

JEROEN TOUWEN

## Why Consult, Why Consent? Employers in Concertation Platforms Facing Welfare State Expansion in the Netherlands, 1920–1960

**Abstract:** This article analyzes the attitudes of Dutch employers toward social policy in the early twentieth century. Recent literature has evolved from an emphasis on *power* to an emphasis on *preferences*. Moving away from the traditional view that unions and social democrats forced social laws on employers, recent scholars suggest that firms saw specific advantages in the introduction of social laws. However, I show that the attitudes of Dutch business representatives, rather than seeking these specific advantages, merely reflected a willingness to consult, inspired by their macroeconomic view. Employers expressed the wish to attain an organized form of capitalism and accepted regulated forms of codetermination. Once the consultative platforms were in place, employers pursued strategic goals, such as labor peace and disciplining the unions. This paved the way for accepting welfare state expansion. In sum, mid-twentieth century business interests were strongly oriented toward coordinated capitalism.

**Keywords:** Welfare state, labor relations, The Netherlands, concertation, employers, unions

---

I am grateful to Bram Hulshoff for his assistance with the archival research for this project.

---

JOURNAL OF POLICY HISTORY, Vol. 35, No. 2, 2023.

© The Author(s), 2023. Published by Cambridge University Press in association with Donald Critchlow. This is an Open Access article, distributed under the terms of the Creative Commons Attribution-NonCommercial-ShareAlike licence (<https://creativecommons.org/licenses/by-nc-sa/4.0/>), which permits non-commercial re-use, distribution, and reproduction in any medium, provided the same Creative Commons licence is included and the original work is properly cited. The written permission of Cambridge University Press must be obtained for commercial re-use.  
doi:10.1017/S0898030622000306

## INTRODUCTION

How can we explain the role of employers in the introduction of welfare state programs in the Netherlands in the early and mid-twentieth century? Recent literature tested new views on the role of organized employers and showed that business interest groups held consenting attitudes toward the introduction of social insurance systems. Whereas older literature emphasized the role of labor unions and the *objections* of employer groups to sharing power and providing social protection, recent scholars describe more favorable attitudes to welfare state expansion, based on self-interest. The “employer-oriented approach” shifts the perspective to the role of the employer, whereas earlier literature found that the origins of the welfare state were mainly located in the strength of labor unions and the important postwar role of social democratic parties. The shift in the debate to an emphasis on firms’ preferences and firms’ strategies calls for new archival research, seeking evidence for constructive attitudes of firms to social programs.<sup>1</sup>

The starting point is the realization that although employers did not initiate such programs themselves, they were willing to accommodate the demands expressed by union representatives. Historical evidence shows that, particularly during the prewar decades, employers were powerful enough to resist such demands but sometimes chose not to, even when the threat of strikes was only an abstract notion (for example, when unemployment was high).

In this article I outline the mechanism through which Dutch employers *did* consent. I observe a mix of contradictory interests, but the underlying view at the time was that harmonious labor relations and a coordinating role of the government were beneficial to the economy. Rather than a form of direct or indirect self-interest, this consent should be viewed as part of their macro-economic outlook. The Netherlands is an instructive example because it established an elaborate system of concertation and, after World War II, one of the world’s most extensive welfare states.<sup>2</sup> I build on four case studies, which were found by researching the archives of employer organizations. They were the only important discussions relating to labor relations and social protection reported in these platforms during the period 1920–1960:

Issue 1: collective labor agreements in the early 1920s, which opened the door to codetermination and the development of more elaborate welfare provisions;

Issue 2: the plans for a new Sickness Benefits Act in 1920–1923, to provide income for workers who were ill;

Issue 3: Unemployment Insurance Act initiatives during 1921–1923; and Issue 4: the wage limit determining eligibility for public health insurance during the late 1950s.

These cases show which views and arguments were expressed by employers at the times when concrete steps were taken toward expanding social protection. I analyze statements by employers' associations and various internal reports to identify the motives behind specific policy views. These positions of firms were crucial in accepting or rejecting the social laws. Thus, my findings contribute to the debate on how and to what extent business interest groups influenced the introduction of social programs. I will briefly introduce this debate below.

#### EXPLAINING THE RISE OF THE WELFARE STATE

In hindsight, the construction of the welfare state was a great leap forward, facilitated by higher per capita income and motivated by the World Wars, social democratic ideals (either straightforward or in a setting of regime competition with the communist bloc), and economic ideas on full employment and sustaining aggregate demand. An essential factor in explaining welfare state expansion is the growing role of the central state: in its fiscal potential, its bureaucratic scope, and its *perceived* role. In the early twentieth century, consolidation of that power was well underway. It was subsequently strengthened by World War II, which contributed to the acceptance of a larger role of the government by firms and business interest groups.<sup>3</sup> Abram de Swaan, in his classic book, emphasizes the self-propelling cause of the welfare state, as committed bureaucracies served as active and powerful lobby groups for further expansion.<sup>4</sup> However, in contrast to nineteenth-century welfare capitalism, in which employers provided housing and social support to workers on a voluntary basis, the new laws involved worker and nonworker *entitlements* and compulsory contributions by employers. This signified a general loss of autonomy for employers. In the wage–labor nexus, social programs were accompanied by complementary issues such as employment regulation, wage bargaining structures, and laws requiring codetermination at the level of the firm. To understand why employers accepted elaborate social programs, I will first summarize the main trends in the literature.<sup>5</sup>

*Business dominance:* A first phase in the debate, roughly in the 1970s, focused on power and influence. Scholars asserted that capital is dominant

over labor and argued that in the market system factors such as the standard of living and economic security were in the hands of businesspersons. In fact, according to this view, political parties, social movements, and governments had only limited influence on the functioning of the capitalist economy. From the point of view of the “structural dependence thesis,” public policy only exists with the support of business interest groups—for example, to differentiate in terms of occupations and skills.<sup>6</sup> Entrepreneurs are not a passive and forbearing party and have a strong participating role in politics. As Lindblom writes, “businessmen generally, and corporate executives in particular, take on a privileged role in government that is, it seems reasonable to say, unmatched by any leadership group other than government officials themselves.”<sup>7</sup>

*Power resource approach:* In response, a range of scholars took the opposite view and asserted that it was the strength of labor (organized in unions and in social democratic parties) that determined welfare state expansion because the costs and distributional consequences were not willingly accepted by business groups. Exogenous shocks such as wars and depressions created windows of opportunity for introducing social laws. Remarkably, this analysis of politics against markets, the “power resource theory,” gained influence in the 1970s and 1980s, an era when expansive government policies had resulted in macroeconomic problems such as large government debt, high inflation, increasing tax pressure, and a deteriorating investment climate. Some of these problems have also been attributed to a temporary decrease in the power of capital.<sup>8</sup>

*Neo-corporatism:* A large number of studies analyzed neo-corporatism, the system in which the major interest groups (notably representatives of business, unions, and the government) are brought together under the supervision of the state.<sup>9</sup> In countries where this system thrived (for example, the Netherlands), elaborate welfare states developed. Especially in open economies, the social partners tended to jointly accept more elaborate welfare schemes.<sup>10</sup> There is an interesting reinforcement at work in corporatist structures. Schmitter and Streeck point to a *logic of membership* (of the interest group), which has an effect on the logic of influence in the consultative platform. This convincingly explains why employers were drawn into a government-dominated bargaining system and usually chose “voice” over “exit.”<sup>11</sup> (I will apply these concepts throughout my analysis.)

However, neo-corporatism focuses on labor relations and is not sufficient to explain the welfare state, and the power resource theory needs to be supplemented with other explanations because attributing the origins of the welfare state to the power of organized labor is not entirely convincing.

Employers could block union proposals if they really objected, as they did in several countries and industrial sectors. The fact that they could not prevent these policies in certain countries, such as Sweden, does not prove that they generally could not do so. Moreover, labor unions did not always take a united stand in favor of a redistributive welfare state, and we observe various degrees of fragmentation of the unions in European countries.<sup>12</sup>

*Employer-oriented approach:* The “employer-oriented approach” took the analysis a step further by developing a more nuanced view on why business would accept social laws. In this approach, the term *preference* takes over from *power*.<sup>13</sup> Firms (although by no means a homogenous group) realize that the various welfare state laws affect the private sector in both negative and positive ways. Peter Swenson builds a strong and detailed argument for *cross-class alliances* in Sweden in sectors that were relatively sheltered from international competition. Another example is that employers could benefit from skill formation or from product market specialization, which was facilitated by welfare state laws.<sup>14</sup> Thus, a reason for employers to support social systems is that they allow workers to invest in vocational training so that employers can reap the benefits of specific skill formation. (However, recent empirical evidence shows that business groups were often not really concerned with skill formation because the labor market supplied them with qualified personnel and in-company training could supplement any skills that were needed.<sup>15</sup>) A distinction is made between *genuine* preferences and *strategic* preferences of business for welfare reform—in the latter, there is some unspoken political interest involved. Employers may feign support to exert an influence in the negotiations.

Employer-oriented views are also inspired by the *varieties of capitalism* literature, which outlines reasons for economic actors to comply with coordinative institutions.<sup>16</sup> Institutions form integrated systems that are characterized by institutional complementarities, providing firms in these coordinated settings with specific comparative institutional advantages. To some extent, the Netherlands displayed institutional complementarities during the prewar decades.<sup>17</sup> But it is difficult to find empirical evidence of employers’ decisions that suggests an explicit awareness of institutional complementarities. For example, Emmenegger and Marx show that German employers did not favor strict job security regulations (over flexible jobs), despite the institutional complementarities that are suggested by *varieties of capitalism*. They show that the high level of job security in Germany was forced on employers during periods of business weakness by a radical labor movement in the aftermath of both World Wars.<sup>18</sup>

*Rational choice:* Further reasons for employers to agree to social insurance programs include, for example, less competition over fringe benefits for workers and attempts to shift social costs to society (or to competitors).<sup>19</sup> Different groups of employers (larger versus small firms, export-oriented versus domestic firms) pursued different interests, but the idea is that they were essentially inspired by a consistent logic. In this respect, it is useful to distinguish between social insurance programs that protect against sickness, disability, unemployment, and old age (traditional social protection) and those that enhance economic growth such as active labor market policies, vocational training, and occupational pension schemes.<sup>20</sup> The latter may serve macroeconomic goals that suit labor and capital alike.<sup>21</sup>

The emphasis on preferences does not mean that power resource theory has become obsolete. Contributions in the recent literature take issue with these employer-centered explanations and assert that business interests were often overruled by organized labor and governments.<sup>22</sup> Moreover, it seems doubtful that employers and business groups generally acted as proponents of welfare state expansion at crucial moments in history because of *strategic* preferences that were not genuinely felt, like premeditated chess moves.<sup>23</sup> Employers were a heterogeneous group, and only exceptional individuals acted as proponents, for example, inspired by their Christian beliefs. Most employers were concerned with wages, profits, and control and only consented to proposals to introduce social laws after lengthy deliberations.

*Shifting preferences:* The “historical institutionalist view” states that temporal processes generate new actor preferences, which may reinforce existing arrangements. This seems more plausible than a priori support.<sup>24</sup> Another aspect is “regulatory capture,” when business volunteers to develop regulations merely to establish weaker rules than the state would.<sup>25</sup> Paster finds a clear preference among German employers for as little de-commodification as possible: “When choosing between several policy options, employers will prefer the least de-commodifying one; they will support moderate forms of de-commodification, if alternative policies would result in even greater de-commodification.”<sup>26</sup> In the literature, some attention has also been given to the pursuit of second-best choices—for example when large firms that rely on skilled labor support contributory social insurance or when businesses in high-risk industries support the development of welfare policies with the intention of offloading these costs to society as a whole.<sup>27</sup>

Replacing “power” with “preference,” it seems that whether firms were advocates or opponents of welfare state expansion, they sought pragmatic outcomes with self-interest in mind. But we still want to find out the underlying

attitudes or motivation (pragmatism is not a strong explanation for introducing costly social laws). Were these preferences a reaction when facing powerful unions (indicating that the power of the Left was still the main determinant), or did they reflect the strength of the private sector, just picking their options?<sup>28</sup>

*Collective interest representation:* Crucial in this respect is the variegated commitment of entrepreneurs and business interest groups to collective bargaining. Unlike costly social laws, the corporatist system had clear advantages that were linked to the state of the economy during the interwar period: It was felt that too much conflict and competition was bad for all parties. As Schmitter and Streeck ask somewhat provocatively, “Why should the owners of capital, possessing as they do the discretionary power to invest, develop a need for collective interest representation?”<sup>29</sup> The answer in this article is that the context of business at the time led employers to accept corporatist solutions, with the most liberal employers grudgingly closing the ranks.

Compromise was more easily reached when well-organized bargaining platforms allowed business interest groups to negotiate with union and government representatives on a frequent basis. The corporatism debate and subsequently the *varieties of capitalism* literature (focusing on nonmarket coordination) show that bargaining institutions shaped preferences, including viewpoints relating to social laws. In several countries, the Netherlands among them, the labor relations system, with a certain degree of collective bargaining and wage regulation, resulted in increased willingness of employers to accept the introduction of social laws. This could happen when they realized that within the framework it was difficult to reject them or that they could be financed with money that would otherwise be paid in wages.<sup>30</sup> This explains why employers did not have to be active supporters of social laws to accept them.

The way the macroeconomy was perceived by entrepreneurs is remarkably absent from the debate on business interests, although their opinion on the best option to pursue is strongly influenced by their view of how the macroeconomy functioned (or should function), as we will observe below.

## METHODOLOGY

In order to discover the preferences of Dutch employers, I analyzed the archival sources of employer organizations, which show how entrepreneurs prepared for the bi- or tripartite discussions with unions and government representatives. In these meetings, attended only by business colleagues, discussions were held on advantages and disadvantages of proposed government laws. I systematically examined sources of the negotiating platforms in

the Netherlands from 1910 onward—including the meetings with the unions and the preparatory meetings solely with employers. If the participants spoke about advantages of social laws, this could prove that employers were not forced to accept welfare state expansion as a result of union power. If they accepted additional social laws and expressed pragmatic second-best attitudes, this would confirm that secondary preferences could be supportive of welfare state expansion.<sup>31</sup> The four case studies below were the only instances I found where employers explicitly voiced their opinions and standpoints on welfare state expansion and laws relating to labor conditions during the period under study. Of course, employers may have discussed these issues in informal settings where no reports were made. However, consultation was becoming increasingly institutionalized and preparation of the employers' position in the formal platforms was essential for the negotiations, so we can be certain that the important issues were addressed in the examined meetings.<sup>32</sup>

In operationalizing the empirical research, we attempt to reveal genuine as well as strategic preferences. A useful distinction is sometimes made between structural, instrumental, and discursive business power.<sup>33</sup> In this article I analyze the instrumental power of firms in acceptance of expanding social provisions in the corporatist platforms. We will observe the priorities expressed in the sources and attempt to interpret their meaning. Although in some cases there may have been a tendency among social partners to hide their genuine preferences (pursuing a hidden self-interest and expressing merely certain “strategic” opinions), in the preparatory meetings we could observe their open discussions on the concerns involved.

## ORGANIZATION OF BUSINESS INTERESTS

To study the viewpoints of business interest groups, we need to take into account how business interests in the Netherlands were organized. Since the late nineteenth century, different types of institutions with specific functions have developed, directed at coordination, distribution of information, and interest representation at the national level, such as the Central Commission for Statistics (*Centrale Commissie voor de Statistiek*, 1892) and the Mining Council (*Mijnraad*, 1902). During the first decades of the twentieth century, several bodies were added to this list: the Unemployment Council (*Werkeloosheidsraad*, 1914), the Commission for Economic Politics (*Commissie voor de Economische Politiek*, 1917), the Council for Industry (*Nijverheidsraad*, 1919), and the Council for Retailers (*Middenstandsraad*, 1919).<sup>34</sup> Clearly there was some enthusiasm for coordinative and regulatory institutions.

Labor relations also became increasingly coordinated. The High Council of Labor (*Hoge Raad van Arbeid*, 1919) was a landmark innovation: it was the main platform for discussing state law proposals with employers and unions. This peak institution was preceded by an experiment at the local (municipal) level: the so-called Chambers of Labor (*Kamers van Arbeid*, 1897–1923).

The formation of the first employers' association, the Association of Dutch Employers (*Vereeniging van Nederlandsche Werknemers*) in 1899 was closely connected with the plans for an Industrial Injuries Act (*Ongevalwet*), which would take effect in 1901. The state initiative to introduce this Act led to consultation among employers, and also resistance; it made employers realize that cooperation with one another was desirable. The ambition of the 1901 Industrial Injuries Act was to introduce compulsory insurance of *risque professionnel* for employers in dangerous industries so that the selfish ones could not rely on public provisions when accidents happened. This incited protest among employers and prompted them to organize into an employers' association. The campaign was initiated by D. W. Stork, owner of the Stork machine manufacturing firm in Hengelo, who claimed to have a good factory fund for injuries and said that an Act imposing compulsory insurance would damage free entrepreneurship. Thus, the Dutch government's social policy promoted the establishment of a peak employer organization.<sup>35</sup> The government would not budge and denied that the new Act would be more expensive for employers or detrimental to free enterprise.

After the formative prewar decades had passed, a system had developed with separate employer organizations for small and medium-sized firms, firms in agriculture and horticulture, and large firms (industry and big business). Each group included Catholic, Protestant, and liberal (nonconfessional) associations. There were two types: associations promoting the *economic* interests of their members, such as the Association of Dutch Employers, and associations taking care of *social* matters, such as the Central Social Employers Association, which was established in 1920. Some similar associations looked after both economic and social affairs or merged after some time. Three pillars can be observed in the development of employer organizations: a general (or liberal) pillar (starting with the Association of Dutch Employers in 1899), a Catholic pillar (1915), and a Protestant pillar (1918).<sup>36</sup>

Thus, in a gradual process from the turn of the twentieth century, Dutch employers increasingly supported industrial organization. With their power in mind, writes Windmuller, "employers only grudgingly surrendered a slice of independence to their associations."<sup>37</sup> Most firms were present in the consultation structure to look after their interests, if this was necessary or

desirable: one could say that their agenda was continuity rather than change. But the underlying view seems to have been that industrialization, which was in full swing in those decades, necessitated cooperation to regulate competition and implement standards. The increasing complexity of economic activities caused social partners to see these efforts as necessary, which corresponded with the concomitant views on the organization of capitalism and the macroeconomy. From the 1910s, Dutch banks were increasingly involved with industrial finance, which entailed that bankers had a seat on advisory boards, created directorship networks, and thus reinforced the consultative structure.<sup>38</sup>

The early consultative institutions make it possible to study business positions on the proposals for social laws and regulations pertaining to working conditions. The following four debates were the most dominant issues on which employers expressed their viewpoints, and they provide us with an insight into their priorities.

### ISSUE 1: COLLECTIVE LABOR AGREEMENTS AND PUBLIC LAW DURING THE 1920S

As shown above by Stork, employer resistance to collective social laws was initially strong in the Netherlands. Parliament was dominated by confessional parties, and industrial organization was also based on religious denominations. Before World War II, Christian democratic parties and employer organizations and several Christian democratic unions rejected the idea of the state taking responsibility for what they considered “their” domain. They held the view that insurance against labor market risks should be voluntary rather than compulsory.<sup>39</sup> However, the key to the acceptance of social laws lay in the coordinated labor relations system that developed in the interwar years. Collective labor agreements were the main instrument for unions to improve working conditions, forming the basis for further negotiations and including social security arrangements.<sup>40</sup> What did business interest groups think of these contracts?

In early 1920, the Minister of Labor, P. J. M. Aalberse, and the Minister of Justice, Th. Heemskerk, submitted a proposal to the High Council of Labor for a civil law that facilitated collective labor agreements. A tripartite Committee for Industrial Organization (*Commissie voor de Bedrijfsorganisatie*) of the Council discussed this proposal on April 12, 1920.<sup>41</sup> The High Council of Labor was also the main platform for discussing a further issue: should collective

labor agreements be made *binding* for all employees in a sector of industry, whether or not they belonged to a union?

Collective labor agreements had held a minor footing in Dutch civil law since 1907, and they stipulated that individual employment contracts in a specific industrial sector (such as the graphics industry) could not deviate from labor agreements in that sector. Labor agreements were national in character.<sup>42</sup> The proposed extension in 1920 was a major step in labor relations.<sup>43</sup> It consolidated a system in which individual employers could no longer decide separately on the level of wages, specific labor conditions, and individual social security arrangements, such as sickness and pension payments. And, equally important, it switched to public law, thus anchoring the authority of the government in these arrangements.

What did employers at the time think about this issue? In a meeting of the subcommittee preparing a position on industrial organization, progressive Catholic Professor J. A. Veraart (1886–1955), who was acting as the chair, started by asking the committee whether it thought the issue should be arranged by *civil* (private) law or *public* law.<sup>44</sup> The change to public law was quickly accepted as a formality, but this turned out to be important because it points to the perceived role of the state. Private law deals with the relationships (and conflicts) between individuals and companies, whereas public law governs the relationship between individuals and the government and provides mandatory rules to which everyone must conform. A few decades later Veraart designed the neo-corporatist Dutch PBO Act (*Wet op de Publiek-rechtelijke Bedrijfsorganisatie*, 1950), which regulated industrial organization under public law and institutionalized tripartite consultation. Opinions during the prewar period were geared toward accepting a greater coordinating role of the state.

Veraart was an ardent believer in harmonious relations between employers and workers.<sup>45</sup> Many employers thought that these collective labor agreements would reduce labor conflicts. This was a preemptive effect of the power resources of the unions: anticipating strikes, employers consented to bargaining structures. In their view, the agreements were likely to be equally restrictive on employers and on workers. They were even afraid that the unions would not comply, so they suggested that more sanctions should be included to force them to adhere to the arrangement.<sup>46</sup>

The workers' unions, on the other hand, were not unanimously in favor of collective labor agreements. It says much about this period that many of their representatives thought labor conflicts were a better way to achieve their goals.<sup>47</sup> Many distrusted the proposed conflict settlement committees because

they feared that the government would influence their composition and operation and that it would be biased toward the employers. However, a variety of opinions could be observed. The Christian union CNV was in favor of a nationwide system of collective labor contracts, and had been since 1918. The CNV favored equal treatment of union and nonunion workers and argued that special jury committees should decide on labor conflicts and the right to strike should be suspended until they had given their judgment. Speaking ironically, they even called the collective labor agreement “a contraceptive against open conflict.”<sup>48</sup>

Although some employers objected that concertation restricted their freedom of movement, it was also viewed favorably: it promoted harmonious relations between employers and workers and built on the insight that entrepreneurs were no longer “monarchs” and that individualism had ceased to blossom, as a major newspaper wrote in 1923.<sup>49</sup>

Employers took the rather pragmatic view that they did not want government officials with no practical experience to run the economy. In 1969, Windmuller wrote, “The leisurely pace of national debate, required by the need for obtaining a consensus among the dogma-bound views of society’s constituent blocs, prevented the possibility of full-fledged PBO legislation before World War II.”<sup>50</sup> (The above-mentioned PBO Act of 1950 stipulated that industries had to comply with a coordinating structure grounded in public law.) *Dogma-bound* is too strong a term: the desire was repeatedly articulated that individualism should end, and harmonious relations should be supported.

In short, the dominant view was in favor of some kind of coordination. The paradigm of that time was that bargaining and consultation had diffuse systemic advantages. It was therefore an abstract goal, and not potential productive gains, that led employers to consent to collective labor agreements based on wage bargaining. The willingness to coordinate, resulting from a view on the capitalist order, prompted employers to accept these laws. Consultation also allowed them to block or slow down the introduction of far-reaching top-down government plans, which was an important consideration. The logic of influence resulted in bottom-up solutions rather than top-down designs.

## ISSUE 2: WHO PAYS FOR SICKNESS? THE SICKNESS BENEFITS ACT, 1920–1923

In 1920 the plans for the new Sickness Benefits Act of the High Council of Labor were discussed in the peak organization Central Board for Consultation

in Labor Relations (*Centraal Overleg Werkgeversbonden*), the consultation platform of the employer associations.<sup>51</sup> The agenda included a proposal to change the 1913 Sickness Benefits Act. This Act was a lame duck: it had been introduced in 1913 by the Minister of Agriculture, Industry and Trade, A. S. Talma, but it was still not operational in 1920 (in fact, it only came into force in 1930, seventeen years after its introduction). This Sickness Benefits Act intended to provide compulsory insurance for sickness and medical care for salaried employees. Entrepreneurs in the private sector could join voluntarily. Both employers and employees were to contribute to the insurance premium.

The lame Sickness Benefits Act was accompanied by a second Act, the Industrial Injuries and Pensions Act (*Invaliditeits- en Oudersdomswet*), which provided for entitlements relating to industrial injuries and old age above 70 (as well as after death). For salaried employees, all this was organized through the Councils of Labor (*Raden van Arbeid*). These entitlements were not indexed against inflation. The Act came into force on December 3, 1919.

At this consultation another option arose. In 1920, an alternative for both sickness insurance and industrial injury insurance was drawn up by F. E. Posthuma of the collective insurance firm *Centraal Beheer* (he had been Minister of Agriculture during 1914–1918) and E. Kupers of the peak union organization NVV.<sup>52</sup> (Their new proposal formed the basis for the improved Sickness Benefits Act that was eventually passed in 1929 and stipulated that employers and workers would each pay 50% of the insurance premium. This facilitated payment to sick employees of 70% of their wages for six months.<sup>53</sup> The Councils of Labor were responsible for administration of the insurance.)

During the discussion of the “Posthuma-Kupers plan” for an alternative Sickness Benefits Act, F. E. Posthuma, who represented the employers’ association *Maatschappij van Nijverheid* (Society of Industry), said he feared that the High Council of Labor would change the proposal so that the *employers* would pay 100%. He added that in his view, this was often already the case. He said it would be cheaper to offer to *structurally* provide the full 100% of the sick pay (up to 80% of the original wage), provided that the administration of the Act was performed by the employers themselves. The advantage of this was that employers would be stricter on admission.

Posthuma also thought that bureaucratic interference by the bipartite Chambers of Labor (*Kamers van Arbeid*, 1897–1923) would be undesirable. He said he felt that the union NVV (*Nederlandsch Verbond van Vakverenigingen*; Dutch Association of Trade Unions) would agree with the employers on this issue. The Chambers of Labor had been established to formulate bipartite advice in labor conflicts and to investigate and improve local labor conditions.

They were organized per sector based on municipalities. The Chambers were promoted by antirevolutionary Christian democrat politicians, who hoped that they could avert the threat of revolution by forming a meeting point for workers and employers.<sup>54</sup> In short, Posthuma doubted that there would be any effective results of joint decision making in a bipartite consultative platform, although later in his career he came to support corporatism. His solution was more generous social laws, with more control for employers.<sup>55</sup>

The Posthuma–Kupers plan was met with hesitancy on the part of the other employers' representatives. They thought the unions would not agree to the employers taking all the decisions into their own hands, anticipating that the unions would demand some degree of codetermination on the issue. In response, Posthuma emphasized that cooperation would continue on the *administration* of the Sickness Benefits Act and that he had only been referring to the *payments*.

The objection expressed by the meeting was that if workers did not contribute financially, they would have less incentive to keep down the number of sickness incidences. (Others, in contrast, said that the workers' contribution could be part of their wage.) If the workers had to cover 20% of the entitlement, there would still be an incentive to be frugal. Remarkably, the discussion ended with representatives stating modestly that they were merely expressing *personal views* and that Posthuma should continue to develop his proposal. This can be regarded as a logic of membership: they did not want individual opinions to stand in the way of collective policy development.

In the next meeting of the employer section of the High Council of Labor, on January 28, 1921, the 100% proposal was accepted: it was agreed by all members, representing different employer associations.<sup>56</sup> The Sickness Benefits Act was also binding for workers who were not members of a union (this is an early foreshadowing of the 1937 Act, which made collective wage agreements binding for the entire sector: the AVV Act). One member of the employer associations said he was sure that the employer association he represented would NOT agree with these changes to the original Sickness Benefits Act (which stipulated that employers pay only 50%). He said that he himself did not object, but it was his duty to point out that his association would not cooperate. This was again indicative of a logic of membership: the representatives tend to conform to group decisions.

On April 7, 1921, it turned out that “almost all organized employers and workers, excepting the Christian unions,” had voted in favor of the new plan for the Sickness Benefits Act. What happened in their further discussions of this Posthuma–Kupers plan? The Christian democratic unions and employer associations were not at all happy with the initiative. However, despite

differences of opinion, the general feeling was that these social laws had to be accepted. There was mention of a fear of the (unacceptable) possibility that the unions would laugh because they would win either way, whether via the original Talma Act or via the Posthuma–Kupers Act. But this seemed more a matter of pride than a rejection on grounds of principle.<sup>57</sup>

### ISSUE 3: HOW TO FINANCE BENEFITS FOR THE UNEMPLOYED? THE UNEMPLOYMENT INSURANCE ACT

The Unemployment Insurance Act was discussed by the employer section of the High Council of Labor on July 7, 1921.<sup>58</sup> This Act was to replace the 1917 Unemployment Benefits Decree (*Werkloosheidsbesluit*) and the subsequent Unemployment Insurance Emergency Act 1919 (*Werkloosheidsverzekeringsnoodwet*). Yet a new Act was not accepted until the 1930s.<sup>59</sup> Employers were divided on the issue of whether the employer should contribute to benefits for an employee's involuntary unemployment (not all of them rejected the idea!). However, the secretary pointed out that rejection meant exit from consultation, and that would mean that no influence could be exerted on bargaining outcomes. Nonetheless, employers felt they were *not* obliged to contribute directly to unemployment provisions.

Their main argument at this point was that in the early 1920s the economy was in recession (it would last until 1923) and they needed all available capital to maintain existing employment rather than finance entitlements for the unemployed. But some dissident voices, including the chair M. Triebels (director of a railway carriage factory), repeatedly argued in favor of contributing to unemployment provisions. On August 11, 1921, it was decided that they could vote in favor of the Unemployment Insurance Act, on condition that it would only operate in times of “normal” economic conditions and “normal unemployment.”<sup>60</sup>

In the meeting of September 15, 1921, the chair stated again that the employer section was willing to contribute at a later stage (further objections were ignored). It shows that the employers explicitly valued participation in the consultative process, in order to be able to influence results.<sup>61</sup> However, when the Minister received the advice of the Unemployment Council (*Werkloosheidsraad*) in October, the final draft completely ignored the employers' comments. This caused considerable irritation.<sup>62</sup>

On February 15, 1923, several representatives again expressed concern that the Unemployment Insurance Act would be disadvantageous to entrepreneurs during recessions (their mind-set seemed to be more inclined toward

voluntary welfare capitalism). These members said that they should never have joined the consultative meeting with the government and the unions because it showed that “one commits oneself to something that is not desirable.” (Here we observe that they were conscious of a logic of membership.) But a larger group expressed satisfaction that permanent consultation had prevented the Minister of Labor from introducing an Unemployment Insurance Act without consulting the employers at all.<sup>63</sup> In 1928, the final advice given by the High Council of Labor stated that employers did not think it was fair to pay unemployment benefits to workers who had not earned any right to an income. They also objected to workers paying contributions for unemployment benefits through the unions, as the unions were essentially their opponents.<sup>64</sup> In the end, the entire Act was postponed. Legislation on (state) unemployment benefits would only be passed after World War II. What does this show us? No opinions at all were expressed on the advantages of social laws for entrepreneurs, although this was the highest body of strategic deliberation. Employers were free to openly discuss their position because they were among colleagues. Their prime concerns were power and costs, but nonetheless they were keen to maintain participation in the consultative process: exit was not an option.

#### **ISSUE 4: HIGHER OR LOWER WAGE LIMITS FOR FREE HEALTH INSURANCE?**

After World War II, in 1950 the neo-corporatist PBO Act was passed and the Socio-Economic Council (*Sociaal-Economische Raad*) was created, and these started to regulate tripartite consultation. But again, participation induced a logic of membership and influence: employers evaluated the proposals (and prepared alternatives to be discussed in the Socio-Economic Council committees) in their employers’ association. We observe that they did not outright refuse or reject ideas that arose but took alternatives into discussions and went back to their members to evaluate outcomes. From 1941 (until 2006), the Netherlands had a system of public health insurance for people on lower incomes through a Health Insurance Fund (higher incomes had to arrange private health care insurance). In this system, wage limits were set to determine the maximum income level up to which employees were eligible to participate in (and be refunded by) the Health Insurance Fund. When the income level increased, should the stipulated maximum wage for public health insurance also increase?

In 1959, a discussion took place in the Committee for Social Insurance, which was set up in that year by the Central Board for Consultation in Labor Relations, the employers' consultation platform. On May 1, 1959, an interesting conflict arose: workers wanted to link the maximum wage for the Health Insurance Fund to the *wage index*, but employers wanted to link it to the *consumer price index*. During a boom period, wages increase faster than the price index, so employers favored restricted access to the costly public fund. Employers and unions were diametrically opposed on the issue. The secretary of the Central Social Employers Association, B. C. Mulder, suggested a middle way: linking the maximum wage to the price index but also setting a *higher* maximum level (so that people did not become ineligible for the Fund too quickly). He combined this with an alternative method for calculating benefits under the Industrial Injuries Act.<sup>65</sup> The employers' internal Committee for Social Insurance applauded this compromise. But three months later, on September 22, the concern was expressed that with increasing affluence, even using the slow-paced price index for raising the maximum wage limit, the noneligible group would still grow quickly. Although this restricted the use of the public fund, it created another problem because the employers themselves had to continue paying the wages of workers who were on sick leave and were outside the Health Insurance Fund. Moreover, taking the *wage increase* as a reference created difficulties because of wage differentiation between industrial sectors: some workers would fall within the range, whereas similar workers in more highly paid industries would lose their public social protection. Therefore both alternatives were costly: increasing the maximum eligible wage based on the average wage level or, more moderately, based on only the price index. The employers therefore changed their position, abandoned their original point of view, and stated that increasing wage levels did not necessitate *any* adjustment of the maximum eligible wage.<sup>66</sup>

On November 10, 1959, a new compromise was reached, after intervention of the Minister of Social Affairs, Ch. J. M. A. van Rooy. Both an index for *wages* and an index for *prices* would be applied to determine whether someone earned too much to be in the Health Insurance Fund, but this would only take effect from the next year.

The Committee for Social Insurance did not hold any discussions about the social effects of health insurance or about employee productivity or other possible productive benefits. There was equally no mention of the argument that costs could be shifted to society, although this would have been the consequence of an increasing eligibility limit for the public fund. Representatives of the main employers' associations met and could speak freely among

themselves about the pros and cons of social protection. They implicitly agreed with the consultative system, preferred voice over exit, and were primarily concerned with costs, but they were open to compromise.

### THE CONTEXT OF COMPETING BUSINESS INTERESTS AND CHANGING POSITIONS OVER TIME

In the previous sections, I summarized several important discussions from the primary sources in which employers expressed their views on welfare state laws in the consultative platforms. I did not find a strong power struggle or a calculated intention to maximize productive benefits. Rather, temporal processes (in institutionalized consultation) generated new actor preferences.<sup>67</sup> Can we explain the attitude of Dutch business from the historical context?

From the turn of the century, there was an international trend to replace nineteenth-century voluntary “welfare capitalism” by state-led arrangements. According to Marques, “the extensive despair, depth and length of the Depression provided a window of opportunity for social policy reform by shifting the power base to the federal government, the only institution that would be able to provide a new social contract.”<sup>68</sup> Dutch employers went along with this shift. Moreover, concertation was inspired by accepting the idea that nineteenth-century laissez-faire capitalism was outdated and the economy needed to be regulated—in the same way that large companies needed professional managers.<sup>69</sup> The economy had become too complex to surrender it to the invisible hand; coordination was needed “against the chaos of capitalism.” Economic actors, including entrepreneurs, became convinced that markets should be regulated and coordinated because of the complex nature of the modern industrialized economy.<sup>70</sup>

From the turn of the century, a nationalist industrial development ideology replaced liberalism as a hegemonic philosophy.<sup>71</sup> “Classic liberalism” was increasingly challenged by “social” or “progressive” liberalism. Interestingly, recent neoliberal ideology has sketched an image of a long fight for free markets that lasted about a century (according to this view the “long march” of neoliberalism, guided by thinkers such as Von Hayek, constituted a lengthy effort to extricate markets from the straps and bridles of the imposing state). In fact, the opposite happened: advocates of free markets were not afraid of a supportive state (although they rejected socialism) and were increasingly convinced that the complex nature of the modern industrialized economy called for regulated and coordinated markets.<sup>72</sup> Technologically advanced sectors supported the new coordinating institutions. Their interests differed

from the old liberal ideology, which was often cherished by landed gentry and handicraft trades.

This was the climate in which emerging corporatism developed in the Netherlands. The depression of the 1930s added a specific component to this outlook: Keynesian economic policy. Collective bargaining and minimum wage setting provided stabilizing effects and helped to prevent deflation. For these reasons, John Maynard Keynes favored a greater role of the trade unions: collective bargaining could regulate wages, set a wage floor, and prevent cutthroat competition. It would prevent downward spirals of recession and be conducive for economic growth that was more equally spread among the populace.<sup>73</sup> Acceptance of Keynesian economic policy often entailed acceptance of bargaining platforms because it created room for compromise with the unions.

As I described above, Dutch employers developed explicit preferences in the bargaining process that seemed unrelated to their power position and resulted from the view that they would rather not ignore either state interests or union interests. This was the consequence not only of the economic and political context of war and depression but also of the predominant economic view. In the Netherlands, consultation created a setting where business was more willing to make concessions.

Applying the framework of *varieties of capitalism* theory, it has been observed that the Netherlands evolved from a liberal market economy around 1900 to a coordinated market economy in 1950.<sup>74</sup> Various types of nonmarket coordination developed during this period, reinforced one another, and adapted to the structure of the economy. It can be observed that advanced, knowledge-based economies after 1980 needed different, more decentralized types of nonmarket coordination. During the interwar years, we observe a move in the opposite direction, toward *more* centralized institutions, which economic actors at the time judged appropriate in the market economy. Central wage bargaining was also more suitable for Fordist industrial economies than for advanced late twentieth-century economies.<sup>75</sup>

For the trade unions, there was much to be gained from wage bargaining. During the early twentieth century, extending social insurance was on their agenda. However, in the examples that we analyzed, we repeatedly observe that the unions *rejected* consultation because they distrusted employers and strikes were deemed more effective.

After the War, the system of industrial organization and organized consultation in turn supported the introduction of more far-reaching social laws. In the successor of the High Council of Labor, the tripartite Socio-

Economic Council (established in 1950), employers consented to ideas put forward by the government and the unions. Once neo-corporatist bargaining had reached an agreement, political support was possible for the generous social laws that were introduced between 1950 and 1970 (when left-wing parties found themselves in the company of the Christian democratic parties, which broadly speaking had a left-wing and center orientation, and also of the Dutch liberal party).

What happened in the Netherlands is broadly similar to developments in other neo-corporatist countries.<sup>76</sup> In a way comparable to that in Germany, Belgium, and Sweden, for example, employers were drawn into a *logic of participation*. This was different in Switzerland because of an enduring weakness of the political left and divisions among labor unions. In the United Kingdom, employer representation suffered from more fragmented organization of business interests. In a large and complex liberal market economy like the United States, business attitudes ranged from active opposition to passive submission and seemed different from the strongly institutionalized setting that developed in Western Europe in the mid-twentieth century.<sup>77</sup> In many countries, employers tried to oppose social laws, but with mixed success, which shows that the influence of business on the political process was not without its limitations. This is why secondary preferences are just as important as initial positions regarding welfare state laws (and why power is still a factor in the explanation).

## CONCLUSION

In this article I have summarized the findings from archival research to determine employer attitudes to social welfare programs and compared these with the main trends in the literature. We do not observe that business power was overruled by a combination of strong trade unions and social democrats in office, forcing employers to accept new social welfare programs. Instead, we observe willing participation in *bargaining*, employers being conscious of the advantages of coordinated capitalism, although reluctant to share power. Employers accepted the introduction of social laws not out of immediate self-interest or perceived benefits but rather out of a widespread desire for a more coordinated type of capitalist economy. The representatives of Dutch business were advocates of the reigning views of the time. During the interwar years, Dutch firms were afraid of a race to the bottom in prices because this would destabilize their position. They established cartels. They displayed a desire to attain a more organized form of capitalism and a belief in

coordination and controlled forms of codetermination. This is illustrated by, for example, voicing appreciation for being consulted by the Minister of Labor about an Unemployment Insurance Act of which they disapproved. The government shared their opinion on coordination and increasingly regulated and coached domestic competition. The employers' view on regulated capitalism thus explains Dutch business's interest in concertation (in addition to pillarization, which also necessitated consultation).

The formative period of institutionalized consultation left a mark on the postwar coordinated market economy by developing institutions for conflict resolution. In this system, firms' viewpoints were consolidated and expressed through interfirm cooperation. Through boards and commissions, employers became integrated in the national policy formation process. This created an institutional setting in which, after the War, much more elaborate welfare state laws were accepted.

When consultative platforms were developing during the interwar period, the primary concerns were labor peace and disciplining the unions. The archival sources show that employers bargained repeatedly for the least objectionable deal—but not for productive benefits, skill benefits, or offloading costs to society or to competitors.<sup>78</sup> Objections were based on past experience (unions not keeping to agreements) rather than fear of the costs involved. However, representatives increasingly felt obliged to take a constructive stand in negotiations and were not unwilling to consider certain initiatives as theoretical possibilities, even when they knew their rank and file would reject them outright. At a certain point, a delegate would raise a substantial objection, which moved the outcome in the direction of an alternative solution—sometimes compromise, sometimes postponing the entire issue. This can be seen as the effect of a logic of influence.

Were employers proponents of the welfare state? They accepted social laws because they understood the need for these programs, not because of a calculated interest in increasing profits by offloading costs. *Controlling costs* was repeatedly mentioned (in 1928 this even led them to reject a proposed Unemployment Insurance Act). Employers were careful to remain in control but very rarely expressed the intentions of “regulatory capture.” Most Dutch employers, particularly the Christian ones, were originally against centralized state legislation on social policy but felt a responsibility to harmonize labor relations and establish consultative platforms. In the debate on employer interests in the welfare state outlined above, the emphasis of the employer-oriented school on productive benefits for business fails to take this into account. A strategic, profit-oriented approach seems to be part of a neoliberal

cost–benefit frame, based on rational expectations, and it underplays the entirely different perspective of employers in the 1920s to 1950s.

The outcome of consultation with members of opposing interest groups was valued positively. The state had an important role in introducing new initiatives and setting the agenda. The bargaining platform was even used as a vehicle for damage control: to prevent worse outcomes, both groups searched for the lesser evil. In the privacy of the boardroom, entrepreneurs may have mused about possible productive benefits of social laws. But once they entered the association’s meeting room to confer with their colleagues, they made no mention of such advantages. The main expected benefit was labor peace.

This research underlines the views of historical institutionalism, which argues that temporal processes generate new (or secondary) actor preferences. The stance of employers at the time was to favor coordination over laissez-faire capitalism, which is the main factor explaining their lenient attitude toward the introduction of social laws.

*Leiden University*

## NOTES

1. A few examples attesting to the recent lively debate on this topic are: Peter Swenson, *Capitalists against Markets. The Making of Labor Markets and Welfare States in the United States and Sweden* (New York: Oxford University Press, 2002); Walter Korpi, “Power Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism: Protagonists, Consenters and Antagonists,” *World Politics* 58, no. 2 (2006): 167–206; Cathie Jo Martin and Duane Swank, *The Political Construction of Business Interests. Coordination, Growth, and Equality* (Cambridge: Cambridge University Press, 2012). See also other references later in this article.

2. A. de Swaan, *In Care of the State: Health Care, Education and Welfare in Europe and America* (Cambridge: Polity, 1984). His discussion of prewar labor relations in the Netherlands is based primarily on John P. Windmuller’s *Labor Relations in the Netherlands* (Ithaca, NY: Cornell University Press, 1969).

3. De Swaan, *In Care of the State*, 231; Hugh Hecló, “Toward a New Welfare State?” in *The Development of Welfare States in Europe and America*, ed. Peter Flora and Arnold J. Heidenheimer (London: Transaction, 1981), 383–406, in particular 390–97.

4. de Swaan, *In Care of the State*, 234.

5. A recent collection of essays on the topic is D. Oude Nijhuis, ed., *Business Interests and the Development of the Modern Welfare State* (New York: Routledge, 2020).

6. Charles Lindblom, *Politics and Markets: The World’s Political Economic Systems* (New York: Basic Books, 1977); C. Offe and H. Wiesenthal, “Two Logics of Collective Action: Theoretical Notes on Social Class and Organizational Form,” in *Political Power and Social Theory*, ed. M. Zeitlin (Greenwich, CT: JAI Press, 1980). For a similar recent view, see

P. Culpepper, *Quiet Politics and Business Power: Corporate Control in Europe and Japan* (Cambridge: Cambridge University Press, 2010).

7. Lindblom, *Politics and Markets*, 172. Moreover, “government officials cannot be indifferent to how well business performs its functions.”

8. For example, Walter Korpi, *The Democratic Class Struggle* (London: Routledge, 1983); G. Esping-Andersen, *Politics against Markets: The Social Democratic Road to Power* (Princeton, NJ: Princeton University Press, 1985); G. Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton, NJ: Princeton University Press, 1990).

9. Oscar Molina and Martin Rhodes, “Corporatism: The Past, Present, and Future of a Concept,” *Annual Review of Political Science* 5 (2002): 305–31.

10. Peter Katzenstein, *Small States in World Markets: Industrial Policy in Europe* (Ithaca, NY: Cornell University Press, 1985); T. Iversen and D. Soskice, “Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More Than Others,” *American Political Science Review* 100, no. 2 (2006): 165–82.

11. Philippe C. Schmitter and Wolfgang Streeck, “The Organization of Business Interests. Studying the Associative Action of Business in Advanced Industrial Societies,” MPIfG Discussion Paper 99/1, Cologne: Max Planck Institut für Gesellschaftsforschung, 1981/1999, 47–53.

12. Patrick Emmenegger, *The Power to Dismiss. Trade Unions and the Regulation of Job Security in Western Europe* (Oxford: Oxford University Press, 2014), 91.

13. Thomas Paster, “Bringing Power Back In. A Review of the Literature on the Role of Business in Welfare State Politics,” *MPIfG Discussion Paper 15/3*, Cologne: Max Planck Institut für Gesellschaftsforschung, 2015, 1–38; Dennie Oude Nijhuis, “Analyzing the Role of Business in Welfare State Development,” in Oude Nijhuis, *Business Interests*, 1–26.

14. Peter A. Hall and David Soskice, “An Introduction to Varieties of Capitalism,” in *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*, ed. Peter A. Hall and David Soskice (Oxford: Oxford University Press, 2001), 1–68.

15. Torben Iversen and David Soskice, “Distribution and Redistribution: The Shadow of the Nineteenth Century,” *World Politics* 61, no. 3 (2009): 438–86; Martin and Swank, *The Political Construction of Business Interests*; Cathie Jo Martin and Lukas Graf, “Industrial Coordination and Vocational Training in the Postindustrial Age,” in *Business Interests*, ed. Oude Nijhuis, 292–312.

16. The coordinated market economies apply *nonmarket coordination* in various subfields that could, alternatively, be coordinated by the market (as in liberal market economies).

17. Jeroen Touwen, *Coordination in Transition. The Netherlands and the World Economy, 1950–2010* (Leiden: Brill, 2014), 138, 317.

18. Emmenegger and Marx, “Business and the Development of Job Security Regulations: The Case of Germany,” *Socio-Economic Review* 9, no. 4 (2011): 729–56.

19. For example, Swenson, *Capitalists against Markets*; Isabela Mares, *The Politics of Social Risk: Business and Welfare State Development* (New York: Cambridge University Press, 2003).

20. Oude Nijhuis, “Analyzing the Role of Business,” 11.

21. T. Iversen and D. Soskice, “Politics for Markets,” *Journal of European Social Policy* 25, no. 1 (2015): 76–93.

22. Korpi, "Power Resources and Employer-Centered Approaches"; Patrick Emmenegger and Paul Marx, "Business and the Development of Job Security Regulations."
23. Many employer-centered studies focus on sectoral variation rather than on cross-temporal variation. Thomas Paster, "Business and Welfare State Development: Why Did Employers Accept Social Reforms?" *World Politics* 65, no. 3 (2013): 416–51, in particular 442.
24. Orfeo Fioretos, Tulio G. Falleti, and Adam Sheingate, "Historical Institutionalism in Political Science," in *The Oxford Handbook of Historical Institutionalism*, ed. Orfeo Fioretos, Tulio G. Falleti and Adam Sheingate (Oxford: Oxford University Press, 2016), 3–18.
25. Kevin L. Young, "Transnational Regulatory Capture? An Empirical Examination of the Transnational Lobbying of the Basel Committee on Banking Supervision," *Review of International Political Economy* 19, no. 4 (2012): 663–88.
26. Thomas Paster, *The Role of Business in the Development of the Welfare State and Labor Markets in Germany: Containing Social Reforms* (London: Routledge, 2012), 189–91; Thomas Paster, "Bringing Power Back In," 10.
27. Mares, *The Politics of Social Risk*. See also Matthew E. Carnes and Isabela Mares, "The Welfare State in Global Perspective," in *Handbook of Comparative Politics*, ed. Charles Boix and Susan Stokes (Oxford: Oxford University Press, 2007), 868–86.
28. Hacker and Pierson suggest that neither business dominance nor weakness determined early welfare state expansion in the United States but rather variation in influence over time and across institutional settings. J. Hacker and P. Pierson, "Business Power and Social Policy: Employers and the Formation of the American Welfare State," *Politics and Society* 30, no. 2 (2002): 277–325.
29. Philippe C. Schmitter and Wolfgang Streeck, "The Organization of Business Interests. Studying the Associative Action of Business in Advanced Industrial Societies," MPIfG Discussion Paper 99/1, Cologne: Max Planck Institut für Gesellschaftsforschung, 1981/1999), 10.
30. Dennie Oude Nijhuis, "Explaining Employer Support for Welfare State Development in The Netherlands," *TSEG/Low Countries Journal of Social and Economic History* 16, no. 1 (2019): 31–54.
31. Our selection does not just include examples where employers consented but rather the major issues from the employers' association meetings where welfare state issues were discussed, including those where employers took a negative stand.
32. The first three of these examples also shows how social cohesion in the Netherlands became stronger during the prewar era. I explore this more systematically in Jeroen Touwen, "Decades of Disagreement: Rise of the Coordinated Welfare State in the Netherlands in the Nineteenth and Twentieth Centuries," in *Social Cohesion and Welfare States*, ed. Christopher Lloyd and Matti Hannikainen (London: Routledge, 2022): 102–27.
33. Doris Fuchs, *Business Power in Global Governance* (Boulder, CO: Lynne Rienner, 2007).
34. Adriejan van Veen, "De Kamers van Arbeid Experimenten met politieke vertegenwoordiging in Nederland rond 1900," *BMGN—Low Countries Historical Review* 128, no. 2 (2013): 31–61, in particular 33. For the relatively slow development of the Netherlands into a national economy, see Jan Luiten van Zanden and Arthur van Riel, *The Strictures of Inheritance: The Dutch Economy in the Nineteenth Century* (Princeton, NJ: Princeton University Press, 2004).

35. Jan Bruggeman and Aart Camijn, *Ondernemers Verbonden: 100 jaar Centrale Ondernemingsorganisatie in Nederland* (Wormer: Inmerc, 1999), 61–75, 293; Windmuller, *Labor Relations*, 46; Dennie Oude Nijhuis, “Explaining Employer Support for Welfare State Development in the Netherlands,” in Oude Nijhuis, *Business Interests*, 57–83.

36. The two confessional peak associations joined forces in 1967 as the Federation of Christian Employers’ Confederations (*Federatie van Christelijke Werkgevers Verbonden*), which only merged with the nonconfessional peak organizations in 1995. Alongside the resulting VNO-NCW, the employers’ organizations for small and medium-sized companies (MKB) and the agricultural peak organization (LTO) continued to exist. During the postwar era, the organizations combined and consolidated into three peak organizations, representing about 800–1,200 employers’ associations and sector organizations. In 2004, VNO-NCW had 160 associations, totaling about 100,000 firms; MKB-Nederland (small and medium-sized firms) represented 500 associations, with about 175,000 firms; and LTO-Nederland (agriculture and horticulture) comprised 18 associations, with about 55,000 firms. F. H. Tros, W. Albeda, and W. J. Dercksen, *Arbeidsverhoudingen in Nederland* (Alphen aan de Rijn: Samsom, 2004), 51–51.

37. Windmuller, *Labor Relations in the Netherlands*, 231, 259.

38. Joost Jonker, “Sinecures or Sinews of Power: Interlocking Directorships and Bank-Industry Relations in the Netherlands, 1910-1940,” *Economic and Social History in the Netherlands* 3 (1991): 119–31.

39. Dennie Oude Nijhuis, “Explaining Employer Support,” 31.

40. Touwen, *Coordination in Transition*, 212–13.

41. International Institute of Social History, Amsterdam (IISH), Archive of Florentinus Marinus Wibaut (Wibaut), inventory number 330, 1. Second meeting of the *Commissie voor de Bedrijfsorganisatie*, Monday April 12, 1920, Department of Labor, The Hague. It was also called the “Commissie voor de Bedrijfsorganisatie en Medezeggenschap (codetermination),” and was consulted about the abolition of the Chambers of Labor.

42. W. Albeda and J. Dercksen, *Arbeidsverhoudingen in Nederland* (Alphen aan den Rijn: Samsom, 1989), 55.

43. Jeroen Touwen, “A Changing Landscape: Institutions and Institutional Change in the Dutch Economy,” in *Navigating History: Economy, Society, Knowledge and Nature*, ed. P. Brandon, S. Go, and W. Verstegen (Leiden: Brill, 2018), 81–101. See also Bram Bouwens and Joost Dankers, *Tussen concurrentie en concentratie. Belangenorganisaties, kartels, fusies en overnames. Bedrijfsleven in Nederland in de Twintigste Eeuw*, vol. 3 (Amsterdam: Boom, 2012).

44. IISH, Wibaut, inventory number 330, Second meeting of the *Commissie voor de Bedrijfsorganisatie* (1920), 3–4.

45. Nijhof and Van den Berg, *Het menselijk kapitaal*, 185. Windmuller, *Labor Relations in the Netherlands*, 68–69.

46. National Archives of the Netherlands (NA-NL): Hoge Raad van Arbeid, 2.15.29, inventory number (inv. nr.) 58.

47. IISH, Wibaut, inventory number 330 (1920), Sixth meeting of the *Commissie voor de Bedrijfsorganisatie*, 1–10.

48. Piet Hazenbosch, *Voor het volk om Christus’ wil: een geschiedenis van het CNV* (Hilversum: Verloren, 2009), 96.

49. *Algemeen Handelsblad*, February 2, 1923. See also IISH, Wibaut, inventory number 330.
50. Windmuller, *Labor Relations in the Netherlands*, 288.
51. This platform, also called *Centraal Overleg in Arbeidszaken voor Werkgeversbonden* was established by the Association of Dutch Employers (*Vereniging der Nederlandsche Werkgevers*) in 1920. After 1945 the departments dealing with social affairs of the Association of Dutch Employers and the *Centraal Overleg in Arbeidszaken voor Werkgeversbonden* were merged into the *Centraal Sociaal Werkgevers-Verbond*. See NA-NL, Centraal Overleg Werkgeversbonden, 1920-1945, 2.19.103.04, inventory number 2, 1-2. Cf. Windmuller, *Labor Relations in the Netherlands*, 47.
52. Bruggeman and Camijn, *Ondernemers verbonden*, 107-09. NVV is the peak union association *Nederlandsch Verbond voor Vakverenigingen*; it was established in 1915 by 15 unions and merged with FNV in 1977.
53. Bruggeman and Camijn, *Ondernemers verbonden*, 109.
54. They were abolished in 1923, and although often judged to be a failed experiment, they are increasingly regarded as forerunners of corporatist consultation. Van Veen, "De Kamers van Arbeid"; Joris Gijsenbergh, "Crisis of Democracy or Creative Reform? Dutch Debates on the Repression of Parliamentary Representatives and Political Parties, 1933-1940" and Stefan Couperus, "Fixing Democracy? Political Representation and the Crisis of Democracy in Interwar Europe and the Netherlands," in *Creative Crises of Democracy*, ed. Joris Gijsenbergh, Saskia Hollander, Tim Houwen, and Wim de Jong (Brussels: Peter Lang, 2012), 237-67 and 269-90, respectively. See also <https://resources.huygens.knaw.nl/bwn1880-2000/lemmata/bwn3/posthuma>.
55. Generally, these experiments showed that deliberations could lead to practical solutions. In some sectors and some cities, the Chambers functioned well, but in other sectors they appear to have been a tool for dominant employers. Apart from the Chambers of Labor, in 1919 *Councils of Labor (Raden van Arbeid)* were established. Thirty-nine Councils of Labor were founded. The chairs of these councils were appointed by the Minister of Labor.
56. NA-NL, Centr. Overleg Werkgeversbonden, 2.19.103.04, inv.nr. 2, 2. See also Touwen, "Decades of Disagreement."
57. NA-NL, Centr. Overleg Werkgeversbonden, 1920-1945, 2.19.103.04, inv.nr. 2, 1-2. As Bruggeman and Camijn write, "the employers were satisfied with the eventual result." Bruggeman and Camijn, *Ondernemers Verbonden*, 109.
58. NA-NL, Centr. Overleg Werkgeversbonden, 2.19.103.04, inv.nr. 2, 9, 2-4, General Meeting of the *Centraal Overleg Werkgeversbonden* (GM), July 7, 1921.
59. Mirjam Hertogh, "Geene wet, maar de Heer!" *De confessionele ordening van het Nederlandse sociale zekerheidsstelsel, 1870-1975* (The Hague: VUGA, 1998), 222-23.
60. NA-NL, Centr. Overleg Werkgeversbonden, 2.19.103.04, inv.nr. 2, 9, 1. GM, August 11, 1921, Scheepvaarthuis, Amsterdam. See also [https://resources.huygens.knaw.nl/socialezekerheid/nadere\\_toegangen/html\\_bestanden/NedVerbondvanVakverenigingen19081940](https://resources.huygens.knaw.nl/socialezekerheid/nadere_toegangen/html_bestanden/NedVerbondvanVakverenigingen19081940).
61. NA-NL, Centr. Overleg Werkgeversbonden, 2.19.103.04, inv.nr. 2, 9, 1-3. GM, September 15, 1921, *Scheepvaarthuis*, Amsterdam.
62. NA-NL, Centr. Overleg Werkgeversbonden, 2.19.103.04, inv.nr. 2, 9, 2. GM, October 27, 1921, *Industrieel Club*, Amsterdam.

63. NA-NL, Centr. Overleg Werkgeversbonden, 2.19.103.04, inv.nr. 2, 9, 3. GM, February 15, 1923, *Scheepvaarthuis*, Amsterdam. See also Touwen, “Decades of Disagreement.”

64. Hertogh, “*Geene wet*,” 224.

65. NA-NL, CSWV, Commissie Sociale Verzekering 2.19.103.06, inv.nr. 139, 1. Meeting May 1, 1959, Utrecht.

66. NA-NL, CSWV, Commissie Sociale Verzekering 2.19.103.06, inv.nr. 139, 2–3. Meeting September 22, 1959, Kneuterdijk 8, The Hague.

67. Fioretos et al., “Historical Institutionalism in Political Science.”

68. José Carlos Marques, “Organized Business and Social Policy in Comparative Perspective,” in *Business, Politics and Public Policy*, ed. José Carlos Marques and Peter Utting (New York: Palgrave, 2010), 30–62, in particular 34.

69. In the later Cold War antagonism between the free market and the socialist command economy, this recognition of voluntary regulation of business has often been underestimated. Cf. Alfred Chandler, *Scale and Scope: The Dynamics of Industrial Capitalism* (Cambridge, MA: Harvard University Press, 1994).

70. Ben Jackson, “At the Origins of Neoliberalism: The Free Economy and the Strong State, 1930–1947,” *The Historical Journal* 53, no. 1 (2010): 129–51.

71. Cathie Jo Martin and Duane Swank, *The Political Construction of Business Interests*, 32.

72. Jackson, “At the Origins of Neoliberalism.”

73. Jelle Visser, “Wage Bargaining Institutions: from Crisis to Crisis,” *DG EcoFin Economic Papers* No 488, Brussels: European Commission, 2013.

74. Keetie Sluyterman, ed., *Varieties of Capitalism and Business History: The Dutch Case* (New York, Routledge, 2015). According to Sluyterman, toward the end of the century, it turned liberal again. In my book *Coordination in Transition*, I argue that, nonetheless (despite the liberalizing trends), the Dutch economy in the late twentieth century was still very much coordinated, albeit in a different way.

75. Jeroen Touwen, “How Does a Coordinated Market Economy Evolve? Effects of Policy Learning in the Netherlands in the 1980s,” *Labor History* 49, no. 4 (2008): 439–64.

76. Katzenstein, *Small States in World Markets*.

77. This is more systematically explored in Oude Nijhuis, ed., *Business Interests and the Development of the Modern Welfare State*.

78. A similar conclusion is drawn by Oude Nijhuis, who writes, “Actions and statements that may at first sight seem indicative of a supportive stance towards expansive welfare reform may really be designed to limit its costs. The aim of limiting its costs [...] explains most instances of business support for social insurance development in the Netherlands.” Oude Nijhuis, “Explaining Employer Support,” 53. Cf. Oude Nijhuis, “Analyzing the Role of Business in Welfare State Development,” 3.