,000 and 100,000 people gathered in Stockholm to participate in one of the largest protests in Swedish history. Marching down the streets were industrious entrepreneurs from Smålland and CEOs of multinational giants, all assembled to defend free enterprise. Paving their way was an “unprecedented ad and PR campaign in all available channels, including cinemas, billboards, public transport and the press.”<sup>91</sup> And at the wheel were some of Sweden's most prominent business elites and organizations, among them *Näringslivets Fond (NÄFO, The Business Fund, or ‘The Fund’)*.<sup>92</sup>



**Figure 9.** The October 4th march, Grand Hôtel in the background.<sup>93</sup>

<sup>91</sup> Rikard Westerberg, “Swedish Business as a Social Movement? Mobilising the Masses against Wage-Earner Funds, 1975–1991,” *Business History* 67, no. 4 (2025): 1050, <https://doi.org/10.1080/00076791.2023.2298360>.

<sup>92</sup> Jenny Andersson, “Neoliberalism from Within : The Business Fund and the Struggle for Market Ideology in Sweden,” *Contemporary European History* 34, no. 2 (2025): 388–93; Westerberg, “Swedish Business as a Social Movement?,” 1051–52.

<sup>93</sup> Svend Dahl, “Fjärde oktober blev en vändpunkt för Sverige,” *Timbro*, October 4, 2023, <https://timbro.se/smedjan/fjarde-oktober-blev-en-vandpunkt-for-sverige/>.

In recent years, the Business Fund has received attention from historians Rikard Westerberg and Jenny Andersson, who have established its central role in reconfiguring Sweden's ideological landscape during the 1980s.<sup>94</sup> The Fund's archives at *Centrum för Näringslivshistoria* (CfN) include some of its internal briefs, seminar logs, as well as an extensive collection of press material, board decisions, finances, and the correspondence of its chief architect, Sture Eskilsson. However, one central question that remains largely unanswered: what was the Business Fund's relationship to Swedish-European integration during the 1980s? This thesis will tackle this question by laying the foundations regarding the historical relationship between the Business Fund and Swedish business elites.

Founded in 1940, the Business Fund was part of a Swedish business elite mobilization against the social democratic government and the perceived threat of socialization: the fear that the state would reallocate the ownership of capital from the few to the many. Largely dependent on the *Svenska Arbetsgivareföreningen* (Confederation of Swedish Employers, SAF) and the Wallenberg-empire-led *Industriförbundet* (Federation of Industries, SI), the Business Fund temporarily bought the major newspaper, *Svenska Dagbladet* (SvD), and was tasked with “information- and propaganda activities” against the social democratic government.<sup>95</sup> Following the 1948 election, in which the Social Democrats just barely clung to power, hostilities appeared to cool down between the social democratic government and the business belligerents.<sup>96</sup>

Yet, although the consequent Harpsund meetings between 1957 and 1962 became emblematic of a Swedish ‘*samförståndsanda*’ (‘spirit of understanding’) between organized

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<sup>94</sup> See accounts in footnotes below.

<sup>95</sup> Rikard Westerberg, *Socialists at the Gate: Swedish Business and the Defense of Free Enterprise, 1940-1985* (Stockholm School of Economics, 2020), 86.

<sup>96</sup> Westerberg, *Socialists at the Gate*, 57–131.

labor, business organizations, and the social democratic government, this was certainly not the case for all business elites and organizations.<sup>97</sup> The Wallenberg dynasty, whose business empire employed roughly every fourth industrial worker in Sweden by the end of the 1960s, continued to lead projects, alongside business organizations such as the Business Fund, to oust the social democratic government.<sup>98</sup> When Erlander and Palme ruled out membership in the EC, business organizations such as SI and SAF repeatedly urged the social democratic elite to abandon its neutrality project. They held that Sweden had to have full membership to secure its economic interests.<sup>99</sup>

By the 1970s, the largest spheres of financial capital in Sweden were Svenska Handelsbanken and the Wallenberg family, which owned major companies including ASEA, Ericsson, Atlas Copco, Electrolux, SAAB, and the bank SEB. Gyllenhammar, although initially following the footsteps of his aristocratic father as the leader of the giant insurance company, Skandia, ended up succeeding his father-in-law as the leader of Volvo, which, too, “emerged as an independent force on the stage.”<sup>100</sup> It was in these hands that much of the ownership of Swedish multinational companies was concentrated.<sup>101</sup>

In the 1970s, transnational business elites within the major Swedish business organizations began a major offensive against the social democratic paradigm.<sup>102</sup> The chief strategist at the Business Fund, Sture Eskilsson, had already, as early as 1971, laid out a propaganda strategy aimed at breaking SAF out of the tripartite negotiations that defined the

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<sup>97</sup> Westerberg, “Corporations and Corporatism,” 123–24.

<sup>98</sup> Westerberg, *Socialists at the Gate*, 137, 169–70.

<sup>99</sup> Westerberg, “Corporations and Corporatism,” 131.

<sup>100</sup> Ryner, *Capitalist Restructuring, Globalisation and the Third Way*, 144; For more on the consolidation of Swedish capital during the 1970s, see Bieler, *Globalisation and Enlargement of the European Union*, 41–57; Gregg Olsen, “Labour Mobilization and the Strength of Capital: The Rise and Stall of Economic Democracy in Sweden,” *Studies in Political Economy* 34, no. 1 (1991): 115–46, <https://doi.org/10.1080/19187033.1991.11675462>; Magnusson, *An Economic History of Sweden*, 214–21.

<sup>101</sup> Ryner, *Capitalist Restructuring, Globalisation and the Third Way*, 147, 234.

<sup>102</sup> Ryner, *Capitalist Restructuring, Globalisation and the Third Way*, 169.

Swedish ‘spirit of understanding’ between unions, business organizations, and the government. Following the 1976 appointment of Curt Nicolin as SAF chairman, “one of the most tried and loyal directors” to Wallenberg,<sup>103</sup> SAF and the Wallenberg-led SI, launched propaganda intended to push the country toward privatization, such as the ‘Invest in Yourself!’ campaign, intended to convert Swedish youth to value private success rather than collective welfare.<sup>104</sup> As political scientist Ryner has argued, the Wallenberg family initiated the “hyper-liberal posture” of SAF as it embarked to dictate the national debate.<sup>105</sup>

This push also coincided with a heavier arsenal. Blyth argues that already by 1982, SAF alone was estimated to have spent 55-60 million on one campaign (the wage earner fund issue, see below), whereas the five largest parties of Sweden spent a total of 69 million kroner for the general election the same year. By 1987, the organization could call up “just under *one and a half billion dollars* for use in any given dispute or issue-area... far beyond the resources available to business organizations anywhere else in the world” (italics in original).<sup>106</sup>

At the same time, reacting to the increased profits of multinational companies, often run by a few Swedish families, sections of the Swedish labor movement began backing the wage earner fund proposal.<sup>107</sup> Invoking Karl Marx, the Swedish economist Rudolf Meidner had in 1975 suggested creating ‘wage earner funds’ to increase worker codetermination and address unequal distribution of wealth. The funds would, in theory, annually gain 10-20 percent of major

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<sup>103</sup> Borgström and Haag, *Gyllenhammar*, 107.

<sup>104</sup> Elin Åström Rudberg, “Satsa på dig själv! Näringslivets politiska marknadsföring mot ungdomar,” in *Marknadens tid: Mellan folkhemskapitalism och nyliberalism*, ed. Jenny Andersson et al. (Nordic Academic Press (Kriterium), 2023), 90–91, <https://doi.org/10.21525/kriterium.54>; Ryner, *Capitalist Restructuring, Globalisation and the Third Way*, 144–48.

<sup>105</sup> Ryner, *Capitalist Restructuring, Globalisation and the Third Way*, 169, 144–48; For impact of neoliberalism on public debate, see Kristina Boréus, “Högervåg: nyliberalismen och kampen om språket i svensk debatt 1969-1989,” *Stockholm studies in politics* 51 (Tiden, 1994).

<sup>106</sup> Blyth, “The Transformation of the Swedish Model,” 10–11.

<sup>107</sup> Andersson, “Neoliberalism from Within,” 2025, 389 For further information on labor and unions dynamics of the time, read; Ryner, *Capitalist Restructuring, Globalisation and the Third Way*, 126–44.

firm profits in the form of shares, which, in some cases, would eventually lead to the unions (not the state, as Marx has assumed) fully seizing the means of production in the name of the worker.<sup>108</sup>

It was in this fraught ideological landscape that the neoliberal Business Fund was re-armed “to explode the boundaries of welfare capitalism.”<sup>109</sup> The Business Fund, economically dependent on SAF and SI, plus “a small number of multinational companies,” became essential to uniting the overall business community behind transnational business elites’ push for privatization, lower taxes, and regime change, by portraying the wage earner funds as an existential threat to private enterprise.<sup>110</sup> At the helm of this “top-down revolution” was Business Fund strategist Sture Eskilsson, who oversaw the creation of the Fund’s new neoliberal think tank, Timbro, founded in 1978.<sup>111</sup>

The Business Fund and its think tank held ties with market-liberal and neoliberal think tanks from around the world, such as the Cato Institute and the American Heritage Foundation, on which Timbro was based.<sup>112</sup> Eskilsson himself was a member of the international Mont Pelerin Society (founded by the neoliberal Hayek), whose 1981 meeting in Stockholm was paid for by the Fund.<sup>113</sup> The meeting’s program, available in the Fund archives, shows how at the Wallenberg-owned Grand Hôtel, future American Nobel Prize in economics laureate, James Buchanan, mingled with Wallenberg sphere-director Nicolin, discussing panel topics such as “the breakdown of the welfare state.”<sup>114</sup>

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<sup>108</sup> Rikard Westerberg, “From Marxist Venture to Venture Capitalists: The Swedish Wage-Earner Funds and the Market Turn, 1983–1994,” *Enterprise & Society* 24, no. 4 (2023): 1019, <https://doi.org/10.1017/eso.2022.23>.

<sup>109</sup> Andersson, “Neoliberalism from Within,” 2025, 396.

<sup>110</sup> Andersson, “Neoliberalism from Within,” 2025, 381, 388–89; For further information on the internal dynamics of SAF, see Ryner, *Capitalist Restructuring, Globalisation and the Third Way*, 169–70.

<sup>111</sup> Andersson, “Neoliberalism from Within,” 2025, 389.

<sup>112</sup> The neoliberal international ties extending back to Hayek’s 1947 visit to Stockholm have been noted in scholarly literature. See Westerberg, *Socialists at the Gate*, 91–95.

<sup>113</sup> Also noted in, Andersson, “Neoliberalism from Within,” 2025, 388.

<sup>114</sup> “Regional Meeting Stockholm,” Mont Pelerin Society, 1981, Stiftelsen Fritt Näringsliv, CFN.



**Figure 10.** Stockholm Grand Hôtel. 2025.<sup>115</sup>

By the 1980s, the wage earner fund issue was capitalized on by SAF, SI, and the Business Fund (from whose office the officially independent 4th of October march committee was based) in their larger push to privatize Sweden.<sup>116</sup> Gyllenhammar, SI and SAF board member, meanwhile, “wanted the politicians to take greater responsibility... and thought that SAF could try to be less visible.” Ever aware of public opinion, Gyllenhammar, as Eskilsson noted, made sure to be abroad when the orchestrated protests began.<sup>117</sup> The Social Democratic Party elite were also rather unenthusiastic about wage earner funds and began watering down the proposal once back in government in 1982.<sup>118</sup>

Ultimately, by 1983, ownership of the multinational and export-based companies that were crucial to Sweden’s economy was concentrated in a handful of owners. Simultaneously, some of these business leaders, including ERT-initiative takers Nicolin and Gyllenhammar, had

<sup>115</sup> Johan Hellekant, “Bekräftar Insats,” *Svenska Dagbladet*, May 26, 2025.

<sup>116</sup> Andersson, “Neoliberalism from Within,” 2025, 388–93; Westerberg, “Swedish Business as a Social Movement?,” 1051–52.

<sup>117</sup> Westerberg, *Socialists at the Gate*, 260.

<sup>118</sup> Ryner, *Capitalist Restructuring, Globalisation and the Third Way*, 143; Andersson, “Neoliberalism from Within,” 2025, 359.

embedded themselves at the top of organizations, such as SI, SAF, and the Business Fund, that aimed to sway the country toward privatization.



**Figure 11.** Peter Wallenberg (left), the King, and Gyllenhammar (right) inside the Grand Hôtel in 1984.<sup>119</sup>

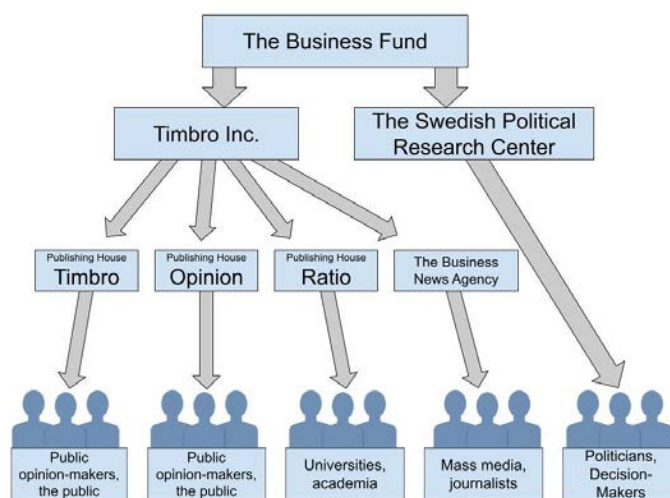
In 1983, as Gyllenhammar and Nicolin announced the ERT initiative in Paris, and deliberated with Palme in Stockholm, the press-oriented division of the Business Fund, *Näringslivets Presstjänst* (The Business News Agency), in an internal memo titled ‘Strategy and Tactics’, updated its goals to include “a good picture of the export questions, not the least, their direct connection to people’s everyday.”<sup>120</sup> Another memo from the the same year asserted the importance of the agency supporting Swedish export companies and their access to foreign markets by instructing journalists to critique bureaucracy, tolls, and import restrictions.<sup>121</sup>

<sup>119</sup> Borgström and Haag, *Gyllenhammar*, 128–29.

<sup>120</sup> “NPT/Strategi Och Taktik,” NPT, 1983, Stiftelsen Fritt Näringsliv, *Näringslivets Presstjänst* B:1, CfN.

<sup>121</sup> Michael Sekund, “NPTs Exportsatsning,” 1983, Stiftelsen Fritt Näringsliv, *Näringslivets Presstjänst* B:1, CFN.

Providing content to over 100 local and national newspapers, the agency reached approximately one Swedish million readers per week out of a population of roughly 8.3 million.<sup>122</sup>



**Figure 12.** Internal rendering of the Business Fund operations in 1982.<sup>123</sup>  
Recreation by author.

At *Utredningsbyrån för Samhällsfrågor* (The Swedish Political Research Center), as an internal summary of the year laid out, the wage earner fund issue remained central on the agenda in 1983, but it had also added a secondary mission: “following parts of the security- and foreign policy debate.” This included two reports on the debate surrounding the newly founded commission overseeing submarine incursions into Sweden, as well as a broad report about espionage by the KGB in Sweden.<sup>124</sup> This was perhaps not surprising, as the Swedish Political Center, which intended to influence political decision makers, held ties to the moderate politician Bildt, who held extensive ties to the navy leadership and was involved in a multipartisan

<sup>122</sup> Johan Hjertqvist, “Näringslivets Presstjänst - NPT 1983,” September 19, 1983, Stiftelsen Fritt Näringsliv, Näringslivets Presstjänst B:1, CfN.

<sup>123</sup> “Det Här Är Näringslivets Fond,” 1982, Stiftelsen Fritt Näringsliv, CfN.

<sup>124</sup> “Utredningsbyrån För Samhällsfrågor,” 1983, Stiftelsen Fritt Näringsliv, Näringslivets Presstjänst B:1, CFN.

commission on submarine incursions, which, controversially, pointed out the USSR as the perpetrator.<sup>125</sup>

The question of Swedish security was also indirectly raised by *Föreningen för Friheten i Sverige* (Foundation for Freedom in Sweden), an officially non-political and independent organization working for Swedish security, individual rights, and freedom from taxes, founded in 1985. The organization (based in the Business Fund office and reliant on Fund money) featured the Swedish Commander Captain Hans von Hofsten as one of its oft-advertised board members.<sup>126</sup> The same year, he had led a PR-mutiny against the Palme government, leaking that more submarine incursions were observed than the government officially reported.<sup>127</sup>

Ultimately, in the mid-1980s, the Fund launched inquiries and hosted actors that indirectly questioned the security of neutrality, while promoting trade and its liberalization in newspaper articles. Yet, outside of these instances, little in the archives indicates that the Business Fund was particularly focused on foreign policy, neutrality, or the EC question during the mid-1980s. By 1987, there would be a complete reversal, with European culture, security, and neutrality suddenly becoming ubiquitous. To explain this shift of emphasis, I argue that the answer partly lies in an ambitious venture by Swedish multinational business elites at the heart of Europe: to lay the foundations of a new European Community, and bridge it to Sweden.

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<sup>125</sup> Bynander, *The Rise and Fall of the Submarine Threat*, 155–66; The commission findings proved largely erroneous; later accounts have suggested that incursions may have come from NATO, see Ola Tunander, ed., *The Secret War against Sweden: US and British Submarine Deception in the 1980s*, Cass Series--Naval Policy and History 1366-9478 21 (Frank Cass, 2004); Ola Tunander, "Subs and PSYOPs: The 1982 Swedish Submarine Intrusions," *Intelligence and National Security* 28, no. 2 (2013): 252–81, <https://doi.org/10.1080/02684527.2012.699294>; Paul M. Cole, "Sweden's Security Policy in the 1980s," *SAIS Review (1956-1989)* 8, no. 1 (1988): 213–27.

<sup>126</sup> "Vi Stödjer Friheten i Sverige!," *Friheten i Sverige*, n.d., Stiftelsen Fritt Näringsliv, CfN.

<sup>127</sup> Lars Christansson, "Regeringen Tar Inte Ubåtshot Och Kränkningarna På Allvar," *Svenska Dagbladet*, November 10, 1985, National Library of Sweden.

### *The Scandinavian Link*

On April 28 1985, Gyllenhammar surely must have popped a bottle to his 50th birthday. As he recalls in his biography, the venue was the Gothenburg Concert Hall, where a mighty orchestra honored him. Mingling, there were decision makers such as the social democratic Finance Minister Kjell-Olof Feldt and the business-fund associated Liberal Party leader, Bengt Westerberg. There were fellow ERT initiative takers, such as ASEA chairman Curt Nicolin, joined by CEO Percy Barnevik, and Peter Wallenberg himself. And there were European Commission veterans, such as Lord Dahrendorf.<sup>128</sup> Gyllenhammar's universe was one of cultural symbols and powerful relationships. Through these means, I argue, he worked to bridge Sweden and the EC.

In current histories on the EC and EFTA (of which Sweden was a member), the years between 1983 and 1986 remain unexplored. Historian Lisa Rye argues that EFTA gradually began to aspire for “parallelism between the development of EC-EFTA relations and the development of the EC Internal Market,”<sup>129</sup> while political scientist Sieglinde Gstöhl notes that ERT began pushing for EFTA to be involved in the EC internal market in 1983.<sup>130</sup> Both of these authors identify the chief challenge for this endeavor in the years leading up to 1986 as coordinating a united and committed EFTA and convincing EC member states and the Commission “to extend what they already considered an unbalanced relationship to the benefit of the EFTA countries.”<sup>131</sup> Scholarly literature, however, has not thoroughly elaborated on how

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<sup>128</sup>“Volvo-Chefen: Maktavaren Som Folket Har Mest Förtroende För,” *Dagens Industri*, September 27, 1983, National Library of Sweden; The SIFO CEO was a close friend of Gyllenhammar, see Gyllenhammar, *Fortsättning Följer*, 16–20.

<sup>129</sup> Lisa Rye, “EFTA’s Quest for Free Trade in Western Europe (1960-92): Slow Train Coming,” *EFTA Bulletin* 2015 (July 2015): 14.

<sup>130</sup> Gstöhl, “The Nordic Countries and European Economic Area,” 47; Gstöhl, *Reluctant Europeans*, 148.

<sup>131</sup> Lisa Rye, “Integration From The Outside: The EC and EFTA from 1960 to the 1995 Enlargement,” in *European Enlargement across Rounds and Beyond Borders* (2017), 10–12, <https://doi.org/10.4324/9781315460017>; Sieglinde Gstöhl draws the same conclusions, see Gstöhl, “The Nordic Countries and European Economic Area,” 49–50.

these challenges were overcome, or the role of the ERT in this process. How, then, did Gyllenhammar leverage his position in the ERT to bring the EC and Sweden, as an EFTA member, closer?

Just two months before the EC reaffirmed its commitments to the internal market in June 1984, EC and EFTA representatives (from Austria, Iceland, Norway, Sweden, Switzerland, associate-status Finland, and, member state until 1986, Portugal) met and announced the Luxembourg declaration.<sup>132</sup> The declaration pledged to work towards a not-yet-defined “European economic space.”<sup>133</sup> The two key proponents for deeper integration with the EC turned out to be the new Norwegian EFTA secretary-general Per Kleppe (who had, notably, been a key player in securing the Norway ‘Oil Deal’ with Gyllenhammar) and the Swedish social democratic representatives, who, as I have argued, coordinated themselves alongside the interests of Swedish industry.<sup>134</sup>

In the EC, I argue, the ERT began proposing monumental and symbolic infrastructure projects to promote an internal market with neoliberal principles that would include EFTA states. In December 1984, the Roundtable presented its *Missing Links* report to the European Commission. The report, initiated by Bo Ekman, the PR manager known as “Volvo’s ‘Culture Minister,’” included several ambitious projects.<sup>135</sup> Chief among them was the ‘Euroroute’, a tunnel intended to connect France to Britain. Explaining that “The British Government insists that any scheme be funded by the private sector,” the ERT justified that the Euroroute be based

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<sup>132</sup> Moravcsik, “Negotiating the Single European Act,” 39; For more on the Nordic dimension, see Lee Miles, ed., *The European Union and the Nordic Countries* (Routledge, 2005), <https://doi.org/10.4324/9780203991183>; Ingebritsen, *The Nordic States and European Unity*; Gstöhl, “The Nordic Countries and European Economic Area.”

<sup>133</sup> Rye, “Integration From The Outside,” 11; Gstöhl, “The Nordic Countries and European Economic Area,” 48.

<sup>134</sup> Rye, “EFTA’s Quest for Free Trade in Western Europe (1960-92),” 13; Borgström and Haag, *Gyllenhammar*, 47; For another account of the Luxembourg process, see Gstöhl, *Reluctant Europeans*, 147–67.

<sup>135</sup> Borgström and Haag, *Gyllenhammar*, 262.

on the private financing model of the New York Port Authority.<sup>136</sup> On the one hand, it was a cultural project for privatization intended to change the mind of a Europe that the ERT deemed as “culturally programmed to see large transport infrastructure projects as the preserve of government,” on the other, it was, as the report puts it, “a force for integration.”<sup>137</sup>

The Euroroute was accompanied by a second major “force for integration.” The Scanlink (alternatively, the Scandinavian Link) was the original highway project that Gyllenhammar had proposed to the Nordic Council of Ministers in 1982, stretching from Oslo to Gothenburg, now expanded to include a monumental bridge over the Öresund Strait to the EC member state Denmark and onwards to continental Europe.<sup>138</sup> It would, as the report visualized to the EC Commissioners, connect Europe in a vast infrastructure network that explicitly included every EFTA capital, except Iceland (see Figure 12). I propose that the Scanlink and its striking bridge to Europe intended to replicate the same “cultural programming” propagated by the Euroroute: it was meant to further intertwine the EC and EFTA in European political and public opinion. Within a month, the subsequent ERT press conference had appeared in 90 international newspapers.<sup>139</sup>

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<sup>136</sup> “Missing Links: Upgrading Europe’s Transborder Ground Transport Infrastructure,” Roundtable Secretariat, April 1984, 2, 14, Copy provided by ERT upon request. Document provided to author by the ERT up request.

<sup>137</sup> “Missing Links,” 2–3.

<sup>138</sup> “Missing Links,” 21–28.

<sup>139</sup> Cowles, “Setting the Agenda for a New Europe,” 508.



**Figure 12.** Europe rendered in the ‘Missing Links’ report. 1984.<sup>140</sup>

Ostentatious marketing was central to Gyllenhammar’s approach. Political Scientist Maria Cowles, describing his role in the ERT, describes him as a ”‘political animal’, known for his delight in seeking the spotlight, meeting with government leaders and courting the press.”<sup>141</sup> It was beyond a delightful pastime: he had actively embedded himself in the news world. He chaired the boards of news agencies *Reuters*, alongside media moguls Rupert Murdoch and Robert Maxwell, and *Pearson plc*,<sup>142</sup> the owner of the newspaper *The Economist* and *The Financial Times*, where Gyllenhammar had announced his European Marshall plan. In Sweden, Gyllenhammar also held a unique spot in the media. By September 1983, the newspaper *Dagens Industri* reported that a Sifo inquiry had found that 51% of the Swedish population had “great confidence in Gyllenhammar” (the closest politician received 30% of the vote, and the newly

<sup>140</sup> “Missing Links,” 22.

<sup>141</sup> Cowles, “Setting the Agenda for a New Europe,” 504.

<sup>142</sup> Gyllenhammar, *Även Med Känsla*, 273.

elected Prime Minister Palme received just 29%).<sup>143</sup> For the following nine years, Gyllenhammar held the title of “Sweden’s most admired man.”<sup>144</sup> Whereas the official political “EC-EFTA rapprochement took place without great public attention,”<sup>145</sup> Gyllenhammar’s various initiatives to bridge EFTA to the EC gained major coverage in Swedish newspapers such as *SvD* and *Di*, and an array of influential EC newspapers, among them *Le Figaro*, *Le Matin*, *de Volkskrant*, and *Der Spiegel*.<sup>146</sup>

The ERT also worked towards its objective through deliberate language. By 1984, Gyllenhammar had abandoned his American-led Marshall Plan and instead seemingly became a Europatriot. In a remarkable pivot, as an *SvD* article reports, he warned the participants at the ERT press conference (among them the future President of the EC, Jacques Delors) that “Europe risks falling behind and becoming a satellite state to the US... But we still have a chance to change this.”<sup>147</sup> ERT’s early central message became that competition from the U.S. and Japan posed existential threats, which justified an externally protectionist, internally liberalized home market for major European firms to achieve economies of scale.<sup>148</sup> To remedy its decline, the ERT argued, the “eurosclerosis-afflicted” *Europe* had to create the “world’s biggest home market,” implying that it had to include both EFTA and EC.<sup>149</sup> Throughout articles, press briefings, and reports to the EC, Gyllenhammar’s ERT largely neglected to mention EC, instead referring to its various propositions and internal market as a European

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<sup>143</sup> *Dagens Industri*, “Volvo-Chefen: Makthavaren Som Folket Har Mest Förtroende För”; *The SIFO CEO was a close friend of Gyllenhammar*, see Gyllenhammar, *Fortsättning Följer*, 16–20.

<sup>144</sup> Bergquist and Näsman, “Safe before Green! The Greening of Volvo Cars in the 1970s–1990s,” 75.

<sup>145</sup> Gstöhl, “The Nordic Countries and European Economic Area,” 48.

<sup>146</sup> Cowles, “Setting the Agenda for a New Europe,” 508.

<sup>147</sup> Britt Norée, “Europa Riskerar Att Bli Satellit till USA,” *Dagens Industri*, February 22, 1984, National Library of Sweden.

<sup>148</sup> van Apeldoorn, *Transnational Capitalism and the Struggle over European Integration*, 123–27, 131.

<sup>149</sup> van Apeldoorn, *Transnational Capitalism and the Struggle over European Integration*, 124, 116–32; See also Grace Ballor, “Liberalisation or Protectionism for the Single Market? European Automakers and Japanese Competition, 1985–1999,” *Business History*, February 17, 2023, world, <https://www.tandfonline.com/doi/abs/10.1080/00076791.2021.2025218>.

initiative.<sup>150</sup> This may have served to bridge the gap between EFTA and the EC in the minds of the public and politicians.

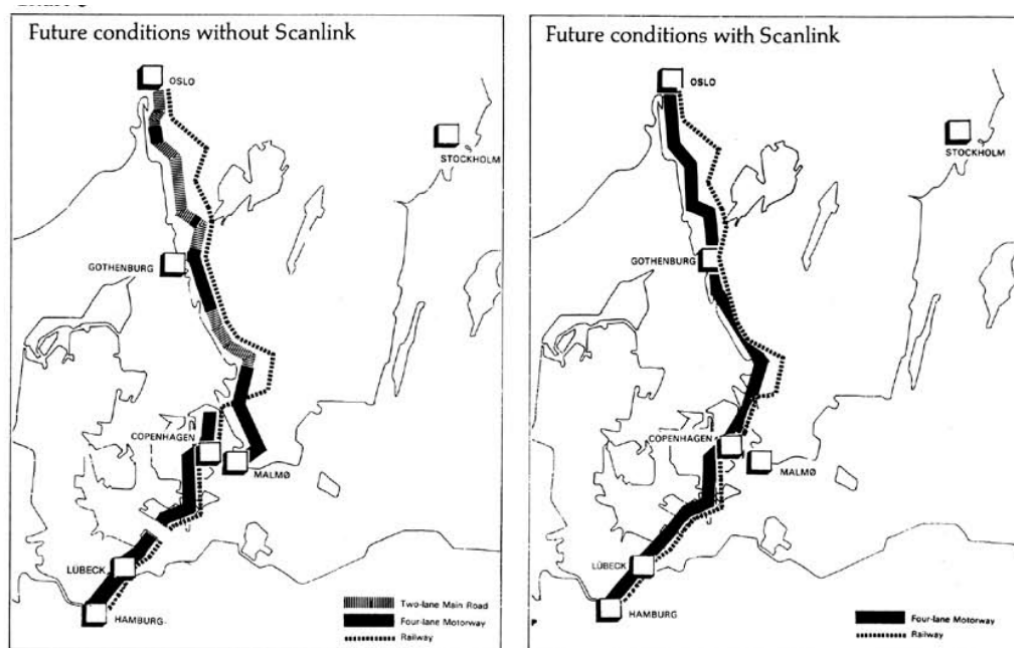


Figure 13. The Scanlink in the ‘Missing Links’ report. 1984.<sup>151</sup>

On the northern side of the bridge, Gyllenhammar’s group of industrialists continued its mission in the Nordic Council of Ministers to support industry and integrate the markets. The program that the Nordic ‘Gyllenhammar Group’ initiated, in many ways closely mirrored that of the ERT. In 1984, *Dagens Industri* reported that Gyllenhammar and ASEA CEO Percy Barnevik had announced The Culture Company (*Kulturbolaget*), a privatized cultural endeavor intended as a force for Nordic collaboration.<sup>152</sup> And in 1985, the industrial group presented to the Nordic prime ministers their final report, which suggested neoliberal ideas like a Nordic private venture

<sup>150</sup> For early ERT reports, see “Missing Links”; “Changing Scales,” n.d. available in HAEU.

<sup>151</sup> “Missing Links,” 21.

<sup>152</sup> “Gyllenhammar Och Barnevik i Kultursatsning,” *Dagens Industri*, October 19, 1984, National Library of Sweden.

fund (inspired by the ERT's own similar proposal), the privatized Scanlink, and freer capital movement.<sup>153</sup>

I argue that the emphasis of the Gyllenhammar Group became less so the integration of the Nordics and more so the integration of the Nordics into the EC. The key proposition in the report to the Nordic ministers was the construction of the Scanlink, and simultaneously, as *SvD* reported, Nicolin founded a consortium to realize its construction.<sup>154</sup> From 1984 onward, the influential leaders of the major companies in the Nordic Gyllenhammar Group, such as Danish Carlsberg, Norwegian Hydro, and Finnish Nokia, all joined ERT.<sup>155</sup> I argue that Gyllenhammar's goal was to normalize and promote involvement in the EC project among the Nordic countries, which by 1986 made up four out of six EFTA members.<sup>156</sup>

As the newspaper archives show, the Nordic Gyllenhammar Group's proposal had mixed reactions. It was well-received by Nordic and Swedish ministers, while the rank-and-file social democrats in Sweden purportedly revolted against the Scanlink proposal at the 1987 party congress.<sup>157</sup> Newspapers reported how outside the planned Volvo factory, the Uddevalla 'Wise Mothers' protested that the Scanlink highway would split the local community apart.<sup>158</sup> There were concerns about its environmental effects and the high tolls of the private road, previously foreign to Sweden.<sup>159</sup> And the Swedish Communist Left Party leader critiqued the social

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<sup>153</sup> Borgström and Haag, *Gyllenhammar*, 260–61.

<sup>154</sup> Borgström and Haag, *Gyllenhammar*, 260–61; "Nordiskt Konsortium För Scandinavian Link," *Svenska Dagbladet*, December 19, 1985, National Library of Sweden.

<sup>155</sup> Borgström and Haag, *Gyllenhammar*, 260; van Apeldoorn, *Transnational Capitalism and the Struggle over European Integration*, 92.

<sup>156</sup> For more on the historical relationship between the Nordics and the EC, see Ingebritsen, *The Nordic States and European Unity*; Gstöhl, "The Nordic Countries and European Economic Area"; Miles, *The European Union and the Nordic Countries*.

<sup>157</sup> Elisabeth Crona, "Miljardsatsning På Vägar i Nordiskt Storprojekt," *Svenska Dagbladet*, January 24, 1985, National Library of Sweden; Borgström and Haag, *Gyllenhammar*, 261–62.

<sup>158</sup> Margareta Artsman, "Mödrar Marscherar i Motorvägsprotest," *Svenska Dagbladet*, August 25, 1985, National Library of Sweden.

<sup>159</sup> Mats Ericsson, "Hög Vägtull Avskräcker," *Svenska Dagbladet*, January 20, 1986, National Library of Sweden.

democratic elite for giving such emphatic support for the Scandinavian Link without having democratically consulted the *Riksdag*.<sup>160</sup>

*'På Kontinenten'* ('On the continent', a common Swedish phrase referring to a Europe without Sweden, Norway, Iceland, and Finland), meanwhile, the European Commission, in June 1985, submitted its white paper ratifying completion of the internal market by 1992. Its content reflected Commission President Jacques Delors's turn from social reform to the realization of an internal market: a program overwhelmingly protested by the European Parliament, which was deliberately circumvented by elite EC decision makers.<sup>161</sup> The ERT's central objective, meanwhile, had been written in ink, as the white paper promoted an internal market with freer capital movement to benefit major multinational firms.<sup>162</sup> Yet, for the time being, the internal market did not include the EFTA industrialists in the ERT.

Nonetheless, as the documents in the HAEU archives show, the announcement of the white paper was preceded by a high-profile gathering. The same day, the highest-ranking members of the Commission and the ERT (joined by Volvo PR-manager Bo Ekman) met between 11.00 and 13.00. The meeting was opened by a speech from Gyllenhammar and closed by one from Commission President Delors. There was also, as the commissioner's preparatory notes outlined, room for mingling at lunch, where Commission Vice-President Lord Cockfield would announce the internal market for EC members. The ERT, however, had broader ambitions in mind. As its meeting memorandum 'Foundations for the Future of European Industry' began, "Whereas the greater part of the European nations is represented within the framework of the

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<sup>160</sup> Lars Werner, "Scandinavian Link-projektet, m. m. (Motion 1985/86:t26)," Motion to the parliament (Riksdagen), Stockholm, January 1986, [https://www.riksdagen.se/sv/dokument-och-lagar/dokument/motion/scandinavian-link-projektet-m-m\\_g902t260/](https://www.riksdagen.se/sv/dokument-och-lagar/dokument/motion/scandinavian-link-projektet-m-m_g902t260/).

<sup>161</sup> Moravcsik, "Negotiating the Single European Act," 45–46.

<sup>162</sup> "White Paper on the Completion of the Internal Market (14 June 1985)," 3; Grace Ballor, *Market Making as Crisis Management: A History of the 1985 White Paper*, n.d., 11.

EEC, the Roundtable believes that the fundamental issues should be viewed and solved in a broader all-European context.”<sup>163</sup>

The importance of these closed-off meetings has been emphasized in historical accounts of the ERT. In explaining its impact on the EC internal market proposed in the 1985 white paper, and the foundations of the EU, historian Grace Ballor posits the ERT was able to implement its ideas into EC legislation through their close personal ties and biannual meetings with the European Commission in Brussels.<sup>164</sup> Political scientist Cowles affirms this, but adds that “Nowhere were the links between ERT and government leaders closer than in France.”<sup>165</sup>

Cowles notes both how the ERT was run from Volvo’s office in Paris and that the ERT “had privileged access to top French officials, due to Gyllenhammar’s personal relations with Mitterrand and his closest adviser, Jacques Attali.”<sup>166</sup> Coinciding with their growing relationship, Mitterrand’s vision of Europe shifted from an emphasis on *un espace social européen* in 1981 to, by 1983, *un espace industrial européen*, with Mitterrand simultaneously attaining an “extraordinary personal involvement” in the affairs of the EC.<sup>167</sup> By 1987 Mitterrand even appointed Gyllenhammar to Commander of the highest French order of merit, in Gyllenhammar’s words, “for my work for Europe.”<sup>168</sup>

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<sup>163</sup> Peter Sutherland, “Meeting between the Commission and the Roundtable of European Industrialists,” June 12, 1985, PSP-385, Historical Archives of the European Union, <https://archives.eui.eu/en/fonds/235342>.

<sup>164</sup> Grace Ballor, “Agents of Integration: Multinational Firms and the European Union,” *Enterprise & Society* 21, no. 4 (2020): 91, <https://doi.org/10.1017/eso.2020.59>; Ballor, *Market Making as Crisis Management: A History of the 1985 White Paper*, 11.

<sup>165</sup> Cowles, “Setting the Agenda for a New Europe,” 509.

<sup>166</sup> Cowles, “Setting the Agenda for a New Europe,” 511–12.

<sup>167</sup> Moravcsik, “Negotiating the Single European Act,” 29, 34–37; Cowles, “Setting the Agenda for a New Europe,” 509–13.

<sup>168</sup> Gyllenhammar, *Fortsättning Följer*, 142, 273–74; Cowles, “Setting the Agenda for a New Europe,” 511.



**Figure 17.** Mitterrand (left) and Gyllenhammar at the Élysée Palace, 1987.<sup>169</sup>

The plunge into European integration by the Mitterrand government proved, I argue, another opportunity that the ERT could capitalize on in its goal to tighten the bonds between the EC and EFTA states. In particular, through the European industrial and technological research program, EUREKA, launched by Mitterrand in 1985. EUREKA was remarkable in that it was constructed as an intergovernmental project outside of the EC, involving both EC and EFTA members. The ERT had itself advocated for pan-European industrial and research collaboration since its inception, and the idea of EUREKA was presented to Mitterrand by none other than the aforementioned friend of Gyllenhammar, the advisor Jacques Attali.<sup>170</sup> ERT in turn likely pressured their own governments to partake in the project. For example, in persuading the staunchly neutral Finland to partake in the European project, one of the strongest proponents for

<sup>169</sup> Gyllenhammar, *Fortsättning Följer*, 226–27.

<sup>170</sup> Wayne Sandholtz, *High-Tech Europe: The Politics of International Cooperation*, 1st ed, Studies in International Political Economy Series, v. 24 (University of California Press, 2018), 257–58, 267; van Apeldoorn, *Transnational Capitalism and the Struggle over European Integration*, 123–24.

EUREKA was the Confederation of Finnish Industries, whose president, the Nokia CEO, Kari Kairamo, was also a member of Gyllenhammar's Nordic and European roundtables.<sup>171</sup>

Thus, by 1986, Swedish business elites had worked to normalize the question of European integration in Swedish foreign policy, domestic and international press, the Nordic Council of Ministers, EFTA, EC, and intergovernmental initiatives such as EUREKA. Scholarly accounts have largely overlooked the ERT program and its impact on EC-EFTA integration as well as the internal market. Sweden's former chief EC and EU negotiator, Ulf Dinkelspiel, offers a more revealing assessment:

EUREKA got just the effect we hoped for: the EC commission and a part of the EC countries, which previously had remained cool toward allowing EFTA countries to participate in different EC programs, now showed a much larger openness. In this way, EUREKA came to serve as a battering ram for a deeper European collaboration not only in research, but also, in the long run, in other areas.<sup>172</sup>

### *Conclusion*

I argue that by 1983, Gyllenhammar and Wallenberg-sphere director Nicolin began working for an EC internal market, built on neoliberal principles, that would include Sweden. In doing so, they were working to integrate the Swedish welfare state into a market embodying the same ideas of privatization and liberalization that they had pursued heading into the 1980s, both seeking new markets for their companies and leading a business elite-led mobilization against the domestic social democratic consensus. Whereas the European question appears to have been marginal at the Business Fund at the time, Nicolin and Gyllenhammar launched their own symbolic infrastructure project for Swedish-European integration, the Scandinavian Link, and began lobbying key EC, Nordic, and national decision makers. As such, the program of Swedish

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<sup>171</sup> Veera Mitzner, "Almost in Europe? How Finland's Embarrassing Entry into Eureka Captured Policy Change," *Contemporary European History* 25, no. 3 (2016): 499–500.

<sup>172</sup> Dinkelspiel, *Den motvillige europén*, 87.

business elites had cemented them as central to EC integration and enlargement in the middle of the 1980s; by the end of the decade, it was to mean political membership for Sweden.

### Chapter 3: Raising the Stakes, 1986-1990

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#### *International Tragedy and The Sacred Cow*

On 28 February 1986, Prime Minister Olof Palme was shot on the streets of Stockholm; a murder that caused international reverberations. To this day, the perpetrator behind the tragedy remains a mystery, with theories ranging from it being the KGB, the CIA, Swedish Bofors military arms dealers, South African pro-apartheid elements, a Chilean fascist, an extremist of the European Workers' Party, and a former Skandia bank employee.<sup>173</sup> His funeral would host a different, yet much similarly global crowd. With the passing of Palme, the Social Democratic Party had lost its arguably most prominent advocate for international solidarity. Yet neutrality and international activism would continue to live on in the people.



**Figure 14.** People gathered in memory of Palme, five days after his murder.<sup>174</sup>

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<sup>173</sup> Anton Ösgård and William Westgard-Cruice, “The Many Assassins of Swedish Prime Minister Olof Palme,” *Jacobin*, May 18, 2020, <https://jacobin.com/2020/05/olof-palme-assassination-theories-suspects-investigation-sweden>.

<sup>174</sup> Erik Helmersson, “Dags att låta Olof Palme vila i frid,” *DN*, May 23, 2018, <https://www.dn.se/ledare/signerat/erik-helmerson-sverige-maste-ga-vidare-fran-palme-traumat/>.

Palme was succeeded by his former Deputy Prime Minister, Ingvar Carlsson. Carlsson was not new to the European integration process: he had been deeply engaged in EUREKA, had been invited to the 1986 ERT meeting in Gothenburg, and had established a close relationship with European Commission President Delors, with whom he met at Stockholm in June 1986.<sup>175</sup> During this meeting, Carlsson, referencing Palme's Tetra Speech, reasserted that Sweden could take part "in all fields except foreign policy and security matters."<sup>176</sup>

There were also new leaders on the other side of the political spectrum. The Liberal Party leader Bengt Westerberg was joined by his Business Fund associate, Bildt, who became the head of the Moderate Party in 1986.<sup>177</sup> Bildt, too, was outwardly committed to Swedish neutrality and sovereignty in foreign policy.<sup>178</sup> Yet in his biography, he claims that this was a front in his bid to push Sweden into the EC membership. It was necessitated, he argued, because a political debate on membership at that point was unfeasible and, furthermore, the EC was not ready to accept new members until 1992; for the time being, the mission was to access the internal market and "to prepare the groundwork for Sweden to have a broad political support for membership."<sup>179</sup> Political scientist Jakob Gustavsson argues that this long-term strategy was a dubious retrospective rationalization.<sup>180</sup> I will argue that archival evidence suggests that business-oriented politicians were, indeed, likely covertly working to realize a Swedish membership in the EC.

In July 1987, the Single European Act entered into force, making the ambitions of the 1985 white paper an impending reality. Although EFTA had succeeded in completing its first two multilateral agreements with the EC in May, it had secured access to the EC internal market

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<sup>175</sup> Dinkelspiel, *Den motvillige europén*, 87; Borgström and Haag, *Gyllenhammar*, 239.

<sup>176</sup> Karl Magnus Johansson and Göran von Sydow, "Swedish Social Democracy and European Integration," in *Social Democracy and European Integration: The Politics of Preference Formation*, Routledge Advances in European Politics 66 (Routledge, n.d.), 163.

<sup>177</sup> Andersson, "Neoliberalism from Within," 2025, 395.

<sup>178</sup> Miles, *Sweden and European Integration*, 121.

<sup>179</sup> Bildt, *Uppdrag Europa*, 86–87.

<sup>180</sup> Gustavsson, *The Politics of Foreign Policy Change*, 114.

scheduled for 1992. In response, the social democratic government submitted an extensive bill to the *Riksdag* in December 1987, where social democratic leadership declared its intention to “deepen our collaboration with the EC as far as compatible neutrality.”<sup>181</sup> It thus continued to rule out EC membership on the grounds of Sweden’s neutrality and its role as an international “mediator and bridge builder in various global conflicts.”<sup>182</sup> This logic of neutrality and sovereignty in foreign policy was overtly supported by all parties, which “prevented any debate on membership between 1987 and 1990.”<sup>183</sup> As existing historiography and Carlsson’s autobiography indicate, politicians were acutely aware that these ideals were entrenched in both the general public and especially Social Democratic Party opinion.<sup>184</sup> Neutrality, as it was referred to both in newspapers and scholarly literature, remained a ““sacred cow.””<sup>185</sup>

It was thus not the government nor its opposition that would openly commit sacrilege, but a member of the elite business community.<sup>186</sup> In December 1987, SI chairman Peter Wallenberg controversially brought up the question of membership at an SI seminar, arguing it was inevitable that Swedish businesses would be discriminated against without political representation through Swedish membership in the Community.<sup>187</sup> He had to tone down his statement on neutrality a week later in an article for *SvD*, following rebukes from not just the

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<sup>181</sup> om Sverige och den västeuropeiska integrationen, (Proposition 1987/88:66), Sveriges Riksdag (1987), [https://www.riksdagen.se/sv/dokument-och-lagar/dokument/proposition/om-sverige-och-den-vasteuropeiska-integrationen\\_gb0366/](https://www.riksdagen.se/sv/dokument-och-lagar/dokument/proposition/om-sverige-och-den-vasteuropeiska-integrationen_gb0366/); Miles, *Sweden and European Integration*, 117, 119 Intriguingly, as Miles points to, the social democratic leadership employed a seemingly novel emphasis on the cultural similarities between Europe and Sweden, a rhetoric perhaps not obviously necessitated by the mere goal of economic collaboration.

<sup>182</sup> Magnus Ekengren and Bengt Sundelius, “Sweden: The State Joins the European Union,” in *Adapting to European Integration: Small States and the European Union* (Taylor and Francis, 2014), 134.

<sup>183</sup> Bieler, *Globalisation and Enlargement of the European Union*, 78–80; Bieler, “The Struggle over EU Enlargement,” 585.

<sup>184</sup> Ingvar Carlsson, *Så Tänkte Jag: Politik & Dramatik*, 1. uppl (Hjalmarsen & Högberg, 2003), 403; Johansson and Sydow, “Swedish Social Democracy and European Integration,” 157–60; Miles, *Sweden and European Integration*, 122.

<sup>185</sup> Agius, *The Social Construction of Swedish Neutrality*, 155.

<sup>186</sup> See also Bieler, *Globalisation and Enlargement of the European Union*, 73–75.

<sup>187</sup> “Svenskt Medlemskap i EG Kan Inte Undvikas,” *Svenska Dagbladet*, December 10, 1987, National Library of Sweden; Borgström and Haag, *Gyllenhammar*, 256–57.

Minister of Industry, but from the fellow board member, Gyllenhammar.<sup>188</sup> The Volvo CEO had quickly gone out to publicly critique Wallenberg's stance against neutrality in a business magazine, arguing that "we should not take the risk to divide the Swedish nation by prematurely bringing up a question that needs not yet be discussed."<sup>189</sup>

The disagreement seemed not to be the goal, but rather the discretion and timing. Gyllenhammar later elaborated in an extensive *SvD* interview in June 1988 that the EC was not prepared to accept new members until 1992 and Sweden ought to first focus on getting access to the internal market before. Thus, he held, "there is no reason for the business community to start a conflict when there is so much to do before that."<sup>190</sup>

Sweden had lost its foremost internationalist, Olof Palme, but the ideals of neutrality and solidarity that he had embodied remained deeply held by parts of the people. Much of the scholarly literature argues that the social democratic elite's official turn towards membership came about in 1990 because it could be justified by the Fall of the Berlin Wall in 1989 and the revolutions of Eastern Europe, which removed the "traditional constraints imposed by neutrality."<sup>191</sup> This realpolitik emphasis overlooks that Swedish neutrality and internationalism remained entrenched in popular opinion well beyond 1990, and seems to have contributed to the overarching consensus that because politicians did not dare challenge neutrality, no one worked for membership.<sup>192</sup> I will challenge this status quo by showing how the idea of neutrality was carefully being desecrated by business elites and think tanks as early as 1987.

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<sup>188</sup> "Vi Måste Få Prislapp På EG," *Svenska Dagbladet*, December 17, 1987, National Library of Sweden.

<sup>189</sup> Dinkelspiel, *Den motvillige europén*, 150.

<sup>190</sup> "EG Vill Inte Ha Sverige i En Isolerad Flank," *Svenska Dagbladet*, June 12, 1988, National Library of Sweden.

<sup>191</sup> Miles, *Sweden and European Integration*, 136–37; Gustavsson, *The Politics of Foreign Policy Change*, 82–87; Douglas Brommesson et al., "Sweden's Policy of Neutrality: Success Through Flexibility?," in *Successful Public Policy in the Nordic Countries: Cases, Lessons, Challenges*, ed. Caroline de la Porte et al. (Oxford University Press, 2022), 296, <https://doi.org/10.1093/oso/9780192856296.003.0014>.

<sup>192</sup> Ekengren and Sundelius, "Sweden: The State Joins the European Union," 135; Agius, *The Social Construction of Swedish Neutrality*, 182.

*National Insecurity and Blue-Eyed Sweden*

**Ideas** change the world, that is the thesis that we are trying to apply to Sweden. The original enemy, socialism, no longer exists as an openly supported alternative to market economy and pluralism. But it lives on in people's thinking and the institutions that the social democratic Swedish model created during half a century of hegemony... that now stands in the focus of our work. (bold in original text).<sup>193</sup>  
—Business Fund strategist Sture Eskilsson, elaborating on Timbro's activities in 1993.

With the help of Timbro the business community invested skillfully and enduringly to influence Swedish opinion to their own advantage. Through books, seminars, "research reports" and personal influence their message gained wide reach... The Swedish labour movement lost the fight for the political agenda... In the Timbro group, I had another burgherly party to deal with, which was both more effective and harder to get to than the parliament parties. The headwind was strong. My time as Prime Minister could be short.<sup>194</sup>  
—Prime Minister Ingvar Carlsson in his autobiography.

On September 18, 1986, the Foundation for Freedom in Sweden representative and Navy Commander Captain von Hofsten once again brought up the question of Swedish security. This time, curiously, at Cercle Suédois, a luxurious Swedish club in Paris (coincidentally, maybe, not all too far from Volvo and the ERT's local office). It was not any regular Swede that could afford the trip, or lunch, for that matter, to listen to his noon panel on "The Blue Eyed Swede - about Swedish Insecurity Politics" (blue-eyed, presumably, used idiomatically to refer to child-like naivety).<sup>195</sup> But the ones that did must have been awfully curious about Swedish neutrality politics.

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<sup>193</sup> Sture Eskilsson, "Verksamheten Vid Timbro," October 25, 1993, NÄFOs arkiv, CfN.

<sup>194</sup> Carlsson, *Så Tänkte Jag*, 209–10.

<sup>195</sup> Sture Eskilsson, "Letter to Director Harald Friberg," September 26, 1986, Friheten i Sverige arkiv, CfN.



**Figure 16.** Cercle Suedois, 2025. Paris, France.

I posit that Swedish business elites working to integrate Sweden into the European Community, such as Gyllenhammar and Wallenberg, were also by business organizations like the Business Fund. Its archives show that, following the ratification of the internal market, the Fund initiated an entirely new program far beyond its regular ambition of privatizing Sweden. It aimed to show Sweden its ‘natural’ place in the EC.

In some ways, 1987 was business as usual for the Fund. In a letter to Curt Nicolin, strategist Eskilsson brought up a major concern of the Business Fund: “educating” the business community. He proposed that seminars held by figures like Peter Wallenberg would teach the next generation of leaders political questions such as private ownership, taxes, the importance of ideas in bringing about social change, how politics can affect companies, and vice versa.<sup>196</sup> I argue that the Fund continued to work for a top-down consensus in the business community centered on taxes, privatization, and regime shift.

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<sup>196</sup> Sture Eskilsson, “Brev till Curt Nicolin,” May 15, 1987, Stiftelsen Fritt Näringsliv arkiv, CfN.

Yet by 1987, Eskilsson, too, began to keep a firm eye on Europe, receiving several reports on the developments in the EC, usually ordered by SAF from the Swedish business organization Representations des Entreprises Suédois in Brussels.<sup>197</sup> The points of discussion were many, ranging from whether the EU would be social in nature (asserting that “our European organizations, UNICE, have done an extraordinary work to get the social charter in the right direction... so that it doesn’t hinder economic development”), to the implications of Swedish neutrality: “the EC is not ready to accept a membership with neutrality accommodations.”<sup>198</sup>

A month after Gyllenhammar and Wallenberg had argued on whether or not to publicly bring up the question of Swedish neutrality in December 1987, the catalog of the Timbro bookstore was updated as “the increased interest in foreign policy and security politics entails that Market Corner continuously builds up a supply of relevant literature.”<sup>199</sup> The new subject section included a vast selection of books, ranging from Benjamin Netanyahu’s *Terrorism - How the West Can Win*, to *South Africa - The Solution* by Leon Louw and Frances Kendall (two prominent South African neoliberals that, in the words of historian Quinn Slobodian, “defended the viability of the modern-day white enclave.”)<sup>200</sup>

Yet, the overwhelming majority of the works in foreign policy and security now offered were centered on the USSR’s military, including books such as *The KGB and Soviet Disinformation*, *Inside the Soviet Army*, and Tom Clancy’s *The Hunt for Red October*.<sup>201</sup> Furthermore, “Timbro’s military library” was launched, which nearly exclusively included books portraying an imminent Soviet threat to Sweden, whether it was Soviet espionage, submarine

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<sup>197</sup> Carl Tersmeden, “EG Rapport 1987,” 1987-05-05, n.d., Stiftelsen Fritt Näringsliv arkiv, CfN.

<sup>198</sup> Carl Tersmeden, “EG under Andra Halvåret 1989 Rapport,” Brussels, January 30, 1990, Stiftelsen Fritt Näringsliv arkiv, pp. 15, 29, CfN.

<sup>199</sup> Peter Stein, “Katalog För Bokhandeln Market Corner 1988,” Timbro, January 1988, Stiftelsen Fritt Näringsliv arkiv, CFN.

<sup>200</sup> Quinn Slobodian, *Crack-up Capitalism: Market Radicals and the Dream of a World without Democracy* (Allen Lane, 2023), 91 For more information about neoliberalism and apartheid in South Africa, read 81-99.

<sup>201</sup> Stein, “Katalog För Bokhandeln Market Corner 1988.”

incursions, or the “At least 4000 spetsnaz-soldiers constantly standing ready to attack Sweden.”<sup>202</sup> Although the Business Fund’s original 1940 manifesto had promised to reduce “state action to mere defense and security purposes,” by 1988, even the Swedish state’s ability to defend itself from the USSR was being challenged by the Fund.<sup>203</sup>

While politicians and business leaders did not dare to bring up the question of neutrality, Timbro published books like *AS WE PLEASE. Sweden's neutrality policy from the Napoleonic Wars to the EC* by Fredrik Braconier, adding the accompanying blurb in its catalog: “Is the risk of war higher if Sweden joins the EC? Neutrality in Swedish foreign policy is neither a restraint nor a goal in itself.”<sup>204</sup> Other times, the logic emerged fictionally, such as in the 1988 Timbro-published *Operation Garbo*: a book about a sudden Soviet invasion of Sweden in 1992 as a result of Sweden’s insistence on remaining alliance-free. Its author revealed in 2009 that it had been written in reaction to the 1981 Whiskey on the Rocks incident and the subsequent security debate, to bring up the question of “the neutrality dogma that made all debate divorced from reality.”<sup>205</sup>

*Operation Garbo* became a centerpiece for Timbro’s press in the coming years, regularly being featured in its magazines and advertisements, and it even received an entire page in the Swedish newspaper *SvD*.<sup>206</sup> Originally written under the pseudonym Harry Winter, the authors were long after revealed to be a *SvD* reporter, a defense researcher, and a military historian,<sup>207</sup> who, as the archives show, was a regular at Timbro board meetings and events.<sup>208</sup> Soon after, in

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<sup>202</sup> “Timbros Militärbibliotek,” n.d., Stiftelsen Fritt Näringsliv arkiv, CfN.

<sup>203</sup> Andersson, “Neoliberalism from Within,” 2025, 385.

<sup>204</sup> “Böcker Från Hösten 89,” n.d., Stiftelsen Fritt Näringsliv arkiv, CfN.

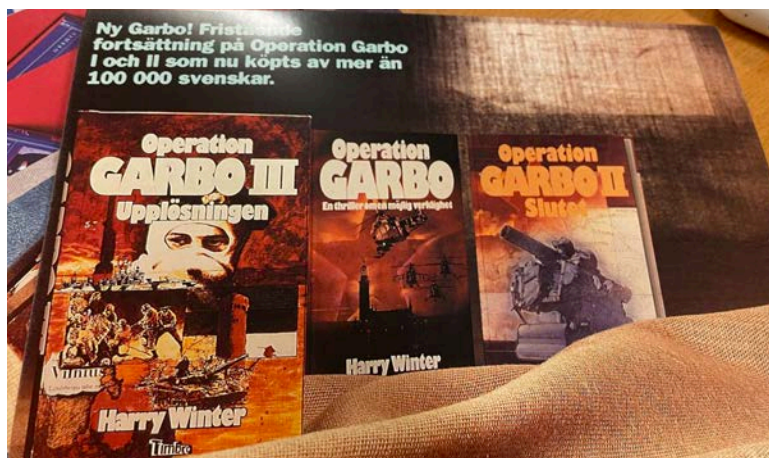
<sup>205</sup> Bo Hugemark, *Berättelsen om Operation Garbo* (Timbro, 2009), <https://timbro.se/app/uploads/2017/01/berattelsen-om-operation-garbo.pdf>.

<sup>206</sup> “Timmarna Då,” *Svenska Dagbladet*, May 22, 1988, *National Library of Sweden*.

<sup>207</sup> Timbro’s own marketing of the book, meanwhile, inferred that the author could be a high ranking military official or politician. Hugemark, *Berättelsen om Operation Garbo*.

<sup>208</sup> “Årsmöte 1989 Deltagarlista,” n.d., Stiftelsen Fritt Näringsliv arkiv, CfN.

1989, a sequel was published, which, according to Timbro, was bought by 100,000 Swedes. The first book had been subtitled “A thriller about a possible reality,”<sup>209</sup> yet even when said possible reality collapsed with the fall of the USSR, *Operation Garbo III* was published in 1991, followed by two more reality-divorced spin-offs. It was only in 1996, shortly after Sweden had joined the EU, that Timbro stopped its saga on an imminent security threat against alliance-free Sweden.



**Figure 16.** Operation Garbo III advertisement. Stockholm, CfN.<sup>210</sup>  
Photo by author. Timbro.

Alongside arguments meant to undermine the perceived security of neutrality came moral critique against the idea of active internationalism, the second aspect intertwined with social democratic neutrality. The Fund began pushing press material, such as the Timbro-published books, *The Left's Moral Debt*, *The Country Outside*, and *The Moral Superpower*, which critiqued Swedish active internationalism and “its controversial positions in the Third World, including the revolutionary national freedom movements and democratically dubious regimes in Central America, Africa, and Asia.”<sup>211</sup> The Business Fund speakers and press material instead began

<sup>209</sup> “Operation Garbo III Annons,” n.d., Stiftelsen Fritt Näringsliv arkiv, CfN.

<sup>210</sup> “Operation Garbo III Annons.”

<sup>211</sup> Ann-Sofie Nilsson, “Den Moraliska Stormakten,” 1991, Stiftelsen Fritt Näringslivs arkiv, CfN; “Klippsamling Vänsterns Moraliska Skuld Och Landet Utanför,” Timbro, 1992 1991, Stiftelsen Fritt Näringsliv arkiv, CfN.

arguing that Sweden, rather than being an exceptional neutral actor for international solidarity and conflict resolution, had far more in common with Western Europe and its historical values, from which, they argued, Sweden descended.

By 1988, the journalists, politicians, and business leaders attending the Fund's annual shareholder meeting at the Wallenberg-owned Grand Hôtel were taught about "Europe's deep cultural well."<sup>212</sup> The staple topic at Timbro seminars, from speakers such as the Rector Magnificus of Uppsala University, increasingly became Sweden's shared cultural and political heritage with European civilization from the Renaissance and antiquity. As Sweden entered the 1990s, the Business Fund's literary canon not only included the works of Hayek, Adam Smith, and Harry Winter, but also the Timbro-published *Magnus Gabriel*: a book celebrating the 17th century Swedish military aristocrat de la Gardie as an agent of "internationalism and the spread of culture" and as "one of the great 'Europeanized' Swedes."<sup>213</sup>

Why was there a sudden shift to celebrating Europeanness in Timbro? As the introduction to one Timbro essay series, dubbed 'the European House', explained, "Swedish European debate has to a large extent revolved around exports, trade, and economic growth. But Europe is just as much about our common heritage and a common debate around cultural and existential questions."<sup>214</sup> By reformulating the question of European membership as being about identity rather than merely economy, I argue, the Fund sought to provide its attending politicians, journalists, and business leaders with an argument that could appeal to public opinion.

As the newspaper archives show, these actors, in turn, would work to disseminate these convictions to Swedish society. The question of neutrality would be raised at conventions such as the annual meeting of *Grossistförbundet* (the Wholesale and Retail Federation) in 1988. Notably,

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<sup>212</sup> Sture Eskilsson, "Årsmöte 1988 Inbjudan," March 15, 1988, NÄFOs arkiv, p. 19, CfN.

<sup>213</sup> "Magnus Gabriel Annonns," n.d., Stiftelsen Fritt Näringsliv arkiv, CfN.

<sup>214</sup> "Det Europeiska Huset," Timbro, 1991, Stiftelsen Fritt Näringsliv arkiv, CfN.

in this instance, it was brought up by Volvo's former PR manager, Bo Ekman. In 1986, he had left Volvo to buy the Swedish polling company Sifo, which already held a close relationship with Gyllenhammar (see p. 38), regularly had its public opinion polls on political parties and EC membership featured in *SvD*, and would release dubiously framed pro-membership inquiries heading into the referendum (see p. 4).<sup>215</sup> During the meeting, the Sifo chief argued that neutrality was, in fact, compatible with membership, adding, "gloomily," that the problem is that polls show how Swedes don't feel European. Luckily for those attending the meeting, the Uppsala University Rector (and aforementioned Timbro expert on Sweden's ties to Europe) was there to speak about culture and trade.<sup>216</sup> The meeting and Ekman's European hopes were reported in *SvD* by none other than journalist Braconier, the Timbro-published critic of neutrality (see p. 53).<sup>217</sup>

Although it may seem disadvantageous for Timbro to skirt around directly addressing the question of membership in its own press, I posit that this was by design. As described earlier, Swedish neutrality was a sacred cow. Overtly attacking it would have been counterproductive for Timbro, which, partially in response to having been identified and attacked by the left for its behind-the-scenes neoliberal program, opted to become a more public organization by 1988.<sup>218</sup> Likely, this is also why Timbro would not overtly partake in the later referendum campaign (it would, as the archives show, continue to covertly fund and arrange various pro-EC initiatives).

That is not to say that Timbro did not influence the discussion on membership covertly before the 1990s. As shown, journalists at Timbro seminars were often the ones reporting on EC

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<sup>215</sup> Björn Suneson, "Volvochef Köper Sifo," *Svenska Dagbladet*, November 18, 1986, National Library of Sweden.

<sup>216</sup> Bo Ekman had also been working on creating a consensus among the business community on the Scanlink since 1984, see "Fortsatt Kris i Byggnadsbranschen," *Svenska Dagbladet*, May 9, 1984, National Library of Sweden; Sigfrid Leijonhufvud, "SCG-Volvo i Möte Om Scandinavian Link," *Svenska Dagbladet*, May 14, 1984, National Library of Sweden.

<sup>217</sup> Fredrik Braconier, "Grossistförbundets Årsmöte," *Svenska Dagbladet*, November 18, 1988, National Library of Sweden.

<sup>218</sup> Sture Eskilsson, "Årsmöte 1988 Punkter till Anförande," 1988, NÄFOs arkiv, CfN.

integration in newspapers. The Fund's own news agency, NPT, had grown significantly since 1983, and in 1987 alone was able to publish 8000 of its articles in Swedish local, regional, and national news.<sup>219</sup> By the the beginning of 1990, before the government officially turned on Swedish-EC membership policy, a report circulated among the directors of Timbro and Eskilsson about investing in a group of charismatic journalists who would specifically “ennoble” the EC debate and ensure that it would not end up as in Norway (which had voted not to join the EC in 1972).<sup>220</sup>

Some of Eskilsson's correspondence indicates that there were preparations for future large-scale campaigns to sway public opinion as early as 1987. For instance, in 1987, Eskilsson was in contact with a media company about creating a 40-minute film titled *I want to live in Europe...* The producer, a former SvD employee, elaborated that it was meant to target “high school and middle school” students, but could also be “used for political and union-related organizations, companies, etc.” The campaign film aimed to promote Sweden's involvement in the EC project by portraying the EC as a “peace thought” and the carrier of a “European thought” stretching back to the Roman Empire. It would bring up the question of neutrality and membership while telling the story of students interrailing through Europe, with allusions to European music, literature, and Greenpeace.<sup>221</sup> Simultaneously, the Business Fund began conducting its own investigations into the membership-skeptic environmental Green Party and labor unions to prepare arguments to undermine their positions on the question.<sup>222</sup> The

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<sup>219</sup> Eskilsson, “Årsmöte 1988 Punkter till Anförande.”

<sup>220</sup> Leif Widén, “Rapport Om Näringslivet Och Dess Kontakter,” Brussels, January 4, 1990, Stiftelsen Fritt Näringsliv arkiv, CfN.

<sup>221</sup> Ragnar Forssberg and Ulf Wickbom, “Förslag ‘Jag Vill i Europa...’” PrimaMedia AB, n.d., Stiftelsen Fritt Näringsliv arkiv, CfN; The idea made its way into the later referendum campaign, see Strandbrink, *Förnuftets Entoniga Röst*, 251.

<sup>222</sup> Jonas Nilsson, “Miljöpartiets Argument Mot EG,” Timbro, July 1989, Stiftelsen Fritt Näringsliv arkiv, CfN; Lena Liljeroth, “Granskning Av Den Fackliga Pressen Inom TCO Och LO 1991,” January 1991, Stiftelsen Fritt näringsliv, CfN.

groundwork to shape public opinion in a future EC membership campaign was being laid by the Fund far before it was on the public agenda.

The reasons for the Business Fund's support for an EC membership were likely several. One possible factor could be that, in line with historian Jenny Andersson's description of the organization, the Fund continued to operate in a top-down fashion, where multinational elites such as Wallenberg and Nicolin held particular sway on its program. There is evidence that supports such a position, including continued economic contributions from SAF and SIs, a tight-knit relationship corroborated by the correspondence of chief ideologue Sture Eskilsson, and the prevalence of Wallenberg family representatives in boards and Fund meetings. However, ascertaining the verity or extent of such an influence is both beyond the scope and ability of this thesis and the archival sources it has to draw upon.<sup>223</sup>

More clearly, however, as shown by the prevailing dialogue at Fund meetings, in correspondence, and in the press, is that many of its members saw joining the EU built on neoliberal foundations as an integral part of their effort to subvert what they saw as the constraints of the Swedish welfare state. Some Timbro affiliates were, as it turns out, not prepared to give up Swedish sovereignty or neutrality,<sup>224</sup> but the overwhelming majority of the material in the archives indicates that such a position had little representation within the think tank. Far more prevalent was the position, as one Lund University historian lamented during his speech at a Fund seminar on 9 October 1990, that held that "Europe became throughout the decade more bourgeois and more capitalistic... Sweden has come to stand outside not just the

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<sup>223</sup> A good place to start would likely be the SAF and SI archives at CfN, to which this project was denied access.

<sup>224</sup> Strandbrink, *Förnuftets Entoniga Röst*, 114–15.

EC, but also what seems to be the general development of European (and Western in general) society.”<sup>225</sup>

### *To Distant Shores*

On October 26, 1990, the Carlsson government abruptly declared it would ““work for a new decision by Parliament about the policy towards Europe, which more clearly and in more positive wording clarifies Sweden's ambitions to become a member of the European Community.””<sup>226</sup> The announcement came as part of an economic austerity package by the government, in what has been widely referred to as a footnote. The Cold War was drawing to a close, but, as political scientist Andreas Bieler puts it, “Sweden’s application for membership was a response to severe economic problems, not an attempt to gain more security in a less stable world.”<sup>227</sup>

These problems, as Bieler points out, included the long-standing issue of capital flight. Towards the end of the 1980s, capital began pouring out to distant European shores. Swedish Foreign Direct Investments to the EC increased from 21.4% in 1985 to 70.4% in 1990, while companies like Volvo could simply threaten to move their production from Sweden to Europe.<sup>228</sup> The increasing deregulation and transnationalization of capital and production in the 1980s afforded companies immense bargaining power in their demands for EC membership.<sup>229</sup> Political scientist Pontusson concludes that “Swedish business had already joined the Community, and this left the government with little choice in the matter.”<sup>230</sup>

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<sup>225</sup> Svante Nordin, “Sverige’s Sonderweg,” Speech, Yxtaholm, October 9, 1990, Stiftelsen Fritt Näringsliv arkiv, CfN.

<sup>226</sup> Miles, *Sweden and European Integration*, 183.

<sup>227</sup> Bieler, *Globalisation and Enlargement of the European Union*, 132.

<sup>228</sup> Bieler, *Globalisation and Enlargement of the European Union*, 74.

<sup>229</sup> Bieler, *Globalisation and Enlargement of the European Union*; Fioretos, “The Anatomy of Autonomy,” 315; Ingebritsen, *The Nordic States and European Unity*, 114.

<sup>230</sup> Pontusson, *The Limits of Social Democracy*, 121.

Part of the explanation for this conundrum was that deregulation had already become internalized within the social democratic Finance Ministry and its third way policies. Through successive liberalization measures, Swedish financial markets throughout the 1980s became integrated into EC and global markets to the point that by 1987 Ingvar Carlsson's economic advisor boasted to *The Economist* that "the changes underway... make London's Big Bang sound like a mere whimper."<sup>231</sup> The ensuing capital flight and transfer of jobs contributed to the social democratic elite's belief that its "economic problems could only be dealt with through application to the EU."<sup>232</sup> As Bieler writes, "By accepting some principles of neo-liberalism, the seeds were sown for the demise of the Swedish Model."<sup>233</sup>

I have illustrated how multinational business elites such as Gyllenhammar had lobbied for neoliberal ideas such as freer capital flows since the beginning of the 1980s, whether it was through a Nordic or European home market. Furthermore, I argue that due to the concentration of Swedish transnational capital (see p. 29), it was primarily transnational business elites with ideological agendas, Wallenberg chief among them, that were empowered in their demands for membership. As Finance Minister Kjell-Olof Feldt remarked in 1988, "of all investments made, 75 percent are made by the twenty-five largest companies, which have around eighty percent of exports."<sup>234</sup>

Scholarly literature has shown that these elites could exercise their increased bargaining power in the secret European council formed by Carlsson in 1988, comprising twenty key

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<sup>231</sup> Andreas Bieler, "Globalization, the Rise of Neo-Liberalism, and the Demise of the Swedish Model: An Analysis of Class Struggle," in *Monetary Union in Crisis*, by Bernard H. Moss (Palgrave Macmillan UK, 2005), 278, <https://doi.org/10.1057/9780230524002>; Quoted in Olsen, "Labour Mobilization and the Strength of Capital," 139; For more on global capital movement in the 1980s, Rawi Abdelal, *Capital Rules: The Construction of Global Finance*, 1. paperback ed (Harvard Univ. Press, 2009).

<sup>232</sup> Bieler, *Globalisation and Enlargement of the European Union*, 84.

<sup>233</sup> Bieler, "Globalization, the Rise of Neo-Liberalism, and the Demise of the Swedish Model: An Analysis of Class Struggle," 277.

<sup>234</sup> Quoted in Blyth, *Great Transformations*, 114.

government, administration, union, and business organization representatives, as well as five business elites, including Nicolin, Gyllenhammar, and Wallenberg.<sup>235</sup> Their main task was to determine the goals in the upcoming EFTA-EC negotiations over the European Economic Area (EEA), where Sweden proceeded with the goal of ensuring companies' access to the market freedoms envisioned by the 1985 white paper.<sup>236</sup> Wallenberg repeatedly threatened to leave the delegation, and, as Carlsson reflected in his biography, “never missed an opportunity at the delegation meetings to propagate his views on full membership in the EC.”<sup>237</sup>

On the continent, meanwhile, ERT and EC collaboration continued. Wallenberg shared that he followed up his 1987 declaration for EC membership with a private meeting with the “greatly interested” West German Chancellor Helmut Kohl.<sup>238</sup> Timbro architect Eskilsson was in direct correspondence with 10 Downing Street, inviting Prime Minister Thatcher to personally come visit the Timbro office in 1988.<sup>239</sup> And in 1989, Wallenberg, whose flagship holding company simultaneously joined the ERT, simply scheduled a private dinner with Delors through the Swedish EC ambassador.<sup>240</sup>

By June 1990, the EC gave two new signals on its policy towards EFTA. During a speech at Harvard University, Kohl suggested that the EC would now be open to members from EFTA, while Delors indicated that they would only get political representation through full membership. This created an awkward position for the ongoing EFTA-EC negotiations, as the consequent “EEA agreement [required] adherence to EC legislation without offering EFTA states the

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<sup>235</sup> Ingebritsen, *The Nordic States and European Unity*, 151.

<sup>236</sup> Gustavsson, *The Politics of Foreign Policy Change*, 60.

<sup>237</sup> Dinkelspiel, *Den motvillige europén*, 125; Carlsson, *Så Tänkte Jag*, 404.

<sup>238</sup> Borgström and Haag, *Gyllenhammar*, 257.

<sup>239</sup> “Letter to Eskilsson from Thatcher’s Private Secretary Morris,” 10 Downing Street, July 1988, NÄFOs arkiv, CfN.

<sup>240</sup> van Apeldoorn, *Transnational Capitalism and the Struggle over European Integration*, 90; Jacques Delors, “Symposium du Parlement européen avec les industriels européens,” March 7, 1989, HAEU.

possibility to influence the decision-making process.”<sup>241</sup> Just to access the internal market, social democratic decision makers acquiesced to a supranational framework and 12,000 pages of EC legislation enforced on the Swedish welfare state, making political scientist Miles question whether the EEA was not already a grand reconfiguration of neutrality.<sup>242</sup> Political scientist Gustavsson calls the EEA agreement a “limited form of accession.”<sup>243</sup> Bildt, meanwhile, asserts in his autobiography that he knew from the start that the EEA negotiations were a dead end, but that they were worthwhile as they would necessitate membership as the only option.<sup>244</sup> Whether Bildt was retrospectively rationalizing, or not, I have shown that the very business elites counseling Carlsson on the EEA had themselves, too, been vying for membership as part of a long-term strategy since at least 1987.

Consequently, Prime Minister Carlsson had many things on his mind as the country entered a financial crisis in 1990. According to Miles, the failure of the EEA negotiations convinced social democratic decision makers that membership was the only option.<sup>245</sup> By April 1990, party leaders Bildt and Westerberg saw it as the moment to finally publicly demand EC membership. They were joined by polls in the newspapers explaining how the government had fallen below a 30% approval rating, while a majority of the population supported membership, further persuading the Carlsson government that a declaration of membership was a necessity to survive the 1991 general election.<sup>246</sup> Wallenberg, meanwhile, entered the public discussion on

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<sup>241</sup> Ingebritsen, *The Nordic States and European Unity*, 86, 88.

<sup>242</sup> Miles, *Sweden and European Integration*, 131, 135.

<sup>243</sup> Gustavsson, *The Politics of Foreign Policy Change*, 113.

<sup>244</sup> Bildt, *Uppdrag Europa*, 90.

<sup>245</sup> Miles, *The European Union and the Nordic Countries*, 62.

<sup>246</sup> Gustavsson, *The Politics of Foreign Policy Change*, 64; Miles, *Sweden and European Integration*, 129, 132, 183. Neither scholar shows who were behind the polls, nor if membership was articulated with neutrality reservations or not.

October 9, demanding EC membership and reproducing Timbro's ideas as he justified it on the grounds that "Sweden during the last 150 years has been isolated from European progress."<sup>247</sup>

The Prime Minister thus announced his support for Swedish membership in the European Community, having consulted neither unions nor the party.<sup>248</sup> Perhaps a fig leaf to the social democratic movement that still largely held neutrality sacrosanct, the subsequent December *Riksdag* vote on applying for membership stipulated that such membership could and must be compatible with neutrality (despite the fact that the last years and decades had evidently shown that the EC would not accept any neutrality provisions).<sup>249</sup> Following a decade of silence on the controversial question of membership, Gyllenhammar, ever-PR-aware, finally found the moment to finish off what he started. In an interview for *SvD* on November 15, 1990, he concluded that even if the EC were to develop an army, Sweden must "throw neutrality overboard" and join the EC.<sup>250</sup> And so it did.

### ***Conclusion***

As has been testified to before, Gyllenhammar, Nicolin and Wallenberg no doubt held much sway when they consulted the government on the question of a Swedish EU accession towards the end of the 1980s. But what must be recognized is that the very same business elites that were now empowered in negotiations by the threat of strong business organizations, capital flight, and an emerging European Union, had themselves funded the business campaigns to influence public opinion, rationalized the freer capital regulation, and lobbied for the European

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<sup>247</sup> Ingmar Lindmarker, "Peter Wallenberg Efterlyser Ett Snabbt Medlemsskap," *Svenska Dagbladet*, October 9, 1990, National Library of Sweden.

<sup>248</sup> Andreas Bieler, "Globalization, Swedish Trade Unions and European Integration: From Europhobia to Conditional Support," *Cooperation and Conflict* 34, no. 1 (1999): 33, <https://doi.org/10.1177/00108369921961762>; Bieler, *Globalisation and Enlargement of the European Union*, 83.

<sup>249</sup> It would not save them in the election, which they lost in a historic defeat to a conservative coalition led by Fund associate Bildt. Johansson and Sydow, "Swedish Social Democracy and European Integration," 165–66.

<sup>250</sup> Sigfrid Leijonhufvud, "Kasta Neutraliteten Överbord," *Svenska Dagbladet*, November 5, 1990, National Library of Sweden; Miles, *Sweden and European Integration*, 200.

internal market since the beginning of the decade. In other words, further attention ought to be paid to business elites as actors shaping European integration and enlargement, at the very least, in the case of Sweden. For instance, whereas scholarly literature has only discussed a major mobilization for membership following the fall of the Berlin Wall in 1989, thereby emphasizing the importance of structural developments outside of the politics in Sweden, it misses that an operation intended to influence domestic opinion toward EC membership had already been put in motion as early as 1987 by business elites, the neoliberal think tank Timbro, and their associates. Business leaders like Wallenberg publicly justified membership on the grounds of political representation for companies, while the neoliberal think tank Timbro privately understood it as central to their mobilization against the Swedish welfare state. Both, I argue, employed arguments for Sweden's cultural, existential, and civilizational ties to Europe, terminology developed at Timbro as a means to undermine the Swedish neutrality and internationalism that ruled out membership for politicians and the public alike.

It is up to future accounts to ascertain to what extent Timbro's ideas were disseminated across, and accepted by, Swedish society ahead of the election. The perhaps clear starting point would be the years of government under the former Business Fund associate Carl Bildt, who, upon becoming Prime Minister in 1991, set about an intensive program questioning Swedish neutrality and internationalism, while championing a "foreign policy with a European identity."<sup>251</sup> Business leaders, too, as briefly alluded to in the introduction of the thesis, seem to have readily adopted and spread a cultural logic similar to Timbro's own in their bid to steer Sweden's electorate toward voting for membership in the EU. The Fund for its part, as the archives show, continued to rather quietly spread its pro-membership ideas while launching

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<sup>251</sup> Ekengren and Sundelius, "Sweden: The State Joins the European Union," 135; Agius, *The Social Construction of Swedish Neutrality*, 150, 156–58.

magazine and newspaper articles, funding youth party campaigns, and creating its own curriculum and seat of education, *City-Universitetet*, schooling a new generation of business leaders, opinion makers, and government ministers to free Sweden from the shackles of the welfare state.

## Conclusion

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### *The Bridge to Europe*

“If Sweden wanted to get closer to Europe, there was no more concrete way than to build a solid link over the Öresund strait... to develop cohesively economically and culturally.”  
—Ingvar Carlsson, beginning his chapter ‘A Bridge to Europe’ in *Så Tänkte Jag*.<sup>252</sup>

The Öresund Bridge, previously known as the Scandinavian Link, began its construction in 1995, the same year Sweden joined the EU. In his biography, social democrat Ingvar Carlsson made no mention of his friend, Pehr Gyllenhammar, or the ERT, whose efforts to concretely bridge Sweden to Europe had far predated his own as Prime Minister. Rather, he stated, it was “a brilliant example of Nordic social democratic collaboration.”<sup>253</sup>

Much like the fundamental role of business elites has escaped Carlsson’s historical account, it has been overlooked in scholarly accounts of Sweden’s accession to the EU. This thesis has addressed this exclusion by demonstrating how Swedish business elites established a beachhead at the heart of the EC through the ERT initiative in the 1980s, working alongside Swedish social democratic elites in shaping Swedish EC policy. I have elaborated on how the same business leaders contributed to laying the liberal market foundations of the EC in the 1980s. And I have shown how they worked to bridge the two through monumental PR campaigns and close relationships with key decision makers. Finally, I have argued that by the late 1980s, they appear to have worked alongside neoliberal business organizations to raise their stakes against Swedish neutrality and internationalism, in a bid to steer the country toward joining the EU.

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<sup>252</sup> Carlsson, *Så Tänkte Jag*, 359.

<sup>253</sup> Carlsson, *Så Tänkte Jag*, 370.

Consequently, this challenges current academic understanding of the Swedish policy shift towards EC membership in the late 1980s, which emphasizes structural changes such as transnationalization and the end of the Cold War. It calls for future histories of Sweden's EU accession to place further emphasis on elite business actors in shaping the conditions for capital flight as well as influencing public and political opinion. This account also adds another dimension to the rise of neoliberalism and decline of the social democratic Swedish model in the 1980s, showing how the Swedish business elite-led domestic charge for privatisation was accompanied by an endeavor to construct a liberalized European Union for Sweden to join. By showing the extent of ERT activities, it asks what the actions of transnational business elites meant for Nordic integration into the EC more broadly during the 1980s. Thus, it is yet another rendering of European integration as an elite project.

The role of business elites and associated organizations in the 1994 referendum, the capital flight to distant shores, the 12,000 pages of legislation enforced on the welfare state by the EEA agreement, and the closed-off meetings of ERT members and politicians made up only part of the shaky democratic foundation rendered in this bridge to Europe. Some of its cracks were felt by the Swedish public, which, despite having secretly been told what to vote for by Timbro for nearly a decade, remained hesitant when the voting booths closed. The mustered Mumintrölls were, in fact, Finnish campaign organizers, arriving from yet another neutral country where a business-lobbied EU membership was met with suspicion and outrage by much of the populace. Perceived democratic deficits have increasingly fuelled populist backlash against European integration, yet an impending Swexit or Fixit seems unlikely today. Still, this thesis asks: how durable are these foundations?

The invasion of Ukraine by a kleptocratic and nationalist Russia has contributed to Swedish public opinion of EU membership finally surpassing the minority support it has held since 1996. In 2022, the social democratic Prime Minister, in a historic pivot, announced her support for Swedish NATO membership (shortly before losing the general election). It would be up to the moderate Prime Minister Ulf Kristersson, formerly responsible for the Timbro EC-database in the 1980s, to finalize a generational struggle against neutrality, joining Sweden to NATO in 2024 without a popular referendum. Accompanying him in government, the previous Timbro CEO Benjamin Dousa has set out to slash at what remains of the international aid program from the bygone days of social democratic north-south solidarity. The business-funded foundation described in this thesis remains stronger than ever, albeit now allied with the right-wing nationalist Swedish Democrats.<sup>254</sup> One might ask what this means for the idealistic pursuits of peace and solidarity in this turbulent world.

An element that has ironically evaded the scope of this story is its underlying trans-Atlantic ties. Although Gyllenhammar pivoted towards Europe in 1984, American enterprises continued to be represented in the European Round Table, which itself was inspired by the American Business Roundtable. Gyllenhammar's close friend, Henry Kissinger, even proposed a synthesis of the two: the Trans-Atlantic Round Table of Industrialists. Both of these figures, alongside other recurring names of this account, such as Lord Carrington, Wallenbergs, Nicolin, and EC Commissioners Ortelli and Count Davignon (as of March 2026, alive and in court for his alleged involvement in war crimes and the murder of Congo's president Patrice Lumumba), were chairmen or members of the closed-door trans-Atlantic Bilderberg Group. In 2025, the Bilderberg conference was held nowhere else than the Stockholm Grand Hôtel,

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<sup>254</sup> For more on the post-1990 fusion between neoliberalist and far-right movements, see Quinn Slobodian, *Hayek's Bastards: The Neoliberal Roots of the Populist Right* (Allen Lane, an imprint of Penguin books, 2025).

gathering European and American business elites, politicians, journalists, royals, and Peter Thiel, a self-declared nonbeliever in democracy. Writing in New York, I conclude that we ought to be aware of what kind of bridges to Europe are being built outside the purview of the people.

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