

The Institutionalising of Industrial Conflict and
Institutional Breakdown : A Case-Study of Sweden
in Comparative Perspective

by

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Abstract

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David James Fulcher

This thesis examines the life-history of an institutional complex, namely the emergence, functioning and breakdown of joint central regulation in Sweden. Institutionalisation is divided into four stages and comparisons are made with Denmark, Norway and Britain at each stage.

The first stage was the formation of the labour movement between 1880 and 1898. Union organisation developed from a local craft unionism to a class-wide federation. The class-wide character of this federation is explained in terms of the influence of socialism and the movement away from craft unionism, which are in turn related to Sweden's industrialisation and democratisation.

The second stage was the employer counter-attack during the first decade of the twentieth century. An escalatory pattern of conflict developed in the engineering industry and then at federal level, the existence of a class-wide union federation stimulating the class-wide organisation of the employers. Out of this conflict came an embryonic joint central regulation, though the defeat of the 1909 general strike led to a reversion to decentralised industrial relations.

The third stage saw the establishment of joint central regulation with the negotiation of the 1938 Basic Agreement. While inherited organisational structures were a necessary condition, Social Democrat government precipitated the 1938 compromise but only after attempts to further develop state regulation had failed. Although an organised opposition had developed within labour, the main resistance to joint central regulation came from a group of employers.

In the fourth, postwar, stage joint central regulation culminated in the institutionalising of central wage negotiations. The expansion of the public sector, economic growth and intensified political conflict then undermined joint central regulation, though it also had certain self-undermining features. In the 1970's industrial conflict and legislative regulation increased, as the corporatist integration of industrial relations broke down.

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Chapter 1

INTRODUCTION1. Institutionalisation

The institutionalisation of industrial conflict is the process by which institutional arrangements to regulate industrial conflict emerge out of industrial conflict itself. As Dahrendorf has put it

'Organization is institutionalization, and whereas its manifest function is usually an increasingly articulate and outspoken defence of interests, it invariably has the latent function also of inaugurating routines of conflict which contribute to reducing the violent clashes of interest.'¹

Conflict leads to mutual recognition as both sides of industry come to realise that they cannot unilaterally impose conditions on each other and have to come to terms. Out of conflict comes compromise and the emergence of the procedures of collective bargaining. Thus the organisations which first developed as a means of mobilising classes for conflict become the basis for regulating and resolving conflict.

While sociologists have attached considerable importance to these processes in accounting for the development of class relations, there has been a tendency to make general theoretical statements rather than examine empirically the processes involved. There is certainly a substantial historical literature but most historical studies examine only one element or stage and do not situate it either in the process as a whole or in the theoretical discussion of the nature of institutionalisation. The aim of this thesis is to bring together the material produced by historians and the conceptual insights of sociology to provide a better understanding of the development of institutions regulating industrial relations.

1. Dahrendorf (1959), p. 65.

An immediate problem one faces is the identification of the field of enquiry with a particular approach to it. The field of institutionalisation is associated with the institutionalisation theory of Dahrendorf and others, whose pluralist assumptions have been much criticised. Thus Giddens recognises the importance of institutionalisation but is uneasy about using the term because of its theoretical connotations.² Coining other terms would just create confusion and the position taken here is that it can be used without taking on board the pluralist assumptions of many of those who have used it. The problems raised by the pluralist approach are discussed in the following two chapters.

In examining institutionalisation this thesis departs from such earlier approaches in the following main ways. It does not limit itself to the establishment of organised conflict regulation³ but is also concerned with subsequent institutional development, especially that resulting from the threat of state intervention, with the conflicts generated by institutionalisation and the eventual breakdown of institutions. It is certainly interested in the emergence of institutions but also in their modification and decline, i.e. in the life-history of an institutional complex. While earlier approaches have tended to isolate industrial regulation⁴, this thesis examines the inter-relations between economy, polity and industrial relations. It is concerned not just with the explanation of institutionalisation as such but with the explanation of variations in the process - notably

2. Giddens (1982), p. 64.

3. This is the main interest of those concerned to explain why class conflict has not evolved in the way predicted by Marx, e.g. both Dahrendorf and Giddens. See notes 1 and 2.

4. This is particularly the case with Dahrendorf, whose concept of the institutional isolation of the political and industrial spheres is discussed in chapter 3.

with the explanation of the highly centralised system of joint central regulation that developed in Sweden.

This study also has a bearing on a number of specific issues in the field of industrial relations. Thus such problems as union typologies, institutional inadequacy and the analysis of strike-rates are taken up at various points. There is a considerable overlap between the perspective of institutionalisation theory and the institutionalist school of thought in British industrial relations, a point that will be taken up in the next chapter.

On the other hand, this thesis has relevance for a number of wider issues in sociology. Institutionalisation straddles such major fields of sociological enquiry as class relations, structural differentiation and state intervention. There are both the specific issues of the relationship between, say, economic development and industrial relations, as raised by Ingham, and the more general issues of the relationship between social integration and system integration, as raised by Lockwood. These questions too will be taken up in the next two chapters.

2. Institutionalisation in Sweden

Sweden provides in many ways the best example of the institutionalising of industrial conflict. Until the 1930's conflict was at a very high level and both unions and employers were organised so as to maximise their effectiveness in conflict situations. The high degree of organisation developed in this period then became the basis for the centralised regulation of industrial relations and wages by means of central negotiations and central agreements. Centralised regulation was carried out through the federations rather than the state apparatus. Industrial conflict fell to a very low level after

the 1930's and remained at a low level until the late 1960's. Sweden therefore provides a test-case for institutionalisation theory.

Sweden has also attracted the interest of the exponents of other related approaches. Pluralists have found Sweden an exemplification of their model of society. Corporatist theorists have argued that Sweden is the prime example of non-fascist corporatism. Commentators on industrial relations have shown much interest in Swedish institutions because of their apparent success in handling conflict and facilitating economic change. More generally, Sweden has been seen as a 'middle way' between the 1930's excesses of fascism and communism. The same features of Swedish society that make it a test-case for institutionalisation theory make it a test-case for these other approaches too.⁵

In Sweden class conflict has evolved in a relatively 'pure' way. Three main reasons may be adduced for this. Firstly, there is the ethnic and religious homogeneity of Swedish society, which has made class the most salient division and largely eliminated cross-cutting lines of conflict. Secondly, there is the absence of major state involvement in industrialisation, which in part explains the low level of state intervention in industrial relations, this in turn allowing class conflict to evolve according to its own principles. Thirdly, there is Sweden's isolation from the inter-state rivalries of Europe, which has minimised the impact on Swedish class relations of nationalism, imperialism and war. Sweden provides something of a laboratory for the study of class conflict.

3. The Stages of Institutionalisation in Sweden

Institutionalisation in Sweden is divided into four stages.

5. Examples of these approaches are given in chapter 2.

1. The Organisation of Labour
2. The Employer Counter-Attack
3. Towards Joint Central Regulation
4. Joint Central Regulation : Culmination and Decline.

The first stage is concerned with the building of the labour movement and the shaping of its character. The main period that it covers runs from the first sustained growth of unions in the 1880's to the founding of the national federation in 1898. This period has been overlooked in some recent accounts of the development of Swedish industrial relations, accounts which have started with the later building of the national employers' federation.⁶ This latter was, however, a response to the growth of the labour movement and must be seen in this context.

The second stage is one of escalating conflict between the unions and the employers' associations. It runs from the formation of the major employers' associations around the turn of the century to the General Strike of 1909. It was during these years that centralised organisations emerged on both sides of industry. In the case of the union federation in particular this centralisation was an unintended consequence of escalating conflict. With the defeat of the General Strike a period of decentralisation set in but the basis had been laid for the modern centralised framework.

The third stage is concerned with the emergence of cooperation between the central federations under the threat of state intervention. The main period it covers is from the 1920's to the 1930's. During this period the LO and the SAF developed a cooperative relationship that provided the basis for the 1938 Basic Agreement. At first it

6. Ingham and Hadenius both emphasise the formative influence of employer organisation. Ingham (1974), p. 50; Hadenius (1976), p. 30.

appeared as though Sweden was moving towards state regulation but obstacles to legislation, together with a change in the strategy of the employers, led to the establishment of joint central regulation instead, and the formal centralisation of the LO in 1941.

The fourth stage starts with the culmination of joint central regulation in the central wage bargaining of the 1950's and 1960's. This was soon followed by symptoms of break-down. Conflict increased, the central negotiations became more complex and protracted, and central agreements were displaced by legislation. The unions challenged the power of the employer at all levels and brought forward proposals for the transfer of the ownership of industry from capital to labour. The basic assumptions not only of joint central regulation but of capitalism were brought into question. Swedish society was not transformed but the smoothly functioning joint central regulation established in the late 1930's certainly broke down.

It should be emphasised that these stages are not just a convenient means of dividing up the process of institutionalisation into manageable chunks. The stages identify different processes of change. The first stage is concerned with the purposive building of a labour movement, in which ideology played a particularly important role. The second stage is concerned with the unintended consequences of the dynamics of conflict. The third stage involves state intervention, the impetus for institutional development coming from government rather than industry.

In explaining institutionalisation one must examine not only the processes through which joint central regulation developed but the processes threatening to undermine it. Joint central regulation was not only challenged during the period of break-down. Political and industrial movements opposed to central cooperation emerged during

the earlier stages and attacked the central organisations. An important part of the explanation of the development of joint central regulation is therefore the explanation of the failure of these attacks. Why was it not until the later 1960's that the tensions generated by institutionalisation led to the break-down of joint central regulation?

4. Comparative Study

Although this thesis is primarily a case-study of Sweden, it is set within a comparative perspective. The explanation of institutional developments in Sweden must be consistent with their existence or absence elsewhere. Inter-Scandinavian comparisons are made between Sweden, Denmark and Norway, and comparisons are made with Britain.

Inter-Scandinavian comparisons enable one to isolate that which is distinctive to Sweden. The broad similarities between these societies enable one to 'control' more variables. For example, all three union federations were founded at the same time. They were all relatively centralised and all linked to strong Social Democrat parties. The strategy of inter-Scandinavian comparison is well-established, as in the path-breaking work of Galenson or, more recently, Elvander.

One must be wary, however, of allowing vague cultural or geographical assumptions about Scandinavian unity to mask internal variations as great as or greater than the differences between Scandinavian and other societies.⁷ There are, for example, grounds for placing Denmark not with Norway and Sweden but with Britain.

7. This applies even more strongly to Lipset's contrast of America and Europe. Lipset's contrast of the business unionism of the United States and the class consciousness of Northern Europe pays perhaps too much attention to class rhetoric. The stratified and decentralised union movement of Britain had in these respects more in common with America than Sweden. Lipset (1961), *passim*.

Norway and Sweden have industrially organised unions, while Denmark, like Britain, has had a more stratified union movement characterised by a strong craft unionism. In their comparison of strike patterns Ross and Hartman grouped Denmark with Britain in their North European Pattern, Variant 1 rather than with Norway and Sweden in Variant 2.⁸ Thus there are grounds for widening the comparison to take in Britain as well.

This suggests that groupings will vary according to the institution studied and that institutional inter-relationships are looser than is often imagined. If centralisation is the issue Denmark is grouped with Sweden and Norway in opposition to Britain, as in Ingham's study, but not if the principle of organisation is the focus. What then is the relationship between centralisation and principle of organisation? This question will be taken up later.

Leaving aside these arguments, there is much to be said anyway for also making comparisons which bring in a greater degree of variation than that to be found in Scandinavia. Any explanation of Swedish centralisation must be consistent not only with explanations of the relatively centralised union federations of Denmark and Norway and inter-Scandinavian variations in centralisation but also with the absence of centralisation in Britain. This is the logic of Ingham's study.⁹ The problem is that in comparing societies different in so many respects it is tempting to restrict comparison to a small range of variables and turn any correlations between them into explanations. Thus Ingham explicitly leaves out the state and concentrates on correlating his infrastructural variables, notably industrial concentration, with the development of industrial relations. In this

8. Ross and Hartman (1960), pp. 72-75.

9. Ingham (1974), p. 10.

thesis the emphasis on processes counteracts this danger by requiring the demonstration of the mechanisms producing the relationships.

It is also all too easy for comparative studies to telescope history by establishing direct connections between origins and outcomes. Thus the differences in modern British and Swedish industrial relations institutions can plausibly be related to differences in the industrialisation of the two societies. This may lead to the overlooking of other less evident but just as crucial differences, such as differences in their experience of and response to the economic crises of the 1920's and 1930's.¹⁰ To avoid this telescoping comparison will be made at each stage of the analysis of institutionalisation.

Before embarking on the substantive analysis of institutionalisation the literature on the 'Swedish model' and the theoretical issues raised by both this literature and the wider discussion of institutionalisation will be examined.

10. Dunlop, for example, states that 'the major characteristics of a national industrial-relations system appear to be established at a relatively early stage in the industrial development of a country'. He goes on to conclude that 'the early stages of industrial development are decisive to the structuring of a national industrial-relations system'.

Chapter 2

THE SWEDISH MODEL

The institutions of Swedish industrial relations have been treated as a model, in two senses of the word. On the one hand, Sweden exemplifies in a relatively pure way tendencies in the development of industrial societies that in other such societies are obscured by the complexities caused by other lines of conflict.¹ On the other hand, Sweden is held up as an example to be followed, a society where rational organisation and a spirit of compromise have made possible the pursuit of economic growth and the provision of welfare within the framework of democracy.² The aim of this chapter is to review the literature on the Swedish model. The theoretical issues raised by this literature will then be examined in the next chapter.

The starting-point is not in Sweden but in Britain, for it is the apparent inadequacies of British institutions which have generated much British interest in Sweden.

1. British Institutional Inadequacy

The theory of the inadequacy of British institutions has been developed by a group of English writers on industrial relations, notably Flanders, Clegg and Turner. Its most important expression was in the Report of the Donovan Commission,³ on which Clegg was the leading industrial relations academic. The report was strongly

1. Tomasson (1970), p. 1, p. 5.
2. The most famous example of this is in the work of Childs, who in the 1930's saw Sweden as providing a 'middle way', an alternative to the extremes of uncontrolled monopoly capitalism, as in the U.S.A., and state domination, as in communist Russia. Childs (1936), p. 212.
3. Royal Commission on Trade Unions and Employers Associations (1968).

influenced by the ideas of Flanders⁴ and by the research of Turner and his colleagues into the car industry.⁵

The basic problem identified by these writers is the ad hoc growth of plant bargaining, resulting in the loss of control over plant relationships by both unions and employers, the maintenance of restrictive practices, an inflationary local wage drift and a high level of unofficial strikes. Full employment during the post-war period had resulted in the growth of shop-floor power⁶ and in the emergence of new expectations in the labour force concerning 'fair wages' and 'property-rights' in the job.⁷ Important changes had also taken place in the structure of industry with the spread of multi-plant companies both within and between industries. The combination of the multi-plant company and shop floor power meant that the plant rather than the company, the area or the industry became the bargaining unit.

The traditional institutional framework had not been modified to integrate plant bargaining into the existing structure. So far as the unions were concerned, the persistence of multi-unionism prevented such an integration because of the separation of the plant from the area-based branch. Branch officials could not easily keep contact with members spread over a number of factories and plant

-
4. According to Clegg, Flanders' essay 'Collective Bargaining: Prescription for Change' was the most influential piece of evidence submitted to the Donovan Commission. Flanders (1970), p. 8.
 5. Turner et al. (1967). Indeed, one of the criticisms of the Commission was that it treated the car industry as typical of industry as a whole. Royal Commission (1968), para.397, p.107.
 6. There is a tendency to exaggerate the importance of level of employment, as compared with such long-term changes as an increasing division of labour and changes in technology. Banks (1974), p. 33.
 7. Turner et al. (1967), pp. 336-339.

bargaining tended, therefore, to fall into the hands of shop-steward committees 'not easily made responsible to a trade union authority outside the factory'.⁸ There was also the problem of demarcation disputes between unions, particularly in shipbuilding. The main responsibility, however, for the failure to integrate plant bargaining was placed on management and on the employers' associations, on the grounds that there have been more adaptive changes in union structure than in employers' associations and, more importantly, on the grounds that it is the employer who has the responsibility, the initiative and the power to introduce change.⁹

While employers' associations had played an active part in the formation of the industrial relations framework up to 1914, they had subsequently been conservative and passive. Plant bargaining on a widening range of issues became increasingly important but the employers' associations concerned themselves only with industry level wage agreements, which in most industries did no more than establish minimum rates of pay. Although multi-plant companies spread, the Engineering Employers' Federation retained as its units the area and the factory.¹⁰ The formal framework for dealing with disputes was long and slow, with the result that local managements and shop-stewards took things into their own hands and the use of the unofficial strike to speed up the resolution of a dispute was encouraged.¹¹ Thus plant bargaining grew up in anarchical ad hoc fashion to fill the vacuum.

8. Royal Commission (1968), para.116, p. 30. Flanders attributes less importance to multi-unionism. Flanders (1970), p. 169.

9. Royal Commission (1968), para.111, p. 24. Flanders (1970), p.171.

10. Royal Commission (1968), paras. 75-82, pp. 20-22.

11. Ibid., para. 393, p. 106. Turner et al. (1967), p. 342.

Although the anarchy of plant bargaining was related to major changes in the economy, such as the growth of full employment, an increasing division of labour and the spread of multi-plant companies, the main emphasis of this approach was on the failure of institutions to respond. The following statements make this clear:

'Fundamentally, we conclude, the recent strike-proneness of the British car industry (and we see no reason to think this conclusion is not more generally valid) reflects a failure of institutions.'¹²

'Above all, employers and trade unions have failed to develop adequate institutions in changing circumstances.'¹³

The underlying assumption is that with the right institutions the problems of conflict can be solved.

2. Industrial Relations in Britain and Sweden

While Britain had the wrong institutions, Sweden had the right ones. In Sweden both unions and employers' associations were symmetrically organised on the industrial principle into centralised federations, which could regulate industrial relations through central agreements and conduct co-ordinated economy-wide wage negotiations. Plant-level industrial relations were much more under the control of the federations, for the union organisation extended into the plant without the complications of multi-unionism and parallel unionism, while individual employers were liable to fines by their associations if they departed from the industry-level agreement. This institutional superiority was confirmed by the low strike-rate.

Swedish industrial relations have therefore been taken as a model, though the borrowing of Swedish institutions has not generally been

12. Turner et al. (1967), p. 356.

13. Royal Commission (1968), para. 397, p. 107.

advocated.¹⁴ Flanders and Clegg were clearly aware of the problems involved in the wholesale replacement of institutions and the Donovan report sought 'functional alternatives' to industrial unionism, given the impracticality of reforming the unions along these lines.¹⁵ The main point, however, is that, whether or not institutions are transferable, the Swedish experience seemed to confirm the theory of the institutional inadequacy of British industrial relations.

Ingham has made an explicit comparison of the way that conflict has been institutionalised in Britain and Sweden. Ingham's starting-point is the classic Ross and Hartman thesis of the decline of the strike, which he found wrong in the case of Britain, but correct so far as the Scandinavian societies were concerned. In explaining this divergence, Ingham emphasises the higher degree of institutionalisation in Sweden, where the formalised and centralised system of industrial relations facilitated the channelling of industrial conflict and made governmental intervention of the British kind unnecessary. This difference in the degree of institutionalisation is related to the industrial infra-structures of the two societies. Sweden developed a much more concentrated, less complex and more specialised infra-structure, which gave rise to relatively centralised organisations - particularly in the case of the national employers' federation, which Ingham sees as playing a dominant role in the growth of the institutional framework. The different infra-structures are in turn related to the timing and character of industrialisation, and to the size of the society.¹⁶

14. Cooper (1963). Tomasson (1970), p. 251.

15. Royal Commission (1968), para. 67, p. 180.

16. Ingham (1974), passim.

Ingham's theoretical assumptions are declared to be very different from those of the institutional writers just examined but the implications of his analysis are remarkably similar. Ingham's declared assumptions are different because he rejects approaches which treat industrial relations as autonomous and he emphasises the way that material 'infra-structures' shape institutional development.¹⁷

Ingham also, however, explains the low strike-rate in Sweden in terms of the institutional structure of industrial relations. The difference between Ingham and the institutional writers is in their respective attitudes to the explanation of institutional differences rather than their analysis of the consequences of institutional development. Although Ingham recognises that infrastructural changes can undermine the institutional framework, this idea does not inform his analysis of the development of Swedish industrial relations. Furthermore, Ingham accepts the 'withering away of the strike' in Sweden.¹⁸

Thus in spite of Ingham's different point of departure, his comparison supports the theory of the institutional inadequacy of British industrial relations.

3. The Pluralist Analysis of Sweden

The previous sections of this chapter have focused on the institutional approach to industrial relations. This approach has much in common with the wider pluralist approach to society, as both Eldridge and Fox have observed.¹⁹ Both the institutionalists and the pluralists assume a balance of power between unions and employers,

17. Ibid., pp. 21-23.

18. Ibid., p. 32f.

19. Eldridge in Child (1973), pp. 159-165.
Fox in Child (1973), pp. 192-199.

the autonomy of organisations from the state and the existence of an underlying consensus.

Basic to the pluralist approach is a conception of society as composed of a diversity of organised interest groups in competition with each other. As virtually all commentators have pointed out, Sweden is characterised by a proliferation of organisations and the Swedes themselves use the term 'genomorganiserad' (thoroughly organised) to describe their society. The labour market is commonly recognised to be more organised than that of any other capitalist democracy, in terms both of the extent of unionisation and the centralisation of the organisations. Other areas of life than the economic are penetrated by the temperance movements, the study circles, and the political parties, though the highly secular character of Swedish society is related to a low degree of religious organisation. Tomasson concludes that voluntary organisations are more developed in Sweden than in any other 'modern' society.²⁰

Crucial to the pluralist approach, however, is not only the existence of organised interest groups but the distribution of power between them. The pluralist conception of power is that it inheres in voluntary organisations and is relatively evenly distributed between them - hence the assumption of a balance of power between employers and labour. In pluralist analyses of Sweden, such as those by Tomasson and Hancock, the federations of unions and employers' associations are treated as equal in power.²¹

Organisations are considered autonomous from the state and state intervention is minimised. The settlement by the Swedish labour market federations of issues elsewhere the subject of legislation

20. Tomasson (1970), p. 54.

21. Ibid., p. 252, p. 266. Hancock (1972), p. 147.

fits perfectly with this model. Furthermore, these organisations are enlisted in the process of government policy-making and policy implementation, as with the labour market policy. The interest organisations are supreme and the state apparatus almost disappears.²²

Indeed party politics almost disappear too. Policies are not the enactment of programmes by political parties so much as the outcome of consultations between government and interest organisations. Consultations of this kind have been thoroughly institutionalised in Sweden, Royal Commissions being routinely appointed before major legislation and the interest organisations securing representation on them. A further stage of consultation is the 'remiss' procedure, through which the interest organisations are further consulted after the report of a commission or the publication of a legislative proposal. While similar processes exist in other industrial societies, they have a particularly regular and formal character in Sweden and are an established part of the legislative process.²³ Huntford has suggested that 'democracy' in Sweden is often taken to mean the consultative rather than the electoral process.²⁴

Complementing such a picture of Swedish politics is the 'end of ideology' argument. Tingsten has argued that the Social Democrats have progressively eliminated socialism from their policies, while the right-wing parties have come to accept the welfare state. The remaining party differences are either symbolic, as the parties try

22. Hancock not only exemplifies this approach, he also labels the greater state intervention of the late 1960's 'the new pluralism', the centralising tendencies of this intervention being counter-balanced by 'pressures to decentralise decision making'. *Ibid.*, pp. 150-154, pp. 167-169.

23. *Ibid.*, pp. 156-159.

24. Huntford (1971), p. 103.

to retain their separate identities and hang on to traditional supporters, or merely quantitative.²⁵

Associated with this institutional structure is the oft cited Swedish capacity to settle conflicts through compromise, whether in the industrial or political arena.²⁶ Swedish industrial relations exemplify this, with the virtual disappearance of the official strike and the settlement of wages and other issues through central agreements. Compromise is also well developed in the political sphere and is considered by Rustow to be the main feature of the Swedish political process. Rustow identifies three types of compromise; the 'inclusive' type when no overlap exists between the contending parties and elements are included from both sides; the 'exclusive' type when an overlap exists and the common element becomes the basis of policy; the 'split the difference' type, when the differences are purely quantitative. Compromise solutions are provided whatever the nature of the conflict.²⁷

Not only do the pluralist and institutionalist approaches make similar assumptions, they complement each other. The labour market federations which regulate industrial relations provide the main example of organised interest groups engaged in pluralist competition, while the pluralist analysis of Swedish society sets industrial relations in the context of conflict regulation in the society as a whole.

25. After referring to Tingsten Tomasson concludes that 'few would argue with the contention that the stability of Swedish democracy and the extent to which it operates by compromise and consensus is exceeded by no other modern democracy'. Tomasson (1970), p. 55.

26. Childs (1936), p. 213. Tomasson (1970), p. 277. Hancock (1972), p. 199.

27. Rustow (1955), p. 231.

4. The Corporatist Analysis of Sweden

The corporatist approach brings the state back into the analysis. At the heart of this approach is the relationship between the state and the major interest organisations. One focus of interest is on the decline of parliamentary democracy as corporatist relationships bypass the arena of party competition and party differences decline. The other focus is on the cooperative management of the economy by government, unions and employers through tri-partite bodies of coordination.

In examining the corporatists one must distinguish between what Panitch calls 'liberal' corporatism with a capitalist bias and the Marxist variant of corporatism, as exemplified by Panitch himself.²⁸

a) Liberal Corporatism

The liberal corporatists, such as Childs, Heckscher and Shonfield, differ from the pluralists in their emphasis on the cooperation rather than competition between interest organisations and in the more active role they give the state but there is still a considerable overlap with the pluralists. Like the pluralists they see the interest organisations as maintaining their autonomy from the state and they therefore distinguish the Social Democrat from the fascist variant of corporatism.²⁹ They also treat the organisations of labour and capital as equal in power and the state as neutral between them.

Childs is not really a corporatist but certain of his ideas are similar to theirs and it is convenient to deal with him here. For

28. Panitch (1977), p. 66.

29. Schmitter differentiates 'societal' and 'state' corporatism. He makes an explicit connection between pluralism and 'societal' corporatism, 'societal' corporatism emerging out of the slow decline of a pluralist society. 'Societal' corporatism is characterised by relatively autonomous organisations and Sweden is his prime example of it. Schmitter (1974), p. 105ff.

Childs, Sweden in the 1930's was a 'middle way' between the extremes of monopoly capitalism in America and state ownership in Russia. The cooperative movement and state ownership of certain industries prevented monopoly, while the Social Democrats' concern with welfare rather than socialisation distinguished them from communism.³⁰ There are few comparisons with fascist Germany and it is only in the 1980 update of Childs' study that the 'middle way' is described as an alternative to fascism and communism.³¹ Childs is not primarily concerned with the cooperation between organisations but he shares with the liberal corporatists an interest in making capitalism work through state intervention and a conception of Sweden as pursuing a middle path between state domination and capitalist anarchy.

Heckscher used the concept of 'free corporatism' to distinguish 1930's Sweden from fascist Germany. Although the Swedish interest organisations cooperated with the state, they maintained their independence and cooperated with each other in order to do this. They did this to such effect that for Heckscher the problem of post-war Sweden was whether the government could keep control of central decisions in the face of the power of the organisations. It was important that the state should maintain its independence from the organisations, since only the state could look after the interests of those who were unorganised.³²

In his opening comments on Sweden Shonfield emphasises the cooperation of the organisations in excluding the government from central wage bargaining. He then qualifies this image of Sweden and suggests that it would be 'wrong to accept too readily the

30. Childs (1936), p. 212, p. 217.

31. Childs (1980), p. 19.

32. Heckscher in Lohse (1963), p. 28ff.

conventional Swedish view of the relatively minor part played by governmental authority in their society', going on to describe the interest organisations as 'instruments of public policy'.³³ In contrast with Heckscher, Shonfield is concerned with the dangers of state intervention and with the problem of maintaining democratic control over an increasingly interventionist state.³⁴

b) Marxist Corporatism

The Marxist variant of corporatist theory argues that corporatism is primarily a means by which labour is subordinated to capital. Although there is an element of bargaining in the relationship between the unions and the state, the unions are primarily agencies of state control.³⁵ The state is not neutral and serves the long-term interests of capital.³⁶

Jessop argues that there is a close fit between corporatism and Social Democracy. Corporatism provides a means of securing labour acquiescence in the imperatives of capital accumulation, since labour renounces the strike weapon in return for a voice in government. But corporatist representation alone is not viable, given parliamentary traditions and the need for governments to legitimate their power. The most appropriate form of parliamentary legitimation is provided by Social Democrat parties, because of their electoral base in the working class. Social Democrat governments can then most effectively combine the corporatist and parliamentary modes of representation. For Jessop corporatism is 'the highest form of Social Democracy'.³⁷

33. Shonfield (1965), p. 199, p. 205.

34. Ibid., p. 385.

35. Panitch (1974), p. 12.

36. Westergaard in Hunt (1977).

37. Jessop in Littlejohn (1978), pp. 40-45.

Panitch follows a similar line of argument. Corporatism is a means of integrating an organised working class into a capitalist society. Though the Social Democrat governments' full employment policies enable one to locate the emergence of corporatism in the 1930's in Scandinavia, corporatism is primarily associated with post-war incomes policies, since it is incomes policies which require the cooperation of the unions with the state. Social Democrat parties have been the most successful at sustaining the tripartite cooperation of government, employers and unions, which Panitch sees as the central institutional manifestation of corporatism. Stable corporatism depends on the kind of organisational centralisation found in the Swedish union movement, though in the end cooperation with government 'delegitimizes the union leadership in the eyes of their base'.³⁸

c) Huntford

Lastly, one may refer to Huntford's polemical description of corporatism in Sweden, which differs from both the liberal and Marxist strains. For Huntford, the central union and employers' organisations have conspired to eliminate collective conflict and in doing so have suppressed discontent and forced it into individualist means of expression. The central organisations have fused with the state to produce a monolithic bureaucratic elite.³⁹ Thus Huntford rejects the liberal corporatists' notion of organisational autonomy and the Marxists' belief in the domination of capital. Moreover, he blurs the distinction between fascism and corporatism, a distinction on which both these other approaches insist.⁴⁰

38. Panitch (1977), pp. 72-83.

39. Huntford (1971), p. 99, p. 104, p. 343.

40. e.g. Schmitter - see footnote 29, Crouch (1979), p. 23, Berntson (1970), p. 63.

d) Korpi

The corporatist approach has been attacked by Korpi, who has revived an older conception of the relationship between class and state. For Korpi, unions and labour parties cannot be treated simply as agencies of integration and social control, subordinating the working class. These organisations do represent the interests of the working class and can enlarge its share of the national product. Korpi therefore prefers the term 'societal bargaining' to corporatism.⁴¹ He argues that the political success of the Social Democrats in Sweden resulted in a shift of labour strategy from the use of industrial to the use of political power. Korpi explains the decline of industrial conflict in Sweden in terms of this shift in strategy and the subsequent redistributive policies of Social Democrat governments.⁴² Furthermore, Korpi not only considers that Social Democrat governments have enhanced the bargaining power of the working class but sees possibilities of a reformist transition to socialism through economic democracy legislation, which may ultimately lead to worker ownership and workers' control.⁴³

5. Sweden: An Integrated Society?

Institutionalists, pluralists and corporatists have all agreed that Sweden is a highly integrated society, though they have disagreed about the explanation of this integration. This discussion raises a number of issues.

41. Korpi (1983), p. 20, p. 25.

42. In advancing this argument Korpi attacks the institutionalist/pluralist writers, as well as the corporatist approach.
Ibid., p. 47, p. 167.

43. Korpi (1978), p. 335. Stephens has put forward a similar argument. Stephens (1979), Ch. 6.

What is meant by integration? Lockwood has shown that integration is not a unitary concept and that the levels of social and system integration must be distinguished, a point that will be taken up in the next chapter. Social integration is itself problematic and Huntford has raised the possibility that low levels of collective conflict may be associated with high levels of individual deviance. The focus of this thesis is on industrial conflict and the problem of individual deviance cannot be investigated here. The notion that low levels of collective conflict may indicate not the absence of discontent but the suppression of discontent is important, however, since it can be argued that the 'industrial peace' of the 1960's was illusory and that the conflicts of the 1970's resulted from the discontent generated but bottled up during the 1960's.

How integrated is Swedish society? As the previous paragraph has shown, a question of this kind raises complex issues. The level of collective conflict is, nevertheless, clearly important and it is indeed this, and more specifically the level of industrial conflict, to which most commentators have addressed themselves. It is clear that during the period running from the mid-1930's to the 1960's the level of industrial conflict was low in comparison with that of other industrial societies. The relatively reliable figures for 'worker-days lost' indicate this.⁴⁴ Conflict increased sharply at the end of the 1960's and in the 1970's, however, and this, together with other symptoms of institutional break-down, is at variance with the Swedish model and creates problems for those writers who have emphasised the stability and integration of Swedish society.

How is integration to be explained? The conflict and break-down

⁴⁴. The problems involved in comparing rates of industrial conflict are discussed in Chapter 29, Section b(i).

of the 1970's notwithstanding, the problem remains of explaining the relatively high integration of the period from the 1930's. Before the mid-1930's Sweden was characterised by a high level of industrial conflict. Indeed it is the magnitude of the transition that makes Sweden such an interesting case.⁴⁵ Was a high level of integration a consequence of high conflict? Did those characteristics of Swedish society that generated high conflict disappear or change? Was it institutional changes or changes in class relations or changes in the economy and polity which were responsible for the new integration?

Before proceeding to the substantive analysis of the institutionalisation process in order to try to answer these questions, a number of general theoretical issues require discussion.

45. Korpi (1983), p. 172.

Chapter 3

THEORETICAL ISSUES

The literature reviewed in the previous chapter raises a number of general issues concerning the inter-relationships between industrial conflict, class conflict, institutions, economy and state. These will be explored in this chapter.

1. Industrial Conflict and Class Conflict

a) Conflict

The relationship between these terms is not self-evident, as it is sometimes taken to be, and raises important problems.

When is industrial conflict class conflict? In a sense industrial conflict is always class conflict in that it involves conflict between the members of different classes and occurs because of class relations. The ceaseless drive of the capitalist employer to reduce costs in order to increase or maintain profits brings him into conflict with workers seeking to improve their work conditions or standard of living. Workers go on strike because they are propertyless, in the Marxist sense of the word, and sell their labour, so that the withdrawal of their labour is the main weapon at their disposal. They are only able to go on strike because of collective organisation based on their class situation. These statements are truisms but are nonetheless quite fundamental to the understanding of industrial conflict.

If all industrial conflicts are treated as class conflicts, however, we lose the capacity to differentiate between different kinds of industrial conflict. A particular conflict may result from sectional rivalry, as one group of workers seeks to change or restore established differentials. This would appear to be quite

different from a general strike in which the majority of workers act together to, say, prevent wage reductions. The latter type of conflict would be class conflict, in the sense that it is action on a class-wide basis in the interests of a whole class, while the former type is neither of these things. Should the term class conflict be reserved for the latter?

The issue becomes more complex if one separates out ideology, organisation and consequences. A sectionalist dispute may not manifest class consciousness or be class-wide in organisation but it may benefit the whole class through the levering up of the general wage level by powerful groups of workers. On the other hand, it may not be beneficial to the whole class if wage increases for one group become price increases or job losses for another, or if conflict over differentials weakens class unity. If the issue of class 'interest' is brought in there is a further complication, since some would argue that conflicts over wages are 'economist' and that only conflicts leading to a socialist transformation are in the real interests of the working class.

In this study industrial conflicts will only be considered class conflict if there is some degree of class-wide organisation and action. Class conflict is, in other words, taken to mean conflict between 'whole' classes¹ rather than conflict between members of classes. It is accepted that all industrial conflict in some sense stems from class relations but priority is given to the need to avoid lumping together conflicts diverse in character, many of which are sectionalist, as 'class conflicts'. The question of class interest is not

1. Conflict between whole classes never occurs in the literal sense of all members of a class but the point of this formulation is to high-light the special character of class conflicts in 'ideal typical' fashion.

taken up because this is regarded as an ideological rather than a sociological issue.

b) Class Structure

If the term class conflict is reserved for conflict between 'whole classes', the further problem arises of what constitutes a class. The Marxist and Weberian conceptions of stratification have come into conflict. It is unnecessary to review the extensive literature on this question but the central issue, that of relations of production versus relations of distribution, must be considered.² In the Marxist tradition classes are defined in terms of relationship to the means of production. In the Weberian tradition classes are defined primarily in terms of the distribution of market power, this power coming from diverse sources and giving rise to multiple classes.

A well-known difficulty with the Marxist approach is the problem it has in dealing with the divisions within labour, whether between manual and non-manual occupations or between skilled and unskilled workers. The Weberian approach allows one to differentiate sections within labour as interests in their own right and to conceptualise the strategy of these groups as two-sided, directed both against the employer and against other groups of workers.

Thus Parkin's Weberian concept of 'closure strategies' enables one to accommodate what Turner has called the 'closed' unionism of nineteenth century Britain without treating it as an economist deviation from the class struggle.³ Parkin states that a group's

2. Crompton and Gubbay (1977), p. 16.

3. Moorhouse comments that Hobsbawm has followed Lenin in treating the 'labour aristocracy' as class collaboration resulting from the special economic privileges granted to sections of the working class, because of the favourable economic conditions provided by imperialism. Moorhouse (1978), p. 62.

'closure strategy' can have a dual quality, involving the 'solidaristic usurpation' of a higher group and the 'exclusion' of a lower one.⁴

'Closed' unionism involved just such a combination, being a usurpatory attack on the power of the employer, while excluding the unskilled by controlling entry to an occupation. Turner argues that if control of entry is not possible, then 'open' organisation to maximise bargaining power becomes the appropriate strategy, though whenever possible powerful occupational groups in 'open' unions will seek to improve their relative position by developing exclusive strategies. There is no assumption here that class action is the normal and natural means of worker advancement. Indeed the sectionalism of what Turner calls 'autonomous regulation' is in his view the preferred means through which workers control their conditions of work.⁵

The problem with Weberian approaches is that they tend to treat the relationship between capital and labour as of the same order as the relationship between sections of labour, Parkin being a clear example of this.⁶ There may be some justification for this in that, for example, the relationship between the nineteenth-century small employer and his craftsmen was in some respects not markedly different from that between the craftsmen and the labourers, who may well have been employees of the craftsmen. In general, however, these relationships should not be treated as equivalent, for the capitalist employer can change the means of production and in the process change occupations and the relationships between them.

The Marxist approach is much more able to deal with the dynamic character of class relations. These do not just consist of a

4. Parkin (1974), p. 13.

5. Turner (1962), pp. 254-267.

6. Parkin (1974), p. 5.

distributive battle between groups wielding different amounts of market power. The capitalist employer is always seeking to reduce his dependence on skilled workers, who are both expensive and powerful. Skilled workers certainly resist 'dilution' and market power does therefore have an important bearing on conflicts over technical change and its consequences. Technical change itself is to be explained, however, more in terms of production relations than relations of distribution.

This study will draw on the insights of both the Marxist and Weberian perspectives. The Weberian insights into variations in market situation and the dual strategy of intermediate occupational groups are useful for the analysis of the relationships between sections of labour and their bearing on the relationship between employers and workers. The Marxist approach is more useful in understanding conflicts centred around the relations and means of production. Furthermore, the Marxist notions of the revolutionising of the means of production and the tension between the relations and forces of production supply an essential component for understanding the dynamics of class relations.

2. Institutionalisation

Institutionalisation refers to the process by which industrial conflict becomes increasingly regulated as industrial societies develop. The term is often associated with certain pluralist assumptions, notably that unions and employers are equal partners, that industrial relations is an autonomous self-governing area, that a permanent framework is established for the conduct of industrial relations. The following quotation from Dahrendorf exemplifies all three notions.

'Instead of a battlefield, the scene of group conflict has become a kind of market in which relatively autonomous forces contend according to certain rules of the game, by virtue of which nobody is a permanent winner or loser.'⁷

The issues raised by these assumptions will now be discussed in relation to the key elements of institutionalisation - organisation, collective agreements and 'third-party' institutions.

a) Organisation

Organisation is often treated as though it were a simultaneous and similar process on both sides of industry but this is far from the case. Workers organise first because the individual worker's bargaining power is so much less than that of the individual employer. It is only when employers are threatened by the collective power of workers that they organise. Furthermore, their smaller numbers enable them to organise informally and secretively to begin with.⁸ As employers become more organised, unions come under pressure to improve and extend their organisation. Thus the organisation of the labour market has a sequential, alternating character.

Organisation is not just a stage in institutionalisation, a once for all transition, but rather a continuing struggle.⁹ The 'mutual recognition' when employers accept the existence of unions and workers accept the capitalist system might appear to be such a transition but such recognition is neither final nor permanent. Employers continue to employ non-union labour in sectors where unions are weak and if possible move their operations to areas where labour is unorganised and cheap. The recent development of the idea of

7. Dahrendorf (1959), p. 65.

8. Clegg (1967), p. 202.

9. Dahrendorf treats it as a stage. Dahrendorf (1959), p. 65.

wage-earner funds in Sweden shows that the unions did not, once for all, accept the principle of the capitalist ownership of industry. Changes in occupational and industrial structure open out new areas for union conquest and create new battle-fields, to use Dahrendorf's term.¹⁰ The size and strength of organisation fluctuates with the trade cycle, shifting the power balance and leading to renewed conflict as one side or the other exploits the edge given it by increased economic power. Organisation is a reversible and ongoing process.

While organisation does provide a basis for establishing a modus vivendi between the two sides and routinising their relationship, it also sets in motion counter-tendencies. As organisations develop and expand they become more centralised and bureaucratic, giving rise to tensions between leadership and membership, particularly in trade unions, a problem of which Dahrendorf is certainly aware.¹¹ These tensions have been ascribed to the divergence of the interests of the leadership and membership, the leadership being coopted into management, indeed into the elite, and acquiring the interests and perspectives of the employers.¹² While the existence of cooptation cannot be denied, the interests of members are not monolithic and there are conflicts of interest within unions, so that the policy of the leadership will benefit some sections of the membership more than others and for this reason bring the leadership into conflict with the membership. There will also be conflicts of strategy between the collectivity and particular sections because strategic considerations, such as the need to accumulate financial reserves

10. See the quotation at the beginning of this section.

11. Dahrendorf (1959), p. 279.

12. e.g. by Michels (1962), p. 288f.

or avoid conflicts when employers have the upper hand during recession, will clash with a particular section's power and ambition. These internal tensions may result in open revolt against the leadership or may force the leadership into open conflict with the employers, when loss of membership¹³ or an internal political challenge¹⁴ constrain leadership policy. Either way, the institutionalised mechanisms of conflict regulation will be liable to break-down.

b) Collective Agreements

Organisations are to some extent constrained by the rules they make for themselves in collective agreements. These rules are both substantive, regulating wages and conditions of work, and procedural, regulating disputes and negotiations.¹⁵ The substantive rules are typically viewed as compromises, in which both sides make concessions in order to bring a dispute to an end. The procedural rules are commonly treated as an agreed framework, external to the particular interests of the parties and neutral in its consequences - as in the 'rules of the game' analogy used by Dahrendorf.¹⁶

The games analogy is, however, inappropriate to situations of industrial conflict. The two sides do not start equal.¹⁷ The

13. This point is made by Allen in refutation of the argument that unions need to be political democracies. If they do not pursue their members' interests, their members will leave. Allen (1954), p. 15, p. 206.

14. Banks argues that unions are not oligarchic but polyarchic, the leadership facing regular challenges from activists at lower levels. Banks (1974), p. 92.

15. Fox (1971), p. 29.

16. Dahrendorf (1959), p. 65, p. 226f.

17. Dahrendorf states that the 'rules of the game can serve their function only if and as long as they put both parties on an equal footing' but he does not discuss what 'equal footing' means. Ibid., p. 227.

employer has the power to initiate and the union's actions are negative or reactive. The economic cycle generally confers a bargaining advantage on one side or the other. Although their main weapons may seem equivalent, the employers also have control over investment decisions and can shift the game to a situation more favourable to them, the growth of the multi-national company facilitating such a move.

The rules themselves are part of the game. They are only agreed in the sense that both sides are prepared to accept them for the time being. There is often not so much agreement but imposition on the one hand and acquiescence on the other, the 'agreement' being accepted only as long as power relations remain unchanged. Collective agreements are compromises in the sense that both sides invariably make some concessions but not in the sense that the concessions are equal.

The extent to which rules regulate is anyway problematic. Rules only regulate when they are interpreted and enforced. If employers do not enforce them, rules may fall into disuse and give way to the informal understandings of 'custom and practice'.¹⁸ There may be collusion in the non-observation of rules, as with local wage drift. Rules may long remain unused but then be activated to legitimate actions, as in the 'work-to-rule'. Rules then are hardly external regulators of action.

This does not mean, however, that rules and the agreements containing them can be emptied of significance. If rules were of no importance, they would not be invoked to justify actions. Although rules are always subject to interpretation, they cannot be interpreted at will and they therefore reduce uncertainty even though they do not

18. Fox (1971), p. 136, p. 171.
Poole (1981), p. 28.

eliminate it. Although interpretations may vary and acceptance may be temporary, a collective agreement enables both sides to conclude at least a truce and bring a dispute to an end. The notion that agreements are external, neutral and binding may be fictitious but it is widely believed. The 'rules of the game' analogy may be inappropriate but rules are seen as having these qualities. Rules do not themselves regulate but they are a constraint on the organisations that make them.

c) 'Third-party' Institutions

While the organisations make and interpret agreements, there is what Dahrendorf calls a 'second line of institutional safeguards, a system of mediation and arbitration'.¹⁹ Mediation is distinguished from arbitration in that it involves facilitating a negotiated settlement rather than imposing one, though in practice the distinction is not so clear-cut, since in the case of what Lockwood has called 'political arbitration' the arbitrator seeks a settlement acceptable to both sides.²⁰ Agencies of mediation and arbitration are frequently a part of the state apparatus and in societies like Sweden where collective agreements are legally binding the arbitration function shades into the judicial function of a labour court. The role of the state will, however, be considered separately later in this chapter.

These institutions are often considered to be 'third-party' in character and this raises the issue of whether third parties can exist in a class-divided society.²¹ They can be considered 'third-

19. Dahrendorf (1959), p. 261.

20. Lockwood (1955).

21. Dahrendorf (1959), p. 261. Hyman (1972), p. 23.

party' in the sense that they perform the role of the detached outsider to a particular conflict; also in the sense that they represent outsiders interested primarily in speedy settlement, e.g. consumers or perhaps government, rather than in the terms of the settlement. It is also the case that unless the mediation/arbitration is compulsory, mediators and arbitrators can only function effectively if they are acceptable to both sides and are seen to be acting in a neutral and even-handed way. In any particular conflict mediation and arbitration are more likely to benefit the weaker side, which has least to gain from prolonging the conflict, but since bargaining power varies no general conclusions can be drawn - though one may note that arbitration has often been favoured by weakly organised sections of labour.²² Mediators and arbitrators are of course themselves located in society but their actions are probably more determined by situational constraints than by their own disposition. One may then conclude that, although the 'third-party' label attracts suspicion, there are no good general grounds for rejecting it.

This examination of the concept of institutionalisation shows that various aspects of its usage, as exemplified by Dahrendorf, are problematic. The organisation of the two sides of industry is neither simultaneous, nor equivalent, nor final. Though 'organisation is institutionalisation',²³ it also generates conflicts undermining a given institutional order. The 'rules of the game' analogy for collective agreements implies that they are neutral, external and regulatory and although the belief that this is the case gives these agreements significance, it is not an accurate description of their

22. Clegg et al. (1966), p. 177.

23. Dahrendorf (1959), p. 65.

character. It is important not to confuse the ideology of institutionalisation with the actual process.

3. Institutions and Economy

Institutionalist writers have a tendency to isolate industrial relations from the wider society. Institutionalisation is seen as the outcome of the interaction between unions and employers.²⁴ Industrial conflict is, to the Oxford School, primarily the consequence of institutional inadequacy.²⁵ Dahrendorf emphasises the 'institutional isolation' of industry in what he calls 'post-capitalist society'. This isolation of industry is related to the 'rules of the game' model, which abstracts conflict from the context in which it occurs. Marxists like Hyman have therefore criticised institutionalists for assuming that industrial relations are autonomous and failing to locate them in the context of a developing capitalist economy.²⁶

a) Ingham

This issue is examined by Ingham in the context of his comparison of Britain and Sweden. Ingham shows that institutionalist writers faced with the problem of institutional variations can only resort to ad hoc explanations in terms of values or national character. This is associated with an undifferentiated notion of industrialism, all industrial societies being treated as if they had the same structure. These writers also treat institutions as emerging out of interaction and fail to take account of power differences and the likely imposition of institutions by those with greater power

24. Dubin (1957), *passim*.

25. See chapter 2, p. 13.

26. Hyman (1975), p. 97.

i.e. the employers or the state. Ingham argues that the infrastructure of industrial societies varies according to the timing and character of industrialisation; that the explanation of institutional variations must be in terms of infrastructural variations; and that the role of the employers is crucial in determining the character of institutions.²⁷

While this argument is a powerful critique of the explanatory weaknesses of the institutionalist approach, it diminishes the significance of interaction too far. Are institutions just imposed by those with superior power? There is, after all, a power struggle, because the collective organisation of workers does something to redress their inferiority as individuals. This is why employers organise. Not only does the organisation of workers shape institutional development but the dynamics of class struggle are themselves important. Ingham's materialism gives his theory explanatory power but carries the cost of a certain determinism.

b) Institutional Autonomy

Approaches emphasising institutional autonomy are at their weakest in explaining institutional origins but raise the possibility of institutional persistence, once the institutions have come into existence. Are institutions a superstructural product of infrastructure, changing in tune with infrastructural development? Or do they have an 'inertia' that enables them to resist change? Turner states that, 'Trade union forms are a product of trade union origins.'²⁸ Stinchcombe postulates that organisational structures tend to stabilise after their foundation.²⁹

27. Ingham (1974), p. 21ff.

28. Turner (1962), p. 231.

29. Stinchcombe in Burns (1969), p. 169.

But 'institutional inertia' conceptualises institutional autonomy in too passive a way. Organisations do not just persist, for they have their own imperatives and dynamics. Although Turner attaches great importance to the circumstances in which unions are formed, he also refers to 'trade unionism's natural course of structural evolution'.³⁰ Thus 'closed unionism' is not only the product of craft traditions³¹ but also of a tendency of 'open unions' to strengthen the bargaining position of all their members by controlling entry or of particularly strong occupational groups within open unions to exploit their superior power.³² The consequences of the tensions between leadership and membership have already been discussed.

The isolation of institutions from the development of the wider society must be avoided, while at the same time they are accorded a degree of autonomy. Thus the power of the shop-steward in the Britain of the 1960's cannot be explained by reference solely to the consequences of multi-unionism or solely to the consequences of industrial specialisation and full employment but must refer to both sets of causes.

So far as the infrastructure itself is concerned, it must be brought in to the analysis of institutionalisation in diverse ways. While industrialisation should not be regarded as determining institutional character, it was the context in which institutions were formed through class struggle. Industrialisation was not just a transition, however, but a continuing process and changes in occupational and industrial structure clearly exert a continuing

30. Turner (1962), p. 267.

31. Ibid., p. 195.

32. Ibid., p. 263ff.

pressure for change on an institutional complex. Economic development may be continuous but it is not a steady process and it is characterised by fluctuations punctuated by crises. These fluctuations and crises produce both marked shifts in power relations and demands for institutional reform.

Ingham concentrates on the formative consequences of different patterns of industrialisation and although he is aware in a general way of these other aspects of the relationship between infrastructure and institutions, they do not feature in his substantive analysis.³³ In fact, after emphasising infrastructure in his explanation of institutional character, his analysis of subsequent developments stresses institutional persistence, particularly in the British case, and manifests therefore the weaknesses of the 'institutional inertia' approach.³⁴

4. Institutions, Politics and the State

Having examined the issues raised by Ingham's discussion of the relationship between economy and institutions, it is now necessary to consider the relationship between polity and institutions.

a) Ideology

Union organisation is not just a product of infrastructural constraints for unions are purposive organisations designed to pursue certain goals. Unions emerge as part of a labour movement, often relatively undifferentiated and ideological in its early stages, and their structure is therefore likely to be influenced by the wider

33. Ingham criticises Ross and Hartman and others for neglecting the possibility of contradictions between infrastructure and institutions but his own substantive analysis makes no reference to such contradictions. Ingham (1974), p. 23.

34. Ibid., p. 73, p. 84.

concerns of this movement. Ideological influences will probably be at their maximum during the period of formation but differentiation and institutionalisation do not eliminate them. It is characteristic of unions that there is a continuing tension between their day-to-day bread-and-butter interests and a persisting radical tradition concerned with the transformation of society. This tradition is a potential rallying-ground for opponents of the existing leadership and may revive in times of internal conflict.

The ideological variations between Scandinavian labour movements have themselves been linked to differences in the character of industrialisation by Bull and Galenson.³⁵ The degree of labour radicalism was, according to these writers, a consequence of the speed and timing of industrialisation. Late, fast industrialisation in Norway uprooted and traumatised the labour force, giving rise to the most radical of the Scandinavian movements. Denmark's industrialisation was early and slow and the Danish movement was the least radical. Sweden's industrialisation and labour movement fell between Denmark and Norway.

Lafferty has modified this argument to take account of variations in democratisation. Lafferty argues that industrialisation was in fact faster in Sweden than in Norway and the greater radicalism of the Norwegian movement is to be explained in terms of Norway's early democratisation. The Norwegian socialists did not, like their Swedish counterparts, have to fight for electoral reform and were not therefore dependent on a deradicalising alliance with a liberal party.³⁶

Thus in examining the character of a labour movement one must

35. Lafferty (1971), p. 20f.

36. Ibid., p. 324.

take account of both its economic and its political context - though without reducing ideology to either. In contrast to Britain, a developed socialist ideology was available to the early Scandinavian unions and this made their point of departure very different from that of the early British unions.

b) Institutional Isolation

The deradicalising of labour movements has been associated by Dahrendorf with the institutional isolation of the political and industrial spheres. According to Dahrendorf's thesis there is a tendency for these two spheres to become increasingly separated, each having its own classes, institutions and pattern of conflict. In his words, 'there are ... in principle two separate conflict fronts'.³⁷ Dahrendorf accepts that state intervention has increased.

'From this point of view, industry and society are also more closely connected than ever.'

He regards this as an objection to his thesis but not a refutation of it.³⁸

Running counter to this notion of institutional isolation is the idea that industrial and political action are alternative means of advance for the working class. Korpi has developed this idea in association with his critique of the institutionalisation theory of the decline in the strike rate. According to Korpi the strike rate did not decline this century because of institutional developments within the industrial sphere but because the growth of labour political power has provided labour with an alternative means of securing redistribution. Korpi argues this case on the basis of

37. Dahrendorf (1959), p. 276.

38. Ibid., p. 270.

comparative study, though his prime example is Sweden.³⁹ Whether or not this is a defensible explanation of strike trends, it indicates the importance of not treating the industrial and political spheres as if they were isolated.

c) State Intervention

Korpi's revival of the classic labour party view that labour can use its electoral power to secure a favourable government goes against the current of recent Marxist theorising, which has explored the various ways in which the state advances the interests of capital. The Michels' argument that once the labour leadership acquires power it is co-opted into the elite and ceases to serve labour has been developed by Miliband.⁴⁰ Furthermore, if a labour government were to pursue policies apparently favourable to labour, the inter-connections between capital and the state apparatus would ensure that their implementation would be blocked or they would be distorted in such a way as to benefit capital rather than labour.⁴¹ Welfare state reforms apparently in the interests of labour have been reinterpreted either as 'necessary concessions' made to maintain the capitalist system or as means of 'socialising' the costs of production, transferring the burden of education or health care from capitalist to worker via taxation.⁴² Marxists have accepted that the state has a degree of autonomy and that it comes into conflict with fractions of capital but this is not because it acts in the interest of labour but because its function is to pursue the long-term interests of capital as a whole.⁴³

39. Korpi (1983), pp. 171-178.

40. Miliband (1961), chapter 4 passim.

41. Miliband (1973), p. 72, pp. 110-116, pp. 144-148.

42. Gough (1979), p. 56.

43. Ibid., p. 41f.

These arguments are a useful corrective to the notion that the state apparatus is neutral or that election victories for labour parties produce governments that act in the interests of labour or that reforms necessarily benefit labour. But do they mean that the state can only act in the interests of capital? Much depends on concepts of 'real interest'. If it is argued that the interest of labour is in the socialist transformation of the capitalist system then improvements in the position of labour within a capitalist society only serve to maintain a society hostile to the interests of labour. Given such assumptions, a capitalist state cannot act in the interests of labour.

If one follows such assumptions one has to discount labour's own conception of where its interests lie, treating this as false consciousness produced by indoctrination or media manipulation.⁴⁴ Political conflicts between parties representing class interests become unreal and are explained away or inexplicable. Government actions benefit capital either directly or indirectly, whatever their content and whatever the struggle over them. Labour either has no political power or is prevented from exercising it in its own interests.

Such a theoretical position is coherent and follows logically from certain assumptions but such assumptions are not made here. It is assumed here that labour can advance its interests within the framework of capitalist society. While the state is not neutral and its interests will tend to accord with those of capital, the state also has to respond to the political power of labour. Labour governments seek to balance the requirements of maintaining the

⁴⁴. Miliband (1973), pp. 161-165, p. 198.

capitalist system with their political obligations to their constituency. They are exposed to the pressures of the unions as well as those of organisations representing capital. Reforms can benefit labour though whether a particular reform does so is an empirical question. Neither the pluralist nor the Marxist positions have to be adopted in their entirety and insights can be drawn from each.

Such a focus on the class struggle over the state has so pre-occupied theorists that the inter-state dimension to the state's actions has been overlooked.⁴⁵ State intervention in industrial relations, particularly intervention of a corporatist type, has been as much, possibly more, associated with war than with economic crisis.⁴⁶ More generally, it has been argued that democratisation, at least in its timing, is associated with conflict between states.⁴⁷

A major problem with the theoretical discussion of state intervention is the multi-functional nature of the state. Korpi's interest is in redistributive interventions, reforms being viewed as an alternative to industrial action. Crisis interventions to maintain the capitalist economy are different in character and involve another function of government. Crisis interventions concerned with the restoration of profitability must be distinguished from crisis interventions concerned with maintaining employment. There are diplomatic and political as well as economic crises and interventions may be primarily motivated by the need to maintain order, protect essential services and safeguard or increase production, interventions often associated with inter-state conflicts. These multiple functions of the state vary in their primacy but any specific intervention will

45. Gough (1975), passim.

46. Middlemass (1979), chapter 3.

47. Urry (1981), p. 147.

have consequences for all these functions. Furthermore, these functions are often contradictory, so that, for example, intervention to restore profitability may generate a discontent threatening the maintenance of order.⁴⁸

State intervention is therefore a 'portmanteau' term referring to so many different kinds of intervention that general statements about it must be viewed with suspicion. The term is also in a sense out-moded, since it implies that state and economy are discrete entities, though the growth of the public sector makes this no longer the case. Incomes policy is not only a means of intervening in wage settlements but an inevitable consequence of a government's employer function.

Must we then reject the notion of the institutional isolation of the industrial and political spheres, given manifold state interventions in industry and the growth of the public sector? The problem with the concept is that although it identifies an important tendency to institutional differentiation, it also confuses differentiation, integration and class relations. As Durkheim demonstrated, differentiation does not itself result in disintegration but in interdependence and new forms of integration. Differentiation entails not isolation but the reverse. Institutional differentiation may create tensions within a class but it does not create distinct classes.⁴⁹

48. An example of this was the implementation of the 1971 Industrial Relations Act. Union resistance to the enforcement of this Act threatened to undermine the authority of the legal system.

49. According to Dahrendorf institutional isolation has resulted in separated industrial and political classes. This follows from his notion that 'there are as many discrete dominant and subjected classes in a society as there are associations'. Dahrendorf (1959), p. 271.

So far as this thesis is concerned institutional differentiation does not lead to institutional isolation. The power of labour can be expressed politically as well as industrially. State intervention must be analysed in terms of the class struggle, though the state must be set in its inter-national as well as its inter-class context.

5. System, Contradiction, Conflict and Change

The previous discussion raises issues of a more general nature. In examining the inter-relationships between economy, polity and industrial relations one meets the general problem of system integration and contradiction. By locating these institutions in a class divided society one raises the general issue of the relationship between system integration and social integration.

a) Systems

The concept 'system' enables one to examine the dynamics of institutional interdependence, though it has well-known draw-backs. By using the notion of a system one can avoid mono-causal explanation and take account of cumulative mechanisms, as in 'vicious circles'. Systems analysis has well-known tendencies, however, to isolate institutions from their context, to focus on integration rather than conflict or equilibrium rather than change, though it must be emphasised that these tendencies are characteristic of particular systems approaches and are not inherent in systems analysis as such.⁵⁰

In discussing the 'system' approach reference can be made to the work of Dunlop, who has been primarily responsible for developing the notion of 'industrial relations systems'. Dunlop emphasises that

'an industrial relations system is not a subsidiary part of an economic system but is

50. See Gouldner's comparison of Merton and Parsons. Gouldner (1959), pp. 242-244.

rather a separate and distinctive subsystem of the society, on the same plane as an economic system.'⁵¹

The concept is applicable at national, industrial and plant levels.⁵²

It implies

'a unity, an interdependence, and an internal balance which is likely to be restored if the system is displaced, provided there is no fundamental change in the actors, contexts, or ideology.'⁵³

Such a set of assumptions falls into the traps mentioned above and Dunlop has therefore been heavily criticised.⁵⁴ In particular, Dunlop's approach suffers from the deficiency lying at the heart of the Parsonian approach. Following Gouldner, a systems approach of this kind takes for granted that which is problematic and treats as given properties which are empirically variable.⁵⁵ To put it another way, systematicity itself varies. Modern Swedish industrial relations may, for example, be regarded as having a highly systematic character, since it can be demonstrated that centralised federations, centralised unions, standardised rules and central agreements - to name only the more obvious features - are highly interdependent. The much more diverse and variable institutions of British industrial relations are less systematic. To argue that Swedish industrial relations has a more systematic character does not, however, absolve the analysis from a careful examination of the degree and direction of the interdependence between one part and another.⁵⁶

51. Dunlop (1958), p. 5.

52. Ibid., p. 23f.

53. Ibid., p. 27.

54. Poole (1981), pp. 29-45.

55. Gouldner (1959), p. 252.

56. Ibid., p. 264.

An industrial relations system is itself a part of a wider 'social system'. This raises the issue of the nature of the relationships between industrial relations institutions, the economy and the polity. More specifically, what are the inter-relationships between the centralised organisation of industrial relations in Sweden and, say, Social Democrat government or the concentrated ownership of industry in Sweden? Once again, the degree and direction of inter-dependence must be carefully examined and interdependence should not be assumed a priori.

b) Contradiction

Not only is interdependence essentially problematic, relationships between institutions may be characterised by a degree of contradiction. Although system approaches tend to minimise contradiction, this idea is by no means either foreign to them or incompatible with them. Parallels have therefore been drawn between functionalist and Marxist theory in this respect.⁵⁷

Marxist theory has, however, developed the concept of contradiction much further, particularly with reference to the conflict between the developing forces and existing relations of production.⁵⁸ The specification of the meaning of these terms is difficult, particularly so far as the 'relations of production' are concerned,⁵⁹ but the idea can be translated into a different set of terms. Its implications are that industrial relations institutions are shaped by a particular economic situation but then persist, becoming a

57. Lockwood (1964), p. 250.

58. A classic statement of this is in the Communist Manifesto. Marx and Engels (1969), p. 113.

59. In some formulations Marx enlarged the relations of production to comprise the whole of society. Zeitlin (1967), p. 62.

brake on economic development and eventually collapsing under the pressure of economic change.

This formulation makes industrial relations institutions passive and rigid, as in the notion of institutional inertia discussed earlier. The relations of production are not just 'existing' but have a dynamic of their own. Furthermore, the relations of production can adapt. An interesting possibility here is that a developed industrial relations system may be less able to adapt because of the high degree of interdependence between its parts and the high specialisation of these parts.⁶⁰ Thus contradiction may result from developments in the relations as well as the forces of production and institutions will vary in their adaptive capacity.

Contradictions need not only be located in the relationship between the economy and institutions of industrial relations. They may be found in the relationship between these institutions and the polity. For example, the cooperation of class organisations produced in the industrial sphere may be contradicted by the antagonistic relations produced in the political sphere, or vice versa. The functionalist terms 'institutional incompatibility' or 'inconsistency',⁶¹ have here the advantage of being more generalisable and less coloured by economic determinism, at the expense of being less sharp, than the Marxist concept of contradiction.

c) Social Integration and System Integration

The discussion of contradictions leads on to the problem of the relationship between the social and system levels of analysis,⁶²

60. Gouldner suggests that less differentiated systems may be more adaptable. Gouldner (1959), p. 262.

61. Cohen (1968), p. 186f.

62. Using Lockwood's distinction. Lockwood (1964), p. 244.

since the Marxist analysis of contradictions has been held to be the best example of the linkage of these levels. In examining institutional inter-relationships one is operating at the system level. In examining class relations one is operating at the social level. Both levels are characterised by integration and conflict. Particular approaches often operate at one or other of these levels and fail to make linkages between them. Thus the system approach itself has little to say about the social level. Weberians tend to operate at the social level rather than the system level, hence the criticisms by Crompton and Gubbay of writers like Parkin. Dahrendorf is criticised by Lockwood for confining himself to the social level, though the problem with the concept of institutional isolation is perhaps rather more that it confuses the two levels.⁶³ For Lockwood and Mouzelis, the Marxian concept of contradiction is here crucial because it combines the system and social levels. As Mouzelis puts it

'the Marxist theory of change links systematically and successfully system contradictions ... with concrete groups or quasi-groups which, under the pressure of such contradictions and according to their position in the production system, try to change and preserve the status quo.'⁶⁴

In examining institutionalisation and institutional break-down the two levels must be combined. Analysis at the system level alone has a disembodied and determinist character in which action and actors tend to be absent. Class conflict in particular cannot be adequately handled by a system approach.⁶⁵ Analysis at the social level alone, in spite of the claims of conflict theorists, has difficulty in

63. Lockwood (1964), p. 249. On the confusion of levels see above p. 46.

64. Mouzelis (1974), p. 396.

65. Ibid., p. 403.

explaining qualitative social change. Class conflict may be a means through which change is brought about but it is difficult to see how it can explain change on its own. As Cohen has put it

'intensified conflict is itself one of the products of many types of social change.'⁶⁶

6. Conclusion

This discussion of the various issues raised by the problem of institutionalisation and institutional break-down has shown that many different approaches have made useful contributions to the understanding of the processes involved. The intention of this thesis is not to operate within any particular approach but rather to draw upon and refine the insights of different approaches. Underlying this strategy is a view of sociology as a cumulative subject rather than a theoretical battle-field. The problem is to understand and explain the process of institutionalisation and institutional break-down rather than elaborate upon a theoretical position. There are the risks of eclecticism but these are considered preferable to operating within one approach alone or attempting a synthesis which would only blunt the edges of the various theories and reduce them to their lowest common denominator.

66. Cohen (1968), p. 185.

PART ONE. THE ORGANISATION OF LABOUR

Chapter 4

FROM THE FIRST UNIONS TO FEDERATION

This chapter examines the early development of the union movement, from its origins to the foundation of the national federation, the Landsorganisation (LO). The beginnings of organisation are outlined but the chapter is mainly concerned with the period from the 1880's, when a substantial and permanent movement first emerged, to the turn of the century, when the LO was founded and consolidated. The purpose of the chapter is to analyse the main stages through which the movement passed and examine the processes leading to class-wide federation.

1. Beginnings

The earliest organisations were dominated by liberal intellectuals. 'Education circles' were formed in the 1840's, spreading from Stockholm to around thirty different places.¹ In the 1860's liberal led 'Workers Associations' emerged, first in Stockholm and Gothenburg and then in other large cities.² In 1870 there were the first signs of national organisation with the 'First Nordic Workers Meeting' in Stockholm, followed in 1879 by the 'First Swedish Workers Meeting', also in Stockholm.³ The liberal movement was multi-class in composition, involving intellectuals, employers, professional groups and workers. Much emphasis was placed on education, sobriety and class cooperation but the issue of class conflict eventually raised its head. The 1870 meeting debated the question of whether strikes could benefit workers

1. Bäckström (1977), Vol. 1, pp. 37-39.

2. Ibid., pp. 66-68.

3. Ibid., pp. 81-85.

or economy. At the 1879 meeting, held in the shadow of the Sundsvall strike, there was a qualified acceptance of the legitimacy of strike action, though the Sundsvall strike itself met with disapproval.⁴ The acceptance of strikes was clearly reluctant and the liberal movement did not provide an adequate means for the organisation and expression of worker discontent.

From the 1850's a growing discontent found expression in riots and demonstrations. Between 1853 and 1855 a movement of protest developed against increasing prices.⁵ Local demonstrations resulted in actions by the authorities to reduce bread prices and increase food supplies, though concessions of this kind were combined with arrests and imprisonment.⁶ The form of this movement was pre-industrial, since it sought through riot to pressure the authorities into reducing prices, rather than seeking through action at the workplace to push up wages.

These demonstrations were associated with a growing use of the strike weapon. In 1855 there were strikes by masons in Kristinehamn, woodworkers in Malmö and miners in Falun. There are reports from the 1860's of strikes by various groups of workers, culminating in the 1869 strikes in the major cities, Stockholm especially, when the price increases of 1867 and 1868 were followed by employer attempts to reduce wages.⁷ During the early 1870's boom there were a number of strikes for wage increases, while in the later 1870's there were

4. Ibid., p. 85.

The Sundsvall strike did not meet with approval, since it was seen as a threat to the social order. Westerståhl (1945), p. 16.

5. Bäckström (1977), p. 59.

6. Ibid., p. 61. Hulten (1971), pp. 29-31.

7. Bäckström (1977), p. 69.

defensive strikes against employer wage reductions as the recession set in.⁸

The 1879 Sundsvall strike, Sweden's first major strike, was one of these defensive actions. The recent transformation of the industry produced the combustible situation of a concentration of rootless workers in conflict with, in Heckscher's words, 'the most skilful and the most ruthless' capitalist entrepreneurs of nineteenth century Sweden.⁹ The industry had been transformed by the introduction of the steam saw, 'the industrial revolution's biggest single contribution to Swedish life',¹⁰ though it was not only the technology that linked this transformation to the Industrial Revolution in Britain, for it was the urbanisation and industrialisation of Britain which, in conjunction with the 1840's victory of the free trade movement, provided the demand for wood leading to the expansion of the industry.¹¹ There was also an associated shift of production to the unexploited forests of the North, workers being drawn from all over the country to supply the seasonal labour.

The strike was crushed by a combination of military force, evictions from company housing and the use of vagrancy laws. The failure¹² of the strike is anyway hardly surprising, given the unorganised and seasonal labour force, and the recession. The workers had an 'isolated mass' solidarity but this on its own was not enough. The same seems to have been true of such other strike-prone groups

8. Ibid., p. 71f.

9. Heckscher (1968), p. 264.

10. Idem.

11. Montgomery (1939), p. 90.

12. It was perhaps not a complete failure, since Hulten notes that shortly after the defeat of the strikers there was a wage increase unrelated to any change in the economic situation. Hulten (1968), p. 38.

as the Falun miners, the Stockholm quarry workers and dockers in various ports.¹³

While strikes were increasing in frequency from the 1850's, there was little trade unionism before the 1880's. The first occupation to show signs of organisation was, as in other societies, the printers. A Stockholm Typographers Association was formed in 1846. Its functions, at least ostensibly, were cultural and educational rather than industrial but it gradually evolved into a union, negotiating the first collective agreement in Sweden in 1872.¹⁴ The striking masons of Stockholm in 1869 formed a union with a strike fund, which Hulten regards as Sweden's first 'real' union.¹⁵ Other crafts in Stockholm followed their lead. The organisations they founded were generally short-lived, though the Stockholm Machine-workers Association, a multi-craft organisation of engineering workers, survived.¹⁶

In the early 1880's trade unionism became well established amongst the urban craft workers. By 1885 there were 105 unions in Sweden, 80 of which were in Stockholm, Gothenburg, Malmö and the other towns of Skåne (the South-West province of Sweden, in close contact with the Copenhagen labour movement). Of these unions, 73 were in traditional craft occupations and another 12 were of skilled workers. Few of their forerunners had survived the 1870's recession but the unions of the 1880's were by and large there to stay.¹⁷

In summary, a liberal movement grew up in the 1840's and held national workers' meetings in 1870 and 1879 but it was heterogeneous

13. Gynna and Mannheimer (1971), p. 62.

14. Bäckström (1977), Vol. 1, p. 39f, p. 86.

15. Hulten (1971), pp. 29-31.

16. Bäckström (1977), Vol. 1, p. 86.

17. Lindbom (1938), p. 62f.

in character and sought to prevent class conflict. Unorganised workers' movements evolved from bread-riots in the 1850's to 'spontaneous' strikes, culminating in the Sundsvall strike of 1879. While this strike indicated the discontent among Sweden's most proletarianised workers, it was in the traditional crafts that the first unions appeared. Few survived the 1870's recession, and it was in the 1880's that trade unionism became securely established amongst the urban crafts.

2. From Local Committees to National Unions

With the establishment of the craft unions in the 1880's, local committees, known as 'union central committees', provided the first stage of coordination and centralisation. The first and most important of these committees was the Stockholm committee formed in 1883, though it was somewhat inactive until taken over by socialists in 1886, the socialists radicalising its programme.¹⁸ The 1886 programme became a model for the committees which sprang up in various other cities during the 1880's.¹⁹

These committees carried out both political and union activities, acting as the first centres of coordination for the labour movement. On the political side they organised meetings and demonstrations, while on the union side they coordinated and financed strikes, and formed new unions.²⁰ While the undifferentiated character of these committees meant that unionists and political activists could provide mutual support and assistance, it also led to conflict which could

18. Bäckström (1977), Vol. 1, p. 125.

19. Lindbom (1938), p. 128.

20. Lindbom notes that the Stockholm and Gothenburg committees did little to form new unions, the Norrköping committee being the only one to act effectively in this way. Ibid., p. 132.

weaken the committees. Thus the 1886 socialist victory in the Stockholm committee led to the secession of a number of unions, though the Stockholm committee was exceptionally torn by political conflicts because of the strong position of the liberals in the city.²¹

In the later 1880's the committees became more centralised. They acquired governing bodies with powers to determine the provision of strike support, to decide whether particular strikes should take place, to take part in the meetings of member unions. The Stockholm central committee was centralised in 1887 and there was then a further exodus of unions. One cannot, however, regard centralisation as such as the cause of this conflict, since it can hardly be separated from the associated political battle between socialists and liberals for control of the Stockholm unions.²²

The committees had a short working life, the founding of national unions organised on occupational lines creating an alternative and more effective means of coordination. The committees were ineffective bargaining organisations, unable to deal with the problems faced by a particular trade, but more importantly they depended on class solidarity at a time when craft consciousness was still strong. Once a particular occupation was unionised in different centres of production, occupational ties proved stronger than local ones and national organisations were formed along occupational lines.²³ The first national union, that of the printers, was formed in 1886. By 1890 there were national unions for postal workers, painters, metal-workers, woodworkers, tailors and tobacco workers.²⁴ Later in the

21. Ibid., p. 113.

22. Ibid., p. 129ff.

23. In a similar way, the heterogeneous locals of the Knights of Labor were displaced by the national craft unions of the AFL. Grob (1972), p. 109.

24. Lindbom (1938), pp. 140-145.

1890's national unions were established for labourers and unskilled factory workers.²⁵

There was nonetheless a political rearguard action in defence of the committees. The first Scandinavian workers congress (1886), dominated by socialists and organised by the Gothenburg central union committee, proposed a combination of the two forms.²⁶ The Danish movement was centred on Copenhagen and on this model it was considered that the Stockholm central committee could become the national coordinating organisation for the unions, the Stockholm committee working out a plan along these lines in 1888. It was argued that the combined union and political activities of the central committee facilitated socialist control of the unions. Stockholm was, however, far less dominant in the Swedish economy than Copenhagen in the Danish, and the Danish model was not therefore appropriate.²⁷ Then, the founding of the Swedish Social Democrat party in 1889 reduced the political importance of the central committees. The Malmö central committee was disbanded in 1888, the Stockholm and Uppsala ones in 1889, setting the seal on this stage in organisational development.²⁸

By the late 1880's the national organisation of an occupation or group of occupations was the basic organisational principle of Swedish trade unionism. It marked institutional differentiation, the dominance of a national over a local perspective, the rejection of Stockholm hegemony and the strength of occupational rather than class solidarity.

25. Ibid., p. 160.

26. Lindbom (1938), p. 98.

27. Ibid., p. 135.

28. Ibid., p. 133, p. 145.

3. The Centralisation of the National Unions

The founding of national unions was one thing, making them effective something else. The problem of the maintenance and distribution of union resources soon became acute. If constituent locals or branches pursued their own particular interests, relying on the national organisation to finance their strikes, the resources of a union were rapidly exhausted. Those bearing the burden of high financial contributions to pay for strikes benefiting other groups more than themselves became dissatisfied and restless. Rules were therefore necessary to provide for an equitable and prudent use of resources, and the leadership had to be given the authority to interpret and enforce them. Centralisation of this kind could clearly, however, create further problems, since it made possible a sectional control of the union's resources by a dominant group, regional or occupational in character, while the refusal of support to a particular branch, however justified in terms of the long-term interests of the organisation as a whole, was always liable to be seen as discriminatory and could provoke separatism.

Centralisation and its consequences are examined by means of case-studies of three major unions, the Metalworkers', the Woodworkers' and the Labourers' Unions. Of the 64,000 workers organised in national unions in 1899, 11,000 were in the Metalworkers', over 6,000 in the Woodworkers' and 7,000 in the Labourers' (1898).²⁹

a) The Metalworkers' Union

Organisational problems became apparent in the early years of the 1887 founded Metalworkers' Union. At first an expansionist strategy was pursued and strikes were encouraged as a means of recruitment and

29. Ibid., p.168f.

branch formation. Experience showed, however, that while agitation might lead to the setting up of many new locals, few survived for long, and that strikes ending in defeat could result in the collapse of the local. Defeats by large employers in particular, membership discontent with the financial costs of the strikes and the consequent threat of secession by one branch (in Gävle) combined to force a review of this strategy. Strikes were now to be discouraged and resources conserved.

This change of policy was associated with the centralisation of authority within the union. It was decided in 1890 that branch wage demands must be approved by the executive board before being put to the employer. Criteria were laid down for determining which strikes should be supported. If more than one strike was going on at any one time, the executive should decide which to support. A member of the executive should visit any place where conflict had broken out and seek a peaceful solution. In 1892 a new rule was introduced requiring a branch to be in the union for a year before it could claim strike support and the executive was given the right to control the conduct of a strike. At about the same time, overtures were made to employers to negotiate arbitration arrangements, though the employers showed very little interest in these proposals, which would have implied recognition of a union which was not yet a force to be reckoned with.³⁰

Changing the rules was not enough since the existing leadership did not apparently use its authority and in 1894 a new leader, Blomberg, together with other representatives of the traditional crafts, took over the leadership of the union. Under Blomberg the

30. Lindgren (1938), part V, chapter 4 passim.

rules were used to tighten control over the branches and subordinate them to the national leadership. This process involved the standardisation of branch rules.³¹

Centralisation was not just a negative process through which the leadership prevented local actions dangerous to the union, for it also enabled a strategic direction of the union's activities and use of resources. Kockums, the Malmö shipbuilding company, was selected for strike action in 1897 in order to demonstrate that the union could successfully take on the major companies which had defeated it in the early 1890's and force them to recognise its strength. Once wage increases had been won at Kockums, other large, low-wage employers in the engineering industry could be brought under pressure. This was the union's biggest and longest strike yet. The wage increases won at Kockums were lower than expected but nonetheless laid the basis for the union's successes with other large companies in the following years.³²

As argued at the beginning of this section, while there were clear organisational imperatives behind the centralisation of the union, centralisation could cause internal conflict. In the late 1890's the Stockholm branches, which had earlier dominated the union, became concerned about what they regarded as Skåne favouritism by the leadership.³³ The union also had problems restraining the Kockums branch in 1902 and 1903³⁴ and reluctantly gave permission

31. Ibid., pp. 215-221.

32. Ibid., p. 287.

33. Ibid., p. 405.

34. By 1902 power relations had changed to the detriment of the union with the rapid growth of an aggressive engineering employers' association which threatened to escalate conflicts by declaring lockouts. The union leadership now had to act to restrain the wage demands of the Kockums workers, since funds were not available to sustain a large-scale conflict. Ibid., pp. 532-536.

for strike action in 1903 because local militancy made it unavoidable.³⁵ There were no major internal conflicts over these issues, however, because conflict with the employers intensified after the mid-1890's, the union developing a strategy of 'guerilla tactics' against particular employers and the employers then counter-attacking with the large-scale lockout. Intensified conflict with the employers increased branch dependence on the union.

The most serious threat to the integrity of the union came before not after its effective centralisation, when craft separatism threatened it with disintegration in the early 1890's.³⁶ This separatism was in fact contained rather than stimulated by centralisation, since centralisation enabled both a reorganisation of branches along craft lines, which staved off fragmentation, and a disciplining of the union under craft worker leadership.³⁷ Furthermore, centralisation then led to the intensification of conflict with the employers, thereby strengthening solidarity, as argued above.

Thus although centralisation did generate some internal tensions, its net effect was to increase union unity by meeting the demands of the dissatisfied craft workers and increasing industrial conflict.

b) The Woodworkers' Union

The other major 'work-material union', the 1889 founded Woodworkers' Union, went through a similar process of centralisation during the 1890's. Early in the decade this union too found itself in a difficult financial situation and the central leadership seems

35. Ibid., p. 536, p. 540.

36. In 1891 the leadership tried to prevent a strike in Hålsingborg but then supported it because of fears that the important Skåne branches would secede. Ibid., p. 150.

37. These processes are examined in more detail on pages 99-100.

to have virtually abdicated, leaving the branches to manage their own affairs and providing financial assistance only in emergency situations. Centralisation occurred after Lindqvist, a leader comparable to Blomberg of the Metalworkers, took over the leadership.³⁸ He emphasised the need for careful use of the strike weapon and the consolidation of union finances. In 1897 a strike fund was established and leadership control over branch wage demands and strikes was tightened through the introduction of new regulations and the standardisation of branch rules.

The centralisation of the Woodworkers' Union did result in a major internal conflict. In the 1900's conflict developed between the leadership of the union and its branches in the Stockholm building industry, these branches starting to leave the union and seeking to establish one of their own. They argued that in distributing financial support the leadership had given preference to the woodworkers in manufacturing. Although the LO at first resisted the formation of a new union, its 1909 industrial reorganisation plan involved the Woodworkers shedding those working in the building trades to a putative Building Workers' Union and eventually, in 1923, the building woodworkers seceded, becoming the basis for the Building Workers' Union finally established after the second world war.³⁹

In the Woodworkers' Union centralisation had resulted in a more serious internal division than had occurred in the Metalworkers' Union. Underlying the conflict between the leadership and the branches in the building industry were, however, fundamental differences in the conditions of employment and work situations of wood-

38. Hansson (1925), pp. 114-116.

39. Ibid., p. 215f, p. 335, p. 388f, p. 393.

workers in manufacturing and woodworkers in building. Building work was seasonal and casual, while the industry was characterised by small units, weakly organised employers and fragmented bargaining. Furthermore, the low degree of organisation in building meant that the escalatory pattern of conflict characteristic of the engineering industry was absent and there were not therefore the same pressures to keep the building branches in the national fold.

Centralisation did not generate conflict so much as precipitate it, bringing to the surface fundamental differences in conditions of employment and work situation, which overrode occupational bonds.

c) The Labourers' Union

The Labourers' and Factory Workers' Union developed more slowly than the two unions just discussed, because of its less skilled, lower paid membership, but nonetheless went through a comparable process of centralisation.

The union was founded in 1891. It was at first regional in character and its constituent units were all in Skåne, the Malmö and Hålsingborg branches contesting the leadership until 1895, when its first permanent headquarters was established in Hålsingborg. The Danish links characteristic of the Skåne movement meant that Scandinavian ambitions competed with national plans. The union did not become a national organisation even in name until 1894. It was not until 1899 that it 'conquered' Stockholm, after a battle with a rival union of unskilled workers in the process of formation. It eventually spread into Middle and Northern Sweden during the early 1900's, consequently shifting its headquarters to Stockholm.⁴⁰

At first the union leadership had no powers over the branches

40. Karlbom (1941), p. 198, p. 211f, p. 218, pp. 240-244, p. 315f.

and the union's activities were dominated by local committees. An 1895 reorganisation separated the central from the local leadership and defined their respective functions. Any branch with membership in the strike fund (participation was voluntary) now required the executive's approval before taking strike action. All branches were required to inform the executive before strike action and were not to take it before fully exploring peaceful negotiations. The leadership began to formulate and direct a wage strategy, to take control of the union away from its branches and strengthen its finances. Contributions to the strike fund soon became obligatory and branches were required to give notice of wage demands three months before putting them forward.⁴¹

Centralisation gave rise to conflicts of various kinds. There were contests for the leadership, at first between the rival centres of Skåne and later between Skåne and Stockholm, the pronounced regional character of the union in its early days making these conflicts particularly sharp. Unskilled workers lacked the occupational solidarity of woodworkers or metalworkers and regional divisions were consequently more pronounced.

As in the Woodworkers' Union, centralisation was associated with divisions between industrial groupings and a separatism beginning in the later 1890's, notably among the dockers, who formed a union of their own in 1897, the sugar workers and coal-miners, though these latter groups stayed in the union. The leadership sought to contain this separatism by allowing intermediate industrial groupings, though it did so reluctantly, recognising with prescience the danger of crystallising the very divisions it was seeking to contain. Once

41. Ibid., p. 199, p. 211, p. 225, p. 228, p. 244.

again variations in the conditions of employment and work situation between such groups as dockers, sugar workers and miners underlay the internal divisions. The basis of the union was, however, different, since it was not based on occupational ties, like the Woodworkers' and Metalworkers' Unions, but on either the substitutability of unskilled workers or the need of small specialised groups of skilled workers for the support of a larger organisation. As union membership expanded, separate unions became viable, while the founding of the national federation, the LO, provided the support of large-scale organisation, making the Labourers' Union less necessary. These issues will be investigated further in chapter 6. The point to be made here is that centralisation resulted in conflicts between leadership and separatist groups but that this mainly reflected underlying differences between sections of the membership.⁴²

The leadership found itself in a conflict of another kind with the Malmö branch in 1908. This branch broke the union rules by failing to seek approval for strike action and ignoring leadership instructions to return to work. The leadership faced a major dilemma, since the actions of the branch breached the hard-won collective agreement with the Malmö municipal authority and support of the branch would endanger this agreement. On the other hand, one of the oldest and strongest branches of the union was under attack and needed support. The leadership's way out was to lend money to the branch rather than support it from the strike fund, justifying the loan on the grounds that it gave the leadership a means of influencing the branch.⁴³ This conflict took place in

42. Ibid., pp. 238-240, p. 414.

43. Ibid., pp. 398-404.

the context of the 1908 confrontation between the LO and the national employers' association and will be discussed in more detail in Part 2.⁴⁴

Thus in these three major unions broadly similar processes of centralisation took place during the 1890's. Rules were formulated to give the leadership control over branch wage demands, strike funds and strike action. This centralisation can be readily understood in terms of the need to conserve union finances and prevent the union being drawn into expensive conflicts outside the control of the leadership. It also enabled the development of a strategy for the union as a whole.

Centralisation generated tensions within the three unions. These took three main forms. Firstly, there were contests for the leadership and in particular regional rivalries between Skåne and Stockholm. Secondly, there were conflicts over the distribution of union resources between different groups of workers. Thirdly, there were conflicts between the leadership and particular branches over the conduct of local disputes.

But these tensions did not undermine the process of centralisation. This was partly because centralisation also made possible organisational changes to accommodate separatist groups. Where separatism could not be prevented, it reflected conflicts of interest between sections of the membership, which were precipitated but not caused by centralisation. Above all, centralisation intensified industrial conflict by facilitating further union expansion and enabling the strategic direction of a union's resources, both of which provoked an employer reaction, which strengthened union solidarity. The union leaders'

⁴⁴. See pages 197-198.

best allies in their struggle to control their members were the employers.

4. The Construction of the LO

The idea of a central coordinating body was floated at the 1886 Scandinavian Workers Congress in Gothenburg but it was not until 1898 that the LO was founded. In the meantime the Social Democrat party carried out many of the functions of a union federation. During the 1890's demands grew for a separate union federation and in 1897 the 5th Scandinavian Workers Congress decided that a union federation should be established in each country. The Social Democrat party supported the idea and an interim council was set up to work out detailed proposals and submit them to the unions. The process of institutional differentiation initiated by the collapse of the local coordinating committees and the building of the national unions moved a step further. This process will be examined in detail in the next chapter.

The main function of the federation was to provide a means of mutual financial support for its member unions. This was clearly laid down in the interim council's manifesto.⁴⁵ Mutual financial support entailed rules to govern the distribution of money.

According to the 1898 rules, financial support was to be restricted to defensive actions, i.e. lockouts, recognition disputes and employer attempts to reduce wages. Calls for financial support for offensive actions were rejected.⁴⁶ Support would be provided only if at least five per cent of a union's members were involved, though this threshold was dropped to three per cent in 1903.⁴⁷

45. Casparsson (1951), Vol. 1, p. 42.

46. Ibid., p. 63.

47. Ibid., p. 49.

Money was raised initially by means of levies to support particular conflicts but a series of major disputes involving saw-workers, dockers, quarryworkers and buildingworkers demonstrated the impracticality of such methods and in 1900 a central strike fund was established, financed initially by special levies but after 1903 by fixed quarterly subscriptions from the unions.⁴⁸

The federation was not formally centralised and it was emphasised that the freedom of action of member unions would be unimpaired but the centralising implications of financial support showed themselves right from the start. If a union considered that it would be unable to finance a conflict itself or if it were able to manage a conflict but might trigger off a wider employer lockout, it was required to seek the approval of the LO executive before engaging in a dispute.⁴⁹ Indeed, before the LO had formally come into existence the Sawworkers' Union called for financial assistance and the LO executive decided to take over the handling of the dispute.⁵⁰

Weak unions stood to gain from a federation which would make available to them the resources and the support of the stronger ones. How would the strong ones benefit? Would strong unions have anything to gain from a federation which would be more dependent on them than they were on it?

The delayed entry of the Metalworkers' Union, Sweden's strongest and largest at the time, is here of considerable interest. The delay was in part due to the problem of compulsory affiliation to the Social Democrat party, an issue which will be taken up in the next chapter. The emphasis of the literature on this issue is in some ways misleading,

48. Ibid., pp. 129-132.

49. Ibid., p. 48f.

50. Ibid., p. 106.

however, because the clearing of this obstacle by the 1900 abandonment of the compulsory affiliation requirement only revealed a further problem. The 1902 congress of the Metalworkers' Union did not, as expected, approve entry. The problem of the costs of LO membership was raised and it was calculated that if the union had been in the LO during the years 1900 and 1901, it would have contributed 58,000 crowns to the LO without receiving any money in return. The question of entry was referred to a referendum of the members, who rejected entry by a large majority.⁵¹ Similar interest considerations lay behind the Transportworkers' delayed entry, since the LO's rules restricted financial support to defensive actions and these were at this time rare in the docks, though the immediate costs of LO membership were also a deterrent.⁵²

The Metalworkers' Union's finances were strong, for while its membership was half that of all the LO unions together, it had around 140,000 crowns in its funds in January 1902, in comparison with the LO unions' 170,000. The leadership worked on proposals which would give the union a special status in the LO or protect its funds. Blomberg was committed to entry for reasons of solidarity, irrespective of financial considerations, while it was clearly important to the LO leadership, and, indeed, to the leadership of the Social Democrat party, that a way be found to include the strongest union.⁵³

The union did in fact enter the LO in 1904 after a further referendum resulted in a small majority in favour. The union history notes that there was less membership interest in the issue this time and a smaller vote.⁵⁴ In 1903 the union had found itself in financial

51. Lindgren (1938), p. 510f.

52. Lindbom (1938), p. 264, p. 274.

53. Lindgren (1938), pp. 513-518.

54. Ibid., p. 518.

difficulties as conflict escalated after the 1902 general strike and the engineering employers' association developed a lockout strategy, staging an industry-wide lockout in 1903. Significantly, the LO secretariat was involved in setting up the negotiations which brought the lockout to a conclusion and a committee set up to sort out the issues raised by the lockout was composed of representatives of the union, the employers' association and the LO. The Metalworkers' Union was now bearing the brunt of the employers' counter-offensive and was dependent on the LO. It is not surprising that opposition to entry had declined.⁵⁵

The position of the Typographers is here of comparative interest. Initially they too had objected to compulsory affiliation but after the resolution of this problem they too stayed out because the balance of financial advantage pointed that way and, like the Metalworkers, their finances were strong. But the Typographers were not in the front-line and they did not come under the same employer pressure, not entering the LO until 1920.⁵⁶

Thus although there was general agreement in the late 1890's that a union federation should be formed to coordinate the unions more effectively, the independence of the Metalworkers deprived the federation of its strongest potential member until 1904. It seems likely that it was the escalation of industrial conflict by the employers which demonstrated to the Metalworkers the disadvantages of independence.⁵⁷ The employer counter-offensive was itself in part a response to the formation of the LO and the general strike

55. Ibid., p. 537, p. 566.

56. Björklund (1965), p. 435.

57. The escalation of conflict is the subject of Part Two and will be analysed in detail there.

of 1902. So the very formation of the LO triggered off the reaction which then filled the main gap in its ranks.

5. Conclusion

Once they had become securely established in the 1880's, the Swedish unions rapidly developed a coordinated and centralised structure. The first stage of coordination was that of local multi-union committees. This was soon superseded by the building of national unions. These national unions then went through a process of centralisation. Finally, a federation was constructed which, although not initially centralised, had a financial support function with centralising implications. The federation then acquired a central strike fund.

This organisational development can be understood in terms of the imperatives of class conflict. Once unions have come into existence they are under pressure to expand and develop means of coordination with other unions. Unorganised workers are a constant threat to organised workers, whether because they are a source of strike-breakers or because they undercut union rates. Furthermore, the larger the membership, the greater is the financial strength and industrial muscle of a union. Expansion creates problems of control and distribution of resources - hence the centralisation and bureaucratisation of organisation.

The path from union formation to class-wide federation might therefore seem straightforward and explicable simply in terms of the logic of class conflict. Class-wide federations, especially ones with a central strike fund, are by no means universal, however, and explanation in these terms is therefore not adequate.

Indeed, this account of the early development of the union movement indicates the existence of important tensions within the movement,

in particular the tension between occupation and class. Occupations vary in their market power and therefore in their dependence on wider class organisation, the more skilled being able to fight their own battles. Occupations also vary in their conditions of work and work situations, facing different problems and requiring different bargaining strategies. Occupational variations have divisive consequences for class organisation.

This tension between occupation and class manifested itself in three main ways. Firstly, the shift from local committees to national unions as the main means of coordination showed that workers felt they had more in common with those in the same or similar occupations elsewhere than with workers in other occupations in the same place. Secondly, the national unions were themselves groupings of related occupations and were threatened by occupational fragmentation. Thirdly, certain unions delayed their entry to the federation because occupational interest made them doubt the advantages of membership.

These internal divisions were overcome largely by the unifying consequences of intensified class conflict. There is a cumulative mechanism at work here. Once class organisation has developed beyond a certain point it will produce conflicts which override the tensions generated by the process of organisation. This does not solve the problem, however, because the question remains of why class organisation succeeded in developing to this point.

Why then did class organisation prevail over the divisive tendencies of occupational interest? The next two chapters will examine this question by further exploring the early development of the Swedish unions.

Chapter 5

SOCIALISM AND CLASS FORMATION

One possible explanation of the strongly class character of Swedish trade unionism is the influence of socialism during the formative period of the unions. With its emphasis on class organisation and class conflict socialism could counteract tendencies towards occupational fragmentation and promote a unified working class movement. The lateness of union organisation in Sweden, in comparison say with Britain, meant that the unions were exposed to socialist influence during their formative period.

The unifying influence of socialism could, however, be counter-balanced by unintended consequences of a divisive kind. Socialism could be divisive if it stimulated an ideological factionalism or alienated non-socialist workers from the unions.¹ If socialists built non-viable class organisations, which conflicted with occupational traditions and interests, they could provoke a sectionalist back-lash from skilled workers.² A socialist label could attract or intensify employer or state hostility to the unions before they were strong enough to survive such hostility.³ The broad political goals of socialism could conflict with the narrower 'economist' goals of trade unionism and lead to friction between the industrial and

-
1. The German unions were initially split into Lassallean and Marxist groups on the left and also liberal and Christian groups. The Lassallean and Marxist groups united in 1875 but the anti-socialist organisations continued to be independent. Philip Taft (1952), pp. 249-254.
 2. The formation of the A.F.L. in reaction to the Knights of Labour provides an example of this process. Gerald N. Grob (1972), p. 116.
 3. Bismarck's anti-socialist law provides a case in point. Kahn-Freund (1981), p. 20.

political wings of the labour movement.⁴ While socialists might seek to organise the working class, the unintended consequences of their actions could have the reverse effect.

This chapter will explore the inter-connections between socialism and the formation of the union movement.

1. Socialists and Liberals

In the early 1880's the unions of craft workers in Stockholm were ambivalent about their class situation and function. On the one hand, they were concerned to protect their craft position against an influx of cheap labour from rural areas and to cooperate with their equally threatened masters in maintaining standards and controlling entry to their occupations. On the other hand, their relationship with their masters was becoming increasingly like that of industrial workers. Their employers were using piece-work methods of payment to increase work-speeds and hours of work. They found themselves in competition with each other, as employers exploited the abundance of labour to reduce piece-work rates. Workers therefore felt the need to combine and act collectively against their employers. Exposed to conflicting pressures they experienced considerable uncertainty about whether to pursue a strategy of class cooperation or class conflict.⁵

This ambivalence was reflected in the competition between liberals and socialists for control of the workers' movement, the liberals standing for class cooperation and the socialists for class conflict. As outlined in the last chapter, a liberal movement had been developing in Sweden since the 1840's. This movement was first seriously threatened in 1881, when the tailor August Palm, a socialist of Danish

4. Examples of this problem can be found in Sweden. See section 5, p. 86ff.

5. Lindbom (1938), pp. 39-41.

origin, first visited Stockholm and spoke at a meeting organised by the unions. The liberal leader Dr. Anton Nyström at once counter-attacked with his own meeting to build a workers' organisation to fight socialism and communism. There was then a battle of 'programmes', with Nyström presenting his March 1882 programme for the unions and Palm replying later in the year with a socialist programme.⁶

The Stockholm union central committee was the main arena of the conflict between the liberals and the socialists. The committee had been set up in 1883 and was initially dominated by the liberals. Its first policy statement was heavily influenced by Nyström's ideas of class cooperation, though it also contained Lassallean ideas of state producer cooperatives, ideas derived from Palm. Such cooperatives were indeed much discussed in the committee, dominated as it was by craft workers, who found in this notion an attractive alternative to wage labour. The Stockholm socialists sought to gain control and their growing influence led in 1885 to an intense ideological debate.⁷ A socialist move to call a Scandinavian workers' congress was blocked by the liberal majority on the Stockholm committee but then taken up by the already socialist Gothenburg central union committee.⁸ In 1886 the liberals lost control of the Stockholm committee, when the socialist faction managed to elect its chairman and then issued a radical programme emphasising class conflict.

As Lindbom points out, socialist dominance in the union central committee did not reflect the state of opinion within the Stockholm unions as a whole. Socialists were over-represented, in part because not all unions were represented on the committee and in part because

6. Bäckström (1977), pp. 115-121.

7. Lindbom (1938), p. 53, p. 91, p. 93.

8. Bäckström (1977), p. 143.

in many unions where the socialists were in a minority they were the ones who sought election and became union representatives. Even so, of the 55 members of the committee 18 at most were socialist and the socialists secured the chair in 1886 only because the non-socialists were divided. Indeed, after the new radical programme was issued a number of unions left the committee, followed by others when the committee was re-organised in a more centralised way. At the beginning of 1886, 34 unions had been represented on the committee but after the 1887 re-organisation the number fell to 16. Although the socialists had secured control of the committee, it was something of a Pyrrhic victory.⁹

The next stage in the competition between socialists and liberals was a race to build a national workers' party. The initiative for a Social Democrat party came in fact from Malmö, after the divisions amongst the Stockholm Social Democrats and the continued strength of the liberals amongst the Stockholm craft workers led to a shift in the socialist head-quarters from Stockholm to the Malmö area.¹⁰ On hearing that the liberals intended to use the 1890 Liberal Workers' Meeting to launch a workers' party, the socialists accelerated their plans. They considered it vital to preempt the liberals and secure the affiliation of the unions, since the restricted suffrage meant that a party based on purely political associations would not be viable.¹¹ The Social Democrat Party was founded in 1889 at a constitutive congress where 50 out of the 70 organisations represented were unions. Union support should not be exaggerated, since only one fifth of Sweden's existing unions sent representatives, but the

9. Lindbom (1938), pp. 113f, p. 129.

10. Bäckström (1977), p. 160f.

11. Ibid., p. 175.

socialists had nonetheless beaten the liberals to it and secured union support.¹² Nothing came of the projected liberal workers' party.

Although the liberals had been active amongst the Swedish workers for longer than the socialists, although the unions were predominantly craft unions, although the Stockholm craft workers were in the 1880's mainly liberal in their sympathies, the socialists had established the Social Democrat party as the party of the unions by the end of the 1880's. While liberal reformism, particularly in suffrage matters, found support amongst the craft workers, the liberal belief in class cooperation made it difficult for the liberals to come to terms with unions and strikes. Those liberals who were in favour of unions advocated Brentano's version of the British model, a version which emphasised those aspects of British craft unionism associated with the protection of craft and cooperation with the employers.¹³ The liberals also equivocated over the legitimacy of the strike weapon, as their reaction to the 1879 Sundsvall strike showed.¹⁴ Although the Stockholm craft unions were uncertain about their role, they were already making vigorous use of the strike weapon in the early 1880's,¹⁵ and this was not consistent with liberal principles of class cooperation. A liberal union movement was therefore a contradiction in terms.

One may also note the greater activity and the superior tactics of the socialists. The socialists involved themselves in the struggles of the workers, while the liberals reacted to socialist initiatives, rather than making the running themselves. The liberals were out-maneuvred in the Stockholm central committee and in the race to build a workers' party.

12. Lindbom (1938), p. 125.

13. Ibid., p. 76.

14. See pages 53-55.

15. This is discussed below, pages 95-97.

Thus the socialists rapidly overhauled the liberals during the 1880's and with their organisational successes they were in a strong position to influence the character of the union movement.

2. Socialism and Reformism

Socialist successes in the 1880's might have been counterproductive, if socialist ideology had divided rather than unified the working class.

These successes could have alienated non-socialist unions from the Social Democrat party. The exodus from the Stockholm central committee after the 1886 socialist take-over showed the dangers of this. The ideological battles with the liberals in the mid-1880's gave way to political cooperation, however, between the liberals and the social democrats. The two parties had a common long-term interest in electoral reform.

But the socialists were far from agreed on a reformist strategy. The Stockholm Social Democrat Association was split into reformist and revolutionary factions. There was a reformist group around Sterky and Branting, consisting mainly of intellectuals, and a revolutionary group around Palm and Danielsson, consisting mainly of workers. The conflicting ideologies of these factions resulted in differing conceptions of the relationship between the industrial and political wings of the movement, the reformists proposing to separate them, the revolutionaries maintaining that the unions must be subordinated to the party.¹⁶

The founding of the Social Democrat party marked the victory of the reformist group. When the constitution of the party was drawn up, Branting's argument that the ideological requirements for membership should be minimised in order to maximise union support, prevailed

16. Bäckström (1977), Vol. 1, pp. 137-141, 145.

over Palm's proposal, that all member organisations should accept the Social Democrat programme. At the constitutive congress of the party, the Stockholm policy of electoral reform and cooperation with the liberals defeated the revolutionary approach of the Skåne element, led by Danielsson.¹⁷

The division between reformists and revolutionaries was, in fact, blurred and complex, and this is not just an academic point, for the absence of a clear distinction enabled the maintenance of party unity. Reformists like Branting accepted that if electoral reform was blocked, revolutionary methods would be legitimate.¹⁸ Danielsson shifted his views to argue that the conquest of political power by parliamentary means was itself a step towards revolution, in effect giving ground on the issue of means but retaining his revolutionary goals.¹⁹ Both opposed anarchist tendencies at the second congress of the party, Danielsson leading the assault.²⁰ The adoption of a parliamentary strategy was, with hindsight, clearly reformist in its implications²¹

17. *Ibid.*, p. 156, p. 178.

18. Rustow (1955), p. 53.

19. Bäckström (1977), Vol. 1, p. 185.

20. *Ibid.*, p. 211.

21. There has been much controversy over when the Social Democrats became reformist. Some have argued that the Lassalleian traits of Swedish socialism made it reformist right from the start. Andersson (1974), p. 28. Hentilä argues that it became increasingly reformist in the early years of the twentieth century, because of the growth of an aristocracy of labour, though Schiller criticises this on the grounds that revolutionaries as well as reformists were to be found amongst skilled workers. Hentilä (Arkiv 5), p. 14. Schiller (Arkiv 6), p. 104f. Tingsten, who started the whole controversy, saw reformism as developing much later, during the interwar period when the Social Democrats had to come to terms with the realities of power. Tingsten (1967), Vol. 2, p. 36. In addition to the absence of a clearcut distinction between reformists and revolutionaries, there is the problem of the discrepancy between ideology and policy, rhetorical revolutionary goals often coexisting with reformist practices. The position taken here is that the adoption of a parliamentary strategy at the time of the party's foundation effectively committed it to reformism, though this was certainly not clear at the time.

but at the time it was compatible with the ideas of the revolutionaries and they were able to stay in the Social Democrat fold, at least for the time being.

The electoral situation may be considered crucial in the Social Democrat Party's avoidance of both ideological splits and the alienation of the unions. The restricted suffrage made the Social Democrat party dependent on the unions, as demonstrated by their preponderance at the party's constituting congress, and the party could not therefore afford to alienate them.²² The restricted suffrage also made necessary a reform alliance with the liberals and therefore strengthened the position of the moderates. Lastly, the restricted suffrage made it uncertain whether reformism would succeed and kept the lines open between reformists and revolutionaries, thereby maintaining party unity.²³

A potentially divisive factionalism was contained and the party was committed to a reformist strategy acceptable to the craft unions.

3. Socialism and Union Formation

The socialists not only sought to infiltrate and control the trade unionism of the 1880's, they also played an important part in spreading trade unionism.

Socialist agitation activity was important in the founding of some unions. As early as 1882 Palm tried to organise the dockers of Stockholm.²⁴ Palm travelled widely in Sweden, at first seeking to form political associations but then turning to form unions when

22. Reformism has indeed been explained largely in terms of the influence of craft unionism on the party. Ekdahl and Hjelm (1978), p. 14f.

23. 'By using the threat of revolution as a reserve weapon in the legal struggle for political participation, Swedish Social Democracy thus resolved the "revisionist-radical" dilemma.' Rustow (1955), p. 53.

24. Olsson (Arkiv 7-8), p. 11.

political associations proved difficult to get off the ground.²⁵ In 1884 he was closely involved in the founding of the first ironworkers' union in Malmö and in 1885 the first surviving labourers' union there.²⁷ By 1886 the Social Democrat Association in Stockholm had founded twelve unions, mainly among factory and unskilled workers.²⁸ After his departure from Stockholm, Danielsson did much to revitalise the labour movement in Skåne.²⁹

The socialists were influential in the formation of the Metalworkers' union. The Machineworkers' Union had existed since the 1870's but it was an organisation of craft workers. The socialists were particularly important in unionising less skilled workers and in promoting the idea of a union embracing all metal workers, irrespective of craft. In 1884, as noted above, Palm was involved in setting up the first ironworkers' union in Malmö, whilst a socialist smith called Lindegren founded an ironworkers' union in Stockholm. In the second half of 1885 the membership of the Stockholm union began to build up, mainly apparently as a result of the Social Democrat Association's agitation in Stockholm.³⁰

The socialists were also at the forefront of the attempts made in both Malmö and Stockholm to coordinate these and other metalworker unions by building a national union.³¹ Attempts were made to build

25. Lindgren (1938), p. 45.

26. Ibid., p. 46.

27. Karlbom (1941), p. 129.

28. Lindbom (1938), p. 125.

29. Bäckström (1977), p. 160.

30. A conflict followed between the liberals and the socialists on the executive but by 1886 the socialists had won control. Lindgren (1938), p. 16, pp. 35-39.

31. Ibid., p. 49, pp. 28-34.

a national union on the basis of the Machineworkers' Union, because it was long established, but the liberal-minded members of this union were worried by the prospect of the socialist domination of such an organisation and did not cooperate.³² When in 1888 a national union was founded, it was constituted by three craft unions and three socialist initiated ironworker unions, these latter having initiated the proposal.³³

Socialist influence was pushing metalworker unionism towards an open unionism embracing all metalworkers, irrespective of skill. Thus the socialists not only assisted the spread of trade unionism, they also influenced the shape of its organisation.

4. The Social Democrat Party and the Unions

With the building of the national unions, the founding of the Social Democrat party and the consequent decline of the multi-functional local coordinating committees, a degree of institutional differentiation had taken place. But only a degree, for as Lindbom has emphasised, the party carried out many of the industrial functions later to be performed by the LO.³⁴

The party played an important role in spreading trade unionism during the 1890's. The Social Democrats were particularly active in encouraging the extension of union organisation to the North of Sweden. It was important that these workers, particularly the communications workers, be brought into the movement so that the mooted general strike to bring about electoral reform could be effective. The party therefore initiated the formation of the

32. Ibid., pp. 19-21.

33. Ibid., p. 81, p. 77.

34. Lindbom (1938), p. 229.

Miners' Union, the Paperworkers' Union, the Sawworkers' Union and the Railwayworkers' Union.³⁵ The party was also active in organising agricultural workers.³⁶

The party not only founded unions, it helped to coordinate union activity by organising and financing strikes. The party and its press were a means of communication when large-scale strikes were planned.³⁷ The national unions turned to the party for financial assistance when they ran out of funds themselves, though the party's assistance was particularly important for those local unions still outside the national organisations.³⁸

The attitude of the party to strikes changed, however. In 1890, the year after the foundation of the party, there were an exceptionally large number of strikes but they were poorly organised and Danielsson sought to instil a more disciplined and purposeful use of the strike weapon, a line consistent with his opposition to the growth of anarchism in the party.³⁹ Strikes had initially been encouraged by the socialists as a means of combating liberal ideas of class cooperation, raising consciousness and spreading organisation but, according to Lindbom, experience had shown that they did not do this.⁴⁰ Indeed they could be counterproductive, since defeated strikes could destroy newly founded and still weak unions. There was also the problem of financing increasingly frequent strikes.

35. Ibid., p. 193.

36. Bäckström (1977), p. 234.

37. Westerståhl (1945), p. 28.

38. While the party did exceptionally use its own funds, it normally raised money through appeals for particular strikes. Lindbom (1938), p. 231.

39. There were 105 strikes recorded by Raphael for 1890, the highest number for the 1880's being 41 in 1888. Bäckström (1977), p. 160, pp. 206-208.

40. Lindbom (1938), p. 229.

The party, like the unions, now placed more emphasis on selective support, negotiation and mediation. Strikes were to be supported only if they were defensive, as in the case of the 1891 Norberg miners' strike, the 1896 tobacco workers' lockout and the 1898 Ulvsvik strike, in all of which the right to organise was attacked, or of special importance to the party, as in the case of the 1897 Malmberg iron-miners' strike, the party being particularly interested, as noted above, in organising the North. The party also mediated, Branting helping to bring the long drawn out 1896 conflict in the tobacco industry to an end.⁴¹

The shift in the party's attitude to strikes reflected the growth of reformism in the party. The improvement of the workers' position within the existing order was becoming a more important priority. If strikes were a means to this end, a more controlled use of the weapon to conserve resources was indicated than if the strike was a means to intensify conflict and bring about revolution.

5. Institutional Differentiation

The party had reason to be highly involved in union affairs during the 1890's. The limited suffrage meant that it could not easily develop purely political associations. The unions not only remained its main organisational base, they actually increased in importance, constituting 71 per cent of its member organisations in 1889 and 96 per cent in 1896.⁴² Also, the party's attempts to secure electoral reform depended on the unions, a general strike for electoral reform being a much discussed weapon, which was actually used in 1902.

Pressures towards further institutional differentiation developed, nonetheless, and on the part of both unions and party.

41. Ibid., pp. 229-231.

42. Ibid., p. 123, p. 220.

Some unions were concerned to avoid alienating potential members through too close an association with socialism. The Metalworkers' union, with its mixture of liberal craft and socialist ironworker units, was careful to pursue a politically neutral line. Already in 1886, at a meeting of metalworker unions in Stockholm, the metalworker leader K.J. Karlsson emphasised that the unions must be politically neutral in order to maximise their membership.⁴³ The national union adopted a purely economic programme and its executive committee was careful to stay neutral on the issue of affiliation to the Social Democrat party, even though its constituent units were predominantly socialist and prominent at the founding congress of the party.⁴⁴ This tendency was reinforced by the craft worker take-over of the leadership in 1894 and Blomberg subsequently concentrated on building up the union as an effective non-political organisation in its own right.⁴⁵

Not all unions were so neutral. The Labourers' Union with its largely unskilled membership was much more closely identified with socialism. Unskilled workers had less economic power and consequently a greater interest in the labour movement's attempts to gain political power. Unions which owed their foundation to the party were also well disposed towards it.⁴⁶

There was also union concern for a more efficient organisation of mutual financial support than that provided by the party. Thus in 1895 the Metalworkers' Union was involved at Hvilan in the biggest conflict it had yet experienced. The workers were locked out and

⁴³. Lindgren (1938), p. 68.

⁴⁴. Ibid., pp. 162-164.

⁴⁵. Ibid., pp. 215-217, p. 323.

⁴⁶. Karlbom (1941), p. 282.

strike-breakers were used to keep production going, the union having eventually to admit defeat. Blomberg was apparently influenced by the lack of financial help from the party during this conflict in his suggestion that there was a need for a centralised body to coordinate the unions.⁴⁷ Blomberg became one of the three union leaders on the interim council which prepared the launching of the LO.

The need for some limited organisational separation was also felt within the party. There was a danger that the party would become so involved in union affairs that it would lose sight of its political goals and have its energies diverted from political activities. Strike support and union activities were a financial drain on the party.⁴⁸ The problem was that the party wished to unburden itself of union work, while still relying on the unions for the bulk of its membership and trying to prevent the unions becoming 'economist'.

The first attempt to resolve the problem was made at the third party congress of 1894. An independent central union organisation was considered but the party was afraid that it would then lose control of the unions. It was decided to form local union committees instead, consisting mainly of union representatives, selected from the local and central leadership, but with party district officials on them as well. These committees would regulate financial support for strikes, discouraging small ones in order to build up resources for large ones, both economic and political. With the unions now organised nationally, the time for such local committees had passed and this system proved unworkable.⁴⁹

47. Lindgren (1938), p. 274, p. 479.

48. Ibid., p. 476.
Bergman et al. (1974), pp. 28-30.

49. Lindbom (1938), pp. 224-228.

The party then accepted that an independent union federation was necessary and at its 1897 congress it approved the formation of the LO.

This did not complete the process of organisational differentiation for the party fought successfully to make union affiliation to the party a condition of LO membership, since it was feared that with the unions no longer needing the party for financial support they would leave it. Compulsory affiliation was strongly opposed by some union leaders, notably by Lindqvist and Blomberg, leading members on the interim council set up to prepare a constitution for the LO. Other unions, such as those recently founded through socialist initiatives and those of unskilled workers, notably the Labourers' Union, supported it. The leader of the Transportworkers' Union, a recent break-away from the Labourers' Union, opposed compulsory affiliation, for there were many non-socialist Transport branches in the North, and the union was afraid of losing them.⁵⁰

The compulsory affiliation requirement was abolished at the 1900 congress. There had been major conflicts, particularly in the North, since the compulsory affiliation decision and employers had used the socialism of the unions as grounds for refusing to recognise them.⁵¹ Major unions, notably the Metalworkers', Printers' and Transportworkers', had refused to join the LO because of compulsory affiliation, though as argued earlier this was not the only reason.⁵² Furthermore,

50. Casparsson (1951), p. 52.
Lindbom (1938), pp. 259-261.
Karlsson (1941), p. 282.

51. Lindbom argues that the employers were simply concerned to break the union. Socialism was not really the issue. Lindbom (1938), p. 172. The unions involved nonetheless took the issue seriously, changing their opinions on compulsory affiliation in the light of the 1899 conflicts in the North. Casparsson (1966), p. 48.

52. Casparsson (1966), pp. 46-49.

as industrial conflict intensified the unions became increasingly concerned with concentrating their efforts on surviving employer counter-attacks and maintaining their unity. The abolition of compulsory affiliation reflected not so much an ideological change as the imperatives of organisation and conflict.⁵³

Thus the process of institutional differentiation was completed with the establishment of the LO in 1898 and the ending of compulsory affiliation in 1900, though collective affiliation continued.

6. Conclusion

The problem is to account for the emergence of a class-wide union federation with a strike fund.

The socialists and the Social Democrat party played an important role in this process. They attacked the liberal, craft-worker tendencies towards a closed trade unionism cooperating with the employers. They balanced the organisation of the skilled workers by spreading unionism among the less skilled and unskilled. They coordinated the union movement, organising and controlling strike activity, providing financial and organisational assistance. Both their ideology and their organisation promoted class solidarity.

Socialist influence could have had divisive consequences. The socialist bid for control of the unions in the mid-1880's certainly had such consequences in the short run but the liberals were unable to build a rival movement, ambivalent as they were about trade unionism and strikes. Ideological disagreements resulted in factionalism but a factionalism which was contained within the Social Democrat movement and did not lead to a significant splintering of either political or industrial organisation during the formative period of the union movement.

53. Blake emphasises this. Blake (1960).

Part of the explanation for this lies in the party's dependence on both the unions and the liberals, which constrained ideological extremism and strengthened the reformist tendencies in the party. The restricted suffrage both meant that the party needed to ally itself with the liberals to achieve electoral reform and that the party could not exist independently of the unions. The party relied on the unions for membership and for the strike weapon, which was seen as one of the means by which pressure could be brought on the government to introduce electoral reform. One must therefore emphasise not only the influence of the socialists on the development of the unions but also the influence of the unions on the party and the constitutional situation which made the party dependent on the unions.

Socialist influence could also have inhibited the spread of unionism and its organisational development. It was crucial that while the party performed important coordinating functions, it also allowed institutional differentiation to take place. The process was not smooth, as the conflicts over compulsory affiliation indicated, but it did take place.

Socialism could, and indeed did, have negative as well as positive consequences for the emergence of class-wide organisation but the positive consequences may be judged to have outweighed the negative ones. Socialist influence promoted class-wide organisation without stimulating ideological divisions or preventing the emergence of an independent union federation.

The emphasis of this chapter has been on the analysis of the processes of interaction between socialism and the unions in Sweden. A more complete explanation requires the comparison of Sweden with other societies in order to arrive at the conditions which facilitated

the evolution of the kind of relationship between unions and party which developed in Sweden. This comparison will be made in later chapters, for a more immediate problem now presents itself.

This is the problem of attributing consequences to the influence of socialism which may be the effects of other processes, such as changes in technology, working in the same direction. Indeed these other changes may underlie both the development of the unions and the growth of socialism, though clearly the growth of socialism, diffused from other societies which had industrialised earlier, must be allowed some autonomy.

The next chapter will therefore examine the early structure of Swedish trade unionism in more detail, in particular the relationship between skilled and unskilled workers, the types of union that emerged, and the relationship between union structure and industrialisation.

Chapter 6

UNION STRUCTURE AND CLASS FORMATION1. Union Structure and Federation

Socialist influence encouraged the development of union organisation along class lines but this influence would have made little headway if occupational interest dictated otherwise. A working class is internally stratified and the interests of skilled workers may conflict with those of unskilled workers in various ways. If this stratification becomes crystallised in a division between craft and general unions, then class organisation will be inhibited or weakened. In their different ways Britain, Denmark and America all exemplify this pattern, a point which will be taken up in the next chapter.

Crucial to the shaping of unions is the strategy they pursue. Using Clegg's terms one may distinguish between the strategies of unilateral regulation and collective bargaining.¹ Unilateral regulation operates through the control of entry to an occupation by a union, control of entry creating an artificial scarcity in the hands of the union, enabling it to secure favourable terms from the employer. Collective bargaining operates through the threat of a collective withdrawal of labour by all employees, or at least a sufficient number to halt production. Unilateral regulation will therefore lead to an elitist, exclusive unionism in which membership is limited to those in a particular occupation or possessing specified qualifications. Collective bargaining, if it is the sole strategy of the union, will lead to an expansive, inclusive unionism, seeking to maximise membership in order to increase

1. Clegg (1976), p. 2.

financial strength and industrial muscle.²

Collective bargaining is much more conducive to the emergence of strong class-wide federations. Collective bargaining creates interdependence between occupations and leads logically to mutual assistance through a class-wide federation. Unilateral regulation divides workers, generating conflict over differentials, access to jobs and union jurisdictions. It sets craft against craft, skilled worker against unskilled worker.

The development of a strong class-wide federation in Sweden implies the adoption of a strategy of collective bargaining rather than unilateral regulation and the structuring of unions along industrial rather than occupational lines. Yet the early unions were craft unions. Indeed the early shape of the Swedish movement showed a division between skilled workers organised along occupational lines and unskilled labourers and factory workers organised in general unions, a structure apparently militating against federal centralisation.

This chapter will explore the issues raised by this paradox. The first part examines the early development of the Woodworkers' and Metalworkers' unions, which accounted for a quarter of the workers organised in national unions at the time of the LO's foundation, the Metalworkers' Union in particular being Sweden's largest and strongest. These two unions were also highly influential, providing the largest number of representatives at the constitutive congress of the Social Democrat party and the most important members of the interim council which set up the LO, Lindqvist, the leader of the Woodworkers' Union, becoming the chairman of the LO during its first decade.³

2. Craft unions have often combined these strategies. Indeed, a combination of the two methods may make a union particularly successful. Eldridge (1968), p. 94, n. 2.

3. Lindbom (1938), p. 123, p. 168f.

The second part examines the changing structure of the movement as a whole, as it shifted from organisation along occupational to organisation along industrial lines. Considerable attention is again given to the Metalworkers' Union.

2. Away from Craft Unionism

a) Woodworkers

A carpenters' union was founded in Stockholm in 1880 in response to the masters' use of piece-work to bring about a rate-cutting competition between workers and extend the hours of work. The union's strategy was clearly unilateralist in character. Although it decided not to set up a fund to provide sickness benefit, it did establish a pension fund and provided support for the unemployed and travel assistance for migration to America.⁴ These 'welfare' measures restricted the supply of labour by taking workers off the labour market.

A strike movement then developed among the Stockholm building workers during the summer of 1881. Although the carpenters' union was not directly involved, woodworkers from factories took part and indeed the woodworkers seem to have shown a higher level of organisation than other groups of workers. A strike fund was set up. Weekly contributions were required from those still at work and financial assistance was sought both at home and abroad. Discussions in the carpenters' union showed that a majority of its members were in favour of using the strike weapon.⁵

4. The size of this migration was remarkable. In 1882, over fifty thousand people migrated from Sweden. The removal of numbers of this order from the labour market could clearly have a major impact on power relations between workers and employers. Indeed one might speculate that the strength of the unions in Sweden and their weakness in the United States were in part the consequence of the same process. Bäckström (1977), p. 93. Lindbom (1938), p. 44f.

5. Lindbom (1938), p. 47.
Hansson (1925), p. 38.

The union had initially had a closed character, including only carpenters and furniture-makers, i.e. qualified craft workers. It was now opened to all woodworkers, the strike movement having created solidarity across craft boundaries. In March 1882 the union changed its name from 'carpenters' union' to 'woodworkers' union'.⁶

The conflict between craft and class was not over, however. Early attempts to coordinate the various local unions among the woodworkers failed. When a national organisation did emerge, constructed in 1889 out of nine carpenters' and woodworkers' unions, it was called a 'national union of carpenters'. At its first congress a name change to 'national union of woodworkers' was proposed. The debate showed the strength of craft feelings and the carpenters argued that only carpenters and furniture-makers should be members, but the proposal secured a majority and the union's task was defined as the organising of all woodworkers.⁷

The exigencies of industrial conflict shaped the development of the national union. During the 1890 strike of building industry woodworkers in Malmö, strike breakers were recruited from the factory workers of the wood processing industry and the national leadership now tried to unionise these workers, though they proved difficult to organise.⁸ Strike-breakers often came from rural areas and the union launched a drive to organise these areas during the mid-1890's.⁹

The union had established itself as an open union using the strike weapon but craft divisiveness persisted and was reflected

6. Idem.

7. Hansson, p. 41, p. 56.

8. In Stockholm the factory workers refused to join the existing woodworkers' union and had to be allowed to form their own branch. Ibid., p. 65.

9. Ibid., p. 74, p. 95.

in its internal organisation. In Stockholm many workers had refused to join the local woodworkers' union and specialised locals emerged to cater for the various occupations, the woodworkers' local eventually dissolving in 1898. When in the 1890's attempts were made to organise the smaller centres of production, it was decided that agitation would be more effective if local unions were set up along occupational lines. In these ways craft loyalties were accommodated within the union.¹⁰

The question arises of the relationship between socialism and the opening of the union. The 1881 strike movement in Stockholm showed a change of strategy under way before socialism had made any impact on the unions.¹¹ Indeed, the woodworkers did much to promote socialism. Palm's 1881 meeting in Stockholm was arranged by the woodworkers. At the party's constitutive congress in 1889, ten of the fifty unions represented were woodworker unions, the woodworkers supplying more representatives than any other occupational group.¹² The woodworkers might therefore seem to have influenced the growth of socialism more than socialism the shaping of the union, but one cannot know how important socialist influence was in, say, tipping the balance at the crucial 1889 congress of the union.

The significance of industrialisation is nonetheless clear. While the traditional crafts persisted and indeed expanded with the urbanisation of the 1880's and 1890's, wood processing factories were being set up with less skilled labour, which was also used to break craft worker strikes.¹³ Unilateral regulation, controlling access to employment, was not a viable strategy in such circumstances.

10. Ibid., p. 96.

11. Ibid., p. 38.

12. Lindbom (1938), p. 123.

13. Ibid., p. 67.

Gårdlund notes that there was a rapid development of woodwork factories after 1870. Gårdlund (1942), p. 106.

b) Metalworkers

The shaping of the Metalworkers' Union followed a similar path. During the 1880's craft protectionism gave way to an open unionism in this union too. The first stable union in this field was the Machineworkers' union of the 1870's, a union of craft workers, primarily concerned with welfare matters, opposed to strike action and closely associated with the liberal workers' movement. Although attempts were made in the 1880's to build a broader organisation of metalworkers on the basis of this union, fear of socialist influence led to the withdrawal of the union from these attempts and it became a back-water. In 1888 a national organisation was successfully founded, the Swedish Iron and Metalworkers' Union¹⁴ with its task defined as working for the organisation of all Swedish iron and metal workers. As in the Woodworkers' Union, the national organisation was constituted by a mixture of craft unions and more general occupational ones, in this case unions of ironworkers.¹⁵

As in the Woodworkers' Union, craft divisiveness persisted and it became a serious problem in the early 1890's. These were years of economic recession and declining union membership, shifting the balance of advantage (for the craft workers) away from membership in a large collectivity towards a 'survival of the fittest' separatism.¹⁶ There were moves to establish Scandinavian craft unions¹⁷ among the coppersmiths and file workers, asserting the priority of international

14. This is the full name but it is shortened to the Metalworkers' Union here.

15. Lindgren (1938), p. 3, pp. 16-18, p. 81.

16. Ibid., p. 189.

17. The close connections between Copenhagen and the Malmö area, which were part of the same local labour market, meant that 'Scandinavian' organisations were common in the early years of the Swedish movement.

occupational solidarity over national organisation.¹⁸ These attempts came to nothing but two other groups, the foundry-workers and sheet-metal workers, did break away and form their own unions.¹⁹

The national union survived, however, and organisational factors were here important. There was first the centralisation of the union under Blomberg's leadership, which reduced rather than stimulated separatism. One reason for this was that centralisation occurred under the leadership of craft workers.²⁰ It also met some of the craft worker criticisms of the union, craft workers having been critical of the indiscipline of less skilled ironworker branches and their failure to meet financial obligations.²¹ Centralisation resulted in tighter control over the branches, requiring them to meet their obligations, follow union procedures and obtain leadership approval before involving themselves in disputes. Thus the threat of craft-worker separatism was in part averted by a craft-worker take-over of the union.

Secondly, again as in the Woodworkers' Union, the local organisation was adapted to cater for occupational diversity. During the 1880's there had been a tendency for the more general ironworker rather than the craft unions to become the focus of local activity.²² This process was reversed in the 1890's under the impact of recession and craft separatism. Occupationally specialised branches emerged in Eskilstuna, the 'Swedish Sheffield', during the early 1890's.

18. Lindgren (1938), p. 200.

19. Ibid., p. 193-197.

20. Ibid., p. 216.

21. Ibid., p. 195f.

22. At this early stage numbers were critical and the broader basis of the ironworker branches enabled them to build up membership more quickly. Ibid., p. 321.

In 1895 the Metalworkers' congress decided on a general reorganisation of branches along these lines. In Eskilstuna and Stockholm specialised branches were approved by the branches themselves, but in Malmö, after some dissension, an alternative 'section' system was adopted, specialised sections being established within the local ironworkers' branch and remaining subject to its control. Local specialisation of either kind was only possible in the larger centres of production.²³

Although this reorganisation was largely a means of heading off craft separatism, it was also a tactic to increase membership. Declining membership in the early 1890's made recruitment crucial and it was widely argued that agitation and recruitment could be carried out more effectively if the local units were specialised and able to exploit occupational solidarity. Blomberg's view was that this reorganisation was a temporary expedient, necessary because of the occupational diversity of the industry, but that in time the levelling consequences of technological change would make such local specialisation redundant.²⁴

This process of branch specialisation was indeed soon put into reverse with the emergence of plant branches, including all workers in a plant. 'Factory clubs', as they were and are called, first spread from Denmark to Malmö in the early 1890's and then began to emerge in Stockholm plants. These clubs were initially external to the union organisation but in 1902 they were incorporated, through a union decision to reorganise the branches along factory club lines. This incorporation of the club contrasts with the situation in Denmark, where it remained a 'social' organisation and did not become part of the structure of the union. Significantly, manufacturing industry

23. Ibid., pp. 321-332. Also Lindbom (1938), p. 207.

24. Lindgren (1938), pp. 322-324.

in Denmark was in smaller units and more craft dominated, the rate of technological change being very much slower than in Sweden.²⁵ With the spread of plant branches the union acquired a local organisation more congruent with the process of centralisation that had taken place in the mid-1890's.²⁶ Craft autonomy would be less of a problem with the crafts submerged in larger, more heterogeneous local units.

These developments in union organisation must now be related to the process of industrialisation and technical change. How far can the shaping of the union be explained in these terms?

There were two main periods of technical transformation in the engineering industry.²⁷ During the 1870's steam power was introduced. During the 1890's new, specialised companies developed, such as Separator, Asea, Aga and L.M. Eriksson, exploiting Swedish inventions and exporting their products. It was the 1890's developments which had a major impact on the distinction between skilled and unskilled work. In the new, specialised plants there was mass production, a systematic division of labour and the separation of 'brain' from 'hand' work. These changes undermined the position of the traditional crafts.²⁸

In assessing the significance of the new factories for the development of the union, one must, however, consider their weight in the industry as a whole. Although they grew rapidly they employed few workers in the early 1890's and their main expansion occurred with the mid-1890's economic upturn. In 1891 Separator employed 351

25. Ibid., pp. 454-461.

26. See pp. 60-69.

27. Jürberg's figures show major increases in 'motive power per worker' during 1872-1880 and 1889-1897. During 1880-1889 there was a large increase in the labour force and a decrease in motive power per worker. Jürberg (1961), p. 76.

28. Idem.
Gårdlund (1942), p. 94.

workers but by 1907 the figure was 1,300. Asea grew from a mere 70 workers in 1891 to 2,300 in 1907. L.M. Eriksson had 500 workers in 1897 and 1,500 in 1907. More generally, Gårdlund states that the standardised tools and techniques characteristic of modern machinery were absent in most Swedish plants at the turn of the century.²⁹ This all suggests that technical change had done little to undermine the position of the crafts before the late 1890's.

Three main points can be made in linking technical change to the history of the union's organisation. Firstly, the introduction of steam power in the 1870's had taken the industry beyond the stage at which it was organised solely along craft lines. The combination of craft and ironworker branches in the early union is not otherwise comprehensible. Secondly, the crafts remained strong into the 1890's and the union had to be reorganised to accommodate them. Thirdly, the development of the new companies in the 1890's was conducive to the shift from craft branches to plant branches around the turn of the century.

In explaining the development of the union one has to take account of technology and organisational and political factors. At the time of its foundation technical change had created the basis for a metalworker union but had not gone far enough to preclude organisation along craft lines. The union was now balanced between craft separatism and metalworker unity. The influence of the socialists may be considered critical, since the socialist initiative, in forming ironworker branches and emphasising the need for a metalworkers' union embracing all metalworker occupations, did so much to shape the union at its foundation. 'Origins' did not, however, determine 'form', to para-

29. Gårdlund (1942), pp. 85-94.

phrase Turner,³⁰ since the union was on the point of craft fragmentation in the early 1890's. Organisational factors were now crucial, since it was the centralisation and reorganisation of the union under Blomberg that staved off craft fragmentation. The storm was weathered before technical change had undermined the crafts and facilitated the shift to plant branches.

c) Metalworker and Woodworker Unionism

There are clear parallels in the early development of the Woodworkers' and the Metalworkers' Unions, both being balanced between craft unionism and a more broadly based occupational unionism. In the case of the Woodworkers' Union, industrialisation seems to have earlier produced an occupational substitutability inconsistent with craft unionism, the woodworking trades being anyway less diverse in materials and techniques than the metalworking ones. In the case of the Metalworkers, political and organisational factors were probably more important in making and keeping the union open.

One must also take account of the interaction between metalworker and woodworker unionism. The industrialisation of woodwork provided a workforce receptive to socialism, enabling the socialists to establish a foothold in Stockholm, from which they could influence the formation of unions in metalwork and elsewhere. There were close technical links between metalwork and woodwork at this time, one of the jurisdictional problems for the early unions being the allocation of model-making carpenters in engineering workshops. The career of Lindegren exemplifies these interconnections. Lindegren was a socialist who played a leading role in the first attempts to build ironworker unions in Stockholm. He had previously been employed at

30. Turner (1962), p. 231.

a wood-processing factory and was closely associated with radical carpenters.³¹

The conjuncture of the arrival of socialism in Sweden and the industrialisation of woodwork is therefore of exceptional importance in accounting for the shaping of the Woodworkers' and Metalworkers' Unions, and consequently the Swedish union movement as a whole.

3. Towards Industrial Unionism

Although the key Woodworkers' and Metalworkers' Unions had abandoned craft strategies and adopted a collective bargaining approach relying on the strike weapon, the structure of the Swedish movement was still 'horizontal' rather than 'vertical' in the 1890's. By this it is meant that organisation was primarily along occupational lines, cutting across industrial divisions. Thus there were craft unions, 'work-material' unions like those of the metalworkers and woodworkers, and general labourers' unions - all of them following the lines of occupation rather than industry.

Industrial unions were formed in the late 1890's, as organisation spread to less skilled groups of workers. There were the Transport-workers' and Stonecutters' Unions of 1897, the Sawworkers and Textile-workers of 1898.³² The predominantly 'horizontal' organisations of the movement as a whole might be expected to resist a shift towards industrial unionism, however.

Yet such a shift did begin to occur, albeit slowly. The principle of industrial unionism was accepted at the LO congress of 1906, though the Metalworkers' Union rejected it. In 1909 the Metalworkers decided to accept it and the 1909 LO congress discussed reorganisation of the

31. Lindgren (1938), p. 16, p. 89.

32. Lindbom (1938), p. 169.

movement along industrial lines. The 1912 LO congress accepted the first of a series of reorganisation plans, though the LO did not force the pace and waited for technical and economic changes to pave the way.³³

a) The Persistence of Craft Unionism

Craft unions did resist change and persisted for varying lengths of time but they were mainly the organisations of small or isolated occupations. Some of these unions were of traditional crafts, such as stovemakers or tailors, which were both small and isolated. Such craft unions as those of the foundry or sheet-metal workers, the breakaway unions from the Metalworkers' Union were not isolated but they were relatively small and not a major obstacle to the growth of the union, once it had survived the crisis of the early 1890's. The craft unions in printing and building were important unions, which were a major obstacle to the realisation of the industrial principle, but both were in distinct sectors not closely related to manufacturing industry as a whole.³⁴

b) Work-material Unionism

While the key Metalworkers' Union was horizontally organised, it was not a craft union, and, like the Woodworkers' Union, may best be described as a 'work-material' union. These unions did not in their early period fall into the conventional categories of 'craft', 'general' and 'industrial' and show up the limitations of this traditional typology. These work-material unions spread across industries, organising all those working with metal or wood. They were not restricted to particular crafts but neither did they organise

33. Westerståhl (1945), pp. 44-46.

34. Hadenius (1976), p. 141, p. 153.

all workers within a given industry or factory.³⁵

The coverage of the Metalworkers' Union was very extensive, in part because of the ubiquity of metalwork, in part because it attracted other groups of workers because of its strength and therefore had some of the characteristics of a general union. In 1908 its membership extended across 45 of the 63 industries distinguished by the LO (in its 1912 classification). It had 1,300 members in building, also members in gasworks, mines, breweries, sugar factories, textiles and sawmills inter alia. It emerged in a relatively strong state after the defeat of the General Strike in 1909 and the members of weakened unions, like the Miners', gravitated towards it. The Metalworkers' Union was indeed criticised by other unions for fishing in these troubled waters.³⁶

The Metalworkers' Union initially rejected the principle of industrial unionism, when the 1906 LO congress discussed it and adopted it, but it reversed this decision in 1909. The acceptance of industrial unionism by Sweden's largest and strongest union was clearly crucial to the success of the principle and therefore requires explanation.

Employer association pressure was the single most important explanation of the union's change of heart. Employers' associations were organised along industrial lines and they pressed the unions to accept industry-level bargaining. When the 1905 engineering industry agreement came up for renegotiation the Engineering Employers'

35. This type of union is not normally distinguished in the English language literature. Clegg's recent comparative study deals with Sweden (and with Germany, where work-material unions also existed) but makes no reference to this kind of union in his discussion of categories. Clegg (1976), pp. 29-35.

36. Lindgren (1948), p. 216, pp. 514-517.

Association tried to force the eight unions involved into common negotiations. The unions refused to accept this and disagreed amongst themselves over their negotiations policy. These disagreements brought the industry to the brink of a lockout in 1908, at a time when union bargaining power was weak, and this experience did much to convert the Metalworkers' Union to the principle of industrial unionism. There was also the problem of the union's expensive involvement in strikes in other industries, such as sugar and building - a consequence of its extensive membership.³⁷

The union was also facing other organisational problems that require mention. Its ambition to organise all metal workers ran into difficulties when in 1906 the electrical workers' branch in Stockholm seceded, becoming the basis of an independent Electrical-workers' Union. The workers in railway engineering joined the Railwayworkers' Union and in 1908 only 345 out of the 4,500 organised workers in this trade belonged to the Metalworkers' Union. The Metalworkers' executive declared, generously, that it was willing to give up its claims to these workers if the principle of industrial unionism was generally accepted.³⁸

There were also local tendencies towards vertical unionism. The 'factory club' was a movement in this direction and the absorption of the workers in the iron and steel industry strengthened the vertical principle.

The iron and steel industry was dispersed in organisation and its workers were isolated in single employer communities. The Metalworkers leadership did not consider the foundry workers, carpenters, masons and labourers in these communities eligible

37. Ibid., pp. 193-198, p. 217.

38. Ibid., pp. 218-220.

for membership, since there were established unions organising these occupations.³⁹ There was, however, a strong belief in the communities that there should be only one union.⁴⁰ Occupational mobility made it difficult to adhere to union boundaries, since there was frequent movement between industry, agriculture and forestry, according to the season and the economic cycle. The extension of the Metalworker organisation into these communities took place in the years immediately before its 1909 decision to accept industrial unionism.

This analysis of precipitating factors does not provide a complete explanation of the acceptance of the industrial principle by the Metalworkers' Union.

It must be borne in mind that the relatively open character of the union, with its emphasis on 'work-material' rather than craft prepared the way for this change. Indeed, although most of its members were skilled workers during its early period, there was no hard and fast dividing line on the basis of skill. Craft worker branches had entry qualifications but ironworker branches did not.⁴¹ When two branches proposed at the 1895 congress of the union that only skilled workers should be members, the union's council rejected the motion.⁴² Indeed when the Labourers' Union recruited engineers' assistant workers and created a national section for them this led to criticisms from the union journal that the Labourers' union was poaching on Metalworker territory.⁴³

39. Lindström (1979), p. 49.

40. Lindgren (1948), p. 108.

41. Ibid., p. 92.

42. Ibid., p. 242.

43. Karlbom (1941), p. 415.

c) The Decline of General Unionism

The movement towards vertical organisation was not simply a matter of the absence of an obstructive craft unionism in industry, for general unions too are an obstacle to industrial unionism.

The major general union was the Labourers' and Factory Workers' Union.⁴⁴ This started out as a regional union with Scandinavian ambitions but declared itself a national organisation in 1894. It did not conquer Stockholm, where a rival union had emerged, until 1899 and only spread to the North after the turn of the century. By 1906 it was, for a short time, Sweden's largest union.⁴⁵ In view of its size it has been strangely neglected in the general literature.⁴⁶

Its early membership consisted largely of labourers and transport workers but it increasingly recruited factory workers during the latter half of the 1890's,⁴⁷ though many of these workers were not regarded as labourers⁴⁸ and indeed some were clearly skilled, glass workers being a case in point.⁴⁹ The occupational substitutability

44. This is shortened to Labourers' Union here.

45. Karlbom (1941), p. 198, pp. 213-217, pp. 240-244, pp. 316-318.

46. Ingham makes no reference to this union in his outline of the growth of trade unionism in Sweden. Ingham (1974), p. 49. Johnston mentions it in passing but concentrates on craft and industrial unionism. Johnston (1962), pp. 61-66.

47. Some factory workers had been in the union from the beginning but it was from 1895 that these workers were recruited in numbers. Karlbom (1941), p. 228, p. 231.

48. For example miners, paper workers, pottery workers. *Ibid.*, p. 234.

49. The glassworkers are an interesting case. They were highly skilled craft workers who initially established their own closed unions, which excluded labourers. The technical changes associated with industrialisation, economic crisis and expensive battles to secure employer recognition made the union non-viable, however, and in 1907 they dissolved it and joined the Labourers' Union. *Ibid.*, pp. 361-371.

of unskilled workers was the main basis of the growth of the union. Another important factor was that unlike other unions its rules did not restrict membership in any way and it therefore attracted groups of workers unable to establish their own unions.⁵⁰ Its very diversity became a source of strength, since different groups were rarely engaged in conflicts at the same time and could therefore support each other in turn, at least until growing employer organisation led to a strategy of large-scale lockouts.⁵¹ Furthermore, as in the case of the Metalworkers, the bigger the union grew the more attractive it became to groups of workers seeking the backing and resources of a large organisation. The Labourers' Union was an LO in microcosm.

The diversity which was the strength of the Labourers' Union became a weakness. It was appropriate to a stage in trade union growth when unionism had only established a foothold in many industries and required a multi-industry structure to provide organisational resources. As the labour market became more organised and conflict intensified, the union found itself simultaneously involved in many different conflicts, frequently brought about by other unions.⁵² On the other hand, the spread of organisation meant that specialised unions became viable. Membership differences now became more salient, dockers, local government workers, building labourers and factory workers all having different conditions of employment and widely ranging differences in their work situations. Workers with membership divided between unions,

50. Ibid., p. 233.

51. The union was successful until 1907, when recession coincided with a general employer counterattack. Ibid., p. 378.

52. Ibid., p. 390, p. 420.

the workers in the paper industry for example, sought a common organisation.⁵³ Furthermore, the growth of the LO meant that there was now a federal structure to act as an umbrella organisation. The Labourers' Union tried to accommodate separatism by allowing the emergence of industrial groupings but it did so reluctantly, recognising that these groupings might themselves facilitate fragmentation.⁵⁴ The union gradually broke up as first the dockers, then the local government workers, the paper workers, the railway workers and the building labourers set up their own unions, though this was a long drawn out process.⁵⁵

A general union of this type could only have survived if, as in Britain or Denmark, a persisting craft unionism in the engineering industry had blocked the development of industrial unionism. This points up, once again, the significance of the Metalworkers' Union's work-material character.

The work-material union was neither a craft nor an industrial union but an intermediate form, which bridged the gap between craft and industrial unionism. The establishment of work-material unions in woodwork and metalwork in the 1880's is the key to understanding the evolution of Swedish trade union structure.

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53. Three-quarters of the paperworkers belonged to the Labourers' Union and one-quarter to the Sawworkers' Union. The Labourers' Union opposed the idea of a separate union, the Sawworkers' Union accepted it, having less to lose. A separate paperworkers' union was eventually established in 1920. Karlbom and Petersson (1941), pp. 162-166.
54. These industrial groupings grew up outside the formal structure of the union but were then incorporated. Karlbom (1941), p. 414, p. 416.
55. The dockers in 1897, the local government workers in 1908, the railway workers in 1914, the building workers in 1938. Karlbom (1941), p. 238f. Karlbom and Petersson (1941), p. 102, p. 124, pp. 342-344.

4. Conclusion

This chapter has examined the gradual shifting of the Swedish union movement from organisation along craft lines through 'work-material' unionism to organisation along industrial lines.

The relationship between structural change and federation must now be clarified. As argued at the beginning of the chapter, industrial unionism and federal centralisation may be regarded as congruent but this congruence only operated in the long run, for when the LO was established the Swedish unions were not on the whole organised along industrial lines. Industrial unionism was clearly not a precondition for the defensive centralisation characteristic of the LO's first years. What was a precondition for the formation of the LO was a movement away from craft unionism with its unilateralist strategy to the broader occupational unionism of work-material unions and their reliance on a strategy of collective bargaining.

The ultimate explanation of the shift from craft to industrial unionism lies with industrialisation and technical development. Movements have varied greatly, however, in the speed with which they have shifted and the extent to which they have done so. The Swedish unions broke away early from craft unionism. This was partly a matter of the relationship between industrialisation and union formation. At the time of union formation woodwork especially but also metalwork were sufficiently industrialised to undermine the power of the crafts. Both work-material unions, the Metalworkers in particular, were, however, balanced between closed and open unionism. Socialist influence and leadership strategy were crucial in tipping the balance away from craft unionism, though socialist influence itself depended on a sufficient degree of industrialisation,

particularly in the woodworking trades, to provide a labour force receptive to socialist ideas.

The movement towards industrial unionism was slow and far from universal but although craft unionism long survived it was not a major force in industry proper. The formation of work-material unions in woodwork and metalwork prevented the establishment of a dominant craft unionism in manufacturing industry and bridged the gap between craft unionism and industrial unionism. The Metalworkers' Union moved towards industrial unionism under the pressure of employer organisation, the exigencies of industrial conflict, the organisational problems faced by an expanding occupational unionism and the tendencies towards vertical unionism at plant level. The Labourers' Union gradually broke up into independent industrial unions, as the spread of organisation made them viable and the LO took over its coordinating functions.

Chapter 7

UNION FEDERATION IN SCANDINAVIA

The examination of the formation of the Swedish union movement has suggested a number of inter-relationships between federation, union structure, ideology and industrialisation. This chapter will compare Sweden with Denmark and Norway to see whether developments in the other two Scandinavian societies are consistent with these relationships.

1. Federation and Union Structure

In all three countries federations were established in the years 1898 and 1899. The federations varied in their degree of centralisation. The union movements varied in their structure. Can one discern a systematic relationship between federal centralisation and union structure?

a) The Danish Case

As suggested earlier, the Danish case is particularly crucial. Ingham, with his focus on centralisation, treats Denmark as a variant on the Scandinavian pattern, contrasting this with Britain.¹ Galenson, on the other hand, considers that 'Danish trade union structure is closer to that of Britain than to either Norway or Sweden'.²

The Danish unions early showed centralising tendencies. In 1874 the Free Trade Union Central Committee was established in Copenhagen. It reached its maximum membership of 32 local unions in 1876-1877 and in 1879 a combination of repression and recession

1. Ingham (1974), p. 63, p. 67.

2. Galenson (1952b), p. 27.

resulted in its collapse. In 1886 the Copenhagen Federation of Trade Unions, consisting of 54 local unions, was formed. While its major purpose was declared to be the provision of mutual strike support, the larger unions feared the draining of their resources to support the weaker ones and prevented the establishment of means to provide such support until 1895. The system then adopted gave the federal body the right to finance strikes by levying non-striking unions, though no central fund was established. The Copenhagen Federation was extended to the rest of the country with the foundation of the Danish LO in 1898. Then in 1899 the Danish LO concluded a Basic Agreement with the national employers' association.³

The Danish movement was sharply divided between craft unionism and general unionism. The craft unions were highly exclusive in character.

'The great majority of the unions ... set completion of apprenticeship and advancement to journeyman status as a condition of membership. The same craftsmen who displayed so much energy in the organization of their fellow craftsmen were quite indifferent to the organizational status of the unskilled.'⁴

The result of this exclusiveness was the late organisation of unskilled workers in a labourers' union. The horizontal stratification of union structure was to persist and the Danish unions were not gradually reorganised along industrial lines, as happened in Sweden.

The Danish movement would therefore appear to be anomalous, combining horizontal stratification and centralisation.

The Danish LO was, however, less centralised than appearances suggested. The constitution of the federation was in Galenson's terms a 'victory for the proponents of decentralization', since

3. Ibid., pp. 24-26.

4. Ibid., p. 22.

financial assistance to unions on strike was to be financed by ad hoc levies rather than by a central strike fund. The division between the craft unions and the labourers' union was associated with conflicts over skill differentials and job control. There had been resistance to centralisation from the larger craft unions. It now came from the labourers, who opposed measures which would increase the authority of a craft dominated federation.⁵ Although a Basic Agreement was signed with the employers in 1899, resistance to centralisation was to mean that Danish industrial relations would later move towards direct government intervention in industrial relations rather than centralised joint regulation of the Swedish kind.⁶

Thus the anomaly is largely resolved because the apparently high level of centralisation was vitiated by the absence of a central strike fund and by internal conflict resulting from the horizontal structure. The horizontal structure did not prevent the founding of a federation but it did prevent the establishment of an effective one. This suggests that the Danish movement has more in common with the British than the Swedish movement and supports Galenson's rather than Ingham's categorisation.

b) The Norwegian Case

In Norway, as in Sweden, unions became established in the 1880's and became rapidly centralised by the turn of the century. As in Sweden the first stage of this process was the building of local central committees in the cities. These local committees did indeed develop further than in Sweden, acquiring strike funds and the centralised authority that these entailed but, as in Sweden, they were eventually supplanted by national union organisations.⁷

5. Ibid., pp. 22-26.

6. This is discussed in Part Three.

7. Galenson (1949), p. 9.

The Norwegian LO was founded in 1899. It was highly centralised, having both the power to raise ad hoc levies in the event of conflict and a central strike fund. Its membership was initially very small, comprising six national unions and the locals organised by the Oslo central committee. The two strongest national unions, those of the printers and the metalworkers, were alienated by this high degree of centralisation and stayed outside the federation until increasing conflict with the employers forced them in, another clear parallel with Sweden. With the entry of these unions and the growing strength of the national unions already in the federation, there was some shift in authority from the central body to its constituent units but only to a minor degree.⁸

The structure of the centralised Norwegian movement showed certain Danish tendencies, since conflict developed between an expanding labourers' union and the other, predominantly craft, unions. This conflict came to the surface in 1903.

'The other unions, occupied until then with the organization of a field which seemed to provide room for all, began to fear the possibility of encroachment by this new organization of the unskilled.'⁹

At the 1903 congress of the Norwegian LO the other unions introduced rules to prevent their locals joining other national unions, a move aimed at the labourers' union.

The division between the skilled workers and the labourers appears less sharp, however, than it was in Denmark. There, continuities with the guild system resulted in the carry over of a deep status distinction between craft workers and labourers.¹⁰ Such

8. Ibid., pp. 11-17.

9. Ibid., p. 15.

10. Galenson (1952b), p. 22.

continuities were absent in Norway.¹¹ In Norway the conflict between the labourers' and the other unions appears more a matter of union membership rivalries, which could be accommodated by jurisdictional rules of the kind introduced in 1903.

One may also note that the designation of the other Norwegian unions as 'craft unions' is questionable, since two of these unions, including the largest (in 1902), were work-material unions, i.e. metalworker and woodworker unions. The metalworkers' union had more in common with the labourers' union than the craft unions, being associated with a new radicalism challenging the craft-dominated Norwegian Labor Party.¹²

Whatever the early similarities, the Norwegian movement now developed along quite different lines from that of Denmark. The unions of labourers and metalworkers expanded rapidly after 1905 and by 1920 dominated the movement. A syndicalist take-over at the 1920 congress of the Norwegian LO then resulted in the reorganisation of the Norwegian unions along industrial lines.¹³

c) The Three Federations

The three federations varied in their degree of centralisation. Galenson contrasts the centralised Norwegian federation with the less centralised Danish and Swedish ones.¹⁴ It is suggested here, however, that it is misleading to group Denmark and Sweden together because although neither federation had a central strike fund initially, the Swedish federation rapidly acquired one and the Danish federation did not.

11. Galenson (1952a), p. 114.

12. Lafferty (1971), p. 281.

13. Ibid., p. 280f.

14. Galenson (1952a), p. 130.

In relating the structure of the union movement to the degree of centralisation, a lack of fit was found. In the Danish case this was resolved by reassessing the degree of centralisation, the Danish federation turning out to be less centralised than it first appeared to be. How though does one account for Norway's high degree of centralisation, given the Danish tendencies in the early structure of the movement?

The explanation seems to lie in the timing of federation. In Sweden and, for that matter, Denmark national unions were strongly established before federation. In Norway they were not - hence their greater need for mutual support through a central strike fund. Higher centralisation was a function of the weakness of the federation's constituent units. Galenson has observed:

'If the Federation of Labor had come into existence ten years later, when the national unions had become more firmly established and were less prone to cede their independence of action, the subsequent history of the Federation might have been different. As it was, by the end of ten years, under the constitution and in practice, the centralized authority of the Federation had become institutionalized.'¹⁵

Furthermore, although the other, predominantly craft, unions came into conflict with the labourers' union, this occurred in 1903, after federation. A conflict which might have prevented centralisation developed only after central institutions had been established.

2. Industrialisation and Trade Unionism

Given these variations in the labour movements, how are they to be explained? The first step is to set the movements in the context of industrialisation.

The patterns of industrialisation in the three societies were

15. Galenson (1949), p. 44.

very different. In Denmark it started early and was gradual. In Sweden it was later and faster. While in Sweden 13 per cent of the population was employed in 'industry' in 1870, as compared with 24 per cent in Denmark, the figures for 1900 were 27 per cent for Sweden and 28 per cent for Denmark.¹⁶

The term 'industry' is somewhat misleading, however, for it includes craft work and these figures conceal important differences between the two countries. In Denmark units were small and, as Galenson puts it, there was 'a steady growth of manufactures based, to a large extent, upon expansion of the old handicraft workshop'. Manufacturing was located in the cities, above all in Copenhagen. In Sweden units were larger and more industrial in character. They were also more dispersed and this was the case not only with the mining, lumber and iron industries but also with engineering and manufacturing, which were located in the small towns and rural communities as well as the major cities.¹⁷ One should note that craft work as well as industrial work expanded during the last two decades of the century, urbanisation providing a boost to the craft occupations associated with building and its related trades.¹⁸

In Norway industrialisation, in the sense of a transformation of industrial structure, did not get under way before the first decade of the twentieth century. It resulted from the development of hydro-electric power and associated chemical and metallurgical industries.¹⁹ Norwegian industrialisation therefore falls outside the period discussed here and will be considered in more detail in later chapters.

16. Lafferty (1971), p. 43.

17. Galenson (1952a), p. 106.

18. Gynnå and Mannheimer (1971), p. 23.

19. Liebermann (1970), pp. 127f, chapter 6.

These different patterns of industrialisation can be linked to the differences between their labour movements.

There are first the differences in the development of structures of coordination. In both Denmark and nineteenth century Norway, the urban location of production and metropolitan domination resulted in the emergence of federal structures out of the central committees in the capital city. In Sweden with its three major centres of production, Stockholm, Malmö and Gothenburg, and many minor ones, the dispersal of production meant that union organisation in the capital was less influential. Thus the attempt to centralise the Swedish movement around the Stockholm committee failed and the federation was built on the cooperation of the national unions.

There are secondly the differences in the relationship between skilled and unskilled labour organisation. In Denmark, craft continuity and small units resulted in craft domination, a defensive union of labourers and conflict between skilled and unskilled workers. In Norway the movement had a similar character initially, though industrial transformation turned it upside down with a syndicalist, unskilled worker take-over in 1920. Sweden avoided both extremes. Craft unionism was strong and craft work indeed expanded but at the same time industrialisation undermined craft exclusiveness, particularly in the wood processing industry,²⁰ and new industries expanded the provision of less skilled work. In Sweden there was a greater balance between skilled and unskilled labour, both of which were expanding. There was therefore less conflict between skilled and unskilled labour.

20. Gardlund (1942), pp. 106-109.

3. Socialism and the Unions in Scandinavia

The building of a labour movement is a purposive activity and does not just reflect the economic conditions in which it occurs. It is important therefore to examine the ideological influences on the shaping of the unions. Socialism was spreading through Scandinavia at the same time as trade unionism but the interaction between the two varied from society to society.

Socialism first took root in Denmark, with its urban manufacturing and proximity to the German socialist movement. The first unions were led by socialists but in 1873 the socialist movement was suppressed and the early leaders departed for America. The movement was rebuilt with the foundation of the Social Democrat party in 1878 but under the leadership of the craft unions.²¹ The combination of repression and craft union domination resulted in an early deradicalisation of Danish socialism. Indeed craft union domination of the party led to a distrust of its leadership by the labourers' union.²²

Socialism developed quite differently in Sweden. Although the early socialists were prosecuted and imprisoned, the movement was not suppressed. While the party made concessions to the unions because of its dependence on them, the party leadership remained distinct from the union leadership. Recent Swedish articles have attributed the reformist tendencies of the early Swedish Social Democrats to the influence of the craft unions.²³ This influence certainly existed but the Swedish Social Democrats remained more independent from the unions and more radical than their Danish counterparts. Intellectuals were more influential in the Swedish movement and there was it seems

21. Lafferty (1971), p. 147f.

22. Galenson (1952b), p. 41.

23. Ekdahl and Hjelm (1978), p. 14f.

more debate and factionalism than in Denmark.²⁴

Norwegian socialists experienced less repression even than the Swedish. The Norwegian Labour Party was founded and dominated by craft workers up to 1905. It cooperated closely with the strongly developed Norwegian liberal party and was highly nationalistic, the issue of independence from Sweden dominating Norwegian politics at this time. After 1905 the situation changed and from being to the right of the moderate Danish movement, the Norwegian party moved to the left of the Swedish party. This radicalisation does not, however, concern us here and will be discussed in Part Two. Up till 1905 the Norwegian party like the Danish party was dominated by craft unionism.²⁵

It was therefore only in Sweden, where the party was neither suppressed nor captured by craft workers, that the party maintained a degree of independence from the unions and was able to exert any influence on their early development.

These differences in the relationship between socialism and trade unionism can be explained partly in terms of the differences in industrialisation discussed in the previous section. The craft character of manufacturing in Denmark and Norway did not provide an environment in which a radical socialist movement could be sustained, while industrialisation in Sweden did provide an industrial base that enabled the socialists to maintain a degree of independence from the crafts. One may refer again to the industrialisation of woodwork and the importance of the woodworkers in the establishment of socialism in Stockholm.²⁶

24. Galenson (1952b), p. 41.

25. Lafferty (1971), p. 217, p. 281.

26. See chapter 5, pp. 76-80.

4. Socialism and Democratisation

The distinctiveness of the Swedish movement relates not only to the nineteenth century industrialisation of Sweden but also to Sweden's late democratisation. Elvander dates the breakthrough to parliamentary government at 1884 in Norway, 1901 in Denmark and 1917 in Sweden.²⁷ The breakthrough in Denmark came in two stages, however, since the reform of 1849 opened the lower chamber of the Danish parliament but was followed by a protracted battle between the lower and upper chambers, the final breakthrough to parliamentary government being delayed until 1901.²⁸

It is customarily argued that late democratisation exerted a moderating influence on the Swedish and indeed the Danish socialists, Sweden and Denmark being contrasted with Norway.²⁹ In Sweden and Denmark the socialists allied themselves with the liberals to fight for the extension of the suffrage and the establishment of parliamentary government. The liberals exerted a moderating influence, while the accomplishment of successive reforms provided the labour movement with victories and firmly attached it to parliamentarism. In contrast, the Norwegian Labour Party did not have to fight for constitutional reforms and its radicalism was not therefore constrained by political alliances and involvement in democratisation. Hence the eventual radicalism of the Norwegian party.³⁰

Late democratisation had other consequences, however, for it also meant that the Swedish Social Democrats did not have to compete

27. Elvander (1980), pp. 29-33.

28. Lafferty (1971), p. 199.

29. Rustow (1955), p. 53f. Lafferty (1971), p. 120, p. 152. Elvander (1980), p. 28.

30. One must emphasise eventual because before industrialisation the Norwegian Labour party was to the right of the Swedish one. Lafferty (1971), p. 217.

with a strongly established liberal party and were not subject to liberal domination, unlike their counterparts in Norway and Denmark. In Norway the Liberal Party established 'from about 1882 ... a nationwide organisation of "labour societies" which embraced the entire spectrum of labor activity and ideology' and the Labour Party did not begin to contest liberal dominance until the turn of the century.³¹ In Denmark the 1849 reform opened the lower chamber to manhood suffrage and enabled the liberals to establish a mass party.³² Only in Sweden did the Social Democrats form a national party before the liberals.

Thus while Sweden's late democratisation had some deradicalising implications for the Social Democrat party it also gave the party greater influence over the working class during the formative period of the union movement.

Democratisation must itself be linked back to the development of the wider social structure. Norway and Denmark were more urban³³ and had a higher proportion of their population in manufacturing and services than Sweden.³⁴ They also had a larger middle class and a more educated and politically active population.³⁵ Sweden was a more agrarian society in the nineteenth century, more dominated by monarchy and aristocracy. One may also note that the political relationship between Sweden and Norway had some bearing on the democratisation

31. Lafferty (1971), p. 120.

32. Suffrage was extended to males over 30, excluding paupers and servants. Ibid., p. 149.

33. In 1890 the proportion of the population living in towns was in Denmark 33 per cent, Norway 24 per cent and Sweden 19 per cent. Kuhnle (1975), p. 45.

34. In 1890 the proportion of the working population employed in the primary sector was in Denmark 47 per cent, Norway 49 per cent and Sweden 62 per cent. Lafferty (1971), p. 43.

35. Tingsten (1967), pp. 18-22.

process. The Norwegian independence movement accelerated democratisation in Norway, while the 'union crisis', as it was known in Sweden, delayed democratisation there.³⁶

In understanding the character of the Swedish labour movement one must bear in mind not only that an industrial transformation occurred in nineteenth century Sweden but also that this transformation occurred in a relatively backward society.

5. Conclusion

Although all three federations were founded in 1898 and 1899 they varied in character. The Danish federation was the least centralised and the most divided. The conflict between skilled and unskilled worker inhibited effective centralisation. The Swedish federation was not initially centralised but a central strike fund with centralising implications was soon set up. In Sweden there was greater working class unity than in Denmark. Norway was the most centralised of the federations but this is to be explained largely in terms of the timing of federation, which occurred before strong national unions had developed and before internal conflicts of interest or ideology had divided the movement.

The comparison of Denmark and Sweden confirms the arguments about the significance of Swedish union structure developed in chapter 6. The comparison of Norway and Sweden brings out the importance of the timing of federation. The fact that the Swedish federation was able to establish a central strike fund in spite of the existence of strong national unions attests the unity of the Swedish movement and the over-riding imperatives of class conflict.

The inter-Scandinavian comparisons also enable one to assess

36. Elvander (1980), p. 29, p. 32.

the significance of industrialisation and democratisation, given the pronounced variations in both between the three societies. The absence of industrial transformation in nineteenth century Denmark and Norway meant an environment favourable to craft unionism and unfavourable to socialism. The late democratisation of Sweden meant that the radicalising consequences of industrial transformation were moderated by the requirements of electoral reform but also that the Swedish Social Democrats were not overshadowed by a liberal party with a strong base in the working class.

Manufacturing was more archaic in Norway and Denmark but these societies were also markedly less agrarian than Sweden in the nineteenth century. Sweden was a politically backward society in the process of industrial transformation. The Swedish socialists were therefore able to exploit industrial discontent without having to displace a strong liberal party. The reform alliance with the liberals may have moderated socialist ideology but the socialists were in a strong position to influence the early development of Swedish working class organisation.

Chapter 8

THE SWEDISH AND BRITISH LABOUR MOVEMENTS

This chapter continues the exploration of the inter-relationships between federation, industrialisation and the spread of socialism begun in the previous chapter. In comparing Britain and Sweden it faces problems of an order quite different from those found in making inter-Scandinavian comparisons. The inter-Scandinavian comparisons were facilitated by the virtually simultaneous building of union federations, since this provided a framework within which variations could be examined. One must, however, guard against the assumption that the three Scandinavian societies are variants of a single type, for there are grounds for arguing that the Danish labour movement had more in common with that of Britain than that of the other two Scandinavian societies.

The comparison of Britain and Sweden will focus on three main issues - open versus closed unionism, federation and union structure. On all three there are major contrasts. Open unionism defeated closed unionism in Sweden but closed unionism defeated open unionism in Britain. The Swedish LO was designed to provide mutual financial assistance, the British TUC to exert pressure on parliament. The structure of the Swedish unions shifted early in an industrial direction but in Britain the division between craft and general unionism persisted and shaped the modern movement. The differences in the patterns of industrialisation and in the relationship between politics and trade unionism will then be examined in order to explain the differences in the development of trade unionism.

1. Open versus Closed Unionism

In Sweden a closed craft unionism developed first but it was soon succeeded by the more open unionism of the work-material unions and in the crucial engineering sector an open industrial unionism was established in 1909. In Britain the order was reversed and the New Model craft unions of the mid-nineteenth century, the first really successful unions, were established after the failure of open unionism in the 1830's.

In Britain the first attempt at general unionism grew out of the cotton spinners' unionism of the 1820's, though, as Turner has demonstrated, this general unionism only masked the sectionalism of the spinners. The Manchester based spinners' union attempted to improve its bargaining power by setting up a national organisation, the 1829 Grand General Union of the Operative Spinners of Great Britain and Ireland. In 1830, Doherty, the founder of this union, set up the first real general union, the National Association for the Protection of Labour, based again in Lancashire but spreading to the Midlands and Yorkshire. According to Turner, the National Association collapsed in 1832, 'after the Lancashire Unions refused to support strikes in the Midlands'. The spinners saw general federations 'as a means to widen support for their own position' and lost interest in them when they were called upon to support other groups of workers. The spinners were to remain outside later efforts to establish general national unions.¹

The spinners' principal technique was controlling entry to their occupation and this led towards a variant of craft unionism, the 'promotion union'. Technological change did not undermine the spinners' entry controls in the way it did those of the weavers,

1. Turner (1962), p. 85, p. 101.

and the spinners were therefore able to maintain this strategy. Thus although the spinners initiated a general unionism, their influence on the development of trade unionism was to reinforce sectionalism rather than class organisation.²

The second and more famous attempt at general unionism followed an employer attack on the Derby unions, the employers concerned using the 'Document' and refusing to employ union members. In response to this the 1834 Grand National Consolidated Trades Union was formed to provide financial support. Organisational and financial weakness characterised it from the start, however, and with membership fees largely unpaid it was unable to support members on strike and broke up within a year.³

Interpretations of the 'Grand National' have varied sharply. Writers like Postgate and Thompson have emphasised its class character, its radicalism, its conceptions of an alternative society.⁴ Pelling views it in more instrumental and economist terms as primarily a means for coordinating the union movement and providing mutual assistance in situations of conflict.⁵ Musson is generally sceptical, regarding its membership numbers as wildly exaggerated by radical writers and emphasising that the craft unions held aloof from this apparently 'class-wide' movement.⁶

There were interesting similarities between the 'Grand National' and the 1833 Operative Builders' Union, based on London, Manchester

2. Ibid., p. 95, p. 127.

3. Pelling (1963), p. 39ff.

4. Thompson (1968), p. 910f.
Postgate (1923), p. 104.

5. Pelling (1963), p. 39.

6. Musson (1972), ch. 4.

and Birmingham. Both were influenced by Robert Owen's ideas of constructing an alternative society. In building, the emergence of large contractors mediating between the customer and the crafts had resulted in a discontent which provided fertile ground for Owen's ideas of cooperative production for the customer, eliminating middlemen and providing an alternative to the capitalist order. The Builders' Union took on in part a guild character and the union became involved in financially ruinous attempts to construct a Guildhall in Birmingham. But like the Grand National it was not just an Owenite vehicle and it organised financial support for strikes and sought to reduce the hours of work, both these activities indicating attempts to improve the position of workers within the existing order of society. As in the Grand National, there were problems in combining craft with less skilled workers. The 'Exclusives', mainly carpenters in London and Leeds, tried to dissolve the Builders' Union after the Manchester meeting which set up the 'Builders' Parliament'. In 1834 the Exclusives took over the masons' section and opted out of the union. The Operative Builders' Union was better organised and better financed than the Grand National but otherwise it had similar weaknesses and at the end of 1834 the combination of a lockout and the use of the 'document' destroyed it.⁷

Open unionism was short-lived and the future lay with the closed craft unionism of the 'new model' amalgamated societies. The disinterest or indeed hostility of skilled workers contributed to the failure of open unionism but it seems unlikely that the open unions could anyway have survived. Their organisational deficiencies and their contradictory combination of economism and anticapitalism made

7. Postgate (1923), pp. 82-111 passim.

the open unions vulnerable to recession or employer counter-attack. The collapse of the open unions then reinforced the sectionalism of the skilled workers by demonstrating that only craft unionism was at this stage viable.

There was nothing in Sweden to compare with the open unionism of 1830's Britain. Swedish unionism was consolidated along occupational lines and then gradually became more open. The general unions that developed in 1890's Sweden were ^{more} akin to the contemporaneous 'new unions' in Britain than to the unions of the 1830's. There was also little utopianism in Sweden, though the Lassalleian notion of state supported producer cooperatives struck a chord with some craft workers. Coordination developed gradually in Sweden and there was no attempt to leap from an essentially local unionism to an all-embracing general unionism of the kind attempted in 1830's Britain.

2. National Coordination: TUC and GFTU

After the failure of the 1830's general unionism efforts were made to build union federations in 1845, 1854 and 1866. In 1845 the National Association of United Trades for the Protection of Labour was founded. In the wake of widespread strikes and lockouts, in Lancashire in particular, Ernest Jones tried to organise a national 'Mass Movement' and 'Labour Parliament', holding a conference in Manchester in March 1854, which proposed a national subscription by union members to provide financial assistance to those on strike or locked out. In 1866 the United Kingdom Alliance of Organised Trades was set up in Sheffield, and in 1867 it held conferences in Manchester and Preston.⁸

8. Musson (1974), p. 24, p. 33.

All these federations had a similar character. Their prime objective was to establish a framework of coordination to provide mutual support and financial assistance for trade unionists engaged in conflict with their employers. All were short-lived. The more established and larger unions stayed outside. There were internal conflicts and inadequate funds. These federations were clearly much less utopian than the general unionism of the 1830's but otherwise they suffered from similar organisational, financial and sectionalist problems.⁹

An alternative and more successful form of coordination developed around local union committees - the trade councils.

The London Trades Council (LTC) began to perform a role similar to that of the metropolitan union central committees in Scandinavia, acting as a means of national coordination. The LTC gained 'great influence over the conduct of disputes all over the country' by filtering requests to the London based amalgamated craft unions for financial aid.¹⁰ Another London body, the London Conference of Amalgamated Trades (LCAT), acted as the self-appointed mouth-piece of the movement during the deliberations of the Royal Commission on Trade Unions (1867-68).¹¹

Thus both the major forms of inter-union coordination found in Scandinavia, the metropolitan union committee and the national federation, were to be found in 1860's Britain. Neither could predominate. The provincial leadership rejected London conservatism and set up the 1866 United Kingdom Alliance. The London craft unions held

9. Idem.

10. Ibid., p. 26.

11. Potter and the London Working Men's Association made rival proposals but the LCAT's contacts and finances were superior and its influence was dominant. Ibid., pp. 35-37.

aloof from regionally based attempts at forming national bodies.¹²

Out of these rival attempts at national coordination came the Trades Union Congress (TUC). The 1868 and 1869 meetings were largely provincial affairs, held in Manchester and Birmingham. The 1871 London meeting established the TUC as a national organisation, the London leadership attending for the first time, though the London leadership was now declining in importance. The centre of gravity was shifting towards the provinces as other unions with headquarters outside London became prominent. By the time of the 1872 Nottingham meeting of the TUC it was clear that the TUC had become the national representative body of the unions.¹³

This unification of the British movement was the result not of the need for mutual financial assistance but the need to secure influence in political affairs. The political arena became crucial to the unions in the 1860's with the 1867 Hornby v. Close case removing legal protection from union funds, the prosecution of the London Tailors' Society for illegal picketing and the appointment of the Royal Commission in the wake of the Sheffield and Manchester 'outrages'. It was the judicial and political threat to the movement which brought the London craft leaders and the provincial movement together and forced them to reconcile their differences.¹⁴ The political orientation of the TUC was discernible at its first meeting but the 1871 congress, the first really national one, was exclusively concerned with legislative matters. The 1872 congress then set up the TUC's Parliamentary Committee, which was to act as

12. Ibid., p. 26.

13. Allen (1971), p. 132f.

14. Fraser (1974), p. 187.
Musson (1974), p. 49.

the TUC's executive body until the General Council was established in 1920. The TUC was not a means of industrial coordination but a means of political representation.¹⁵

This was not the end of attempts to build a federation. The TUC's 1874 congress discussed turning the TUC into a federation and the 1879 congress voted to do so, though the Parliamentary Committee chose to ignore this vote.¹⁶ With the intensified conflict of the 1890's there was renewed interest in the idea and a series of plans were drawn up by the TUC but foundered on the issue of finance. The 1895 plan omitted financial arrangements but was voted out by the card vote of the large unions.¹⁷

A short-lived federation was formed in 1898 but independently of TUC action. This was the National and International General Federation. Its leaders were hostile to the TUC, seeking to displace the Parliamentary Committee as the leadership of the movement. The federation was tinged with syndicalist radicalism, refusing support to partial strikes and combining conflict support with plans to take over the ownership of industry. Hostility to the TUC and radicalism alienated the unions and this federation rapidly faded away.¹⁸

It did nonetheless spur the TUC into action and in 1898 the General Federation of Trade Unions (GFTU) was established. This was the closest that the British union movement came to forming a federation comparable to the Swedish LO. The GFTU set up a strike fund based on membership contributions and put the distribution of

15. Allen (1971), p. 127, p. 132ff.

16. Ibid., p. 153.

17. Prochaska (1982), p. 6f.

18. Ibid., pp. 11-15.

financial support in the hands of a Management Committee elected by annual General Councils.¹⁹ The GFTU Management Committee saw itself as the 'central authority' of the movement and sought to mediate in disputes and amalgamate unions along industrial lines.²⁰

The GFTU failed, however, to become a genuinely national federation and only a fraction of the union membership affiliated. Prochaska puts its strength during its first decade at under a quarter that of the TUC and although its membership subsequently increased, it declined relative to the TUC.²¹ It did secure from the start the powerful support of the Engineers and other large industrial and general unions but major unions like the Miners and the Railway Servants stayed out, while the Boilermakers delayed their entry to 1906 and the Weavers till 1907.²² Then in 1913 there were nine secessions, mostly by major unions. In 1913 the Miners launched a campaign to 'squeeze the General Federation out of the national trade union movement'. In 1915 the Engineers voted to secede and the GFTU lost its most important member. Between 1910 and 1917 a total of 17 unions seceded. Finally, the major amalgamations of the AEU (1921), the TGWU (1922) and the NUGMW (1924) focussed union interest on amalgamation rather than national federation and took more unions out of the GFTU. The GFTU survived but was no longer representative of the movement.²³

Financial problems were the central but not the only reason for the decline of the GFTU. The industrial conflicts of 1910-12

19. Ibid., p. 16f.

20. Ibid., p. 38.

21. Ibid., p. 95, p. 253.

22. Ibid., p. 18.

23. Ibid., pp. 109-136 passim.

made heavy demands on the federation. Some unions like the Gasworkers felt that 'they did not get a reasonable financial return on their contributions' and this issue was prominent with the Engineers too. Other unions objected to paying the additional levies to which the GFTU had to resort. The doubling of contributions in 1912 triggered off the 1913 secessions. If unions were to obtain the support they wanted they had to provide greater contributions than they were prepared to do.²⁴

At the same time as this financial crisis there were conflicts over the centralisation of the federation and the extension of its powers and authority. Radicals wanted the GFTU to extend its benefits to workers affected by strikes they were not involved in, to establish a fund to finance appeals to the House of Lords, to finance organisation work. Given its financial crisis the Management Committee refused to do this. This refusal was another cause of secession.²⁵

There were also rivalries with the TUC. The GFTU was TUC sponsored and in theory performing another function but in practice the two organisations became rivals. Legal issues and increasing state intervention made it impossible to keep the functions distinct and also increased the importance of the TUC. The involvement of the GFTU in developing a national insurance scheme as a result of the 1911 legislation on this matter brought it into conflict with the TUC.²⁶ This conflict increased as the issues generated by the First World War caused further overlapping and rivalry. Also, radicals saw the GFTU as a more effective instrument of class war than the TUC and saw the GFTU's Management Committee as an alternative

24. Ibid., pp. 107-132 passim.

25. Ibid., pp. 104-106, p. 114.

26. Ibid., pp. 116-121.

national leadership to the Parliamentary Council. With its much smaller membership and the major secessions of these years the GFTU could not win a competition with the TUC.²⁷

There were deep obstacles to effective federation in Britain and the unions were only able to present a common front in political matters. They have only recognised a common interest when their legal status was threatened, whether in 1871 or 1972,²⁸ and the TUC rather than the GFTU was therefore the appropriate national organisation. Furthermore, once the TUC was established as the national organisation it pre-empted that position so far as the GFTU was concerned.

The establishment of the TUC sent the British movement off in a direction quite different from that taken by the Swedish LO. As an intermittently mobilised parliamentary pressure group²⁹ the TUC was slow to develop an effective central body and a central administration. The GFTU with its strike fund and Management Committee had far more potential as a central authority than the TUC but could not realise this in competition with a TUC generally accepted as the national body of the movement.

Thus the failure of the early attempts to form federations and the success of the TUC in the early 1870's reflected and reinforced fundamental differences in the two labour movements.

3. The New Unionism

With the 'new unionism' of the 1880's and 1890's a viable class-wide movement became possible for the first time. This was in part

27. Ibid., pp. 123-135.

28. The 1972 Industrial Relations Act brought about a degree of unity and common action.

29. The TUC was almost wound up in 1875. Allen (1971), p. 141.

because the unskilled were able to establish permanent organisations. It was also because the division between skilled and unskilled work was undermined by technical change.

a) Craft Unions and General Unions

The closed craft unionism which had hitherto dominated all industries except weaving and mining³⁰ was undermined by technical and economic changes. Technological development resulted in the growth of new occupations threatening old ones and therefore the unions based on them. Thus in ship-building the boilermakers threatened the dominance of the shipwrights and in the iron and steel industry the steelworkers threatened the 'ironmen'.³¹ The techniques of occupational closure which had allowed the skilled workers to dominate the unskilled came under pressure from rationalising employers reacting to increasing international competition.³² In the engineering industry increasing international competition led employers to introduce labour-saving machines that could be operated with less skill by 'machinemen' rather than the traditional fitters and turners.³³ The subcontracting by which skilled workers in cotton, coal and iron had maintained a privileged position was appropriate to an earlier period of capitalism when the capitalist supplied little more than capital, plant and equipment, delegating managerial functions to the skilled worker. International competition meant rationalisation and therefore direct control of labour by management.

30. Though the miners' union had certain closed aspects, since it was dominated by face-workers and surface-workers were often excluded. Clegg et al. (1966), p. 87.

31. Ibid., p. 129, p. 205.

32. Burgess (1975), p. 57.

33. Jefferys (1945), p. 123.
Burgess (1975), p. 60.

There were also ideological and organisational pressures to open the unions to all workers. Socialists encouraged organisation along class rather than occupational lines. Union leaders had an interest in opening unions because a larger membership meant improved finances and greater bargaining power. Open unions were also under greater leadership control.³⁴

These pressures to open the closed unions were resisted by the skilled workers. In some industries, notably boot and shoe manufacturing, technical development so undermined the skilled workers that they could not maintain their closed organisation.³⁵ Elsewhere, change was sufficiently gradual to enable a prolonged rearguard action. Union rivalries often contributed to the resistance.

In the ASE there was a long conflict between the fitters and turners on the one hand and a socialist faction attempting to open membership of the union to all workers in the engineering industry. In 1892 membership was opened to electrical engineers, roll turners and machinists, while apprentices were allowed in as probationers. In 1901 a further attempt at opening the union resulted in the creation of a new class of members 'open to any operative who had been working not less than two years on one type of machine and received not less than 70 per cent of the standard wage rate for Turners'. Burgess notes, however, that the traditional elite of fitters and turners continued to control the union and disproportionately enjoy its benefits and privileges, for the 1901 change established only the minimum requirements for membership, allowing branches continued discretion to limit entry.³⁶

34. Hyman (1975), p. 48.
Hinton (1983), p. 49.

35. Hyman (1975), p. 48.

36. Burgess (1975), p. 51f, p. 55, p. 70.

In the iron and steel industry too a conflict developed between open and closed unionism. The British Steel Smelters' Union set itself up as a rival to the Ironworkers' Union, which still adhered to subcontracting. The Smelters' Union advocated industrial unionism - a useful weapon in the union's attempt not only to organise the steel workers but also to take over the Ironworkers' Union. The two unions eventually amalgamated in 1917, though a number of crafts remained separately organised and the new union's rejection of the membership claims of 'underhands' led to their recruitment into Tillet's dockers' union and thence to their membership in the Transport and General. Although the reorganisation of the steel unions resulted in the dominance of a relatively open vertical unionism, this was still far removed from the industrial unionism of other societies.³⁷

In cotton spinning (as opposed to weaving, where technical change had undermined a closed unionism of the skilled and created what Turner considers to be the first of the 'new unions') closed unionism persisted. The dominated trades tried to establish their own unions, the card-room preparatory workers succeeding but the socialist-led piecers failing because of the opposition of the spinners.³⁸

Closed unionism survived the changes of the 1880's and 1890's in important industries and in particular it persisted in the engineering industry. The new unionism took therefore a general rather than an industrial form.

General unions emerged in two different ways. In some cases

37. Banks (1970), p. 76ff, p. 85f.

38. Turner (1962), p. 138.
Clegg et al. (1966), p. 112.

they emerged because of the exclusion of the unskilled by existing unions. Thus the excluded workers in ship-building organised themselves in such general unions as the National Labour Federation and the Tyneside and National Labour Union.³⁹ The excluded workers in engineering formed the Workers' Union.⁴⁰ In other cases, unskilled workers in new or completely unorganised industries provided the nucleus of the general unions, the gasworkers and the dockers being famous examples. The substitutability of unskilled labour and the absence of entry qualifications meant that these unions then spread rapidly into other industries, recruiting members wherever they could.⁴¹

It has been argued by Clegg et al. that the significance of these new unions and their conflicts with the established ones have both been exaggerated. After the initial explosion of membership the combination of employer counter-attack and recession greatly reduced the size of the new unions so that the substantial organisation of the unskilled was delayed until the pre-war boom of 1910-1914. As far as inter-union conflict was concerned, they argue that the battle between the old and new unionism was mainly ideological and that inter-union conflict largely took place within the two groups of unions. Thus the craft unions competed with each other for control of jobs, as in shipbuilding, while the general unions competed for membership, as in the rivalry between the Tyneside and National Labour Union and the National Labour Federation, both based in the ship-building areas of the North-East. Old and new unions faced common problems in their daily activities, while the new unions were readily allowed into the TUC. Indeed there was increasing unity,

39. *Ibid.*, p. 65f, p. 71.

40. Hyman (1975), p. 6, p. 161.

41. Clegg et al. (1966), p. 92.

as 'the movement as a whole came to give a higher priority to political action'.⁴²

These qualifications would seem well-grounded but so far as the structure of the movement was concerned the conflict between the old and the new unions had important consequences. It crystallised the division between craft and general unionism. The general unions themselves then became an obstacle to industrial unionism. When new industries, and technical and occupational changes within old ones eventually pushed the closed unions into opening their membership and placing greater reliance on collective bargaining rather than unilateral regulation, they found their movement towards 'industrial' unionism blocked by the general unions. The main example of this is in the engineering industry, and car manufacturing in particular, but the same thing happened to a lesser extent in the steel industry. Furthermore, as Hyman has pointed out, small unions seeking amalgamation found themselves with a choice. The Operative Plasterers joined the Transport and General rather than the UCATT amalgamation of the building trades.⁴³

Although the new unions made unionism potentially class-wide by establishing permanent organisations catering for the unskilled, the character of the new unions perpetuated the division of the working class into the unions of skilled workers and the unions of labourers.

b) Socialism and Union Structure

Unlike in Sweden but as in Denmark and Norway, the British socialists had to make headway against a well-established liberal party. The early efforts by the unions to secure political representation were through the Lib-Lab alliance with the Liberal

42. Ibid., p. 96.

43. Hyman (1975), p. 55f.

party. The Liberal party showed great adaptability.

'Consciously and deliberately the New Liberals set out to produce a positive alternative to socialism, a strategy for the elimination of poverty acceptable to the growing numbers of working-class activists who could see no future in Gladstonian self-help.'⁴⁴

The Lib-Lab alliance was therefore a major obstacle to the development of the Labour Party. Then when the Labour Party did secure its own representation in parliament it was very much the junior and dependent partner in an alliance with the Liberals, forced to support Liberal reform programmes rather than develop its own.⁴⁵

Socialism and the new unions developed together. Faced with the Liberal attachments of the established unions, the socialists needed the new unions as an organisational base.⁴⁶ As for the new unions, they soon faced the combined onslaught of employers and recession and turned to political action as a means of compensating for their industrial weakness.⁴⁷ This interdependence of socialism and new unionism was strengthened by their ideological compatibility. Both were opposed to the sectionalism of the craft unions and sought organisation based on class rather than occupation. One may note that the socialists performed an agitational role in building some of the new unions. This was important in the organisation of the dockers, the gasworkers and the unskilled workers of the North-East. Other new unions emerged with 'little or no help from the socialists'.⁴⁸

⁴⁴. Hinton (1983), p. 35.

⁴⁵. Ibid., p. 75.

⁴⁶. That is, those socialists who did not reject trade unionism as economist and conservative. The Social Democratic Federation took such a view and socialists who believed in trade unionism 'were forced to act independently of the main established party'. Ibid., p. 52.

⁴⁷. Ibid., p. 60.

⁴⁸. Clegg et al. (1966), p. 90ff.

Paradoxically, the attempts by socialists to organise workers along class lines had unintended consequences obstructing the growth of class-wide organisation. As argued above, the spread of general unionism reinforced the division between skilled and unskilled, thereby hindering the construction of an industrial unionism more consistent with class action. The attempts by socialists to both organise general unions and to open the ASE to unskilled workers were therefore ultimately contradictory, though entirely understandable in the circumstances. Indeed, there were further contradictions in the socialists' actions in the ASE, since their support of worker resistance to dilution and rationalisation associated them with membership resistance to leadership attempts to open the union.⁴⁹

The main point to be made, however, is that unlike the Swedish socialists, the British socialists were not in a position to exert a major influence on the shape of the trade unions. The mid-nineteenth century consolidation of craft unionism and the building of the TUC set the framework of British trade unionism long before the socialists came on the scene. The Lib-Lab alliance and the revitalising of the liberal party meant that the socialists then had to fight an uphill battle against liberal influence on the established trade union movement. The socialists could influence the new unions only and in encouraging general unionism they reinforced the internal stratification of the British union movement.

4. Trade Unionism in Britain and Sweden

There are clearly major differences in the way that trade unionism developed in Britain and Sweden. Three main differences have been identified here.

49. Ibid., p. 297.

They also supported skilled worker resistance to technical change in tailoring and in boot and shoe manufacturing. Hinton (1983), p. 70.

There is first the structuring of the British movement along horizontal lines. The open unionism of the 1830's rapidly collapsed and the movement's shape was largely determined by the closed unionism of the New Model amalgamated societies. These societies based their power on the unilateralist strategy of job control, which divided the unionism of the skilled from that of the unskilled. They built welfare funds rather than strike funds. They excluded the non-skilled from membership and sought to prevent or control the organisation of the unskilled.

Such tendencies could be discerned in the early Swedish unions too but they did not become established features of the Swedish movement. The contrast is seen most clearly in the unionism of woodwork and engineering. The strongest of the British craft unions were those of the engineers and carpenters, while in Sweden the unionism of these trades moved towards a work-material rather than a craft character and centred on strike funds rather than welfare funds. This work-material character eased the transition to industrial unionism, while in Britain the craft unionism of the engineers resisted change and delayed the opening of the union beyond the point at which a blocking general unionism had emerged.

There is secondly the failure of the British unions to develop a strong federation comparable to the LO and their unification in the politically oriented TUC. This did not have the same potential for centralisation as a federation with a central strike fund. Although a British federation did develop it was overshadowed by the TUC and unable to secure and hold sufficient membership to become an effective national body. The failure of the early attempts at federation had much to do with the dominance of craft unions, since the strategy of the craft unions at this time meant that they would gain little from federation and they held themselves aloof.

There is thirdly the development of the unionism of the unskilled along general lines, crystallising the horizontal structure of the British movement. While there was only a decade or so between the organisation of the skilled and unskilled in Sweden, there was a long gap in Britain, in part because of the closed unionism of the skilled but also because of the frequent shattering of unskilled organisations by the effects of economic depression. Although the socialists assisted the organisation of the unskilled in Britain they were unable to influence the overall shape of the movement because of its well-established structure. The unintended consequence of their encouragement of general unionism was the reinforcement rather than the transformation of the existing structure.

5. Industrialisation in Britain and Sweden

In seeking to explain these differences the first place to look is the differences in the pattern of industrialisation.

Ingham has done this and contrasted the complexity and diversity of British with the simplicity and specialisation of Swedish industry. Sweden's late industrialisation, small domestic market and dependence on exports resulted in a more specialised and more modern industrial structure. As the first industrial nation, Britain was the workshop of the world and exported a wide variety of goods, manufactured with diverse technologies. Britain's industrial diversity was 'associated with a vast range of occupational groups, skill levels, task specialisms and these result in a differentiated and fragmented trade union structure'.⁵⁰

This argument has a certain plausibility but can it account for the crucial differences in the engineering unionism of the two

50. Ingham (1974), p. 43.

countries? The specialisation of the early Swedish engineering industry can be easily exaggerated. While the Swedish industry did eventually become dominated by a small number of large, specialised export companies, these were not prominent before the latter half of the 1890's. Jörberg notes the persistence of 'a diversely occupied, non-specialising sector, frequently concentrated on the local or regional market and built up of small and medium-sized firms'.⁵¹ There was sufficient occupational diversity in Sweden to threaten the Metalworkers' Union with fragmentation and the 1895 reorganisation of the union's branches specified fourteen different groups of workers.⁵² The labour force was differentiated enough to provide the basis for multiple craft unions.

Strategy would seem more crucial than diversity. Job control was central to British craft unionism and it resulted both in demarcation disputes, as unions fought for jobs, and the exclusion of the unskilled - hence the fragmentation between skilled trades and the division into craft and general unions. In Sweden, the unions shifted early from job control strategies to collective bargaining and this facilitated the growth of large units across occupational boundaries.

Thus it is not so much variations in the diversity of industry which are crucial but differences in the relationship between skilled and unskilled work at the time of union formation. During the period when trade unionism was becoming established in Britain there was a sharp distinction between skilled and unskilled work. This both encouraged the emergence of a closed craft unionism and made the

51. Jörberg (1961), p. 78f.

52. e.g. fitters; turners; smiths; sheet-metalworkers, ship-builders and boilermakers; coppersmiths; grinders and polishers. Lindgren (1938), p. 327f.

organisation of the unskilled difficult. By the time that technical change was undermining this distinction towards the end of the nineteenth century, British unionism had acquired its distinctive pattern. Whereas in Sweden, unions were only becoming established at this time and craft unionism did not crystallise. The crucial difference between British and Swedish industrialisation was its timing in relation to the development of technology rather than diversity and complexity.

The relationship between skilled and unskilled workers was not simply determined, however, by the degree of craft exclusiveness. The strength of organisation amongst the unskilled was also very important. As argued earlier, there was a relatively short lag in Sweden between skilled and unskilled unionism, in comparison with Britain. It was not that movements of the unskilled failed to emerge in Britain but rather that such movements were unable to establish themselves permanently until the 1890's.

Cyclical fluctuations were here important. In Britain the general unionism of the 1830's collapsed in part because of recession and the spread of unionism in the late 1860's and early 1870's fell back in the great depression of the 1870's.⁵³ Sweden's later industrialisation was characterised by a steadier economic expansion with less cyclical variation.⁵⁴ The variation that did occur certainly influenced union growth, as in the stagnation of the early 1890's, but it was not sufficient to give the organisation of the unskilled workers the wave-like character it had in Britain. The economic cycle reinforced the sectionalism of the skilled much more in Britain than in Sweden.

53. Pelling (1963), p. 42f, p. 83.

54. J  rberg (1961), p. 334.

The lateness of Swedish industrialisation meant both that there was less of a distinction between skilled and unskilled work at the time of union formation and also that organisation took place during a period of more sustained economic growth.

6. Politics and Trade Unionism in Britain and Sweden

The relationship between trade unions and labour party was also very different in the two countries. In Sweden socialists were active at the time of union formation, the Social Democrat party was founded well before the emergence of the LO and the party acted as a means of national coordination for the unions. In Britain the unionism of the skilled workers was established long before socialists arrived on the scene, the TUC was founded long before the labour party and the TUC acted as a means of political representation for the unions.

These differences are important in understanding the ways in which the union movements developed. The point has already been made that socialism developed too late in Britain to have any real impact on the shape of the unions, while in Sweden the socialists played an important role in tipping the balance between closed and open unionism. The late development of a labour party also meant that the British unions had to represent themselves politically when they faced political and legal attacks in the 1860's - hence the formation of the TUC. In Sweden too there were such attacks on the unions but in Sweden the Social Democrat party existed as a means of political representation for the unions. Thus in understanding the emergence of the TUC as the national body of the British unions, one must take into account not only the failure of earlier attempts to form a federation but the absence of a labour party to act as the political wing of the unions.

One must in this context consider the relationship between democratisation and the development of the labour party. Late democratisation in Sweden meant that the Swedish Social Democrat party was not confronted with a strongly established liberal party well anchored in the working class. Although the nineteenth century reforms in Britain did not bring about adult male suffrage, they did extend the electorate to include the majority of male industrial workers. The result was lib-labism and the building of strong connections between the liberal party and the working class. In spite of Britain's earlier and more extensive industrialisation a labour party was not formed until 1900, eleven years after the foundation of the Swedish Social Democrat party.

7. Conclusion

The comparison of Sweden and Britain has identified major and inter-related differences in the development of trade unionism in the two countries. In Britain closed unionism established itself but in Sweden it did not. In Britain the national representative body of the unions was a loosely integrated political pressure group rather than a federation on the lines of the LO. In Britain there was a long gap between the organisation of the skilled and the unskilled, and the unions of the latter took a general form which hardened the internal stratification of the British movement.

These differences are largely to be explained in terms of differences in the pattern of industrialisation. Emphasis was placed, however, not on the diversity of British industry and the specialisation of Swedish industry but on the relationship between skilled and unskilled work, and the timing of industrialisation in relation to technical development. There were also major differences

in the relationship between unions and labour party, the party developing contemporaneously with the unions in Sweden but in Britain developing well after the structure of the union movement had been established and after the unions had sought political representation first through the TUC and then through the Liberal party. Paradoxically, Britain's earlier democratisation was an obstacle to the development of an independent labour party.

Thus in understanding the differences between the labour movements of the two countries one must take into account differences in both the industrialisation and the democratisation processes. This brings home the importance not only of Sweden's late industrialisation in accounting for the development of the Swedish labour movement but also the importance of Sweden's political backwardness.

Chapter 9

SUMMARY OF PART ONE

In its first twenty years the Swedish union movement developed from local craft unionism to class-wide federation. This development was analysed in terms of the tension between occupation and class. Although the imperatives of class conflict can propel unions towards unified class organisation, occupational variations in market power, conditions of work and work situation place obstacles in the way of this process. The tension between class and occupation was indeed manifested in the coordination of unions along occupational lines, in the threat of occupational fragmentation and in the reluctance of certain unions to federate. And yet a class-wide federation with a central strike fund was the outcome.

The central problem of Part One has been to explain why class unity over-rode occupational diversity in Sweden. This problem was first approached through the analysis of union formation in Sweden and then through comparisons with other countries.

In analysing union formation the influence of the Social Democrat party was examined first. The party's ideological, agitational and organisational activities were directed towards class organisation and class conflict, counteracting liberal tendencies towards class cooperation and craft sectionalism. These activities also had divisive consequences by generating political conflicts in the union movement. But the absence of a strong liberal party anchored in the working class, the institutional differentiation of the industrial and political wings of labour, and the moderating influence of the liberals and the unions combined to contain such consequences. On balance, socialism exerted a unifying influence on the unions.

This influence would probably have counted for little if craft unionism had dominated the unions and divided them into the organisations of the skilled and those of the labourers. There were signs that the Swedish movement might develop along these lines but in the event the formation of work-material unions in woodwork and metalwork committed the major unions in these trades to a strategy of collective bargaining rather than control of entry and acted as a bridge between occupational and industrial unionism. At the time of Swedish industrialisation technical development, particularly in woodwork, was undermining the domination of the crafts. If this had not been the case, socialism of the Swedish variety could not have found a foothold. The crafts were still strong, however, and the work-material unions were balanced between closed and open unionism. Socialist influence was important in tipping the balance. Late industrialisation did not make closed unionism impossible but it did create the conditions in which socialism could influence the structure and shape of the union movement.

The political and industrial context of the early unions interacted to produce a class-wide federation.

The analysis had so far been concerned with the examination of the processes operating in Sweden. It was now necessary to compare Sweden with other countries to see whether the above propositions were consistent with experience elsewhere.

Comparison was first made with Denmark and Norway, which like Sweden established national union federations just before the turn of the century. The Danish case apparently contradicted the propositions developed around the relationship between union structure and federation in Sweden but although Denmark's craft unionism did not prevent national federation it did prevent the centralisation

of the federation and divided the Danish movement. The Norwegian federation was initially the most centralised of the three, largely because federation occurred before strong national unions had developed. Independent-minded national unions were a problem for the Swedish federation, which developed after strong national unions had been established, but they did not prevent centralisation. This was because of the unity of the Swedish movement, in part a consequence of its structure, in part a consequence of increasing class conflict.

The three Scandinavian societies varied greatly in their patterns of industrialisation and political development. Only Sweden experienced industrial transformation in the nineteenth century, Denmark developing much more gradually and Norway awaiting transformation in the twentieth. Sweden's industrial transformation both undermined the crafts and provided the basis for a more radical and independent socialism. As did Sweden's political backwardness. While this political backwardness demonstrably moderated Swedish socialism by forcing the Social Democrats to ally with the Liberals, it also meant that the battle for the political loyalty of the working class was quickly and easily won. On balance, political backwardness facilitated the growth of a more radical and independent labour party than was to be found in nineteenth century Denmark or Norway. Sweden's labour movement was produced by the industrial transformation of a backward agrarian society.

Comparison was then extended to include Britain.

The outstanding difference between the British and the Scandinavian movements lay in the character of the national representative body of the unions. Early attempts at federation failed and although a federation was eventually established, it was overshadowed by the TUC and was unrepresentative. The TUC was a parliamentary pressure

group, not a federation, and lacked the centralising potential of an organisation providing financial support to unions engaged in industrial conflict. The skill divisions of British unionism contributed to the failure of early attempts at federation and thus in part explain the establishment of the TUC. The British movement could only be united politically, though this is only a negative explanation of the TUC and a positive explanation must take account of the political and judicial threat to the British unions and the absence of a labour party to represent them.

In accounting for the differences between the British and Swedish movements differences in both industrialisation and political development must be taken into account. At the time when Britain was industrialising the distinction between skilled and unskilled work was still sharp. Also, economic fluctuations delayed the organisation of the unskilled and gave unionism an elite character. The pattern of unionism was established long before socialism came on the scene and when socialists did become active they confronted an established liberal party well anchored in the working class and with close links to the unions. Britain's earlier industrialisation had produced conservative unions and Britain's earlier democratisation was associated with working-class liberalism. The only avenue left to the British socialists was that provided by the 'new unionism' of the late 1880's and early 1890's but the promotion of the new, general unions only served to reinforce the stratified organisation of the British movement.

Comparison broadly supports the arguments developed through the analysis of the process of union formation in Sweden. The main problem thrown up by the comparisons is the inconsistency of the Danish movement, which was stratified like the British unions but federated like

the Swedish ones. This problem is partly resolved by taking account of the divided, uncentralised character of the Danish federation.

Comparison has also brought out the importance of timing, the timing of federation in relation to union growth, the timing of industrialisation relative to technical development, the timing of the diffusion of socialism in relation to industrialisation and democratisation. The influence of any of these factors on union formation depends not only on its character but on the timing of its impact relative to other factors. It was not either Sweden's industrial transformation or Sweden's political backwardness which provide the main explanation of Sweden's distinctiveness but rather the industrial transformation of a politically backward society.

PART TWO. THE EMPLOYER COUNTER-ATTACK

Chapter 10

INTRODUCTION TO PART TWO

Part Two is concerned with the employer counter-attack and the interaction between unions and employers' associations during the first decade of the twentieth century. Employers' associations were only starting to emerge at the end of the period examined in Part One and they did not play a significant part during the formative years of the LO. After the foundation of the LO and the political general strike of 1902 they grew rapidly and became a major influence on the development of industrial relations. During this decade they carried out a sustained counter-attack on the unions, culminating in the defeat of the general strike of 1909. This period was not only characterised by large-scale conflicts but also by the first major industrial and national collective agreements.

The process of institutionalisation now took on a different character. The formation of the labour movement during the 1880's and 1890's was purposive. Socialists and union leaders were building a movement and the goals of labour leaders had an important bearing on the outcome. With the growth of the employers' associations it was the employer counter-attack which shaped the further development of industrial relations. Furthermore, the outcome was the result of interaction between employers' associations and unions, and therefore had an unintended character.

The dynamics of escalation shaped the developments of this decade. Both sides of industry were organised. The conflict between them resulted in the extension and improvement of organisation

and in the widening of conflict measures. A move by one side called forth an attempt by the other side to match this move and go one better. The economic and political context of conflict affected the power of both sides and constrained their actions but the dynamics of escalation gave the development of industrial relations a logic and an impetus of its own.

This escalatory pattern first emerged within the engineering industry, which established a model for Swedish industry as a whole, and conflict in the engineering industry is the subject of the first chapter of this Part. The focus then moves to the national level and the relationship between the federations, the subject of the next chapter. The third chapter examines the conflicts within the labour movement and their relationship to the interaction between the federations. In the fourth chapter, the issue of the relationship between the industrial and political spheres is taken up. Finally, Swedish developments are set in comparative perspective.

Chapter 11

CONFLICT IN THE ENGINEERING INDUSTRY, 1902-1905

This chapter will focus on developments in the engineering industry. It was in this industry that the pattern of escalatory conflict between unions and employers' associations first emerged. The Metalworkers' Union was the strongest union of industrial workers. The most highly organised employers were those in the engineering industry. The strategy of widening disputes by declaring lockouts was developed by the Engineering Employers' Association (VF)¹ and resulted in the lockouts of 1903 and 1905. The 1905 collective agreement in the industry was the first major industry-wide collective agreement. It was in this industry that conflict was first institutionalised.

1. The Employers Organise

The threat posed by the national Foundryworkers' Union triggered off the formation of the VF in 1896. The VF was only regional in organisation to start with, though its founders agreed to work towards a national organisation. The Western Association, centred on Gothenburg, was the most active, negotiating regularly with various unions. The projected Southern Association did not come into existence until 1902, probably because the leading Malmö employer, Kockums, favoured organisation by area rather than industry.²

The development of the Metalworkers' Union exerted further pressure on the employers to coordinate their actions. The union's strategy was to bring its resources to bear on one employer at a time and to select large companies in order to demonstrate its power. In 1897 the union took on Kockums and the carefully directed strike

1. Verkstadsföreningen.

2. Styrman (1937), p. 69f, p. 75.

there lasted five months. The Gothenburg employers agreed not to employ any workers moving north in search of work. Subsequent wage demands in Gothenburg, in particular those at the factory of Keiller, the leading spirit in engineering employer organisation at this time, led to negotiations and a collective agreement in 1898. Elsewhere, it was the union's first attack on a large Eskilstuna employer, in 1898, which led to employer organisation there.³

It was not the actions of the Metalworkers' Union that precipitated the 1902 reorganisation of the employers' association, however, but the political general strike of this year. The Separator company in Stockholm dismissed all of its workers involved in the strike and the Social Democrat party responded with a blockade. Then, the ten largest Stockholm factories threatened to call a lockout and sent a letter to other companies outside the capital, asking if they would give support and getting a favourable response. The Gothenburg employers now stepped in to exploit the opportunity these events provided to activate the 1896 plans for a national organisation. A national meeting was called.⁴

At this meeting, in June 1902, the VF was reconstituted as a centralised, national organisation. The Southern Association was now formed and the 1896 regional structure was completed. The regions were subordinated to a national council in charge of financial matters. This council had the right to declare lockouts, though such decisions would be referred to a general meeting if they were not unanimous. The first chairman was Keiller but he was concerned only with setting up the organisation and was then succeeded by Bernström of Separator.⁵

3. Lindgren (1938), p. 280f, pp. 287-291, pp. 400-404.

4. Styrman (1937), pp. 77-81.

5. Ibid., pp. 82-84.

2. Confrontation: The Lockouts of 1903 and 1905

The 1902 strike and the reorganisation of the VF prepared the way for major industrial conflicts in the engineering industry. The engineering employers in a national employers' association organised to conduct lockouts⁶ faced Sweden's largest and strongest national union. Also, the general strike had stimulated both worker and employer militancy.

Lockouts were narrowly avoided in 1902. The Kockums workers pressed for wage increases but postponed their demands until 1903, when threatened with a lockout. The threatened Stockholm lockout was averted when the blockade of Separator was called off. Blomberg was concerned to avoid conflicts at a time when the economy was in recession and the Metalworkers' strike fund was exhausted.⁷

The first trial of strength came with the lockout of 1903. Conflict had resumed at Kockums, though the VF decided to make a dispute at Hvilan its casus belli.⁸ The lockout was industry-wide and it brought about the closure of 78 factories and workshops, in 35 different places. After three weeks, negotiations were started and settlements were then quickly worked out for both the Hvilan and Kockums disputes.⁹

6. The 'insurance' principle was also present since the VF board could provide financial assistance to employers in dispute but this was less important than in the early SAF, which because of its diverse membership could less easily use the lockout weapon. Ibid., p. 84, p. 87.

7. Ibid., p. 524ff, pp. 531-537.

8. The VF thought it had a better case at Hvilan, where 8 foundry-workers were on strike. The strike was long, and involved highly-paid workers, who were members of a weaker union. The VF miscalculated, since the fact that such a small strike was used as the pretext for declaring a large-scale lockout alienated public opinion. Furthermore, Blomberg considered that the minimum wage issue at Kockums would have unified the employers behind the VF. Ibid., pp. 550-557.

9. Idem.

Although the VF claimed a victory, in part because the Hvilan dispute was settled on the employers' terms and in part because they had demonstrated their collective strength,¹⁰ a more balanced judgement would be that they had miscalculated. The lockout was, in Blomberg's view, poorly planned and it was quickly terminated. The union's finances held up well, with contributions from Denmark and Norway, and worker solidarity was high, unorganised workers making common cause with the organised.¹¹

The outcome was not an agreement but a truce. A joint committee produced a proposal for an agreement but protracted negotiations ended in deadlock. The main substantive issue was the union's demand for minimum wages, the employers insisting that wages must relate to the competence of the individual worker. The VF sought to postpone a substantive settlement until after the signing of a procedural agreement to regulate industrial relations in the industry but the unions would not accept this shelving of the substantive issue.¹² The union history considers that the employers engaged in delaying tactics, in part to postpone wage increases as long as possible, in part because of their unwillingness to deal with the union on equal terms.¹³

What is clear, is that the 1903 lockout did not resolve the power issue in the industry. The union had not been defeated and was pressing its substantive demands. The VF had not brought its full weight to bear in 1903 and was not therefore prepared to make concessions to the union.

The second and major trial of strength came in 1905. The VF's

10. Styrman (1937), p. 101.

11. Lindgren (1938), pp. 553-557.

12. Styrman (1937), p. 105, p. 112f.

13. Lindgren (1938), pp. 559-64, p. 589, p. 603, p. 613.

delaying tactics provoked growing worker demands for action and local strikes. The VF responded with a lockout, larger and longer than that of 1903. This time 106 factories were involved. The employers expected to break the unions in six weeks, though Blomberg anticipated a conflict of three to four months. It did in fact last more than five months.¹⁴

The VF once again underestimated the unions. The funds of the Metalworkers' Union again lasted well and it received substantial financial assistance both from the LO, which it had now joined, and from abroad.¹⁵ So far as the employers were concerned, the prolonged conflict endangered their overseas markets and threatened bankruptcies. The employers were also pressed by the government to end the lockout, because of the 'union crisis' with Norway.¹⁶

Thus the first major confrontation between union and employer association in Sweden ended by demonstrating the strength of the union. As Lindgren has pointed out,¹⁷ the VF's success was in 1902 when it halted the Metalworkers' 'guerilla campaign' aimed at picking off the employers one at a time, rather than in 1903 and 1905. The threat of the lockout had been more effective than its implementation. It was the threat which caused the union to hold back worker demands. The actual lockouts showed that the union had the finances and solidarity to withstand employer attack, at least when the economic situation was favourable to the union.

14. Ibid., p. 606, pp. 615-621.

15. The union raised 650,000 crowns itself. It received 385,000 from the LO and 130,000 from Norway and Denmark. Ibid., p.621f.

16. Casparsson (1966), p. 84.

17. Lindgren (1938), p. 551.

3. The 1905 Agreement: Union Recognition and Anti-Unionism

The outcome of the 1905 lockout was the engineering industry agreement. This is generally regarded as a landmark in the development of collective bargaining, though the apparent acceptance of trade unionism by the employers masked a covert strategy of developing a non-union labour force.

The 1905 agreement embodied the proposals of the 1903 joint committee, which the VF now had to accept. The unions established the principle of minimum wages based on age and length of service, a principle which the employers had fought hard against. The unions also secured formal recognition by the VF, though this was qualified by the inclusion of a 'freedom to work' clause, stating that workers should be free to work in all circumstances, a loop-hole for strike-breakers and 'yellow' unions which threatened the basis of union power. The unions had done well on the substantive issues but on the issue of recognition the outcome was ambiguous.¹⁸

The agreement has been considered a landmark in the development of industrial relations. It was the first major industry-wide agreement. It brought to an end the first confrontation between an employers' association and the unions. It provided a model for other industries, notably for the iron and steel industry, where an industry-wide agreement was negotiated in 1908 without being preceded by industry-wide conflicts.¹⁹

This conventional interpretation of the 1905 agreement²⁰ has been challenged by Myrman, who argues that the VF's apparent

18. Ibid., pp. 625-638.

19. This occurred partly, however, because the LO and the SAF were by this time intervening much more actively and brought pressure to bear on both unions and employers' association to settle. See the next chapter.

20. e.g. by Lohse (1963), p. 50.

acceptance of unionism masked a covert strategy directed at undermining the unions. Myrman points out that the agreement was full of ambiguity and left both sides free to pursue their goal of 'regulating by their own means conditions on the labour market'. The VF's covert strategy was to support non-socialist unions, operate its own employment agency and build up a register of non-union workers - hence the clause in the agreement about 'freedom to work'.²¹

The extent of the covert strategy and the support for it should not, however, be exaggerated. The VF's membership was divided about the strategy and there were disagreements over how hard to push it. Some of the employers who tried to operate the anti-socialist alternative found it impossible to recruit sufficient 'non-union' workers to keep production going.²² The secrecy surrounding the various anti-socialist initiatives meant that those outside the inner circles of the VF often did not know what was going on.²³ Furthermore, the VF's expenditure on these initiatives was tiny, compared with that of one member company, Bernström's Separator.²⁴

The strategy had some successes but in the end it failed, demonstrating that the time for anti-unionism of this kind was past. The largest of the non-socialist unions, the Swedish Workers'

21. Myrman (1975), p. 71, p. 241f.

22. There are problems in labelling the strategy. The employers did not consider it anti-union, since it was directed only at 'socialist unions' and not at the Swedish Workers Association but to the LO this was not a 'real' union. Lohse (1963), p. 49f.

23. Myrman (1975), p. 187, p. 241.

24. Separator paid out between 70,000 and 90,000 crowns during 1905-07, while the VF as such only paid out around 10,000. The VF was short of funds, while Separator had been exceptionally profitable for a number of years. Ibid., p. 109f.

Association, grew to a maximum of ten thousand workers during 1906-1908 and declined after 1909. It was anyway far from being merely an instrument of the employers, for although it initially engaged in some strike-breaking, it later became less hostile to strikes and joined the general strike of 1909.²⁵ So far as strike-breaking in general was concerned, some strikes were broken through the use of strike-breakers but employers found that there were serious disadvantages in using strike-breakers, notably their poor quality work and their violent conflicts with other workers.²⁶ The employment agency's workers were poorly qualified and difficult to place, and the agency supplied fewer workers to the engineering industry in 1907 than in 1906. It was then supplanted by the labour exchanges set up by the government in 1906.²⁷ The working class had become too organised for an anti-union alternative to be viable.

One may conclude that the 1905 agreement was not at the time as decisive as it has appeared in retrospect to be. The VF had not wholly accepted trade unionism, as its support for the anti-socialist alternative showed. The agreement did, however, signify the power of the unions, which secured major substantive concessions and an at least outward recognition by the employers' association. The failure of the covert strategy of the VF and the non-viability of the anti-socialist alternative then confirmed the status of the unions.

25. It had in fact been founded in protest at the LO's 1898 compulsory affiliation clause, later removed. Flink (1978), pp. 33-37.

26. Ibid., p. 133f.

27. Myrman (1975), pp. 121-126.

4. The Involvement of the Federations

This first collision between unions and employers' associations had taken place at industry level but the LO and the SAF became involved in various ways.

The LO's involvement began with the 1903 lockout. Although the Metalworkers' Union, the principal union in the industry, was not yet a member of the LO, the LO helped to set up the negotiations which ended the lockout. Of the two union representatives on the joint committee of five appointed to draft an agreement, one was Blomberg, the other Lindqvist, leader of the Woodworkers' Union, a participant in the conflict, but also the general secretary of the LO. The LO provided important financial support during the 1905 lockout, its 1905 delegate conference having decided that a 'power-battle' was probably unavoidable in this industry and authorising the executive to raise a special levy. The 1905 committee which prepared the 1905 agreement again had Blomberg and Lindqvist as its union members.²⁸

The SAF became involved too. During the 1905 lockout, the question arose of possible sympathy action by the SAF or financial assistance. There were also negotiations about the VF joining the SAF. These initiatives came to nothing. The SAF membership rejected the idea of a sympathy lockout. It agreed on financial support and the sum of 572,000 crowns was raised but made available on condition that the chairman of the SAF would control its use. This condition was rejected by the VF and the money was then returned to the contributors. The friction resulting from this episode ended for the time being any possibility of the organisations merging.²⁹

At this time, class-wide organisation had developed further on

28. Casparsson (1966), p. 81.

29. Hallendorff (1920).

the union than the employer side. The problems of coordinating the various unions in the engineering industry and financing major conflicts made the Metalworkers' Union, in spite of its earlier reservations, dependent on the LO and brought the LO into the conflict. The VF did not face the same problems of coordination and was confident in its strength, while the SAF was not yet a federation but rather a rival employers' association.

Although the lockout of 1905 did not therefore turn into a general confrontation between the two sides, the potential for such an escalation was there. The 1905 lockout showed that the federal organisations could well be drawn into an industry-level conflict through either sympathy measures or the provision of financial support. The dynamics of escalation were at work.

5. Conclusion

The organisation of the two sides in the engineering industry and the interaction between them well exemplify the process of institutionalisation. National union organisation stimulated employer organisation, though at first this was regional rather than national in character. The main engineering union, the Metalworkers' Union, conducted a guerilla campaign aimed at hitting employers one at a time. The employers' association raised the stakes by declaring industry-wide lockouts. Neither side was able to dominate the industry and the outcome was a joint committee, a negotiated settlement and a collective agreement. The interactive situation meant that actions had unintended consequences, with the behaviour of both sides strengthening rather than weakening their opponents and thereby making eventual compromise unavoidable.

The 1905 compromise took the form of an industry-wide collective agreement but although this included a formal recognition of the unions,

the employers' association had not fully accepted unionism and continued to try to undermine it. It was therefore not only the 1905 agreement which was crucial but the failure of the subsequent attempts to develop a non-union labour force. The power of the unions was reflected in their defeat of the lockouts, their acceptance as bargaining partners and the failure of the anti-socialist alternative.

Conflict had not only escalated from plant to industry level. The signs of federal confrontation were there, with the LO's involvement in the negotiations and its provision of financial assistance, together with the SAF's discussion of a sympathy lockout and offer of assistance to the VF. The organisation of the employers had not yet arrived at the stage of class-wide coordination but class-wide conflict was becoming a distinct possibility.

Chapter 12

FEDERAL CONFRONTATION, 1906-1909

The federal confrontation presaged by the involvements of the LO and the SAF in the engineering industry battles developed rapidly after the 1905 Engineering Industry Agreement. This confrontation was characterised by the threat or actuality of 'general' conflicts, central negotiations between the LO and the SAF, and the first central agreement.

This chapter examines the dynamics of confrontation and its consequences for organisational development on both sides.

1. The Growth of the SAF

While the origins of the SAF dated back to 1898, it was the 1902 general strike which stimulated effective organisation, though it was not until 1906 that the SAF became a major force in industrial relations.¹

The growth pattern of the SAF was quite different from that of the LO. While the LO was constructed as a federation, the SAF was initially one among a number of employers' associations. It became the federal organisation because, unlike the VF, its membership cut across industrial boundaries and, unlike the 1902 founded Central Employers' Association, its membership consisted of large employers. After 1905 it became increasingly a federation, reorganising itself into industrial sub-divisions in 1905 and gradually absorbing the other employers' associations, though it was not until 1917 that the VF was assimilated.²

1. Schiller (1967), pp. 2-3.

2. Lohse (1963), p. 69.
Styrman (1937), p. 171.

The SAF was initially much more centralised than the LO. In the LO the centralising implications of financial support were latent but in the SAF they were quite explicit in the 1902 rules. Payments would be made from the strike insurance fund only under certain conditions. In the case of lockouts there must be approval of the action by the SAF executive. In the case of strikes, payments were conditional on the employer concerned implementing any measures to forestall or resolve strikes required by the executive. There were also rules prohibiting members from employing workers in conflict with other members and members were required to take part in any lockout declared by the SAF, though such a lockout required unanimity in the General Council.³

In 1905 a further centralisation took place as the SAF took account of the spread of collective agreements. All agreements had to include, unrestricted, the employer's rights to direct work and to hire and fire. Furthermore, all collective agreements were to be submitted to the executive for approval. These rules were to be enforced through the withdrawal of support from any employer who violated them, through fines and expulsions. Thus any employer who made concessions to buy peace would find that sanctions would be used against him.⁴

(2 continued)

The following figures from Schiller indicate the differences in size and character between the three main employers' associations at the beginning of 1909.

	No. of employers	Workers employed
Central Employers' Association	ca. 2,000	50,000
Swedish Employers' Association (SAF)	1,258	153,722
Engineering Employers' Association (VF)	162	25,488
Schiller (1967), p. 3.		

3. Lohse (1963), p. 62f.

4. Ibid., p. 67ff.

The SAF's greater centralisation than the LO requires explanation. The LO was a defensive federation created by unions concerned to retain their autonomy, while the SAF came into being as an employers' association and only later evolved a federal structure. The organisational histories of the two federations were therefore different, the LO being organised upwards by its constituent parts, the SAF downwards as it expanded and developed industrial subdivisions. The dynamics of conflict also impelled greater employer centralisation, for the employers' strategy was to widen conflicts to prevent individual employers being picked off by the unions and to exhaust union finances. Employers' associations had to be able both to prevent members giving way to local union actions and to organise large-scale lockouts.

2. The First Central Agreement

In 1906 the LO and the SAF first came into formal contact through the negotiations which resulted in the 'December Compromise', a central agreement in everything but name, and the settlement of a number of disputes. These negotiations had important consequences for the subsequent development of both organisations.

The negotiations were precipitated by eight disputes in 1906 which although small in size raised crucial power issues which brought the central organisations into the arena.⁵ Although by 1905 the SAF had come to accept the existence of unions and the principle of collective agreements,⁶ it also insisted on the employer's rights which denied the unions an effective influence at plant level and

5. These disputes were much smaller than the coal miners' strike going on at the same time in Skane, but the miners' strike did not raise the same issues of principle. Ibid., p. 70.

6. The SAF executive did not support the 1906 Mackmyra sulphate factory lockout because the employer refused to employ union members. Ibid., p. 55.

could be used to undermine union power, since the right to 'hire and fire' meant that an employer could sack union members and employ strike-breakers. These rights came under union attack, both through the attempts by unions to increase their influence at plant level and through their refusals to sign collective agreements which included the employer's rights. The eight disputes not only raised these issues but were consequently particularly intractable and long-lasting.

The SAF considered the defence of the employer's rights of the utmost importance and began to bring its weight to bear on the unions. The executive decided in September that a major conflict was probably unavoidable and called a meeting of the General Council for November. The General Council found the SAF's leadership weak and strengthened it by adding four new members, who were all representatives of large-scale industry. The 'strengthened executive' decided at its first meeting that there were to be no concessions on the employer's rights, that participation in a sympathy lockout was not to be regarded as breach of a collective agreement with a union, and that two new officials should be appointed to improve the administration.⁷ The SAF was preparing for war but it decided that it should negotiate before sending an ultimatum to the unions, if only to establish a reasonable pretext for a lockout.⁸

The LO response was favourable and negotiations were started under an independent chairman. There were two levels at which the negotiations went on. One was the settlement of the local disputes. The other was the general question of the employer's rights.

The outcome was the December Compromise, though, like the 1905 Engineering Industry Agreement, this did not resolve the issues but

7. Schiller (1967), pp. 39-41.

8. Lohse (1963), p. 87f.

rather produced an ambiguous compromise acceptable to the negotiators. The Compromise recognised both the workers' right to form unions and the employer's rights, while a cumbersome formula was produced to deal with the vexed question of the employer using these rights to attack the unions through dismissing union members. Neither side was happy with this agreement. Some unions were not prepared to accept the employer's rights. Some employers did not like the implied restriction of these rights by the formula on anti-union dismissals.⁹ Like the VF, the SAF had a covert strategy of undermining union power, though this was less developed in the SAF.¹⁰ Further statements followed indicating that there was still a wide gap between the two sides on the question of strike-breakers.¹¹

The negotiations and the Compromise did not settle the conflicts. The number of local disputes had now increased and only four were settled by the dead-line fixed by the negotiations. On January 15th 1907, the SAF decided to send an ultimatum to the LO, threatening a general lockout unless the unions in dispute accepted both the Compromise and the settlements negotiated centrally in December. Also, the LO was required to clarify its position on the strike-breaker issue.¹²

The LO leadership found itself in a dilemma. On the one hand, it had no formal powers to negotiate agreements with the SAF on behalf

9. Schiller (1967), p. 41.
Lohse (1963), p. 87f.

10. In the case of the SAF, this took the form mainly of anti-union propaganda, though the SAF like the VF tried to encourage non-socialist unions. The SAF did not develop a labour exchange or register and was more divided on the covert strategy than the VF. Myrman (1975), p. 193.

11. This was, according to Myrman, the 'real' issue, though the Compromise did not actually mention it. *Ibid.*, p. 92.

12. Lohse (1963), p. 75f.

of the unions or to intervene in the local conflicts to persuade the unions concerned to settle on the agreed lines. On the other hand, the unions were in no position to enter a large-scale conflict, in part because it was winter, in part because of insufficient funds. The LO General Council decided that there was no alternative but to accept the SAF's demands and order the unions to make appropriate settlements with the employers, including in their collective agreements the December Compromise. The SAF accepted this response and called off the lockout.¹³

The problem now turned out to be not the persuasion of the unions to accept the Compromise but the employers. The most recalcitrant employer was Kosta glassworks, where there was conflict over which workers should be re-employed when work was resumed. Both a joint attempt to settle the dispute by the chairmen of the LO and the SAF and an intervention by a state mediator failed and it was not until the middle of March, after an eight-month stoppage, that a settlement was reached. It was the most aggressive of the employers who were engaged in these local battles with the unions and they had been excluded from the central negotiations, thereby creating a problem of enforcement.¹⁴

This was not just a matter of bringing an awkward employer into line, for the problems in resolving the Kosta dispute brought into the open the divisions within the SAF. The Kosta refusal to accept the SAF chairman's resolution of the 'return to work' issue was supported by the executive board.¹⁵ The SAF chairman and his main

13. Casparsson (1966), p. 95.

14. Lohse (1963), p. 73.

15. The SAF chairman had drawn up with the LO chairman and the state mediator a list of the workers to be re-employed. The SAF executive as a whole considered this list an infringement of the employer's rights. Schiller (1967), p. 42.

supporter resigned and a new leadership and new executive were elected - the SAF's 'palace revolution'.¹⁶

Open conflict between the LO and the SAF was avoided, in part because of the LO's concessions, in part because of a conciliatory SAF leadership, but also because of political intervention. The chairman of the SAF, Ostberg, had played a leading role in the attempts to reach an accommodation with the LO and settle the disputes, and Ostberg and two others on the General Council were leading politicians. It has been suggested that the government influenced the policy of the SAF through these figures, the government being concerned to avoid any major conflicts at a time when it was engaged in pushing through an electoral reform. Documentary evidence of government pressure is not available but leading members of the SAF believed that such influence was exercised and Ostberg used political arguments against the hard-liners. His conciliatory position towards the unions is generally attributed to his political rather than industrial background. It is hard to escape the conclusion that a show-down during the winter of 1906-1907 was avoided in part because of a political brake on employer militancy.¹⁷

This first confrontation between the LO and the SAF had resulted in major new developments. The LO and the SAF had negotiated for the first time and arrived at a central, if ambiguous, settlement of important issues of principle. The LO and the SAF had both intervened in local disputes to bring particular employers or unions into line. Although the SAF had the formal power to negotiate and intervene in this way, the LO did not and the LO leadership took on new functions under the pressure of circumstances. This de facto centralisation of

16. Lohse (1963), p. 93.

17. Schiller (1967), pp. 43-46.

the LO occurred under the threat of a general lockout.

The institutionalisation process had entered a new phase in which the employer counter-attack was shaping institutional development.

3. Industrial Relations in the Iron Industry

Developments in this industry during 1907 and 1908 demonstrate the growing importance of federal intervention. The employers in this industry were noted for their paternalism, and unionism developed late but an industry-wide agreement was negotiated in 1908 without a large-scale conflict.

The iron industry was dispersed in isolated, single-plant communities or bruk, which were unfavourable to the growth of unions. In the 1890's a bridgehead was established, with the craft-based Foundryworkers' Union leading the way.¹⁸ The Metalworkers' Union followed but during the 1890's it concentrated its energies and resources on organising the engineering industry, while during 1902-1905 the conflicts in this industry kept the union's attention firmly focused on it.¹⁹

The iron industry branches did indeed resent the Metalworkers' preoccupation with the engineering industry and the result was the emergence of an opposition to the leadership and certain separatist tendencies, particularly at Sandviken.²⁰ The leadership out-maneuvred the separatists but one may suggest that but for the slow development of unions in this industry a separate union of ironworkers would probably have formed. The paternalism and isolation of the iron industry communities gave the Metalworkers' Union time to

18. Lindgren (1938), p. 263.

19. Lindgren (1948), p. 74.

20. Ibid., pp. 101-113.

establish itself in the engineering industry before turning to the bruk.

The bruk employers were in a strong position to keep the unions at bay. They had a monopoly of local employment opportunities and access to labour from the surrounding areas. They controlled housing, shops and meeting-places.²¹ The unions found that they had to employ a different strategy from that which had worked in the towns. Instead of open agitation, they used 'parent' unions, kept meetings small and avoided direct challenges to the employer.²²

There was, however, less resistance from the employers than was anticipated and the main explanation for this seems to be the lateness of worker organisation in this industry. By the time that unionism was spreading, employers had on the whole come to accept the existence of unions. The iron bruk employers were prominent in the emergence of the SAF and were the first to form an industrial association within it. By 1905 the SAF executive was opposed to open attacks on unions and it was only at around this time that unionism was spreading in the bruk. The 1905 engineering industry agreement with its recognition of unions no doubt also exerted some influence on a closely related industry.²³

There was also little resistance to collective agreements, for similar reasons, and in 1906 the first collective agreements were concluded in the iron bruk but the process of arriving at an industry-wide agreement was more complex and involved federal intervention. The workers at Horndal were dissatisfied with their local agreement

21. Lindstrøm (1979), p. 123.

22. Workers would join a branch outside their community and wait for a suitable opportunity before forming their own. By this means the unions could be extended gradually with a minimum of confrontation. Ibid., p. 124.

23. Lohse (1963), p. 45, p. 59.

and sought union permission to strike. The union gave conditional approval, the condition being that the LO executive give permission. The LO executive was concerned to avoid conflict because of the danger of a general lockout and refused permission, telling the union to negotiate. The union then opened negotiations with the industrial employers' association but these first negotiations eventually came to a dead-lock and at a meeting in January 1908 the employers decided to impose their terms and risk a conflict. At this point the SAF intervened and took the matter up with the LO. The SAF had misgivings about intervening in this way but apparently considered that the opportunity to influence the conditions of work in a central industry should not be missed. The outcome was a compromise on wages between the union and the employers' association and an industry-wide agreement in June 1908.²⁴

Thus in two years the industry had gone from the first collective agreements at plant level to an industry-wide agreement. That this happened without major conflicts depended largely on the actions of the LO and the SAF executives. Both the union and the industrial employers' association were prepared for conflict and were held back by the federations, though the union history suggests that the union's aggressiveness may have been for internal consumption, since it knew that the LO would refuse permission for a strike.²⁵

The contrast with the conflicts in the engineering industry is striking. The LO and the SAF had become far more interventionist and had now gone beyond their early role as providers of financial support. Any dispute could now escalate into a general lockout and the LO was concerned to avoid this by intervening where necessary.

24. Lindgren (1948), pp. 99-134.

25. Ibid., p. 135f.

The SAF intervened to protect the employers' rights by making sure that all collective agreements included them and to establish an orderly framework for industrial relations. It is clear that after the December Compromise the context of industrial relations had changed in decisive fashion.

4. Towards Open Confrontation

The SAF had used its authority to promote a peaceful settlement of the iron industry negotiations during the early part of 1908. Later in the year the SAF showed its other face and threatened once again to escalate conflicts in particular industries to the level of a general lockout.

Conflicts in sugar, building and transport precipitated the threatened use of the lockout weapon.

In the Skåne sugar industry a conflict over wages broke out at one sugar factory around the turn of the year but was widened by sympathy strikes at six others.²⁶

The conflict in the building industry was more complex, since it involved not only wage negotiations but an attempt by the employers' association, the Central Association, to negotiate an industry-wide agreement.²⁷ This policy was characteristic of the employers' strategy of halting the unions' 'picking-off' tactics by laying down industry-wide rules.²⁸ The unions rejected the employers' proposals. Strikes and lockouts followed, the Central Association threatening to declare a general lockout. Under LO pressure the unions became more conciliatory and a preliminary agreement was reached but the lockout

26. Schiller (1967), p. 71.

27. Karlbom (1941), p. 292.

28. Schiller (1967), p. 58.

threat remained on the table because the Central Association had undertaken to settle only with the approval of the SAF. The SAF was at this time moving towards the declaration of a general lockout, in part because of the conflict in the sugar industry but primarily because of the situation in the docks.²⁹

The docks conflict was centred in Norrköping and the Norrland ports of the North but became much wider. The Norrköping dispute arose when the long-established docker co-operative was challenged in January 1907 by a rival company set up by local employers, who sought to break the co-operative's monopoly of dock work. By the end of 1907 the SAF and the Shipowners' Association had decided on a general attack on the union and the co-operative docker organisations. The 1908 conflict in the Norrland ports resulted from the employers' attempts to oust the worker organisations there and build rival companies. The employer-sponsored companies used strike-breakers, recruiting them largely from England, and other non-union labour, while the union answered by declaring a blockade against these companies and the Shipowners' Association. Then, the conflict spread as dockers in other ports blacked ships re-routed from Norrköping and Norrland, and by June 1908 virtually all the larger ports were at a standstill. In June other unions, including the Labourers' Union, decided to black all goods already blacked by the dockers, a move which threatened to close down the whole of industry.³⁰

The battle in the docks was clearly of major importance to the SAF. The strategic importance of the docks to an export oriented industry meant that the control of dock-work was crucial, while the conflict itself damaged trade and threatened to stop the whole of

29. *Ibid.*, p. 79ff.

30. *Ibid.*, pp. 73-81.

industry. Issues of principle were also important, and the employers argued that union actions infringed the employer's rights as accepted by the unions in the December Compromise, an argument accepted it seems by the LO leadership, which was not sympathetic towards the Transport Union's stand. The conflict went beyond this issue, since, as Schiller implies, the conflict between the docker cooperatives and the employers was a conflict between socialist and capitalist principles.³¹

When the SAF on July 9th declared a general lockout from July 20th it made the conflict in the docks the prime reason, though it also referred to the sugar industry and building industry conflicts, and laid down the general condition that all strikes, blockades and boycotts must cease by July 16th if the lockout were to be called off.³²

The LO was now faced by a formidable combination of employer organisations. The SAF had declared a general lockout. The Central Association was threatening a lockout. The VF, although not involved in a major dispute, faced the re-negotiation of the 1905 engineering industry agreement and was concerned to uphold a united employer front.³³

The response of the LO was to avoid confrontation. A special meeting of the LO General Council was called after the lockout declarations and it discussed whether the LO's answer should be a general strike. The main proponents of the general strike were representatives of the Transport and Labourers' Unions but the chairman of the LO and the General Council as a whole were opposed to such action. This was in part because the LO leadership considered that

31. Idem.

32. Ibid., p. 86f.

33. Idem.

the combination of recession and a shortage of funds made it unlikely that the unions could win. There was also, however, little support for the building workers and the dockers, since the building workers were relatively highly paid and the dockers were seeking to be both workers and employers, thereby challenging the employer's rights accepted by the LO in the December Compromise.³⁴

The LO leadership therefore exerted pressure on the unions engaged in the key conflicts. When the Central Association threatened large-scale lockouts the General Council ordered the union executives concerned to re-open negotiations and the result was a movement towards settlement. Similar pressure was exerted on the dockers.³⁵

While the LO response was the only means of avoiding the lockouts, it would probably have been insufficient on its own and Schiller argues that government intervention was crucial in holding the employers back. The government had appointed a mediation commission under the 1906 legislation.³⁶ Although the mediation commission's recommendations on the docks recognised the employer's rights and were favourable to the employers, they were only accepted reluctantly by them. The particular employers concerned would not take the responsibility for unleashing a general lockout and compromises were made at the eleventh hour. The SAF then had to accept the settlement because the employers immediately involved had done so. The subsequent reaction of many important employers, including the SAF leadership, was highly critical of the government intervention. It therefore seems likely that without this intervention the intractable conflict in the ports would

34. Idem.

35. Ibid., p. 76, p. 93.

36. The mediation law of 1906 established 7 district mediators. The law also allowed for the establishment of special mediation commissions. Johnston (1962), p. 139f.

have resulted in a combined general lockout by the employers' associations.³⁷ How is one to explain this government intervention? The government was 'a coalition of moderates and conservatives' not favourable to the unions but engaged in pushing through an electoral reform. As in the lesser crisis of 1907, the government wanted to prevent a major confrontation in industry, since this might interfere with its reform programme.³⁸

The 1908 crisis was similar in character and structure to that of 1906-1907, though it came closer to the brink of open conflict between the federations. The power issues raised by the December Compromise were once more central, with the dockers resisting the employers' drive to secure recognition of their rights. The SAF threatened the LO with a general lockout. The LO responded by pressing the unions to make concessions. Open conflict had been closer, in part because the SAF was more aggressive after the 'palace revolution', in part because the recession beginning in 1908 had made the employers more determined to resist wage demands and more prepared to halt production, in part because the LO had greater difficulty in controlling the unions, given the solidarity and relative isolation of the dockers. As in 1906-1907, political intervention was probably crucial in averting open conflict - perhaps more so.

5. Open Confrontation

During the Autumn of 1908 there was a replay of the events of the summer. Strikes resulted in the SAF threatening widening lock-outs according to a time-table. Bookbinders would be locked out on November 23rd, paper workers on November 26th and textiles workers

37. Schiller (1967), pp. 92-103.

38. Schiller (1975), p. 201, p. 206.

on November 30th. Further lockouts were planned for the sawmills on December 7th and the iron bruk on December 14th. The VF and the SAF Iron Industry division made arrangements for coordinated action. The unions were forced to back down in all the conflicts, though the LO leadership had considerable difficulty in persuading various groups of workers to toe the line. The LO chairman surprised the General Council by proposing a general strike, apparently a desperate measure to force the General Council to act more decisively in bringing pressure to bear on the striking bookbinders.³⁹

By 1909 the worsening economic recession had further diminished the economic power of labour and created a situation in which the employers had little to lose from a major conflict and much to gain. Not only did declining profits make employers more resistant to wage demands, they also diminished the costs to the employer of stoppages of production and indeed made such stoppages financially advantageous, given the existence of large stocks.⁴⁰

As in 1908, a number of conflicts, seven in all, were collected together by the SAF and an ultimatum presented to the LO. Unless these conflicts were settled, successive lockouts would be declared on the November 1908 model. The particular disputes in the paper and clothing industry which led the SAF to present its ultimatum were characterised by worker resistance to the employer strategy of negotiating industry-wide agreements. This was to block the unions' strategy of picking off particular employers and leveraging up wages. The employers were also seeking to reduce the wages of the higher paid, though Schiller considers the evidence insufficient to determine whether the employers' proposals embodied a net

39. Schiller (1967), p. 106, p. 111.

40. Ibid., p. 128, p. 134.

reduction in wages, since they also included some increases for the lower paid.⁴¹

This time the response of the LO was to declare a general strike. Why was the response of the LO in 1909 so different from its response in previous years? Both the leadership of the unions involved in the precipitating conflicts and the LO leadership continued initially the policy of holding back the local unions as much as possible. The further continuation of this policy threatened the unity and integrity of the movement, however, given membership frustration and the growth of radicalism at grass-roots level. Furthermore, while in the summer of 1908 major opposition to concessions came from only one union, the Transport Union, in 1909 this opposition came from the Transport Union, the Metalworkers, the Labourers, the Sawworkers and the Tailors. If concessions were not made, the financial prospects of standing up to the SAF lockouts were bleak. It was better therefore to up the stakes by declaring a general strike which would hit all employers, not just those in the SAF, and hope that the conflict would then be shorter and the government forced to intervene. The leadership of the LO now itself proposed a general strike.⁴²

Open conflict started with the widening SAF lockouts of July 26th and August 2nd, and the general strike followed on August 4th. The strike did not have the hoped for impact and became a long-drawn-out battle of attrition, not the kind of conflict intended by the LO leadership. It reached its maximum extent around August 10th, when 290,000 workers were on strike. After one month the LO executive indicated a willingness to accept mediation and retreated from a 'broad front' strategy, calling off the general strike on September

41. Ibid., p. 177, p. 184, p. 194, p. 204.

42. Ibid., pp. 229-235.

6th and limiting the strike to those working for SAF employers. The mediator's September 25th proposals for settling the primary conflicts did not meet with approval from either side.⁴³ During the Autumn a gradual drift back to work took place, the employers making the condition that their workers should leave the LO. In the iron bruk the unions continued to hold out and as the international recession began to lift the employers became desperate to resume production. Conflict intensified with the eviction of workers from company housing. On November 12th the SAF terminated the lockouts in the mines and the iron bruk, and on December 1st the remaining lockouts.⁴⁴

Why did the general strike fail? It would have been surprising if it had succeeded, given the recession. The confrontation was initiated by the employers, who were well aware of their powerful position, and the general strike was a desperate response. Whatever chances this response had were worsened by the failure to bring out strategic groups of workers and by the attitude of the government.

The railwaymen and printers were such strategic groups, considered by many to be crucial to the success of a general strike. The LO decided, however, that the general strike should be conducted according to the rules of the game and that workers prohibited from strike action by their collective agreements, such as the railwaymen and printers, should not be called out. One must also take account of the political context here, since legislation to make collective agreements enforceable was in the air and the LO did not want to precipitate this.⁴⁵ Bringing out the railway workers would be

43. Casparsson (1966), p. 128ff.

44. Schiller (1975), p. 214f.

45. The railway workers were a sensitive issue. The 1905 proposal for legislation against strikes had been particularly directed against them. Schiller (1967), p. 256.

particularly provocative, since they were state employees. The LO did not want the general strike to be seen as an attack on the state.⁴⁶

Other strategic groups were excluded because they were considered to perform essential functions, notably nurses, those concerned with animal care, electricity and gas supply workers, waterworkers and dustmen. The LO wanted to emphasise that its actions were directed against the employers not against the society. As in the case of the railway workers, there was an ulterior motive, since the LO wished to avoid losing middle-class support and alienating the Liberals.⁴⁷

The LO hoped for a political intervention to bring about a settlement and therefore pulled some of its punches. Ironically, the printers, whose agreements prohibited strike action and who were still outside the LO, joined in the strike against the LO's wishes and this particularly alienated the Liberals.⁴⁸ Thus, as Schiller neatly puts it:

'Exemptions from the general strike were thereby both too few and too many. Too few to prevent Liberal opinion completely merging with the Conservatives. Too many to permit the general strike to be effective.'⁴⁹

Government intervention of the kind that prevented a general confrontation in 1908 did not happen in 1909. There was an attempt to mediate but it had no government steam behind it.⁵⁰ The electoral

46. Schiller (1975), p. 212f.

47. Schiller (1967), p. 243, p. 254.

48. Palme (1964), p. 159.

49. Schiller (1967) English Summary, p. 286. This statement does, however, exaggerate liberal unity. The liberal leader, Staaff, decided that there was a greater political danger in alienating the right-wing than alienating the left, and took his stand against the strike. The liberal party was divided and Palme suggests that employer/conservative influence widened the gap between left and right. Palme (1964), p. 150, p. 278, p. 280.

50. Schiller (1967), p. 241f.

reform had been passed. Also, the government had shifted to the right and there were no moderates to counterbalance the intimate connections between the Conservative ministers and the leaders of the SAF. Furthermore, the government had been strongly criticised by the employers and the right-wing press for its intervention during the previous year. The employers wanted the government to keep out, and keep out it did. While the alienation from the union cause of the bulk of the Liberals reduced Liberal pressure on the government, it seems unlikely that such intervention would anyway have been forthcoming. Thus it would seem that the LO's hope in government intervention was misplaced and that the exemptions from the general strike were too few rather than too many.

The defeat of the general strike brought to an end the escalatory phase of institutionalisation. The LO lost half its membership and reverted to a less centralised structure in which the individual unions were once again the main locus of decision-making. The SAF tried to pressure the LO into a central procedural agreement for the regulation of conflict but the LO was not prepared to negotiate such an agreement from a position of weakness.⁵¹ The SAF's counterattack had in a sense been too successful and it was to be another twenty years before a central procedural agreement was made. One of the conditions of this agreement was the recovery of the unions from the defeat of 1909, though, as Part Three will demonstrate, the continuation of institutionalisation depended on quite different processes.

6. Federal Confrontation and Institutionalisation

The relationship between the LO and the SAF between 1906 and 1909 exemplifies the dual character of institutionalisation. The building

51. Hadenius (1976), p. 25.

of organisations for conflict resulted in both large-scale conflict and central regulation. Thus the SAF's preparations for a general lockout led to the December Compromise of 1906. In the Spring of 1908 the LO and the SAF used their authority to bring about a negotiated industry-wide agreement in the iron and steel industry. The central organisations intervened in local disputes and negotiated centrally their settlement. As conflicts became wider, so did agreements, though the magnitude of the union defeat in 1909 inhibited the conclusion of a Basic Agreement, which might otherwise have been the outcome of the 1909 trial of strength.

The dynamics of escalation underlay this process. The union strategy was to bring resources to bear on a particular employer, avoiding involvement in too many disputes at any one time. The counter-strategy of the employers was in part to stiffen employer resistance through tight organisation and financial assistance but above all to widen disputes through lockouts. This occurred first in the engineering industry lockouts of 1903 and 1905 but was then applied on a larger scale by the SAF. The general strike was a desperate attempt by the LO to escalate conflict still further and stop the whole of industry. By 1909 industrial conflict may be described, with pardonable exaggeration, as class-wide in scope.

While escalation was characterised by attempts to increase power by organisational means, the outcome of conflict depended on economic power, which varied with the trade cycle. Thus the lockout weapon, which overshadows the strike in these years, required a high degree of employer organisation and centralisation - the 1902 reorganisation of the VF and the 1905 reorganisation of the SAF were a condition of the effective use of the weapon. Correspondingly, the LO's general strike of 1909 was associated with far-reaching plans to centralise

the LO. Employer organisational dominance between 1906 and 1909 was, however, reinforced by the recession, which after 1907 shifted economic power into the hands of the employers. Indeed, in retrospect one could argue that the LO's concessions during the winter of 1906-1907 only postponed confrontation to a time when the employers would be economically as well as organisationally dominant.

The agreements that came out of this process must be assessed with care, since in retrospect they appear more decisive than they were at the time - a point already made in the earlier discussion of the 1905 engineering industry agreement. The December Compromise was ambiguous and inherently contradictory, since it recognised the existence of unions but at the same time accepted the rights of the employer and fudged the issue of the use of these rights to undermine the unions, leaving room for covert anti-union operations. This agreement nonetheless had an important normative significance, as shown by the LO's handling of the dockers' opposition to these rights in 1908. Furthermore, it is likely that this agreement did increase the acceptance of trade unionism, for the number of recognition disputes declined sharply after 1906.⁵² Thus in spite of the ambiguity and contradictoriness of the December Compromise, it did establish a degree of mutual recognition and the beginnings of a modus vivendi.

The language of compromise and agreement is misleading, however, if it is taken to imply equality or balance. The December Compromise was a compromise in the sense that it incorporated demands from both sides but by enshrining the employer's rights it may be regarded as a victory for the employers. The context of threatened lockout and

52. Lohse (1963), p. 56.

LO defensiveness indicates employer superiority at the time of negotiation.

Collective agreements in general were not just settlements of conflicts but means by which one side or the other strengthened its position. Initially the collective agreement was a means by which unions brought the collective power of workers to fruition and forced employers to recognise this power. They then became an employers' weapon. By inserting 'freedom to work', employer's rights or non-strike clauses, the employers sought to re-establish their authority. By concluding industry-wide agreements employers tried to fence off industries against leverage by local unions. By making central agreements with the LO the SAF sought to use the LO's authority as a means of controlling and regulating the unions.

The period 1906 to 1909 witnessed major institutional and organisational developments, which foreshadowed the modern system of joint central regulation of industrial relations by the LO and the SAF. These developments did not, however, result from a balance of power or stalemate between unions and employers' associations but from an employer counterattack, which during a period of employer economic and organisational dominance, forced the LO into a de facto centralisation and an acquiescence in the power of the employer.

Chapter 13

CENTRALISATION, INTERNAL CONFLICT AND DECENTRALISATION

The escalating conflict between unions and employers had forced a de facto centralisation on the LO. The LO's capacity to negotiate and settle issues with the SAF depended, however, on its securing the compliance of its constituent unions and the consent of union members. De facto centralisation also raised the issue of changes in the constitution of the LO to legitimate and formalise the actions of the leadership.

This chapter examines the centralisation of the LO from an internal perspective. What conflicts did it generate? Was there union resistance to it? Did internal considerations constrain the actions of the LO leadership?

1. The 1908 Docks Conflict

While there was some union dissension following the 1906 December Compromise, it was the SAF rather than the LO which faced problems of enforcement. Lohse has commented that although the SAF executive had greater formal powers, the LO executive had more real authority.¹

In 1908 the LO's authority was, however, seriously challenged by the dockers. The LO faced combined general lockouts by the SAF, the Central Association and the VF. The conflict in the docks was the central dispute and the LO had to secure a settlement of it, if it were to avoid a large-scale conflict which it did not believe it could win.

The LO leadership and the leaders of the main unions were unsympathetic to the dockers' case because it violated the December

1. Lohse (1963), p. 85.

Compromise. It is important to emphasise, however, that this was hardly the fault of the dockers, since their cooperatives were well established before the Compromise was negotiated.² It was a case of the employers seeking to impose capitalist relations of production not the union challenging the employer's rights.

The dockers resisted the pressure from the LO much more strongly than the other workers in dispute. The chairman of the Transport Union argued that the dockers constituted a special case, so far as the employer's rights were concerned.³ The chairman of the LO attacked the Transport chairman's conduct of negotiations and declared that though the LO executive could not force the union to settle, the LO General Council could and should order the union to re-open negotiations through the government mediator. A majority of the General Council shared his opinion.⁴

When the mediation commission set up to deal with the 1908 crisis made its recommendations, the unions involved in the sugar and building industry conflicts accepted them but the Transport Union did not. The Transport chairman declared that the recommendations for the docks meant a complete defeat for the workers.⁵

2. During 1905-1906 there were 23 cooperatives amongst the dockers, primarily but not exclusively in the Northern ports. Olsson (in Arkiv 7-8), p. 20.

3. The casual nature of dock-work made it easy for an employer to hire non-union labour and competition between workers was a particularly serious problem in this occupation; hence the emergence of cooperatives in some ports. Also the establishment of the rule that unionised workers had precedence when dockers were taken on, which limited the employer's rights as defined by the SAF. The dockers argued that the circumstances of their occupation made it a special case. Casparsson (1966), p. 102.

4. Schiller (1967), p. 76.

5. The commission's recommendations could hardly be interpreted otherwise. The employer's rights were to be recognised and a stable work-force was to be established through a negotiated agreement between the parties involved. In Norrköping the cooperative and the employers' organisation were to compete

Instructions from the LO General Council to settle might be accepted by the union but this would only store up trouble for the future. The Transport congress, currently assembled, had shown discontent with both the leadership of the union and the LO executive. When the recommendations were put to the congress, they were decisively rejected. The LO General Council then stepped up the pressure and the union congress finally agreed to leave the matter in the hands of the LO General Council, which, with only minutes to spare before the mediation commission's dead-line expired, accepted its proposals. The situation was so tight that the LO chairman had drafted two replies to the mediation commission, one accepting and one rejecting its proposals.⁶

The LO's problems with the dockers were significant for a number of reasons. They showed the LO acting as the instrument of the SAF in enforcing the December Compromise. They showed how empty the union recognition clause in the Compromise could be, when employers had the right to hire and fire. They also showed the difficulties faced by the LO leadership in representing the unions and negotiating with the SAF on their behalf without having decision-making authority. Lastly, they showed the problems of the LO leadership in securing the compliance of workers in solidaristic communities - a foretaste of what was to come later in the LO's history.

2. An Unofficial Strike in Malmö - 1908

The settlement of the three conflicts which had brought the

(5 continued)

freely, though the employers' company should not take on any new workers before January 1st 1909. The company concerned found this hard to swallow and its objections were the main stumbling-block at the final meeting of the commission. A minor concession enabled this obstacle to be overcome. Ibid., p. 93, p. 96f.

6. Ibid., p. 94f.

country to the edge of confrontation was followed by a protracted dispute in Malmö, where once again the authority of the union leadership was challenged.

This dispute grew out of the conflict in the docks. Crane drivers employed by the Malmö municipality refused to handle goods loaded by English strike-breakers.⁷ The crane drivers were then sacked, the municipality arguing that their actions were in breach of their collective agreement. The conflict spread when the local municipal employees branch of the Labourers' Union called a strike at all the municipality's work-places on August 7th.⁸

The union leadership found itself in a difficult situation. The strike was against the union's rules, since the approval of the leadership had not been sought and its instructions were ignored. It was also in breach of the collective agreement and the hard-won agreement was itself therefore in danger. Indeed, the Malmö authorities declared that they would only reinstate the sacked crane drivers on the basis of individual contracts. On the other hand, one of the oldest and strongest branches of the union was threatened. The union could not formally support the workers from the strike fund but it eventually gave a loan to the branch, claiming that this would help the leadership to influence the conflict.⁹

The strike was not simply a local matter nor just a problem for the particular union concerned, given the 1908 context. The LO executive sent a telegram on the eve of the municipal workers' strike to urge them to call it off. SAF members were affected by

7. Casparsson (1966), p. 105.

8. Karlhom (1941), pp. 398-404.

9. Idem.

the blockades connected with the strike and later in August the SAF put pressure on the LO to intervene, reminding it of the 'peace guarantees' in the July settlement. The LO executive immediately sent warnings to the strikers to avoid involving SAF members. The strikers took no notice. A meeting of the LO General Council was called for the middle of September and the leaders of the union branch concerned were summoned to attend. The General Council now reinforced the executive's decision and ordered the branch to leave the SAF members out of the dispute but had no greater success. The SAF issued a general lockout threat on September 29th. There would be a lockout if all actions against SAF members had not ceased by October 7th. By this time a drift back to work had defused the situation.¹⁰

This strike too showed the LO's problems in controlling the union rank-and-file at a time when local actions could unleash a general lockout. The LO intervened even though members of the SAF were not directly involved, the employer being the Malmö municipality. The LO's interventions were indeed not so much directed at settling the dispute as at keeping SAF members out of it. In the 1908 context any dispute could trigger off an escalating confrontation and the LO could not control the grass-roots of the movement.

3. Multi-Unionism in the Engineering Industry

In the engineering industry internal conflicts of a different kind caused problems for the LO. Inter-union conflicts emerged in the wake of the 1905 Engineering Industry Agreement, which left the

10. This September lockout threat was, it seems, delivered in the knowledge that the strike was breaking down and the threat would not have to be implemented. Internal criticism of the SAF's failure to carry out its earlier threats lay behind this gesture. Schiller (1969), p. 104ff.

minimum wages for certain skilled workers to be settled through local negotiations. After difficulties in arriving at local settlements, the Metalworkers' Union turned back to the employers' association, the VF, which insisted on common negotiations with the Foundryworkers' Union and the Woodworkers. These unions feared domination by the Metalworkers' and it was some time before they could be cajoled into common negotiations, the minimum wage issue not being settled until one and a half years after the main agreement.¹¹

The same problem re-emerged in a broader and more intractable way when the 1905 agreement came up for re-negotiation in 1908. The Labourers' Union, with its low-wage members, decided in January 1908 that the existing agreement should be terminated and a new one negotiated. This led to the LO calling a meeting of the four main unions involved. The meeting decided to refer the issue to the membership, with the result that the Woodworkers and the Labourers now voted for prolongation, the Metalworkers and the Foundryworkers for re-negotiation. Overall, there was a majority for prolongation but it was clearly difficult for the unions to arrive at a common position.¹²

The problem was exacerbated when in October the VF demanded that an agreement be signed by four other unions with members in the industry and that the LO be a party to the negotiations and itself sign the agreement. Of the four unions involved, three (the Painters, the Masons and the Sheet-Metalworkers) refused to have anything to do with the negotiations, the Transport workers alone agreeing. The Metalworkers threatened to leave the LO because of

11. Lindgren (1948), pp. 178-188, p. 210f.

12. Ibid., pp. 192-207.

the delays resulting from the uncooperativeness of these unions, that of the painters especially.¹³

The VF now adopted a tougher line, threatening a lockout from January 1st 1909 unless the existing agreement was prolonged for five years and unless all the unions involved, together with the LO, signed the agreement. Faced with the threat of a winter lockout and in the knowledge that the VF's cooperation arrangements with the Iron Industry Employers' Association would mean an extension of the lockout to the iron mines and the iron bruk, the unions once again consulted their members. This time the Metalworkers voted for prolongation and the unions, together with the LO, signed the agreement.¹⁴

This sequence of events showed that the LO faced serious problems of internal coordination. Union attitudes to negotiation varied and there were conflicts of interest and status between the unions. Furthermore, it was not just a question of coordinating the leaders of the unions, since the practice of referring decisions to the membership meant that there was never any certainty that the leaders' views would prevail. These negotiations were clearly a problem for the Metalworkers' Union and were a major factor in its shift to acceptance of 'industrial unionism' but they were also a problem for the LO, which found itself once again being pressed by the employers and faced by a large-scale lockout. This is not to suggest, however, that the LO was being forced to adopt policies against its will, for the LO executive approved the VF's drive for common negotiations and considered that the VF had shown moderation in its actions.¹⁵ The conflict was not between the VF and the LO but between the unions.

13. Idem.

14. Schiller (1967), p. 111f.

15. Lindgren (1948), p. 198f, p. 205, p. 217.

4. Membership Militancy and the 1909 General Strike

In the conflicts just examined the LO had difficulty in enforcing its agreements with the SAF and in dampening disputes which threatened to bring lockouts down on its head. In 1909 the gap between leadership and membership was still there but now the LO leadership came under pressure from the unions to take action against the SAF.

The conflicts just examined were not primarily concerned with wages but in 1909 wages were much more the issue and membership pressure built up for a wages offensive. At the June congress of the Labourers' Union the union leadership faced more discontent than it had ever before experienced, a discontent rooted in the failure to achieve wage increases during 1908.¹⁶ In the engineering industry the 1908 negotiations turned out badly for the workers with the prolongation of the existing agreement¹⁷ and in July 1909, when the Metalworkers' Union executive met, Blomberg stated that although he was opposed to a general strike, the membership had argued after every settlement that stronger measures would have produced better results and it was now time for this belief to be put to the test.¹⁸

The main primary conflicts which precipitated the 1909 lockout declarations resulted from local unions terminating existing agreements, demanding often sizable wage increases and going on strike. In some cases the union leadership supported local actions. More often it tried fruitlessly to hold the branches back.¹⁹ It made little difference

16. Karlbom (1941), pp. 496-9.

17. Lindgren (1948), p. 208.

18. Schiller (1967), p. 232.

19. In the case of the pulp workers at Skutskär the union approved the action of the branch. In the case of the clothing workers in Stockholm and Landskrona the union had persuaded the branches not to terminate their agreements in 1908 but found membership pressure too great in 1909 and had to accept termination and the conflicts that followed. Ibid., p. 178, p. 186, p. 227.

which attitude the leadership took since it was evident that the leaders could no longer hold the membership back or force those on strike to accept the employers' terms.

In the view of the LO leadership the movement faced disintegration if it tried to impose concessions.²⁰ Unlike in 1908, when dissenting unions or groups of workers could be isolated and handled in turn, the leaders of a number of major unions were by now opposed to further concessions.²¹

The leadership was well aware of the need to avoid confrontation with the employers at a time of recession but the rank and file were not. The pressure for wage increases showed this, as also did a report from an LO official to the executive after travelling through Southern and Middle Sweden. This official reported that after years of rising wages won through the strength of their organisations workers found it difficult to understand that 'bad times' had any influence on wages. They blamed the failure to win further increases on over-cautious leadership.²²

It was against this background of the struggles to control the movement in 1908 and the increasing grass-roots pressure for wage increases in 1909, that the LO was forced into the general strike.

5. The Constitution of the LO : Centralisation or Decentralisation

The increasing tensions within the LO led not only to the general strike but also to a flood of proposals to change the character and the

20. It was indeed stated in the LO executive's general strike proposal that pressure on the workers to accept the wage reductions demanded by the SAF would lead to serious internal conflicts. Ibid., p. 226f.

21. e.g. the Transportworkers, the Metalworkers, the Labourers, the Sawworkers, the Tailors. Ibid., pp. 231-233.

22. Ibid., p. 134.

organisation of the LO. The LO congress was scheduled for August and these proposals came in during the Spring in the form of motions to the congress. The general strike resulted, however, in the postponement of the congress to the Autumn and by that time the situation of the movement had changed drastically.²³

The main thrust of these proposals was that the LO should be given offensive as well as defensive powers, the unions should be re-organised into a smaller number of 'industrial' units and the LO should be given greater authority. In this way the LO would be able to match the employers' organisations, itself acquiring the powers and the structure which the SAF had used so successfully. The Labourers, the Metalworkers, the Woodworkers, the Sawworkers and the Foundryworkers were all broadly in favour of centralisation, the Miners and the Stonequarrymen in opposition. The Labourers and the Metalworkers were amongst those favouring organisation along industrial lines, the Foundryworkers and the Woodworkers opposing it.²⁴

The LO executive's response was to put forward proposals itself. According to these the LO would be given offensive powers. The authority of the executive would be increased and it would be given full control over all wage demands, from their formulation to their settlement. The individual unions would then lose both their influence over wage demands and their financial support functions, becoming little more than sections of the LO. To finance its increased financial responsibilities, the LO's strike fund would be increased from 150,000 to 5 million crowns. This organisational

23. Hadenius (1976), p. 23ff.

24. These statements are based on Persson's review of the debate on these issues in the union journals. They do not necessarily reflect the views of particular leaders, as in the case of the Woodworkers. Persson (1975), pp. 61-65.

transformation would have made the LO not so much a federation as one large union.²⁵

The general strike took place before the congress and the LO had to assume powers it did not formally possess in order to carry it out. The General Council declared the strike, though according to the LO constitution strike decisions could only be made by individual unions. The strike was directed by the LO executive through local strike committees. The general strike involved the LO bypassing the individual unions.²⁶

By the time that the congress had met opinions had changed and the pressure had gone out of the drive to centralise the LO. Nonetheless, the General Council was given the right to declare sympathy strikes (in consultation with the unions involved), when faced by a lockout, thereby acquiring retrospective authorisation for its actions during the Summer. The strike fund was increased, though to one million crowns not five.²⁷ It was notable that the Metalworkers' Union dissented from the decision to give the LO offensive powers. The Metalworkers wanted to keep control of their own conflicts and feared that such a decision might take things out of their hands.²⁸ So far as the wider powers proposed in the Spring were concerned, the LO executive no longer pursued them.²⁹

25. Hadenius (1976), p. 24.

26. Ibid., p. 25.

27. Ibid., p. 26f.

28. There were 116 signatures on 'reservations' dissenting from the decision. Of these 84 came from the Metalworkers. The next largest group was 10 from the Labourers. There were also 9 from the Woodworkers. Some 80% of metalworker representatives at the congress signed. Persson (1975), p. 83.

29. Hadenius (1976), p. 25.

The advocates of decentralisation were now more prominent, especially Björklund of the Woodworkers. His proposals amounted to the virtual abolition of the LO. Björklund argued that if each union stood on its own without LO financial support or influence over its actions, the LO would cease to be a target and the SAF would no longer use its most powerful weapon, the general lockout. Individual unions could seek international financial support. Against this proposal, it was argued that it would abandon weak unions to their fate; it presupposed international relationships which some unions did not have and which could not anyway be relied upon; there was no guarantee that it would stop the employers using the general lockout weapon.³⁰ There was not much support for Björklund's proposals. Only 16 out of the 160 contributions to the LO debate clearly supported his alternative.³¹ There were also proposals for an aggressive decentralisation along syndicalist lines, of which more in the next section.

The congress was clearly confused and indecisive, which is hardly surprising, coming as it did on the heels of a major defeat. Apart from ratifying the LO's actions during the Summer and enlarging the strike fund, it reached no major decisions and set up a committee to investigate the organisational issues and report back to the next congress.³²

In practice, leadership reverted to the individual unions. The LO's influence over union negotiations declined and in those that brought the 1909 conflict to a close the LO had less influence than it had had in recent years. When the LO tried to raise money through

30. Ibid., p. 26.

31. Persson (1975), p. 81.

32. Ibid., p. 82f.

levies it found it difficult to bring in the relatively small sums involved, though this was no doubt in part a consequence of loss of membership, the LO losing half its members in the wake of the general strike.³³

At the 1912 LO congress decentralisation was confirmed, though extreme decentralisation was rejected. The majority report of the organisation committee proposed that the LO should revert to being a defensive organisation and that individual unions should reduce their contributions to the LO and finance their own strikes to a greater extent. The LO should have the right to take part in union negotiations but no right to influence them. The minority proposals of Björklund advocated extreme decentralisation. The majority report was accepted, the main support for Björklund's proposals coming from his union, the Woodworkers, and the Metalworkers.³⁴

Thus the LO swung between centralisation and decentralisation. The shift from a defensive to an offensive posture in the Spring of 1909 was associated with centralisation. Escalation and centralisation went together. The defeat of the general strike resulted in the abandonment of the centralisation proposals and the reversion of the LO to its earlier defensive and decentralised structure.

6. The Radical Alternative - Syndicalism

The militancy which drove the LO to take the offensive in 1909 was associated with the emergence of a syndicalist alternative.

This alternative was promoted by the young socialist movement, which was fundamentally opposed to the policies, strategies and

33. Hadenius (1976), p. 27.

34. There were 111 votes for the majority proposal, 80 against. Ibid., p. 29. The Metalworkers' Union had changed its views since the general strike. Persson (1975), p. 63.

structure of the LO. The young socialists rejected the employer's rights and the LO's acceptance of them. They viewed collective agreements as a constraint on worker actions. They advocated the revolutionary general strike and recommended the use of sabotage. So far as organisation was concerned, they opposed centralisation and occupational unionism, though there was disagreement over whether the unions should be reorganised along industrial lines or into local organisations of all workers.³⁵

The young socialist movement emerged in the early 1900's and expanded steadily until 1908, when it spread rapidly. By 1908 there were 74 young socialist clubs. In that year 62 new clubs were founded and in 1909 67, though many were short-lived.³⁶

In assessing the significance of this young socialist movement, four questions have to be asked. Did it play a major part in generating the radicalism of 1909? Did it influence the LO's strategy in 1909? Did it become a viable alternative to the LO? Did it influence the subsequent development of the LO?

It seems unlikely that the young socialists did much to generate discontent. The spread of their movement in 1908 coincided with the growth of discontent rather than preceded it. The 1908 lockout threats, the halting of wage increases and the union defeats provide a sufficient explanation of growing militancy. The young socialists exploited the discontent produced by the industrial and economic situation.

The LO's switch to an offensive strategy in 1909 certainly resulted from fears that its authority would otherwise be undermined.

35. Ibid., pp. 326-329.
Schiller (1967), p. 141.

36. Ibid., p. 146f.

The LO leadership did not, however, see the danger in terms of a radical threat so much as in the refusal of the membership to accept wage restraint. So far as the declaration of a general strike was concerned, this notion was well-established in Social Democrat and union circles and owed little to the anyway very different conception of it among the young socialists, though the latter certainly responded to the call enthusiastically.³⁷ Furthermore, the LO was careful to keep the strike within 'the rules of the game'. The general strike of 1909 owed little to syndicalist agitation or ideas.³⁸

The young socialist movement did provide the nucleus for a rival syndicalist union organisation, the Swedish Central Labour Organisation (SAC), founded in 1910. In spite of its name the SAC was highly decentralised, its main unit being the local association of all workers irrespective of occupation, though there were also industry, district and national levels of coordination. 'Direct action' was advocated. Collective agreements of a binding character or with a specified length were to be avoided. The strike was the main weapon, though after 1916 there was greater emphasis on sabotage. The 'register' was developed in the building industry, at first as a means of preventing competition between workers but later as a means of regulating wages, with some success. Attempts were made

37. The general strike had been used in 1902, as a means of exerting pressure for electoral reform and had long been an accepted part of Social Democrat strategy. Its use had been discussed in 1905, as a means of opposing threatened government legislation to make strikes illegal. *Ibid.*, pp. 214-219.

38. There is an important terminological problem here. In Swedish a distinction has to be made between storstrejken (large strike) and generalstrejken. The latter had syndicalist and revolutionary overtones. The former was a large-scale strike within the law. The 1909 strike was a storstrejk. *Ibid.*, p. 140f.

to spread this tactic and use it as a means of increasing workers' control but it failed to take root outside building and construction.³⁹

It was hoped that the failure of the general strike and the indecisive LO congress would lead to a massive shift from the LO to the SAC but this switch did not materialise. The LO certainly lost large numbers of members but the SAC did not benefit correspondingly. By 1915 it had still not passed a total membership of 5,000. There was, however, a surge of recruitment in 1916, which continued and reached a peak of over 32,000 in 1920.⁴⁰ This suggests that radicalism was more a response to the wage restraint, food shortages and general economic crisis of the later years of the first world war and its aftermath than to young socialist propaganda or to the union disaster of 1909. It is perhaps surprising not that a syndicalist alternative emerged but that its appeal was initially so limited, given the disarray of the LO in 1909.

The syndicalist movement was directed at all workers and it was strongly opposed to occupational divisiveness but its membership was highly concentrated both occupationally and geographically. It recruited overwhelmingly from the ranks of unskilled workers, particularly those engaged in heavy and outdoor work, and work of a mobile kind. Its membership was mainly in the construction and building industries, stone quarries, the lumber industry, the mines and transport. In factory industries it was only successful among unskilled workers in the metal and paper industries. Initially, it was particularly strong in the stone industry to the North of Gothenburg, then spreading to construction workers, above all railway

39. Persson (1975), p. 239ff, p. 256f, p. 259f, p. 270f.

40. Ibid., p. 111f.

navvies, during the war and then to the lumber industry after the war.⁴¹

This pattern of membership shows that syndicalism did not appeal to Swedish workers in general but to those who were isolated, rootless and solidaristic.

The question arises of the impact of the growth of the SAC on the LO. It is unlikely, according to Persson, that the SAC had any serious impact on the LO's membership figures, which were much more affected by economic conditions and the general strike defeat.⁴² Particular unions, such as those of the Stonequarrymen, the Construction workers and the Sawworkers were, however, seriously threatened and the LO initiated propaganda campaigns against the syndicalists and membership drives in syndicalist areas.⁴³ Proposals of a syndicalist kind were put forward from within the LO and obtained some support but the only major consequence at national level was the establishment of rival local organisations by the LO at the 1912 congress.⁴⁴ All in all it seems that although the SAC had a major impact on particular unions, it had little influence on the membership, organisation or policies of the LO as a whole.

Thus not only did the radical alternative play hardly any part in generating the discontent of 1908 and 1909 and shaping the LO response, it also had relatively little success in exploiting the consequences of the 1909 defeat and little influence on the LO's subsequent development.

41. Ibid., p. 121f.

42. Ibid., p. 288f.

43. In these occupations the SAC had at times more members than the LO unions. Ibid., p. 123.

44. Ibid., p. 293f.

7. Conclusion

Previous chapters have focused on the interaction between unions and employers' associations, examining the dynamics of industrial conflict and its consequences for organisational and institutional development. This chapter has examined the developments of 1906-1909 from a different perspective, that of the internal tensions of the labour movement.

Although the general strike of 1909 is in part explicable in terms of the escalatory pattern of conflict between the LO and the SAF, it cannot be explained in these terms alone. The general strike was certainly an attempt to answer the employer threat of coordinated, widening general lockouts with an even bigger blow, which would halt the whole of Swedish industry. It brought to bear on the employers the weight of virtually the whole of the LO for the first time.

But the general strike would not have occurred without the pressure of grass-roots discontent on the LO leadership. The LO leaders had done everything in their power to avoid such a confrontation during the years 1906-1908. They were well aware of the unfavourable economic situation in 1909 and the dangers of a major conflict with the SAF. It was only the greater dangers posed by member discontent and internal dissension that pushed the LO over the brink.

The consequence of the general strike was not only to halt the centralisation but to reverse it, the LO going back to its decentralised and defensive pre-1906 state. Furthermore, the magnitude of the defeat precluded the negotiation of a 'basic' agreement between the LO and the SAF. Indeed, the loss of members was such that it was not until the 1920's that the LO again became a major force. A 'basic' agreement was delayed by some thirty years by the defeat of 1909.

Thus the centralising consequences of the escalatory conflict between the unions and the employers were undone by the internal tensions of the LO. These tensions had become a major constraint on organisational and institutional development.

These internal tensions were to some extent a characteristic of centralised organisation as such. The conflict between the LO leadership and the solidaristic dockers and the problems posed by the unofficial strike in Malmö were to be recurrent features of the LO. Conflicts emerging out of local circumstances and characterised by local solidarity were not in 1908, and have not since been, amenable to central control.

Although such conflicts presented the LO leadership with major problems, the 1909 crisis cannot be explained in these terms alone, for the gap between leadership and membership reflected differences in strategy and expectations. The LO leadership's strategy was defensive at a time when the membership was pressing for a wage offensive. The defensiveness of the leaders was conditioned by their awareness of the organisational strength of the employers and their superior bargaining position in a recession. The expectations of the membership were grounded in the successes of previous years, when the employers were less organised and the economic situation was more favourable to the exercise of union power. The employers were well aware of their bargaining strength at this time. Thus the LO's control problems were exacerbated by the disjuncture between economic realities and membership expectations. The internal tensions of the LO cannot be understood just in organisational terms and cannot therefore be seen as simply a consequence of centralisation itself.

The LO's internal tensions and the 1909 defeat provided an opportunity for the advocates of decentralisation to dismantle the

LO and for the advocates of syndicalism to build an alternative organisation. The LO was, however, strong enough to defeat the internal separatists and its external enemies were unable to make serious inroads. The critics were accommodated by a degree of decentralisation, which undid the de facto centralisation of 1906-1909 but did not undo the federation.

Chapter 14

POLITICS, THE STATE AND INDUSTRIAL RELATIONS

The three previous chapters have examined the centralisation of industrial relations in the context of industrial conflict. Occasional reference has been made to political events but there has been no systematic consideration of the relationship between the industrial and political spheres. That is the purpose of this chapter.

1. Socialism and Trade Unionism

The differentiation of industrial and political organisation had gone a long way by the turn of the century but was far from complete. Although the compulsory affiliation of LO unions to the Social Democrat party had been abolished in 1900, collective affiliation remained and the bulk of the party membership continued to be collectively affiliated union members.¹ Furthermore, the general strike was an accepted part of the Social Democrat campaign to reform the suffrage.

a) The 1902 General Strike

This weapon was brought into play in 1902. The strike was limited to three days and was something of a compromise between those leaders who only wanted demonstrations and those who advocated a more thorough-going general strike.² Although the disruptive effect of the strike was small, it demonstrated the new organisational strength of the Swedish working class and was a major stimulus to employer organisation.

It was this strike which made the VF an effective force in Swedish industry. The VF had existed in embryo since 1896 but was only regional in organisation until 1902. Significantly, the February

1. At the turn of the century 97 per cent of party members were affiliated through the unions. Hentilä (1979), p. 147.

2. Schiller (1967), p. 214.

1902 attempt by the active Western Region of the VF to realise the planned national organisation failed and it was only after the general strike that a centralised, national organisation came into existence.³ Blomberg, the Metalworkers' leader, considered the general strike an expensive mistake which brought an effective engineering employers' association into existence some three or four years earlier than would otherwise have been the case. The union had been concentrating on low-wage companies, a strategy which divided the employers, since the high-wage companies regarded the low-wage ones as unfair competitors. The general strike had the opposite effect and unified the employers.⁴

The general strike also stimulated the formation of the SAF and two other employers' associations, the Central and General Associations, which were later absorbed by the SAF. The origins of these associations can be traced back to the 1890's and the successes of the unions during the late 90's boom, as in the case of the VF, but it was the 1902 strike which precipitated effective organisation.⁵

The 1902 general strike probably only speeded up the formation of employers' associations, since the dynamics of industrial conflict were anyway pushing the employers in this direction, but this acceleration of employer organisation had important consequences. It meant that the employers were well-equipped for counter-attack during the recession of 1907-1909.

Political

b) Abandonment of the General Strike

The political general strike continued to be much discussed and indeed popular until 1907 but electoral reform and further tendencies

3. Styrman (1937), pp. 77-82.

4. Lindgren (1938), pp. 521-530.

5. Schiller (1967), p. 2f.

towards organisational differentiation made it an increasingly inappropriate and unnecessary weapon.

In the political sphere a movement towards electoral reform and Social Democrat cooperation with the liberals was associated with a rejection of the general strike, though there were hiccups along the way. The Social Democrat leader Branting declared in 1904 that the party had to choose between the electoral route and the strike route. If the party chose the strike route it could not expect success at the 1905 general election. There was still, however, much support for the general strike within the party leadership and the 1904 referendum of party members voted only narrowly (and ambiguously) against such a strike. The 1905 election resulted in a Liberal government, committed to bring in electoral reform and supported by the Social Democrats, and the general strike issue receded. The failure of the 1906 reform bill, the resignation of the government and its replacement by a Conservative ministry, brought the general strike back on to the agenda and the 1907 referendum of the party membership produced a majority in favour of strike action. The party leadership was by now almost entirely hostile to the idea and at the 1907 party congress the general strike was shelved. The 1907 reform bill resulted in the issue receding once more.⁶

In the industrial sphere, the opposition to political general strikes grew after 1902. By 1904 the union leadership had swung decisively against the political general strike. The LO did declare itself prepared to take general strike action in 1905 but this was a 'defensive' strike directed at proposed penal legislation on industrial conflict. This legislation was blocked in parliament

6. Ibid., p. 216.
Hentilä (1979), p. 159ff.

and the strike was called off. In 1906, as the political situation radicalised the party, the LO general council declared that the LO would not support a political strike.⁷

Both the party and, crucially, the union leadership had moved against the political general strike after 1902. The party leadership was seeking for electoral reform through a parliamentary alliance with the Liberals. The union leadership was increasingly economist and preoccupied with the requirements of industrial conflict. This in part reflected the unions' industrial successes during the long boom from the 1890's through to 1907 and in part the spread of collective agreements regulating industrial conflict. Union attitudes towards the general strike were a logical consequence of the hostility towards socialism and concern with the costs of political involvement already manifest in the debate over compulsory affiliation and its abolition in 1900.

c) Loosening Ties Between Union and Party

The abolition of compulsory affiliation did not in fact resolve the affiliation issue, for collective affiliation remained a bone of contention. Union attempts to further diminish the organisational ties between federation and party were made at the 1903, 1906 and 1909 LO congresses and the 1905 and 1908 party congresses. Collective affiliation was not abolished but the 1908 party congress introduced the right of an individual union member to disaffiliate and the 1909 LO congress abolished the LO's constitutional obligation to work for the collective affiliation of unions to the Social Democrat party. The Woodworkers' and Metalworkers' Unions, long-standing advocates of non-political unionism, lay behind these initiatives to further separate the LO and the party.⁸

7. Schiller (1967), p. 214ff.

8. Ibid., p. 143f.
Hentilä (1979), p. 260f.

d) Young Socialism and Repoliticisation

The Social Democrat party was also under attack from other quarters. While the more successful unions attacked collective affiliation for economist reasons, the breakaway young socialist movement rejected it for political reasons. This movement spread rapidly during 1908. At its 1908 congress it decided to work for the disaffiliation of local unions from the LO and, failing this, individual disaffiliation under the new rule permitting this.⁹

Eighty-six local unions left the party between July 1st 1908 and August 1st 1909. Of the 39 for which information is available, 32 (with a membership of some 4,700) left wholly or partly because of young socialism. It is estimated that some 2,600 had disaffiliated individually by the end of 1908, though it is not clear how important young socialism was in this. These political losses must, however, be put in perspective. The party lost over 20,000 members during 1908 and over 50,000 in 1909, because of the decline in union membership due to the 1908 unemployment and the defeat of the general strike in 1909.¹⁰

The young socialists not only attacked the party, they also attacked the LO and created the first organised union opposition, that of the syndicalist SAC, founded in 1909. A radicalism emerging in the political sphere exploited the growing discontent of the union rank-and-file to generate divisions in the industrial sphere as well.

The organisational bonds between the party and the LO had been loosened. This was not only because of organisational differentiation but also because of the emergence of a radical splinter group seeking to drive a wedge between the LO and the party.

9. Schiller (1967), p. 150.

10. Ibid., pp. 151-4, 169f.

e) Reformism and Young Socialism

A revolutionary strand had long existed within the Social Democrat party. Although the party sought parliamentary power it retained revolutionary goals and initially combined the use of parliamentary and non-parliamentary means, such as the political general strike. Revolutionaries could be accommodated and in the early 1900's the young socialists could act as a pressure group within the party.¹¹

By 1905 there was a growing conflict between the young socialists and the party leadership. The leadership had rejected the political general strike and cooperated with the 1905 Liberal government. This government had passed laws against anti-militarist propaganda in connection with the 1905 'union' crisis, laws which the young socialists saw as a betrayal of democracy. The party leadership also alienated the young socialists by suspending two anarchists in 1906 and expelling them in 1908, reacting against the use of violent methods in industrial disputes. By 1908 the young socialist movement was a separately organised party in opposition to the Social Democrats. According to a Social Democrat investigation there were in January 1908 400 young socialist clubs with over 20,000 members.¹²

Aside from the specific events that triggered this formation of an independent opposition to the leadership, it is clear that the reformist strategy of the Social Democrat party was ultimately incompatible with revolutionary activity. The secession of the young socialists was an inevitable consequence of the Social Democrats' parliamentary alliance with the Liberals.

11. Hentilä, p. 175.

12. Ibid., p. 177.
Schiller (1967), p. 157ff.

f) Reformism, Economism, Differentiation and Repoliticisation

So far this chapter has examined changes in the relationship between party and unions during the period 1902-1908 and their bearing on industrial and political conflict. Although organisational differentiation had gone a long way by 1900, the 1902 political general strike demonstrated how inter-related the two spheres still were. This political strike accelerated employer organisation and had major consequences in the industrial rather than the political sphere.¹³ After 1902, organisational differentiation continued with the abandonment of the political strike and the loosening of the organisational ties between party and unions. The successful economism of the unions and the commitment of the party leadership to parliamentary reform by parliamentary means concentrated their energies on their respective spheres.

This was not, however, the end of the story, for reformism alienated the revolutionaries in the Social Democrat party and resulted in a degree of repoliticisation. The young socialists not only set up their own political party, they also stimulated the emergence of a syndicalist rival to the IO. The impact of young socialism was in fact dwarfed by the consequences of the 1908 depression and the 1909 general strike, which were the major cause of membership losses by both party and unions. The young socialists nonetheless established a radical alternative, which was to remain in being and later exerted an important influence on the pattern of industrial conflict, as subsequent chapters will show.

Although the main consequence of organisational differentiation

13. Schiller considers it difficult to assess the impact of the strike on suffrage reform. *Ibid.*, p. 214. Such reform did not become a serious possibility until the 1905 election of a Liberal government.

was to depoliticise industrial conflict, it also had significant repoliticising consequences as well by generating a radical alternative.

2. State Intervention

It is now necessary to turn to the other major aspect of the relationship between the industrial and political spheres, state intervention in industrial relations.

The main legislation on industrial relations during the pre-1909 period consisted of the Åkarp law of 1899 and the mediation law of 1906. There were, however, many other attempts to legislate and the problem is more to explain the legislative failures and the relative absence of state intervention than the passing of these laws.

In examining legislation three different kinds of law have to be considered. There is first legislation against strikes, of which the Åkarp law is a prime example. This kind of legislation sought to weaken the strike weapon, prohibit certain strikes and facilitate employer use of strike-breakers. There is secondly legislation to make contracts or agreements legally binding, creating a labour court to enforce the law. The 1910-11 proposals had this character. There is thirdly mediation and arbitration legislation.

The examination of legislation and attempts to legislate is a complex task, since the attitudes of the interests and parties involved varied according to the type of legislation, changed over time and were frequently marked by internal disagreements and divisions.

a) The Employers and Legislation

During the 1890's the employers reacted to the growing power of the unions by seeking to use the state apparatus against them. The main instance of this was the Åkarp law of 1899. This law made it illegal to force workers to take part in strike action or prevent them from working. It therefore made strikes more difficult and the use

of strike-breakers easier. It was of a piece with employer attempts to insert 'freedom to work' clauses in collective agreements and with their support for 'non-socialist unions'.¹⁴

The 1899 law was followed by the 1905 legislative proposals called the 'second Åkarp law'. These proposed to make strikes threatening life or property, and in particular strikes in the public utilities, punishable by imprisonment. They were narrowly defeated in the second chamber and after the 1905 election the 'left' had a clear majority there, ruling out further attempts to pass such punitive laws.¹⁵

The 1899 Åkarp law had little significance for institutional and organisational developments during this period. It was invoked on many occasions by particular employers¹⁶ but the main thrust of the employers' anti-union strategy was to incorporate 'freedom to work' and employer's rights clauses in collective agreements and then exploit these clauses by means of their covert strategy. This did not mean, however, that the employers did not continue to press for further legislation in the Åkarp vein.

While the employers were clearly behind the Åkarp laws, they were divided over the 1906 mediation legislation. The 1906 mediation law was supported by the small employers organised in the Central Association but opposed by the large employers in the SAF and VF. The large employers considered that their now powerful organisations, the lockout weapon and the collective agreement made legislative regulation and state intervention in disputes unnecessary and potentially inhibiting.¹⁷

14. Hentilä (1979), p. 138.

15. Westerståhl (1945), pp. 283-90.

16. Casparsson (1966), pp. 154-6.

17. Westerståhl (1945), p. 295.

While the law could be used to strengthen the employer's power, it was a double-edged weapon that could inhibit the use of the lockout. An instance of this was the appointment of a mediation commission in 1908, which was instrumental in preventing the coordinated lockouts planned by the employers and which attracted a chorus of employer complaints.¹⁸ Although the employers continued to support legislative proposals in their interests, the success of their counter-attack during the years 1906-1909 made them less dependent on the state and primarily concerned to maintain their freedom of action.¹⁹

b) The Unions and Legislation

The unions were, as one might expect, extremely hostile to laws of the Åkarp type and the LO executive was fully prepared to use the general strike against the 1905 proposals, if enacted.²⁰

Union attitudes to mediation and to the 1910-11 proposals were in many respects the converse of employer attitudes. The strong unions, like the strong employers, opposed mediation because they could rely on their own strength, while the weaker unions, like the small employers, favoured it. Union policy also varied according to fluctuations in union power. Thus in the wake of the 1909 general strike union opinion was more favourable to state intervention, in particular to the idea of a labour court, though it was otherwise hostile to the 1910-11 proposals.²¹

Certain union leaders were more favourable to legislation than the movement as a whole. Lindqvist, the chairman of the LO, participated in the commission set up by the 1905 Liberal government to

18. See chapter 12, section 4.

19. Westerståhl (1945), p. 376.

20. Hentilä (1979), p. 225.

21. Ibid., p. 227.
Westerståhl (1945), p. 422.

prepare legislation. His attitudes towards legislation were marked by an acceptance of bourgeois ideology. Thus he differentiated between conflicts of 'interest' and conflicts of 'right', accepting compulsory mediation of the latter and thereby treating the law as neutral and above interest. He also distinguished between the interests of workers and those of society, arguing that the state was obliged to intervene in industrial disputes in the interests of society.²² Lindqvist and Persson, leader of the Masons' Union, then went further and participated in the commission²³ set up by the 1907 Conservative government to prepare legislation to make agreements binding in law. Their participation attracted criticism from both the LO executive committee and the party leadership. Lindqvist succeeded, however, in securing the support of a majority of the LO executive for the 1910 legislative proposals.²⁴

The unions were on the whole in opposition to state intervention, though the weaker unions supported mediation and the leadership showed symptoms of incorporation in the state apparatus and acceptance of bourgeois perspectives on state intervention.

c) The Political Parties and Legislation

While the policies of the political parties were related to the interests of the classes on which they were based, they cannot be reduced to these interests.

The 'Right' or Conservative party was closely allied to the employers, particularly in the matter of anti-strike legislation and the 'freedom to work' principle. On mediation, however, the

22. Ibid., p. 297.

23. As did the leader of the main non-socialist or 'yellow' union and a further person said to be an 'unorganised agricultural worker'. Hulten (1971), p. 103f.

24. Idem.

party diverged from large-scale industry and supported the 1906 proposals, which would not otherwise have been passed.²⁵

The Social Democrats were strongly opposed to the Åkarp Law and the attempt to extend it in 1905, but supported parts of the 1910 proposals.²⁶ Westerståhl states that neither before nor after were the Social Democrats so favourable to legislation. This can in part be explained by labour weakness after the 1909 general strike²⁷ but also by the political need to rebuild the alliance with the Liberal party, an alliance which had broken down during the general strike.²⁸ This alliance was of course at another level in the interests of labour, i.e. in the interest of its political advance.

The position of the Liberal party was crucial during this period. The Liberals were opposed to anti-union legislation at a time when the unreformed suffrage prevented a proper representation of the labour interest in parliament. They therefore opposed the 1905 proposals to extend the Åkarp law. But the Liberals also strongly advocated measures to regulate industrial disputes and promote industrial peace - hence their support for mediation. The 1909 general strike alienated the Liberals from labour and made them more favourable to state intervention. The Liberals were, however, concerned to maintain a power balance and therefore rejected the Conservative legislation of 1910, which did not prohibit sympathy measures and therefore allowed continued employer use of the largescale lockout.²⁹

25. The Conservative party apparently changed its attitude as a result of the major industrial conflicts in 1905 and evidence of successful mediation. Westerståhl (1945), p. 299.

26. They supported the proposals for compulsory mediation, for a labour court and for legally binding agreements. *Ibid.*, p. 333.

27. *Idem.*

28. Hulten (1971), p. 105.

29. Westerståhl (1945), p. 321f, p. 421f.

Liberal policies could be in part explained by the social base of the party. Thus Liberal concern for mediation and industrial peace is explicable in terms of the interests of small employers and of the petit-bourgeoisie in general. There was also a farmer interest in the party and farmer fears of the organisation of agricultural workers in part explain the Liberals' rejection of the 1910 proposals.³⁰ But the Liberal opposition to anti-union legislation of the Åkarp type, which was in the interests of small employers, petit-bourgeoisie and farmers, cannot be easily explained by the social base and indicates the importance of ideology, i.e. no legislation without representation. This in turn must be linked to the restricted franchise which excluded sections of the petit-bourgeoisie and lower middle class.³¹ Democratisation resulted eventually in the Liberal party becoming strong advocates of anti-union state intervention.³²

The broad policies of the parties are explicable in terms of class interest but party actions at important moments cannot be fully explained in this way - notably the Conservatives' support for mediation in 1906, Liberal opposition to the 1905 proposals, Social Democrat support for some of the 1910 proposals and the Liberal rejection of them. Ideology and political expediency were at these times important. Political expediency also, one may note, had an important bearing on government interventions in particular disputes, the 'union' crisis of 1905 and the attempts to pass electoral reforms

30. If there was a right to take sympathy measures during the course of an agreement, this would not only benefit the employers, who would still be able to use the sympathy lockout, it might also assist the organisation of agricultural workers by allowing the use of the sympathy strike. Thus the Liberal opposition to the exclusion of sympathy measures from those to be prohibited was a complex mixture of anti-employer and anti-union attitudes. *Ibid.*, p. 321f, p. 338.

31. Hentilä (1979), p. 284.

32. Westerståhl (1945), p. 422.

in 1907 and 1908 leading the Conservative governments at these times to mediate in order to settle or prevent major conflicts which might endanger their policy.³³

d) The Relative Absence of State Intervention

In spite of the almost continuous attempts to legislate during this period, industrial relations remained relatively unregulated by the state. The 1905, 1908, 1910 and 1911 proposals all fell by the way-side.³⁴ The 1910 proposals in particular were the most comprehensive attempt ever made to establish the state regulation of Swedish industrial relations.³⁵ It was not until 1928 that legislation was passed to make collective agreements binding and set up a labour court.

Why was it that a state apparatus controlled by the bourgeoisie was not used more extensively against labour? The main explanation lies in the restricted suffrage and the internal divisions of the bourgeoisie. The Liberal party was the main obstacle to legislation. Although the petit-bourgeoisie had an interest in the legislative regulation of industrial relations, it also sought the extension of the franchise and would not support anti-union legislation by an unreformed parliament. The industrial power of the employers was also important, however, for the employer reluctance to forfeit the sympathy lockout split the Conservatives and the Liberals in 1910, at a time when the Liberals were strongly in favour of legislative regulation.

33. See chapter 11, section 2 and chapter 12, sections 2 and 4.

34. The 1908 and 1911 proposals have not been discussed here. The 1908 ones were an attempt to increase protection of the 'freedom to work' and were an extension to the Åkarp law. Liberal opposition ensured their rejection by the second chamber. The 1911 proposals were a revision of the 1910 proposals and once again were rejected by the Liberals. Westerståhl (1945), p. 304ff, p. 326ff.

35. Ibid., p. 312.

3. Conclusion

During the first decade of the century industrial relations and organisational development were largely the consequence of developments in the industrial sphere. The main exception to this statement is the impact of the 1902 political general strike on employer organisation. There was also the young socialist stimulus to industrial militancy and to the emergence of a syndicalist alternative to the IO, though the tensions within the IO seem to have been a cause rather than a consequence of the limited young socialist success. State interventions in industrial relations were largely limited to mediation. The 1899 Åkarp law was used but did not have a significant bearing on institutional and organisational development.

After 1902 the organisational differentiation of the industrial and political wings of labour continued, with the abandonment of the political strike and a loosening of organisational ties. The reformism which played a part in furthering this differentiation did, however, provoke a young socialist secession, which led to a partial repoliticisation of the unions.

Attempts to legislate on industrial relations brought the unions and the Social Democrat party together in common opposition to the anti-union aspects of such legislation, though there was some divergence between the leadership and the membership of the movement as the former showed a readiness to assimilate the bourgeois ideology of the neutrality of the state.

But the major attempts to introduce further state regulation failed, largely because of Liberal opposition, though in part because of an employer refusal to countenance any restriction on the right to lockout. The Liberal opposition reflected the divided state of the bourgeoisie, due primarily to the restricted franchise.

The relative autonomy of the industrial sphere at this time was a consequence of the organisational differentiation of labour, the divisions in the bourgeoisie and Sweden's late democratisation.

Chapter 15

INSTITUTIONALISATION IN COMPARATIVE PERSPECTIVE

Swedish institutional and organisational development during the period 1902-1909 was shaped by the employer counter-attack and the union response. Out of this counter-attack came the first central agreement, the 1906 December Compromise, and the de facto centralisation of the union federation. The accommodation of the LO to the SAF was, however, undermined by the militancy of the union membership and the LO was forced into a general strike, the failure of which undid the centralisation. The dynamics of industrial conflict were the motor behind organisational and institutional development, employer attempts to use the state apparatus being largely blocked and the employers in their turn opposing bipartisan legislation.

How distinctive was this pattern of industrial conflict and how is its distinctiveness to be explained?

1. Danish Continuity

The Danish employers' counter-attack was similar to that in Sweden. As in Sweden, the engineering employers were at the forefront of employer organisation and used their organisation aggressively. In Denmark the first major employers' association was in the engineering industry, formed in 1885. It promptly carried out a five month lockout 'aimed at forestalling the organisation of workers' but, like its Swedish counterpart, found that it had to recognise the existence of the unions at the end of the dispute. This recognition was, as in Sweden, influential in securing general employer acceptance of the unions. National co-ordination of the Danish employers developed in the 1890's as the growing strength of the unions put pressure on the various employers' associations to overcome their differences and in 1896 the

Danish employers' association was founded by the Copenhagen building trades. This association was at first in conflict with the engineering employers but the 1897 industrial conflict resulted in their joining the national organisation. In 1899 the national association declared a general lockout, lasting over three months, described as a 'preventive war' intended to halt the union advance before the unions became too strong. The major issue with the employers was, as it was to be with the SAF, the defence of the employer's rights.¹

So far, the parallels are close. In both societies the engineering employers were the first to organise and a national organisation then followed. The industry-wide lockout was followed by the national lockout.

The structure of the Danish employers' federation was, however, markedly different from that of Sweden. The Danish federation had a persisting regional structure because of the division between high wage Copenhagen employers and low wage provincial ones. This matched a similar regional organisation of craft workers. The Danish federation was also more fragmented, with a large number of small member associations. Galenson's figures for 1945-1946 show that in Denmark there were 246 member associations employing in all 222,000 workers, while in Sweden 41 member associations covered 470,000 workers. The formation of the two federations followed a different path, the Danish one emerging out of the small employers in the building trades and the Swedish one from the larger industrial companies, the building employers not being absorbed until 1919.² These differences in history and structure reflected the differences in the structure of industry and the process of industrialisation, outlined in chapter 7.

1. Galenson (1952b), p. 70ff, p. 97f.

2. Ibid., pp. 72-77.

The relatively archaic structure of the Danish federation did not, unlike the structure of the Danish unions, inhibit centralisation. Galenson considers that the Danish employers' federation was the most centralised of the three Scandinavian associations. The union federation's centralisation was blocked by the conflict between the craft unions and the labourers' unions.³

While the escalatory pattern of conflict showed similarities with Sweden, the outcome of the Danish confrontation of 1899 was quite different from that of Sweden in 1909. The 1899 lockout took place during a boom rather than a recession and the unions were therefore in a stronger position. They obtained 'substantial' financial support from abroad and locked out workers could find temporary work elsewhere, particularly in neighbouring Sweden.⁴ Although the lockout has been described as a success for the employers, for it demonstrated the power of their organisation and the agreement coming out of it enshrined employer principles, union resistance was greater than expected and in the final settlement some concessions were made to the unions.⁵

In contrast with Sweden, a basic agreement came out of the Danish confrontation. This agreement, the 'September Agreement', established a framework for collective bargaining. There were rules to regulate conflict, notably the following requirements. There must be a 75 per cent majority in favour of strike or lockout before a union or employers' association took such action. Fourteen days' notice must be given of an intention to seek such a mandate and a further seven days before taking action. The central organisations assumed responsibility for enforcing agreements, though the limited powers of the union federation

3. See chapter 7, pp. 114-119.

4. Galenson (1952b), p. 98.

5. Schiller (1967), p. 14.

meant that the employers' hopes of securing a centrally regulated system were not in practice realised. A permanent board of arbitration was set up to handle disputes over the interpretation of the September Agreement. Mutual recognition, i.e. union acceptance of the employer's rights and employer recognition of the unions, was built into the Agreement.⁶

Why was such an agreement concluded in Denmark but not in Sweden? The timing of the employer counter-attack was crucial, for the Danish employers took on the unions during a boom, while the SAF took on the LO during a recession. The magnitude of the Swedish employers' victory then precluded such an agreement, for although the SAF wanted one, the LO would not negotiate from a position of weakness.

There were also important continuities in Denmark with 'pre-industrial' cooperation. As Galenson has put it:

'Early rapprochement between the two central labour market organisations, which must be attributed primarily to the strong collective traditions of the country, led to a highly centralized system of collective bargaining.'⁷

Although the scale of the 1899 lockout showed that punches were not being pulled, mutual recognition seems to have been established more quickly and more completely in Denmark than in Sweden. In Sweden, the December Compromise and the 1905 Engineering Industry Agreement marked a substantial degree of mutual recognition but guerilla warfare continued, as discussed in chapters 11 and 12.

Class conflict was less intense in Denmark and inter-union conflict was much more prominent than in Sweden, jurisdictional disputes becoming a growing problem in Denmark, while they were a marginal issue in

6. Idem.
Galenson (1952b), p. 99ff.

7. Galenson (1952a), p. 138.

Sweden.⁸ Class conflict and class unity went together.

There was also less class conflict over the use of the state apparatus in Denmark. Indeed, the Danish federations jointly brought the state into the settlement of disputes. The inadequacies of the arbitration board set up under the September Agreement led to a joint commission proposing a Labour Court to deal with all violations of collective agreements. Such a court was legislated in 1910. The federations, the arbitration board and the Labour Court then worked closely together, the federations determining which disputes went before the Court.⁹

Thus although an escalatory pattern of conflict developed in Denmark, it was less central to institutionalisation than it was in Sweden. Institutional continuities and an associated class cooperation were prominent in shaping Denmark's rapid evolution of a comprehensively regulated labour market. But although the pre-industrial inheritance led apparently towards a highly centralised system of industrial relations, it also generated through the persistence of craft organisation a high level of conflict between unions, and this inhibited the development of central bargaining. In the long term central bargaining was to develop much further in Sweden, with its more unified labour movement, as subsequent chapters will show.

2. Discontinuity in Norway

In Norway too a pattern of escalatory conflict can be discerned, the Norwegian employers, like their Danish and Swedish counterparts, outorganising the unions and using the sympathy lockout. Once again the engineering industry employers led the way. The union federation

8. Galenson (1952b), p. 64.

9. Ibid., p. 209ff.

had been highly centralised from the beginning but certain unions, notably those of the metalworkers and printers, had not joined the federation initially. In the face of the employer counter-attack these unions entered the federation.¹⁰

The relationship between unions and employers was, however, less balanced in Norway than it was in Denmark and Sweden. The employers' organisational dominance is striking. In 1902 the Norwegian Employers' Association's members employed 34,000 workers, while the union federation had a membership of only 7,500 - major unions having not yet joined. By 1913, the union federation had caught up considerably but was still numerically inferior, with 64,000 members as compared with the 74,000 workers employed by the members of the employers' federation. Industrial conflict was characterised by lockouts rather than strikes and when faced by strikes, the Norwegian employers used strike-breakers much more extensively than their Danish or Swedish counterparts.¹¹

The weakness of organised labour was associated with a greater involvement of the state in regulating industrial conflict. The Norwegian unions sought the protection of the state and favoured arbitration, at least while they were weak. As union strength grew, opinion shifted against legislation but in Lafferty's words, 'the degree of opposition was, at best, uneven'. The dominant Liberal party pursued a policy of compulsory arbitration after a major industrial conflict in 1907, and in 1915 and 1916 legislation was passed to set up a Labour Court and to establish compulsory mediation and compulsory arbitration if 'important public interests' were endangered.¹² State regulation was therefore much more developed

10. Galenson (1949), p. 15, p. 78f.

11. Lafferty (1971), p. 189.

12. Ibid., p. 190.
Galenson (1949), p. 97f.

than in Denmark and Sweden. Union weakness precluded a movement towards joint regulation of the kind found in the other two countries.

Joint central regulation could anyway not have developed at this stage because of the radicalisation of the labour movement as a syndicalist opposition emerged on a scale quite different from that found in Sweden.

Norwegian syndicalism grew up under the aegis of Martin Tranmael, who returned to Norway in 1905 after two years in America, where he was strongly influenced by the Industrial Workers of the World. His base was Trondheim, Norway's third largest city, where he became editor of a socialist newspaper and where by 1911 he and his followers had gained control of the local Social Democrat organisation. In 1910 a number of mass meetings were held at which a syndicalist alternative to the existing policy and structure of the Norwegian union movement was put forward. The syndicalists, as in Sweden, rejected binding collective agreements, encouraged 'direct action' and advocated a decentralised structure of local organisations embracing all workers. They were able to gain control of both the LO and the Social Democrat party, penetrating the unions first and then, through the linkage provided by collective affiliation, winning control of the party.¹³ The radicalism of this movement, its opposition to centralisation and its strength clearly ruled out any central accommodation with the national employers' association at this time.

How is the strength of Norwegian syndicalism to be explained? The main theory of Norwegian syndicalism, originated by Bull and disseminated by Galenson, emphasises the appeal of syndicalist ideology to rootless workers displaced from agricultural and fishing communities into isolated, large-scale, capitalist enterprises associated with the rapid

13. Lafferty (1971), p. 186.

development of hydro-electric power and related industries after the turn of the century. These 'anomic' workers are contrasted with the moderate, skilled workers of the cities, who initially dominated the Norwegian union federation and Social Democrat party.¹⁴ Lafferty's testing of propositions derived from the theory broadly supports it, though he adds a political factor, Norway's early democratisation, which left the Norwegian Social Democrat party vulnerable to a radical take-over.¹⁴

As Elvander suggests, account must be taken of the special character of the conflict between centre and periphery in Norway, which was far more pronounced than in the other Scandinavian societies. The syndicalist revolt was in part a reaction of the periphery against central domination and here the high level of centralisation in the Norwegian LO can be seen as a contributory factor which reflected and intensified a line of cleavage already marked in Norwegian society. Interestingly, Elvander also suggests that in the case of Sweden the halting of centralisation by the failure of the general strike diminished the appeal of syndicalism there.¹⁵

It is also necessary to take account of the weakness of the unions in Norway and the degree of employer domination. The moderately led unions were not conspicuously successful and this must have increased the appeal of the radical alternative.

In some ways Norway might have seemed the best candidate for joint central regulation, given the early centralisation of the union

14. Lafferty argues that the resistance to democratisation in Denmark and Sweden lessened labour radicalism by keeping their Social Democrat parties in a reformist alliance with 'liberal' and 'centre' parties and also by providing the moderate Social Democrats with reinforcing political successes when democratising reforms were passed. *Ibid.*, p. 33ff, p. 324f.

15. Elvander (1980), p. 48.

federation, but a movement in this direction was precluded by union weakness and the growth of syndicalism. Indeed early centralisation reflected union weakness and union strength was a necessary condition for central regulation. Union weakness was associated with early tendencies towards government intervention. Furthermore, centralisation and union weakness facilitated the syndicalist reaction which swept over the movement after 1910, though as part of a complex of radicalising factors, the most important of which were the timing and character of Norwegian industrialisation.

3. Inter-Scandinavian Comparisons

The growth of trade unionism stimulated employer organisation, provoked an employer counter-attack and generated escalating industrial conflict as the employers used the sympathy lockout, in all three societies. The institutional and organisational consequences of these processes varied greatly, however. There was only a movement towards joint central regulation where there was an industrial power balance between unions and employers. Denmark provides the main instance of this. In Sweden, there were certainly strong tendencies towards joint central regulation, as in the 1906 December Compromise and the growing control exercised by the LO over its constituent unions, but the 1909 general strike brought the balance to an end and resulted in decentralisation. In Norway, union weakness was associated with state regulation.

The timing of the employer counter-attack was crucial in determining the outcome. The employer counter-attack developed earlier in Denmark and coincided with a boom which provided economic circumstances favourable to union resistance. This was not the case in Sweden, where the counter-attack gathered pace as the economy moved into recession in 1907. It was not only that this timing diminished the power of the

Swedish unions but also that it generated tensions within the movement, for the LO leadership could not control a rank-and-file with expectations built on the successes of the previous decade.

A movement towards joint central regulation also depended on labour acceptance of the capitalist relations of production. This was not in doubt in Denmark, where small-scale industry, greater continuity and a slower rate of change were conducive to class cooperation. A radical challenge did develop in Sweden, where there was more large-scale industry and where industrialisation was faster and more transformative, but the successes of the unions had sufficiently attached labour to the existing social order to confine radicalism to isolated pockets. It was in Norway that radicalism struck fertile soil as Norway's late and traumatic industrialisation combined with union weakness, centre-periphery conflict and Social Democrat isolation to provide the conditions in which radicals could take over the labour movement.

4. Employer Counter-attack and State Intervention in Britain

As outlined earlier,¹⁶ the British trade union movement took a different path when, after the failure of early attempts at federation, the TUC was formed as a political pressure group. In reply the first nation-wide employers' organisation, the National Federation of Associated Employers of Labour, was founded in 1873. Its specific aim was to counteract the TUC's drive to obtain the repeal of the 1871 anti-picketing legislation.¹⁷ The National Federation faded away when the TUC obtained legislation in 1875.¹⁸ Thus early national organisation

16. In chapter 8.

17. The Criminal Law Amendment Act of 1871 imposed 'harsh penalties for picketing and other forms of strike activity', though this was in part a formalising of developments in the common law. Milne-Bailey (1934), p. 27. Kahn-Freund (1967), p. 103.

18. Fraser (1974), p. 117ff.

on both sides was concerned not with bargaining but with pressure-group actions.

In the 1890's major organisations of employers emerged for the first time, notably the Shipping Federation and the Employers' Federation of Engineering Associations.

In response to the 'new unionism' of the dockers, the seamen and other groups of unskilled workers, the shipowners organised themselves into the Shipping Federation in 1890. In alliance with the port employers they pursued a strategy of using 'free labour' under police protection, building up international links which led to the export of strike-breakers to Sweden. The employers of the gasworkers pursued a similar strategy with less success. Clegg, Fox and Thompson suggest, with particular reference to the strike of the Leeds gasworkers, that a 'public authority cannot fight a really determined strike as effectively as a determined private employer' because of the political pressures the strikers can bring to bear.¹⁹

The situation in engineering and shipbuilding was different, for here the unions of the skilled workers were accepted by the employers and the bone of contention was union resistance to employer attempts to rationalise and modernise their industries in the face of growing international competition.²⁰ After various preliminary associations had been formed, the Employers' Federation of Engineering Associations was established in 1896, at first in the shipbuilding areas but soon spreading to London. As in the Scandinavian countries, engineering employer organisation led to a major conflict, the lockout of 1897. In the course of the dispute the membership of the Employers' Federation grew from 180 to 702, in part as a result of the larger firms bringing

19. Clegg, Fox and Thompson (1966), p. 73, p. 87, p. 108.

20. Brown (1983), p. 108.

economic pressure to bear on the smaller ones. Union hopes that the initially limited extent of the employers' organisation and of the dispute would result in a worker victory were dashed. The employers had out-organised the unions.²¹

The 1898 agreement which brought the conflict to an end emphasised the employer's rights to manage the work-place. Specifically, the employer would have the right to employ non-unionists, 'to appoint the men they consider suitable to work' on the new machines, to require overtime, to introduce piecework and to increase the number of apprentices. Also, a grievance procedure was established.²² While this was a major victory for the employers it did not in practice give them a free hand and the growth of shop-floor organisation during the period before the first world war provided possibilities of local resistance that were subsequently to be an ever increasing problem for the employer.²³ Nonetheless, the British employers like their Scandinavian counterparts had fought a successful battle to defend their 'rights'.

The growth of employer organisation did not result in the building of national federations along Scandinavian lines. The Shipping Federation and the Employers' Federation had been able to defeat the unions without formal alliances with other employers. National organisations were set up to supply non-union labour and in 1898 the Engineering Employers' Federation met with the Free Labour Protection Association 'to consider a proposal to accept into the Federation ... all cognate trades having ... grievances with tyrannical trade unions'. It was proposed that a national employers' federation be set up to maintain the employer's right to manage, to guarantee any member firm

21. Clegg, Fox and Thompson (1966), p. 82, pp. 171-5.

22. Ibid., p. 167.

23. Lovell (1977), p. 43.

engaged in disputes 'average profits' and to handle all negotiations. Clegg, Fox and Thompson state cryptically that no decision was taken on these proposals and, instead, a Parliamentary Council was set up to match the political influence exercised by the TUC.²⁴

The political arena now became central. The employers' Parliamentary Council sought to remove the unions' legal immunities. The Taff Vale judgement of 1901 in effect did this, though it was but the culmination of a series of judgements against the unions in the later 1890's.²⁵ Taff Vale made it urgent for the unions to secure better representation in parliament and a more effective political influence. It was crucial to the affiliation of unions to the Labour Representation Committee, in Hinton's view saving it 'from an early death'.²⁶

It was not simply, however, a matter of restoring union immunity, for the weaker unions had an interest in securing the protection of the state. Lovell notes that some unions accepted the Taff Vale judgement 'as a necessary step towards legally enforceable agreements and hence compulsory arbitration', but the strong unions opposed such arbitration and they carried the day when arbitration proposals were debated by the TUC.²⁷

Although the 1906 Trade Disputes Act restored union immunity, industrial relations and politics became increasingly intertwined during the period of Liberal government from 1906. This was partly because the Liberal pursuit of the working class vote together with the Liberal programme of social legislation made the support of the

24. Clegg, Fox and Thompson (1966), p. 82, pp. 171-5.

25. Lovell (1982), p. 50.

26. Hinton (1983), p. 72.

27. Lovell (1977), p. 34.
Brown (1983), p. 49.

unions crucial to the government. The result was the appointment of large numbers of union leaders to posts in the civil service, the encouragement of unionism among state employees and frequent consultations between union leaders and ministers. It was also because of growing government intervention in industrial disputes, culminating in the 1911 miners' strike and the 1912 enactment of minimum wages for miners. With the spreading of unionism amongst transport workers and the formation of the Miners' Federation, the unions had acquired a new power to disrupt which drew the government into industrial relations.²⁸

The new unionism of the 1880's and 1890's resulted first in employer organisation, lockouts and industrial confrontation. It then led to conflicts over the use of the state apparatus. The growing political and industrial power of labour eventually resulted in the involvement of the unions in government and increasing state intervention during the period 1906-1912.

5. Britain and Sweden Compared

The employer counter-attack in Britain did not result in the emergence of a national employers' federation comparable to those found in Scandinavia. In Britain, the escalation of conflict measures was confined within industrial boundaries. Similarly, the institutions of collective bargaining evolved industry by industry and the Scandinavian tendencies towards joint central regulation were absent in Britain.

Ingham has attached prime importance to differences in employer organisation in accounting for the institutional divergence of Britain and Sweden and he explains differences in employer organisation in

28. Rubinstein (1982), p. 66, pp. 67-71.
Brown (1983), p. 43f.

terms of the infrastructural differences between the two countries. Thus centralised institutions in Sweden were the product of centralised employer organisation, which in turn resulted from the concentrated, homogeneous and specialised structure of Swedish industry.

Ingham's theory can be criticised on three main grounds, as specified by Jackson and Sissons.²⁹

The relationship between infrastructure and organisation is questionable on theoretical and empirical grounds. Small employers engaged in intense competition have a greater need for centralised organisation, in order to present a united front to the unions and prevent them attacking the weakest employers and levering up wages, than do monopolistic, capital intensive companies. Empirically, the Danish case would seem to refute Ingham's argument, for small-scale and competitive employers formed a centralised employers' association.³⁰ More generally, the existence of centralised employers' associations in all three Scandinavian countries in spite of major differences in industrial structure suggests that the link between infrastructure and organisation is not close.

Secondly, employers' associations emerge in response to union growth and the character of the labour challenge must provide the main explanation of the employer response. In Sweden a class-wide political and industrial movement threatened the employers and it was the 1902 general strike which was the main stimulus to the emergence of a centralised, national employers' federation. In Britain, unionism developed in a more gradual, piecemeal and localised fashion, which could be countered by local employer organisation or informal association until the 1890's. The new unionism posed more of a threat but

29. Jackson and Sisson (1976), passim.

30. Galenson (1952b), p. 71.

it was contained by industry-wide associations, which could defeat the unions by means of industry-wide lockouts. The British employers did not need a centralised, national federation.

Thirdly, there are differences in state intervention, though their significance is hard to assess. Jackson and Sisson suggest that the relative absence of repressive legislation in Sweden forced the employers to fend for themselves.³¹ It is not clear that the legal constraints on strike action in nineteenth-century Britain provided British employers with a more potent weapon than the Åkarp law provided in Sweden. It is clear that British employers found it necessary to organise, particularly in the 1890's, and could not rely on the courts to defeat the new unionism. Few firms used the Taff Vale precedent to sue unions for damages and there was little employer opposition to the Trade Disputes Act of 1906, which restored union immunity.³² One may therefore doubt whether greater employer reliance on the law in Britain explains the absence of a British SAF.

This being said, it cannot be denied that in Britain the national representative bodies of unions and employers were focused on political lobbying rather than industrial negotiation. The explanation of this is not to be found in greater state intervention, however - at least not at this stage. It reflects rather the failure of the unions to develop a federation on the lines of the LO and the absence of a political party to represent the unions during the period when the TUC was built. Once the TUC had become established, the employers' national organisations, such as they were, sought to counter the unions' political influence. Greater state intervention after 1906 reinforced the importance of the TUC and diminished the challenge of the GFTU,³³

31. Jackson and Sisson (1976), p. 311.

32. Brown (1983), p. 112.

33. On the TUC and the GFTU see chapter 8, section 2.

but greater state intervention is not a sufficient explanation of TUC predominance.

The explanation of the differences between the employer counter-attacks in Britain and Sweden lies mainly in the differences in their respective labour movements. This is not to deny the importance of the infrastructure but to argue that its influence on industrial relations was mediated by the organisation of workers rather than the organisation of employers.

6. Conclusion

The Scandinavian comparisons have brought out the importance of power balance and degree of radicalism in the emergence of joint central regulation. A relative power balance existed at the time of confrontation in Denmark, had disappeared by the time of confrontation in Sweden and was absent in Norway. Organisational and industrial continuity in Denmark diminished the intensity of class conflict and facilitated the early establishment of joint central regulation but the tendencies towards such regulation in Sweden, up until 1909, suggest that intensity of conflict was not the crucial variable. Indeed, it was the intensity of such conflict which unified the Swedish union movement, bringing the Metalworkers into the LO, and which led to the de facto centralisation of the LO. Joint central regulation also depended on union acceptance of the capitalist relations of production. This was not in doubt in Denmark. It was secured in Sweden by the December Compromise. It was problematic in Norway, where the radicalisation of labour ruled out joint central regulation for the time being.

The absence of comprehensive national federations in Britain, let alone centralised ones, meant that the employer counter-attack was industry-wide in scope and did not result in any tendencies towards joint central regulation. The failure of the early attempts at

federation, the construction of the TUC and the internal stratification of British unionism meant that there was no class-wide industrial challenge to the employers and therefore no need for them to develop a centralised national federation.

Chapter 16

SUMMARY OF PART TWO

Part Two has examined the employer counter-attack and the escalatory conflict between unions and employers' associations. The first stage of escalation was the industry-wide lockout, as in the engineering industry lockouts of 1903 and 1905. The second stage was the general lockout, threatened rather than implemented, though no less effective for that. The third stage was the general strike, which was an attempt to extend the scale of conflict beyond the reach of the employers' associations.

Out of this escalating conflict emerged the beginnings of joint central regulation. The 1906 December Compromise was the prime institutional expression of this. The period 1906-1909 also saw the regular intervention of both the LO and the SAF in local disputes and in their settlement. A de facto centralisation of the LO took place and formal centralisation was proposed in 1909. It seems likely that if the 1909 general strike had not been such a disaster for the unions, a basic agreement similar to the 1899 September Agreement in Denmark would have resulted. At a lower level industry-wide agreements became an established means of regulating wages after the 1905 engineering industry agreement.

These agreements did not, however, resolve conflicts and should not be taken to imply equality, balance or consensus. The December Compromise was imposed on the unions by means of a threatened general lockout and it forced the unions to accept the employer's rights in return for an ambivalent recognition of the unions, since the employers reserved the right to employ whoever they chose. A covert anti-union strategy was operated by certain employers, notably those in the

engineering industry and above all, Bernström of Separator, in spite of the December Compromise and the 1905 engineering industry agreement. Collective agreements were a weapon which each side used to try to bind the other. Thus the unions sought to create bridge-heads through local agreements and the employers to seal them off through industry-wide agreements. Agreements did nonetheless, have a normative significance and there was in particular a decline of recognition disputes after 1906.

The centralisation of the LO had already given rise to internal tensions. The LO experienced growing problems in controlling the unions, the unofficial strike in Malmö and the conflict with the dockers, both in 1908, threatening to precipitate general lockouts at a time when the unions were in a weak position. It was indeed the growing gap between leadership and membership that forced the LO into the desperate gamble of declaring a general strike. The failure of the general strike resulted in the abandonment of the centralisation proposals and in congress motions to radically decentralise the movement, though the outcome was a reversion to the pre-1906 situation and a dismantling of the LO by its most powerful unions was averted. This situation was brought about, however, by a shift from sustained growth to recession and the divergence between leadership and membership can only be understood in this context.

During this period institutional development occurred largely as a result of the imperatives of industrial conflict and its economic context. The main exception to this was the 1902 general strike for electoral reform, which gave a major impetus to the development of employer organisation. Subsequently, the organisational differentiation of labour continued, due both to developments in industrial bargaining and to the progress of electoral reform, though this

generated a radical backlash resulting in a reverse current of repoliticisation and the setting up of a syndicalist organisation rivalling the LO. There was relatively little state intervention in industrial relations, this taking an episodic rather than a systematic form. There were complex political reasons for this but the Liberal opposition to employer biased legislation was the central factor, a Liberal opposition explicable primarily in terms of Sweden's late democratisation. The industrial power of the employers was also important, for this made them opposed to legislation which might inhibit their use of the lockout.

Within broadly the same period, organised employer counter-attacks and escalating conflict occurred in Denmark, Norway and Britain. The earlier timing of the counter-attack in Denmark meant that the unions were better able to resist and the outcome was a basic agreement, indicating the importance of a relative power balance between employers and unions as a condition of joint central regulation. In Norway, the weakness of the unions and employer domination resulted in early tendencies towards state regulation, though the surge of radicalism after 1907 anyway precluded an accommodation with the employers. The counter-attack in Britain was successful at the industrial level and the absence of a class-wide industrial organisation of labour meant that the employers did not need a federal organisation to meet the labour challenge. The major differences in labour organisation between Sweden and Britain meant that institutional divergence was well established before the employer counter-attack developed.

PART THREE. TOWARDS JOINT CENTRAL REGULATION

Chapter 17

INTRODUCTION TO PART THREE

Although the LO and the SAF had come close to joint central regulation during the period 1906-1909, it was not until 1938 that such regulation was formally instituted through the Basic Agreement. Then in 1941 the LO's constitution was revised to formalise the powers of the LO executive and the authority of the union leadership in wage negotiations and industrial conflicts. Part Three is concerned with the analysis of the processes behind these institutional changes.

These processes were importantly different from those operating pre-1909. In this earlier period tendencies towards joint central regulation can be understood largely in terms of the dynamics of escalating industrial conflict. Such a pattern of conflict did emerge again in the 1920's but without the same consequences. Indeed institutional development now appeared to be headed in a different direction. The legislation of 1928 introduced an important measure of state regulation and attempts were subsequently made to extend this. It was only after the failure of these attempts, and as a result of the pressures they brought to bear on the LO and the SAF, that joint central regulation was finally instituted with the 1938 Basic Agreement.

The analysis of these processes first requires a consideration of changes in the relationship between the LO and the SAF. Although this relationship was not the fulcrum of institutional development in the interwar period, there were changes in it which paved the way for joint central regulation.

The central question of state intervention will then be examined.

State regulation had been staved off on numerous earlier occasions.

Why was it legislated in 1928? Why then was there a shift away from state regulation to joint central regulation during the 1930's?

Having examined the processes leading towards the Basic Agreement and the 1941 LO constitution, the opposition to these tendencies must be considered. An organised internal union opposition emerged during the interwar period. Opposition also, however, came from an important group of employers.

Lastly, the Swedish movement towards joint central regulation will be set in comparative context. There were tendencies towards such regulation in the other Scandinavian countries and in Britain, though nowhere else was a system of joint central regulation established comparable to that of Sweden.

Chapter 18

THE LO AND THE SAF IN THE INTERWAR PERIOD

While state intervention was central to institutionalisation in the interwar period, the changing relationship between the LO and the SAF established the conditions in which this institutionalisation could occur. The relationship between the unions and the employers was characterised both by increased conflict and increased cooperation. The level of conflict, as measured by working days lost, was higher between 1917 and 1933 than at any other period in Swedish history.¹ Nonetheless, during the same period there were tendencies towards union-employer cooperation and ideological convergence.

This chapter will examine the conflicts of the early 1920's, the conflicts of the early 1930's and changes in the relationship between the LO and the SAF. It will, however, stop short of an examination of the negotiations leading up to the 1938 Basic Agreement, since the involvement of the state in bringing these negotiations about makes it more convenient to consider them in the next chapter.

1. Industrial Conflict and LO Centralisation in the 1920's

The main context of industrial conflict in the early 1920's was the employer demand for wage reductions in years of depression and high unemployment.² During the years 1921-23, in particular, large-scale wage reductions were carried out in various industries, e.g. 46 per cent in the iron industry, 40 per cent in engineering, 47 per cent

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1. In only two of these years did the number of worker days lost due to strikes and lockouts fall below one million. In only five other years outside this period was the figure of one million reached, i.e. 1905, 1908, 1909, 1938 and 1945. See Appendix A.
 2. There was initially a surge of wage demands due to first world war price increases, the short postwar boom and demands for compensation after the 1919 legislation to reduce the working week to 48 hours.
 Törnqvist (1954), p. 323f.
 Casparson (1948), vol. 1, p. 483.

in the sawmills, 52 per cent in the paper industry, 40 per cent in building.³

The employers made vigorous use of the lockout⁴ and engaged in highly organised strike-breaking.⁵ The climax was reached in 1925 when 130,000 workers were simultaneously locked out in a wide range of industries.⁶ The Engineering Employers' Association had just concluded an agreement with the Metalworkers' Union but it nonetheless carried out a two-week sympathy lockout in support of other SAF members.⁷ The conflict of 1925 was much the biggest to take place since 1909.

The LO response to this use of the lockout was, however, very different from that of 1909. The LO leadership was careful to pursue a defensive strategy, keeping the onus of widening the conflicts on the SAF. The General Council decided that a general strike would not be appropriate at a time of high unemployment. Although there were calls for such a strike, they came from only 18 union branches and the LO was not therefore under the sort of pressure it had been under in 1909.⁸

At the LO congresses of the 1920's there were renewed demands for centralisation.⁹

3. Ibid., p. 498.

4. Westerståhl (1945) p. 72.

5. Organised strike-breaking reached its peak in Sweden during 1920-25. Flink (1978), p. 149.

6. The SAF declared lockouts in the Paper and Pulp industries, in the Sawmills, in the Textiles, Engineering and Iron and Steel industries. Casparsson (1948), vol. 2, p. 29ff.

7. Styrman (1937), p. 224.

8. Casparsson (1948), vol. 2, p. 32ff.

9. Since 1909 decision-making had been located at the level of the union. Thus when in 1915 the Transportworkers' Union proposed that the LO executive should seek a general wage increase to compensate for rising prices, the LO executive replied that it did not have the power to act in such a way and referred the matter to the individual unions.
Ibid., p. 72.

At the 1922 congress there were such calls, among them a communist proposal to abolish the individual unions in order to unify the LO and enable it to use the workers' collective power to attack the employers. These calls were rejected by the LO executive as infringing union autonomy and making unrealistic demands on membership discipline and solidarity. It was also argued that organisational changes would do little to increase the strength of the unions, since their bargaining power was determined by the economic situation.¹⁰

At the 1926 congress centralisation proposals were again made and again opposed by the executive, though this time the argument for centralisation to increase bargaining strength was accompanied by a proposal for an LO coordinated equalisation of wages to reduce the gap between the lower and higher paid. The unions of the lower paid supported centralisation and, against the advice of the LO executive, the congress voted for an investigation of the centralisation issue. The LO executive failed to follow this up but called a General Council meeting to discuss organisational issues before the 1931 congress. At the General Council meeting the LO executive argued that centralisation to equalise wages was unrealistic and liable to result in internal splits. The General Council supported the executive and there was little debate on this issue at the congress.¹¹

Thus, although the employers' offensive during the early 1920's resulted in calls for a general strike and a centralising reorganisation, the LO executive consistently opposed these demands, in contrast to its actions in 1909. There was it seems little support for centralisation to raise the combat effectiveness of the LO. Increasingly centralisation demands were associated with wage equalisation and centralisation to

10. Hadenius (1976), p. 34f.

11. Ibid., p. 36ff, p. 41f.

this end did attract considerable support, particularly from the low wage unions in the export industries, where intense international competition kept wages down.¹²

Not only was the LO response to the employer offensive different but the outcome was different too. The 1925 confrontation did not, as in 1909, result in union defeat and membership losses. Indeed the status quo settlement may be considered a success for the unions, demonstrating their strength, since they were defending themselves against employer demands for wage reductions at a time when high unemployment reduced their bargaining power.¹³

Although the LO's more defensive strategy no doubt contributed towards this outcome, its greater numerical and financial strength made it much more able to withstand the employer offensive. The LO had more than regained its 1909 losses. At the end of 1908 the LO had had 162,000 members, its numbers then dropping to a low of 80,000 in 1911. By 1920 its membership had risen to 280,000 and it continued to grow during the 1920's, reaching 385,000 by 1925 and growing steadily thereafter.¹⁴

The LO's strength enabled it to weather the employer attack but also established one of the conditions necessary for joint central regulation. In Westerståhl's view the LO achieved a rough balance of power with the SAF in the 1920's.¹⁵ The 1909 defeat had resulted

12. Ibid., p. 42.

13. The employers did claim a victory and Norgren supports their line by arguing that the status quo outcome meant that the unions did not gain the wage increases they had sought. Since 1921 the large-scale conflicts had been the occasion of largely successful employer demands for wage reductions and the status quo outcome does not therefore seem much of a victory for the employers. Norgren (1941), p. 164.

14. Casparsson (1948), vol. 2, p. 598.

15. Westerståhl (1945) p. 84.

in the LO's refusal to negotiate a basic agreement from a position of weakness. In 1925 such an agreement was not on the agenda but the unions' success in withstanding the employer offensive and their continued growth in subsequent years meant that when this question once more surfaced in the 1930's, the unions could negotiate from strength. One obstacle to joint central regulation was thereby removed.

2. Industrial Conflict in the 1930's

In the latter half of the 1920's the level of industrial conflict was lower as economic recovery eased the employer pressure for wage reductions, though there were two major lockouts during the recession of 1928.¹⁶ With the renewed depression of the 1930's, however, the employers once again demanded wage reductions and there were a number of important strikes by workers resisting these reductions.

a) The Conflicts of the Early 1930's

In 1931 the employers began a campaign to reduce wages. They were also concerned to assert their 'rights' and demonstrate their strength in the face of the LO's growth.¹⁷

It was against this background that the infamous shootings of 'Ådal '31' occurred. A conflict broke out in the Ådal paper industry in January 1931. When the Ådal strikers were supported by the dockers, who began a sympathy blockade of pulp exports, an SAF

16. See Appendix A.

There were lockouts in the paper industry and the iron mines. The paper industry lockout was an attempt to halt local wage drift in the industry. Olsson (1980), p. 103. In the iron mines both sides terminated the existing agreement at the end of 1927. The SAF declared a lockout of the Middle Sweden mines, roughly half the industry, and the union answered with a national strike. Casparsson (1948), vol. 2, p. 79f.

17. Flink (1978), p. 141f.
Olsson (1980), p. 143.

committee organised strike-breaking. The strikers demonstrated against the use of strike-breakers. The military were then called in and five demonstrators were shot. Apart from the drama of these events, their institutional significance lay in the SAF's determined intervention in a local dispute to support employers who were not even SAF members.¹⁸

The SAF organised an employer drive to reduce wages in 1931. In April the SAF sent a confidential letter to its members, drawing attention to the expiry of a number of collective agreements at the end of 1931 and the need to secure wage reductions. In August the SAF's coordinating committee for member organisations in the wood products industries produced a plan of action. According to this, there should be a combined termination of expiring agreements covering some 170,000-200,000 workers, i.e. a third of the membership of the LO at that time, and reduced wages should immediately be paid. In September the SAF's General Council approved this plan. In the wake of the exchange rate crisis following the British abandonment of the gold standard, the home market industries dropped out. This left the paper industry, the sawmills, the engineering and iron and steel employers to carry out the planned reduction in wages.¹⁹

A special meeting of the LO General Council was called to discuss the situation but the union response was somewhat confused. The General Secretary of the LO considered that the economic situation made wage reductions inevitable and the leader of the Sawworkers

18. The SAF used its 'surtax' committee, a committee set up by the SAF and the Shipowners' Federation after the 1908 docks conflict, to organise strike-breaking to keep the docks open during strikes. It was this committee which brought in the Ådal strike-breakers. Casparsson (1966), pp. 265-267.

19. Olsson (1980), pp. 146-149, pp. 160-164.

clearly agreed. The leader of the Railwayworkers argued that the LO executive should take the initiative by seeking a prolongation of the existing agreements. The dominant opinion at the meeting was, however, that prolongation would be wrong at a time when price increases were expected after devaluation. The unions should not in these circumstances tie themselves to the old agreements. The outcome was a statement by the General Council that it was unable to make any decisions in the existing situation but that the LO executive would monitor developments and call a further meeting of the General Council when necessary. Thus although faced by a coordinated employer campaign, the LO was unable to formulate a collective response. While the LO executive clearly saw no possibility of resisting the employer demand for wage reductions, the General Council did not accept this.²⁰

Conflict first threatened in the metal industries. The government set up a mediation commission, the recommendations of which were accepted by the negotiators on both sides but rejected by the membership of the Metalworkers' Union. The employers declared that they would unilaterally apply the reductions recommended by the commission. An escalating conflict threatened to develop with the union announcing strikes at selected companies and the VF responding by declaring an industry-wide lockout. A further but little changed proposal from the commission then enabled the union to extricate itself. Although the union's engineering workers still rejected the proposal, the iron and steel workers voted to accept and by a sufficiently large majority to create an overall majority for acceptance and enable the leadership

20. Ibid., p. 371.
 Casparsson (1948), vol. 2, pp. 225-229, 234-236.

to conclude an agreement.²¹ The leader of the Metalworkers was in close contact with the chairman of the VF and the union pursued a policy of cooperating with the employers in their efforts to maintain international competitiveness by rationalisation and wage reductions.²²

A similar process of negotiation took place in the sawmills. The union leadership emphasised that high unemployment and intense foreign competition made wage reductions unavoidable. The mediation commission produced a proposal for wage reductions accepted by both sets of negotiators. When the proposal was put to the membership of the union it was rejected, 60 per cent voting against. The union rules required, however, a two-thirds majority for strike action and the union leadership argued that the membership were not prepared to go on strike and the proposal could therefore be approved. After consultation with the LO executive the union signed the agreement. A communist-led strike occurred at one sawmill and the branch concerned was promptly expelled from the union. Thus, as in the metal sector, the union leadership cooperated with the employers in bringing about wage reductions and circumventing membership opposition.²³

In the paper pulp industry large-scale open conflict was not avoided. The leadership of the union was prepared to make concessions, recognising that the employers were in a strong position and that a strike would not benefit the workers, but it feared that wage

21. The Foundryworkers' and the Labourers' Unions also rejected the proposal but it was accepted practice to add together the votes of all the unions concerned. The overall Metalworker majority was large enough to outweigh the other unions. Törnqvist (1954), p. 325f.

22. 'Export dependence shaped a strong community of interest between the parties.' Söderpalm (1980), p. 24.
See also note 34.

23. Casparsson (1948), vol. 2, p. 239.

reductions would be rejected by the membership. The same mediation commission involved in the metal industry and sawmills negotiations tried to find a compromise but its starting-point was the need for wage reductions of a kind accepted in those other industries, and negotiations therefore broke down. The employers then imposed wage reductions and the union replied with a strike, at first partial and intended to provoke a lockout, which would force the LO to provide financial support. The employers did not react in this way, while the LO refused to approve the strike action, arguing that a strike could not improve the outcome in the existing economic situation and would put at risk workers in other industries who had already accepted reductions. The union leaders recognised the force of the LO leadership's arguments and decided to submit the mediators' wage reduction proposals to the membership, recommending acceptance, but the membership rejected them and continued to do so in two subsequent referenda, though with a declining majority. After months of unsuccessful strike action and employer threats to widen the conflict an 'agreement conference' was called and this eventually gave the leadership authority to settle the dispute on the best terms it could get. These terms were worse than those the union could have obtained earlier in the dispute.²⁴

In the paper pulp industry greater membership resistance and ineffective leadership, both explicable largely in terms of the 1928 conflict and its outcome,²⁵ meant that open conflict could not be

24. Olsson (1980), p. 237ff, p. 263f, p. 327, p. 343, p. 360ff.

25. During the 1928 conflict the membership had rejected mediation proposals recommended by the leadership. The economy then moved out of recession, the workers' bargaining position improved and a better settlement was obtained. This outcome discredited the leadership and the communist opposition in the union made political capital out of the situation. Ibid., p. 103f, p. 110ff.

avoided in the way that it had been in the metal industries and the sawmills.

A similar conflict occurred among the seamen in 1933. The employers demanded wage reductions and a mediation commission made proposals along these lines. The general council of the union was divided over the possibility of striking successfully, given the economic situation and the particular problems of conducting a strike in such an occupation. The commission's proposals were submitted to the membership and overwhelmingly rejected. The LO General Secretary advised the union to accept wage reductions but the modified proposals from the commission were rejected by the union's council and a strike was declared. After three weeks of strike, the LO General Secretary called a meeting of the union's council, declared the strike a failure and proposed that it be brought to an end. The council now accepted the commission's proposals and signed an agreement without referring to the membership.²⁶

In 1933 there was also a strike among building workers, which was to have major consequences for the institutional developments of the 1930's. It was characterised by considerable state intervention and greatly increased the pressure for legislation to regulate industrial relations, though this aspect of the dispute will be taken up in the next chapter.

The building industry employers' association decided in November 1932 to terminate the collective agreements when they expired and seek wage reductions of up to 20 per cent in hourly rates and 30-35 per cent in piece-rates. The three unions involved declared a partial strike from April 1st 1933, with the approval of the LO

26. Svensson and Svensson, Arkiv, passim.

executive and with LO financial support. The first attempt at mediation failed and it was August before a mediation commission made proposals, involving 'relatively large' reductions, which were submitted by the unions to the membership, which rejected them. A government proposal followed, containing lower reductions, which the leadership recommended and the membership accepted but which were rejected by the employers. In December the SAF threatened a lockout of 200,000 LO members and the government began to consider emergency legislation to terminate the conflict. A further mediation proposal, less favourable to the workers than that made by the government, was now recommended by the unions to their members, under heavy LO pressure. The membership of two of the unions involved, the Building Carpenters' and the Labourers' unions, voted for acceptance but the Masons voted against, as did the Metalworkers also involved in the dispute. The Metalworkers' leadership had the power to over-rule a referendum and did so but the Masons' Union rules did not permit the leadership to over-ride the membership. The LO General Council now ordered the union to sign, invoking a particular paragraph in the LO constitution, and the union complied.²⁷ This strike too involved the imposition of wage reductions against the will of the membership.

As in the 1920's, wage reductions were forced through in the 1930's. There were differences, however, in the dynamics of conflict and its consequences.

27. Apitzch et al., Arkiv, p. 17ff, pp. 37-45.

The paragraph concerned stated that when a number of unions were involved in wage negotiations a common settlement should be made. The LO argued that since a majority of all those involved voted for acceptance, the Masons' Union could be over-ruled. Kupferberg points out that the LO paragraph required considerable interpretation to be used in this way. Furthermore, earlier on in the dispute (in September 1932) the LO executive had declared that each union should decide on its own its response to the mediators' proposals at that time on offer. Ibid., p. 29.

b) Changes in the Pattern of Conflict

It has been argued that employer strategy shifted in the thirties away from use of the lockout. Thus Westerståhl argues that the 1925 stalemate blunted the lockout weapon. The employers subsequently avoided using it, as in the 1930 paper industry strike, which did not meet with the usual lockout response.²⁸ According to Ahvenainen et al., Scandinavian employers showed in the 1930's a greater concern with the maintenance of labour peace, in part to avoid creating or amplifying divisions on the labour side which might leave them without a negotiating partner. Employers therefore met the 1930's crisis by making savings through reductions in the hours of work rather than wage-rates.²⁹ Norgren too argues that the employers became less militant, citing the opinion of an SAF official that employers feared that their use of the lockout would result in the Social Democrat use of labour political power against them.³⁰

These arguments are not altogether convincing. There were, it is true, fewer large-scale lockouts after 1925, but it is not clear that this indicated either an employer shift of strategy or a decline in militancy or a greater concern for labour peace. Economic recovery after 1925 made the lockout weapon less appropriate for economic reasons in the later 1920's, though there were major lockouts in the recession year of 1928. The Ådal events of 1931 did not indicate a decline in employer aggressiveness or militancy. It is hard to argue that the employer strategy had shifted away from the reduction of wage-rates, given the concerted SAF drive to reduce wages from 1931. In the metal industry negotiations of 1931-32, an industry-wide

28. Westerståhl (1945), p. 154.

29. Kriser och Krispolitik i Norden under Mellankrigstiden, p.223f.

30. Norgren (1941), p. 164f.

lockout was declared, though a settlement containing wage reductions was obtained before the lockout came into effect. The absence of a lockout during the Paper industry strikes of 1930 and 1932 was a matter of tactics, the union seeking to provoke a lockout in order to force the LO to provide financial support, as required by its rules, and the employers carefully avoiding such action. Furthermore, in 1932 the employers achieved the same effect by stopping production in fulfilment of international quota agreements,³¹ and in the final stages of the dispute they used the threat of wider lockouts, anyway.³² In the 1933-1934 buildingworkers strike a large-scale lockout was threatened, while it is clear that it was not so much the employers who were afraid of government intervention as the unions.³³ In 1935 negotiations in the metal industries broke down and the SAF declared lockouts in the engineering and iron and steel industries and the ironmines of Middle Sweden from early January. The lockouts were narrowly averted by a last-minute compromise, though the engineering workers voted against the proposed settlement and once again the union was got off the hook by a large enough majority in favour in the iron and steel industry to outweigh its rejection in engineering.³⁴ It is hard to see in these events any change in employer willingness to use the lockout weapon or any greater concern for labour peace or any employer fear of government intervention.

31. Høglund (1978), p. 26.

32. The SAF planned widening lockouts to include the iron and steel industry, engineering, the sawmills and finally textiles. Ibid., p. 342f.

33. Apitzsch suggests that the lockout threat was intended to precipitate an anti-union government intervention. The LO certainly feared this and increased its pressure on the unions to settle. Apitzsch et al., p. 40.

34. Törnqvist (1954), p. 326f.

The declining use of the large-scale lockout would seem to reflect changes on the part of labour rather than changes on the employers' side. Thus in the crisis of the early 1930s the LO executive considered wage reductions necessary and exerted considerable pressure on unions holding out against such reductions. The leaders of the individual unions were also, on the whole, prepared to make concessions and accept wage reductions, either because they accepted the economic case for reductions or because they recognised the superior strength of the employers at a time of high unemployment.

The situation in the early 1930s was different from that of the early 1920s. The level of unemployment was much higher than in the early 1920s and the capacity of labour to resist wage reductions was therefore lower. The LO leadership had moved further towards an acceptance of employer perspectives, a point which will be taken up later in this chapter, while the leadership of the Metalworkers' Union was cooperating much more closely with the VF.³⁵ Political considerations played a part. The Social Democrat government's policies were threatened by the buildingworkers' strike and this in part explains the LO pressure on the unions involved. Also, a political polarisation had taken place within the unions, the Social Democrat union leadership coming into conflict with the communist opposition, particularly in the seamen's strike, though also in the paperworkers' and buildingworkers' strikes.³⁶

35. The radical opposition was particularly strong in the Metalworkers' Union during the early 1920s (see Chapter 20). In 1925 Ekman became chairman of the union and he was noted for his belief in centralisation and rationalisation. He had close contacts with Edström, leader of the VF. Underlying this personal alliance was the dependence of the industry on competitive international markets. Söderpalm (1980), p. 18, p. 24f.

36. These issues will be taken up in the next two chapters.

3. Union Centralisation

The conflict between the leadership and the membership generated pressures for centralisation, both at federal and at union level.

At union level this is most evident in the Paperworkers' Union, which introduced delegate conferences during the 1932 strike and changed its constitution at its 1933 congress. During the strike the leadership was caught between the apparent inevitability of wage reductions and the refusal of the membership to accept them. Delegate conferences were used for the first time and held on three occasions.³⁷ These were a means of consulting and influencing the membership. They were also a means of legitimating decisions and a means which did not have the binding and uncontrolled character of referenda. Referenda were held but the final agreement was not submitted to the membership and was authorised by a delegate conference.³⁸ At the 1933 congress of the union constitutional changes were made to strengthen the authority of the central leadership and reduce membership influence.³⁹

At the federal level there were clear signs of centralising tendencies in the LO involvement in the three strikes outlined above.

The LO was continuously involved in the paper industry conflict, Johanson, the LO chairman, taking part in the negotiations and pressing

37. The leadership's fear of membership rejection of wage reduction concessions to the employers seems to have brought about the first conference in January 1931. The conference enabled the leadership to sound out branch representatives on membership reaction and influence that reaction through these representatives. Olsson (1980), p. 176, p. 214.

38. It was clear to the union leadership that defeat was unavoidable and the problem was how to settle the strike in the face of the referenda rejecting previous proposals. The branches were required to send delegates authorised to conclude an agreement. Ibid., p. 344f.

39. 'The leadership on the whole obtained what it wanted. A centralising of decision-making, the elimination of federal elements and ideological changes in a reformist direction.' Ibid., p. 419.

the union to accept wage reductions. At one point Johanson stated that the LO leadership had the right to order a union to settle, if there were risks of a wider lockout which would affect other LO members. When the union sought sympathy measures from the Transport-workers' Union, this union consulted the LO, which dissuaded it from taking such action.⁴⁰ The LO not only refused financial assistance in an essentially defensive strike but also refused a loan.⁴¹ In the final stages the LO General Secretary discussed the consequences of a wider lockout threat with the chairman of the SAF and seems to have indicated to him that such a threat would bring the conflict to an end.⁴² Although the LO pressure was ineffective, the pressure was there and LO decisions on financial support and on the request for sympathy action had a bearing on the outcome. Olsson suggests that by refusing to add its signature to the agreement, the LO executive made an example of the strike for other workers - through ignoring the advice of the LO the paperworkers had obtained a worse agreement than would otherwise have been the case.⁴³

There was also marked LO intervention in the other two strikes. In the seamen's strike the LO executive had summoned the union leadership to a meeting and called on them to use their powers, as stated in the union's rules, to settle the dispute. In the buildingworkers' strike, where the rules did not allow the leadership to settle without membership approval, the LO General Council ordered the union to do

40. Ibid., p. 372, p. 272, p. 285.

41. There was some ambiguity in the LO's constitution. Financial support was limited to defensive actions. A strike against imposed wage reductions could be interpreted as defensive.

42. Ibid., p. 342.

43. Ibid., p. 372.

this, making somewhat dubious use of the LO's constitution to justify such an action.

The LO's interventions resulted in further centralisation at union level. The absence of leadership authority to settle disputes in the Paperworkers' Union and the Masons' Union had frustrated the LO's attempts to obtain settlements. In 1933 the LO General Council, with hardly any dissent, adopted as a standard rule the right of the executive of a union to terminate and make agreements.⁴⁴ Membership referenda should be advisory not mandatory. The rule was not, however, made compulsory until with the 1941 constitutional changes it was made a condition of membership of the LO.

In contrast with the 1920s, the conflicts of the early 1930s seem less between the unions and the employers and more between the union leadership and the membership. The LO executive accepted the case for wage reductions and pressed the unions to accept them. The leadership of the unions was ambivalent but more or less willing to give way to the employers and the LO. The main line of conflict was between the leadership and the membership, and this was a conflict which a communist union opposition sought to exploit - an aspect of the situation which will be taken up further in Chapter 19.

The processes making for centralisation were now different. In the 1920s centralisation demands had come from below and had been directed at increasing the combat effectiveness of the unions. In the 1930s centralisation was imposed from above and it was directed at increasing LO and leadership control of the membership.

The SAF had shown an increasing interest in the problems of union decision-making from the late 1920s. The 1928 conflict in the paper

⁴⁴. In many unions this right already existed. Hadenius (1976), p. 125f.

industry and the rejection of the mediators' proposals by the membership resulted in an attack on the membership referendum in Industria, the employers' journal. At the 1928 Labour Peace Conference, the employers' representatives referred both to this conflict and the 1928 conflict in the ironmines, calling for union negotiators to be given decision-making powers. The 1930 conflict in the paper industry, the 1931 conflict in textiles, the 1932 conflicts in engineering and the paper industry all led to continued Industria criticism because of the role of the membership referendum in either initiating or prolonging open conflict.

The employers did not, however, seek to bring about these changes themselves, either through legislation or central negotiation, because the unions were introducing centralising reforms. Thus at the 1933 conference of Nordic Employers, the SAF representative argued that the question of union decision-making had now become crucial but that any kind of imposed solution was best avoided, since the unions were moving in the right direction. All the employers need do was support the union leadership by sticking to the settlements agreed with union negotiators and not modifying them in the light of membership referenda. Union leaders and employers had common interests in this matter.⁴⁵

These common interests in centralisation were only part, however, of a more general convergence of the LO and the SAF, to which we now turn.

4. Ideological Convergence

In 1906 the LO accepted the principle of the 'employer's rights' in the December Compromise. In the 1920s and 1930s the LO went further towards accepting employer perspectives, particularly on wage determination and rationalisation.

45. H8glund (1978), pp. 8-53.

The 1926 congress of the LO showed how far the leadership had gone in accepting employer perspectives on wages. The occasion was the proposal from a Gothenburg Metalworker branch calling for a centralisation of the LO to enable it to act more effectively to equalise wages among different groups of workers. Johanson, the LO chairman at this time, argued that international competition made it impossible to push up wages in the relatively low-paid export industries. The laws of the market could not be resisted. If wage increases were to be obtained, this could only be done through increased production. Hadenius states that this view may be regarded as representative of the LO executive.⁴⁶ Similarly, in the early 1930s the LO argued that wage reductions were inevitable because of falling prices and the need to maintain Sweden's international competitiveness.⁴⁷

This view of wage determination was linked to the LO attitude to rationalisation. If wage increases depended on increased production and international competitiveness, then rationalisation was to be encouraged.

A positive LO attitude to rationalisation emerged clearly at the 1928 Labour Peace conference at Sigtuna, a conference initiated by the Minister for Social Affairs with both LO and SAF representatives taking part, though the employers were divided on its usefulness.⁴⁸

46. Hadenius (1976), p. 37.

47. Olsson (1980), p. 371.

48. The 1928 conference was the culmination of the efforts of a group of employers opposed to class conflict, in part for religious reasons, and seeking cooperative solutions. Lubeck, the Minister for Social Affairs, was a member of this group, but there was a wider government interest in encouraging class cooperation to counteract the conflicts generated by the 1928 election and the 1928 Labour Court legislation. The chairman of the SAF was not interested in these cooperative tendencies, since he regarded conflicts of interest as inevitable and considered productivity a matter for management not for the unions. De Geer (1976), pp. 257-259.

The LO representatives declared their acceptance of the need for rationalisation and of its consequences, i.e. short-term unemployment. Indeed, they accepted that the unions had a responsibility to promote rationalisation. For their part, the employers' representatives conceded the workers' right to more information and to a share of the gains from rationalisation.⁴⁹ This cooperation did not last. After the ^oAdal shootings in 1931, the LO pulled out of the Labour Peace Committee set up by the conference.⁵⁰ The conference had nonetheless demonstrated that the unions and the employers could find common ground on rationalisation.

Union and employer representatives reached agreement on the subject in the 1936 Rationalisation Commission. This Commission was set up in 1936 by the Social Democrat government and consisted of two union and two employer representatives with a neutral chairman. The Commission's task was to consider the consequences of rationalisation for unemployment. It rejected the notion that rationalisation should be controlled because it might lead to unemployment and focused on the issue of how its consequences could best be dealt with. The Commission considered that employers should not be held responsible for these consequences, though there should be negotiations with the unions about redundancy compensation. Responsibility for dealing with the consequences of rationalisation should rest with the state. The Commission's proposals were apparently accepted favourably by both sides of industry.⁵¹

According to De Geer, the LO became increasingly positive to rationalisation during the 1920s and the 1930s. Indeed by 1941 the

49. Idem.

50. Ibid., p. 212.

51. De Geer (1978), pp. 276-292.

major LO policy document 'The Union Movement and the Economy' made very little reference to the negative consequences of rationalisation and argued both that it was not a general cause of unemployment and that it had not caused it in Sweden.⁵²

The ideological conditions for joint central regulation had been established. The LO accepted that the international context of the Swedish economy set limits to wage increases and necessitated rationalisation. Wage increases were not seen in the redistributive context of the relationship between wages and profits but in the context of productivity. As one of the new LO leaders, elected by the 1936 congress, put it:

'The cake must be made bigger if we are to get a bigger slice.'⁵³

5. Conclusion

This chapter has been concerned with changes in the relationship between the LO and the SAF during the interwar period and their bearing on the emergence of an institutionalised modus vivendi in the late 1930s and early 1940s.

The period between 1917 and 1933 showed a higher level of conflict than any other period in Swedish history. Within this period there was a major change in the dynamics of conflict as its focus shifted from broad confrontations between the unions and the employers to conflicts between the union leadership and the membership. The confrontations of the early 1920s had not resulted in institutional changes, since the LO resisted the pressure to escalate conflict and the demands for such escalation were less pressing than they were in the pre-1909 period. In the early 1930s the LO once again became

52. Ibid., p. 349.

53. Ibid., p. 346.

interventionist and there were tendencies towards centralisation as the leadership experienced difficulties in getting the membership to acquiesce in wage reductions.

The relationship between the LO and the SAF became increasingly cooperative. Three main elements in this tendency can be identified. There was firstly joint action in bringing about wage reductions and controlling industrial conflict, as shown by the combined LO and SAF pressures on the paperworkers, buildingworkers and seamen. There was secondly an ideological convergence around the need for rationalisation and the relationship between wage increases and productivity. There was thirdly their joint participation in the 1928 Labour Peace Conference and in such bodies as the 1936 Rationalisation Commission.

These developments were not themselves sufficient to bring about joint central regulation. It was government intervention that precipitated the Basic Agreement of 1938, and the next chapter will examine this process. The convergence of the LO and the SAF had, however, created the conditions in which these organisations could respond cooperatively to government intervention.

Chapter 19

STATE INTERVENTION AND JOINT CENTRAL REGULATION

The joint central regulation inaugurated by the Basic Agreement of 1938 emerged as an alternative to state regulation. The Labour Court legislation of 1928 established an important element of state regulation but in the early 1930s strikes and government measures to ameliorate the economic crisis resulted in proposals to extend such regulation. Joint central regulation provided a means for the unions to escape this threat and maintain what was left of their autonomy. It was not only the unions who were afraid of state intervention, however, for the employers feared that Social Democrat governments might introduce socialist measures against their interests. Thus, for different reasons, the employers too found joint central regulation preferable to state regulation.

This chapter will first examine the 1928 legislation. It will go on to the pressure for further measures in the 1930s and then consider the shift towards joint central regulation and the role of government, unions and employers in bringing this about. The relationship between the Social Democrats and the SAF will be examined in greater detail because of its crucial significance for the movement away from further state regulation. Lastly, the relationship between joint central regulation and the centralisation of the LO will be considered.

1. The Legislative Regulation of Industrial Relationsa) Mediation and Arbitration

While the 1928 laws are the major instance of the legislative regulation of industrial relations, they were preceded by the mediation

legislation of 1906 and 1920, which requires preliminary consideration.¹ Mediation under this legislation had been frequently employed, playing an important part in the defusing of the 1908 crisis and being extensively used in the interwar conflicts examined in the previous chapter. Mediation not only provided a means of resolving particular disputes but also functioned to coordinate settlements, as in 1932, when the same mediation commission dealt with the conflicts in the metal, sawmill and paper industries. Coordination facilitated centralisation, since it brought pressure to bear on particular groups of workers, in this case the paperworkers, to accept the wage reduction policy pursued by the SAF and the LO.² Mediation was, however, essentially conciliation not arbitration.

Arbitration legislation was passed in 1920 to establish an Arbitration Board and special arbitrators. Arbitration was limited to the issue of interpreting existing agreements and was also voluntary, both sides having to refer a dispute to the arbitrators.³ The legislation had therefore no teeth. The Labour Court discussed in the next section was to take over the issue of interpretation.

b) The 1928 Laws

The 1928 laws made collective agreements legally binding and set up a Labour Court to deal with disputes in breach of collective agreements. The Court was given the power to award damages, though these were limited so far as individuals were concerned to a maximum of 200 crowns. The Court consisted of two LO and two SAF nominees and three

1. This legislation established in effect two layers of mediation - district mediators and special mediation commissions. Johnston (1962), pp. 139-144.

2. See pp. 259-261.

3. Johnston (1962), p. 145f.

'independent' members appointed by the government.⁴ Thus although the Labour Court has been a judicial body, it has had the tripartite character typical of Swedish state interventions in economic and industrial matters.

Although formally neutral in character, this legislation in effect reinforced the power of the employer. Collective agreements were to be binding on both sides but this benefited the employer rather than the union, since collective agreements included the December Compromise 'rights of the employer'. Unless a collective agreement specifically restricted them, the employer's rights to hire and fire and direct work were now legally sanctioned and almost any action taken by an employer could be defended as an exercise of these rights.⁵ Similarly, both employers and workers were prohibited from taking conflict measures over matters regulated by the collective agreement during the course of that agreement. This apparently even-handed provision was in practice a ban on strike action, since the employer has the initiative and does not need to take such actions during the course of an agreement, while workers must frequently resort to such actions if they wish to resist the employer.⁶

c) Labour and the 1928 Legislation

Earlier attempts to introduce legislation of this kind had failed, particularly during 1910-1911 and again during 1916-1917. Why was anti-labour legislation passed in 1928, at a time when labour's political strength was growing?

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4. A fifth member was added later. This was an appointee of the white-collar union federation (TCO), who replaced an LO appointee when TCO union members were involved in a case. Ibid., p. 155.
 5. The employer's rights became a general norm, so far as the Labour Court was concerned, irrespective of whether a particular agreement contained them. Edlund (1973), p. 470.
 6. Korpi (1970), p. 62f.

Although the legislation had anti-labour implications, sections of the labour leadership had long supported legislation of this kind. Both union and party leadership had been in favour of a labour court in 1910. Then in 1916, when a further attempt to pass such legislation was made, the party leadership and sections of the union leadership supported it, though the 1917 congresses of both union federation and party rejected it.⁷ The 1924-26 Social Democrat minority government set up the tripartite committee which prepared the 1928 legislation.⁸

The labour leadership opposed the 1928 legislation but its opposition was a matter of tactics rather than principles.⁹ While the Social Democrats attacked the laws in the 1928 election campaign and proposed their repeal in 1929, they voted against repeal in 1930 and did not repeal the laws after their return to government in 1932.¹⁰ As for the union leadership, the LO was forced by union discontent to call a protest strike against the laws but a majority of the General Council favoured them, though it kept quiet about this until after the 1928 election, so as not to jeopardise the Social Democrats' chances.¹¹

7. The LO chairman supported it. The largest unions - the Metalworkers', Labourers' and Woodworkers' unions - opposed it. The smaller craft unions supported it, probably because of the detailed nature of their agreements, which made interpretation disputes rare. Lindqvist, the LO chairman, had great difficulty in preventing the General Council rejecting the proposals. Westerståhl (1945), p. 347ff, p. 354.

8. Hulten (1971), p. 115f.

9. Hulten argues this on the grounds that Social Democrat criticisms were directed more at the government's handling of the matter than the contents of legislation. Ibid., pp.122-24.

10. Idem.

11. A majority of the LO General Council supported the laws but it was decided not to make this decision public until after the election. Hulten, pp. 124-6.

The labour leadership's attitude to Labour Court legislation requires some explanation. Although the legislation weakened worker power at plant level, this did not make it anti-union. Laws to make collective agreements binding strengthened the hands of the leadership who had negotiated the agreements, without depriving them of the strike weapon in the negotiation of new ones. If the union leadership did not oppose such legislation, the Social Democrats were even less likely to do so. Furthermore, parliamentary considerations, the intermittent involvement of the Social Democrats in government after 1917 and the increasing ideological emphasis on class cooperation¹² all operated to strengthen Social Democrat support for legislation to regulate industrial conflict. It was the grass-roots membership of both unions and party which opposed such legislation, forcing its abandonment in 1917 and pulling the Social Democrats into opposition to it during the late 1920s.

It was anyway not labour political strength which had prevented earlier attempts at legislation but rather the opposition of either the Liberals or the employers. Though both favoured legislation, particular legislative proposals could not meet their respective requirements. The Liberals had been opposed to anti-worker legislation at a time when workers did not have the vote. The employers and their political allies had been against 'impartial' legislation which would restrict the employers' use of the lockout as well as the unions' use of the strike. In the 1920s both these constraints disappeared. Universal suffrage removed Liberal inhibitions. The blunting of the lockout weapon in 1925 and the continued growth of

12. As in the Social Democrats' shifting conception of their party. Hansson launched in 1928 the concept of the 'people's home', as the goal of the party. It was to be a 'people's party' rather than a class party. Tingsten (1967), vol. 1, p. 280, p. 296.

the unions made union restraint a higher priority for the employers than the maintenance of their freedom of action.

Thus, the growing strength of the labour movement paradoxically made 'anti-labour' legislation more likely to succeed. The labour leadership was not on the whole opposed to such legislation, while labour's political and industrial strength removed the obstacles to it.

2. From State Regulation to Joint Central Regulation

a) Towards Further State Regulation

The 1928 legislation did not result in any lessening of demands for state regulation. The question of the 'rights of third parties' now became the focus of attempts to extend the legislative regulation of industrial conflict. In 1929 the Conservative and Agrarian parties proposed legislation to protect 'third parties' involved in industrial disputes. This was in part a resurfacing of the long-standing employer interest in protecting strike-breakers and maintaining the 'freedom to work'. It was also an attack on union use of the blockade weapon, particularly in the building trades. A Commission was set up under Bergendahl to prepare legislation on these issues.¹³

The labour leadership initially opposed such legislation but after their access to power in 1932 the Social Democrats moved increasingly to support it. The Bergendahl Commission's proposals of 1933 were reworked by a 'Thirteen Man Commission', the conclusions of which provided the basis for legislative proposals made by the Social Democrat government in 1935. These proposals took account of union and farmer criticisms of earlier proposals and were a

13. Westerståhl (1945), p. 381ff.

considerable watering down of the Bergendahl recommendations.¹⁴ The government pressed the LO General Council to accept legislation and secured its approval.

The Social Democrats' change of opinion can in part be understood in the context of their interventionist policies. Government policies to counteract the developing economic depression of the 1930s could be endangered by industrial conflict, as shown by the intractable building strike of 1933-34. A functioning building industry was essential to the government's public works programme and indeed to economic activity in general, given the number of industries supplying products to the building trades. The government certainly intervened in this dispute, making its own proposals for a settlement after the rejection of the mediation commission's first set of proposals, and then in the later stages of the strike threatening to settle it by means of compulsory arbitration legislation. This strike raised in an acute form the problem of the damage caused by industrial disputes to 'third parties'.¹⁵

Political considerations played a crucial part for the government was a minority one, dependent on the support of other parties, notably the Agrarian Party, in parliament. The Social Democrats also feared that the right-wing parties would exploit the issue.¹⁶

More fundamentally, Social Democrat government raised the question of the status of the unions and their 'integration into society'. The

14. The Social Democrat minority government was dependent on an alliance with the Agrarian Party for its parliamentary majority. The new proposals were more permissive on union conflict measures; gave greater protection to the 'right to organise'; and were less punitive. Ibid., p. 391f.

15. Apitzch et al., p. 29f.

16. Kupferberg argues that the Agrarian Party was pressuring the government to end the strike. Idem. Westerståhl (1945) p. 395ff.

Social Democrats were proposing to legislate on a range of economic and social issues. They could not argue for increased state intervention in some areas and resist demands for the state regulation of others. They therefore appealed to the unions to accept legislation in principle. The union leadership recognised that the very fact that the unions were demanding new legislation meant that they were in no position to insist on immunity for themselves.¹⁷

Nonetheless, the outcome was not further legislation. The Social Democrats proposed legislation in 1935 but found themselves forced to vote against their own proposals. According to Hulten, this was because of the 'storm of protest' from the union rank-and-file and Social Democrat fears of alienating worker votes.¹⁸ The situation was more complex than this, because the Social Democrat volte face was occasioned by the rejection of the proposals by the right-wing parties. These parties had been pressing for further legislation but considered that these particular proposals had watered down the Bergendahl Commission too far. Given right-wing rejection, the Social Democrats would have to carry the sole responsibility for enacting anti-worker legislation. This made no political sense and the Social Democrats therefore voted against their own proposals.¹⁹

Thus although the Social Democrats' legislative programme and the crisis caused by the 1933-34 building strike had increased the pressure for a further legislative regulation of industrial conflict, there were now obstacles to the enactment of such regulation. The Social Democrats had to secure union approval of legislation but

17. Westerståhl (1945), p. 389, p. 394f.

18. Hulten (1971), p. 142f.

19. Casparsson (1966b), p. 76.
Westerståhl (1945), p. 393.

proposals acceptable to the unions were unacceptable to the right-wing parties. If acceptance of its contents by both the unions and the right-wing parties was a condition for further legislation, such legislation was hardly possible.

b) Towards Joint Central Regulation

The government was rescued from this impasse by the 1935 report of the Nothin Commission, which decisively shifted the emphasis from legislation to joint regulation. The Nothin Commission had been appointed to consider the issue of labour peace in the context of an examination of overall economic policy. The central concern of the commission was economic growth and competitiveness. The commission argued that although the legislative regulation of industrial conflict was justified by the need to settle conflicts 'dangerous to society', increased state intervention should in principle be avoided, since state intervention endangered competitiveness. Labour peace should be brought about primarily through cooperation between the SAF and the LO, and only if this failed should the legislative route be taken. Decision-making in the unions should be centralised, with negotiators empowered to 'settle at the table' without reference to the membership and the LO given greater influence over negotiations and conflicts.²⁰ The Nothin Commission pointed the way towards the 1936-1938 negotiations between the LO and the SAF, the Basic Agreement of 1938 and the formal centralisation of the LO in 1941.

The Nothin recommendations coincided well with the views of the SAF, which had shifted strategy under its new director Söderlund, who had replaced von Sydow in 1931. While von Sydow had favoured

20. Casparsson (1966b), pp. 85-87.

legislation, Söderlund advocated the avoidance of state intervention. Söderlund considered that the Social Democrats looked set for a long period of government, and the best interests of the employers lay therefore in minimising state intervention.²¹ Significantly, the LO General Council had responded to Social Democrat appeals for the acceptance of legislation by stating that the LO was not opposed to greater state regulation of industrial conflict, provided that it was combined with a more general regulation of the economy to make it serve the needs of society rather than those of private profit.²² This was not a price that the SAF wanted to pay and the Nothin Commission had offered a way out.

The LO as well responded positively to the Commission's recommendations, since the unions too feared further state intervention. The LO, like the SAF, had acquired a new chairman, Forslund, who favoured LO-SAF cooperation and union centralisation. Forslund's union, the Railwayworkers', was noted for its cooperation with employers and its advocacy of industrial unionism and centralised negotiations.²³ During the 1931 LO General Council discussion of the appropriate union response to the SAF's demands for wage reductions, Forslund had been a lone voice advocating union centralisation and an LO initiative to seek a prolongation of the existing agreements.²⁴

It was the SAF which made the running in bringing about negotiations between the two federations. Söderlund had opened the way in a speech at the LO's School in 1935, where he advocated a negotiated

21. Söderpalm (1976), p. 15.

22. Högglund (1979a), p. 39.
Westerståhl (1945), p. 389.

23. Söderpalm (1980), p. 29f.

24. Casparsson (1948) vol. 2, p. 228.

solution, arguing that if either side relied on government action it would compromise its independence.²⁵ In 1936 the LO executive responded to this initiative by unanimously proposing negotiations with the SAF. At the 1936 LO Congress there was little opposition. Negotiations followed, based on a list of proposals from the SAF.²⁶

The government was ambivalent about this movement towards joint central regulation. Some leading Social Democrats, those associated with the Nothin Commission,²⁷ favoured it but Müller, the Minister for Social Affairs, and Hansson, the Prime Minister, were reluctant to leave the regulation of industrial relations in the hands of the LO and the SAF. They doubted the capacity of these two organisations to jointly regulate industrial relations.²⁸

The importance to both sides of the successful completion of the central negotiations acted as a constraint on wage negotiations, neither side wanting open conflicts over wages. In the Autumn of 1937 the LO called a preparatory conference before the wage round and urged the unions to prolong their agreements before negotiating new ones.²⁹ Prolongation meant that open conflict during the negotiations would break the 1928 laws and make those concerned liable to damages, an example of the union leadership using the 1928 legislation to control the membership. The wage round concerned was relatively peaceful, though this cannot be ascribed to the constraints of the Saltsjöbaden negotiations, since renewed economic

25. Johnston (1962), p. 172.

26. Casparsson (1966b), p. 89.
Höglund (1979a), p. 39.

27. Nothin was 'close to government circles'. Söderpalm (1980), p.27.

28. Casparsson (1966b), p. 93, p. 96f.
Johnston (1962), p. 174f.

29. Höglund (1978), p. 60.

growth in the later 1930s had enabled both higher wage increases and higher investment.³⁰

The Basic Agreement was signed at Saltsjöbaden in 1938. It established rules to regulate the aspects of industrial conflict which had been the subject of the proposed legislation of the early 1930s. The main substantive issues it covered were the protection of 'neutral third parties' and the settlement of disputes affecting essential public services. The old problem of the 'employer's rights' was also taken up during the negotiations and became the most contentious issue. Certain minor restrictions on the employer's right to dismiss workers were included in the agreement, though they had little more than symbolic significance. A Labour Market Council, with a membership of six composed equally of LO and SAF representatives, was set up to handle matters arising out of the agreement and arbitrate disputes over its application. In particular the Labour Market Council would settle disputes endangering essential public services.³¹

Of the two 1928 responses to the growth of union power, the 1928 laws and the Labour Peace Conference, it was the latter which was the model for the further regulation of industrial relations in the 1930s.³² The 1932 Social Democrat victory did not lessen the pressures for

30. Høglund (1979a), p. 50.

31. Johnston (1962), part 3, passim.

32. When Lübeck launched the Bergendahl Commission in 1929 he left open the question of whether further legislation was required or whether negotiations between the LO and the SAF could deal with the issue of the 'rights of third parties'. Lübeck had been involved in setting up the 1928 Labour Peace Conference. Thus a Conservative minister was favourable to the joint central regulation route. Westerståhl (1945), p. 384.

further state regulation and indeed increased them but the new political situation made further state regulation difficult, given the incompatible pressures from the unions and the parties of the right. Joint regulation based on LO-SAF cooperation emerged as an alternative acceptable to government, unions and employers.

It was the concern to avoid state intervention which had pushed the federations into active cooperation. Paradoxically, it was not so much the threat to the unions, the target of the proposed legislation, that generated the movement towards a cooperative solution. It was rather the implications of state intervention for economic competitiveness. These motivated both the influential Nothin recommendations and the shift of strategy by the SAF. The government had pursued a legislative solution and the union leadership had largely acquiesced. So it was the implications of government intervention for a capitalist economy rather than the anti-labour content of the threatened legislation which lay behind the shift from state intervention to joint central regulation.

Short-term economic changes had a bearing on the successful completion of the Saltsjöbaden negotiations. In this connection the relationship between the Saltsjöbaden negotiations and the wage negotiations of 1937, and of both to the economic conditions of the time, must be taken into account.

3. The Social Democrats and the Employers

The SAF's fears of government intervention did not, however, indicate a period of growing conflict between government and employers. Indeed, by the later 1930s the Social Democrats and the SAF were cooperating in the development of economic policy.

a) The Social Democrats harness Capitalism

The Social Democrats moved away from socialist nationalisation towards the construction of a welfare state based on a capitalist economy.

The nature of this change and its timing have been matters of great controversy. The central figure in the debate, Tingsten, argued that this change took place in the interwar period, the mid-30s in particular, as the Social Democrats came to terms with the realities of power. For some Marxist writers, the decisive change was the much earlier acceptance of parliamentarism and reformism, which is seen by some as inherent in the Lassalleian ideology of the early socialists of the 1880s. At the opposite extreme, Lewin argues that the Social Democrats never lost their socialism, since their reforms continued to be based on socialist values. For Lewin, it was the means that had changed not the ends.³³

The ideological origins and implications of the Social Democrat retreat from nationalisation can be debated but it seems safe to assume that the early 1930s abandonment of nationalisation was a condition for the late 1930s modus vivendi with the SAF. One should note, however, that during the first world war, long before the ideological retreat from nationalisation got under way, the Social Democrats had established a working relationship with big business.³⁴

33. Tingsten (1967), vol. 1, p. 358.
Andersson (1974), p. 28.
Lewin (1967), p. 75, p. 446.

34. During this period 'a community of interest between workers and entrepreneurs in big industry was demonstrated for the first time'. The Social Democrats allied with business interests in opposition to farmer demands for higher food prices and to the government's trade policy. Branting had close personal contacts with the Wallenberg family, who owned Stockholm's Enskilda Bank. The Wallenberg family also had members in the Conservative government, which became divided and fell. An aspect of the alliance was business support for the Social Democrats' electoral reform demands. Söderpalm (1975), p. 259f.

The retreat from nationalisation can be closely linked to the Social Democrat party's electoral fortunes. In the early 1920s, when the Social Democrats formed minority governments and were dependent on Liberal support, nationalisation took a back seat and the party's nationalisation committee concerned itself primarily with developments overseas.³⁵ During the 1928 election the Social Democrats adopted a radical programme, including demands for the public ownership of natural resources and the setting up of a state bank.³⁶ The result was a major defeat and in the 1930 election, which resulted in gains, no mention was made of nationalisation in the manifesto. In 1931 the party leadership debated tentative proposals from the nationalisation committee to take the shoe and paper industries into public ownership but these proposals were strongly criticised and no concrete measures emerged. In the light of the 1930 election the party leadership decided to focus on crisis measures during the 1932 campaign and keep clear of radical proposals. The 1932 election brought the Social Democrats to power. At the 1936 party congress, with the economy improving and the international political situation deteriorating, economic and social issues aroused little interest.³⁷ Political and, above all, electoral considerations would seem mainly responsible for the retreat from nationalisation.

The Social Democrats had long been favourable to rationalisation. In the 1920s one can already discern attitudes towards rationalisation

35. Tingsten (1967), vol. 1, p. 272, p. 277.

36. In fact it was Wigforss who pushed the radical programme during the campaign. Most of the other Social Democrat leaders concentrated on more limited demands in the area of social and agricultural policy but they did not dissociate themselves from the radical proposals. *Ibid.*, p. 290f.

37. *Ibid.*, pp. 293-306.

which were to characterise the developed Social Democrat welfare state after the Second World War. In the early 1920s the Social Democrats called for a high wage economy to speed up rationalisation and thereby increase economic efficiency. In 1923, Wigforss, the leading Social Democrat ideologist, argued that workers should not only accept rationalisation but actively cooperate with it, provided that they were given influence over managerial decisions. By the later 1920s there was greater concern for the negative consequences of rationalisation, above all unemployment, but the idea that rationalisation should be controlled made little headway and the whole emphasis of Social Democrat policy was on measures to cope with the consequences of rationalisation. Thus Möller, in his directive to the 1936 Rationalisation Commission, emphasised that foreign competition necessitated continued rationalisation. He argued that this was anyway in the interests of all, since it led to a higher standard of living. The problem was not to control rationalisation but to deal with its short-term consequences, mainly temporary unemployment.³⁸

In abandoning nationalisation and promoting rationalisation, the Social Democrats were adopting a strategy of harnessing rather than transforming capitalism. As de Geer has suggested, they also cut the ground from under the feet of the 'bourgeois' opponents of welfare policies. If the Social Democrats accepted that rationalisation should go ahead, even though it might have some negative consequences for labour, it was hard for business interests to oppose state intervention to cope with these consequences. Here was the basis for a modus vivendi, the Social Democrats allowing capital its head in economic matters, capital accepting state intervention in welfare matters.³⁹

38. De Geer (1978), p. 278, p. 326.

39. Ibid., p. 351f.

b) The SAF becomes a Pressure Group

This did not mean that state intervention was not a source of conflict between government and employers. The measures taken by the Social Democrats to moderate the 1930s economic crisis brought them into conflict with major export companies. These measures involved higher state expenditure, support for agriculture and higher food prices, and wage increases - all of which were seen by the export sector as increasing its costs and endangering its economic competitiveness. Five giant engineering companies had formed the Directors' Club to coordinate their marketing efforts in the face of the international depression and the growth of protectionism. This Club now directed its attention to domestic politics and attempted to reverse and undermine Social Democrat policies.⁴⁰

The problem of planning was another bone of contention between the government and industry. Although planning was no longer viewed by the Social Democrats as a means of 'socialising' the economy and had become by the late thirties a means of maximising economic efficiency and 'correcting' the economy,⁴¹ it would nonetheless interfere with the free operation of capital and any move in this direction could be construed as opening the flood-gates to 'socialism'. The 1935 report of the Nothin Commission certainly did something to allay fears of socialist planning, by emphasising both the importance of international competitiveness and the dangers of state intervention,⁴² but industry's misgivings were to return with the outbreak of the

40. The companies were Asea, Electrolux, L.M. Ericsson, Separator and SKF. They were Sweden's leading engineering companies - export oriented, capital intensive, technically advanced, monopolistic and multinational. Söderpalm (1976), pp. 16-19.

41. De Geer (1978), p. 327, p. 336.

42. Söderpalm (1980), p. 27f.

Second World War and fears of 'war socialism'. Planning continued to be a major issue into the post-war period.⁴³

Even though the basis for a modus vivendi between industry and government existed in the mid 1930s, government policy and state intervention were still a source of conflict.

While the Directors' Club tried to put back the political clock, the SAF shifted strategy and accommodated itself to Social Democrat government. The SAF's abandonment of attempts to secure further legislative regulation of industrial relations was part of a broader reorientation of employer policy directed at disengaging the employers' organisations from direct involvement in politics.⁴⁴ Given the build-up of Social Democrat strength in parliament, the employers could no longer expect to exercise political influence through the right-wing political parties. Influence could more effectively be exercised through pressure group activities. The commissions set up by the government to investigate areas of economic and social policy provided opportunities for the employers to influence the formulation and application of government policy. This strategy required party political neutrality on the part of the employers' organisations and the presentation of employer perspectives in scientific and technical rather than political and ideological terms.⁴⁵ In the mid 1930s the SAF adjusted with remarkable speed, if not without conflict,⁴⁶ to the shift in the political centre of gravity from parliament to the state apparatus.

43. Ibid., p. 65.

44. Söderpalm (1976), p. 38.

45. The SAF and the Industry Association set up an Industrial Research Institute in 1938. Ibid., p. 43.

46. This conflict and its significance will be examined in chapter 21.

c) Cooperation

In the later 1930s there was a growing cooperation between government and industry. Government policy was animated by the conviction that full employment, high wages and reforms could only be accommodated by an economy working at full speed. Although one minister, Sköld, advocated greater state control to ensure economic efficiency, the predominant government view was that this end could best be achieved through the stimulation of the private sector and cooperation with it. The government therefore brought out in 1938 a package of measures to encourage investment - allowing investment to be written off against tax, establishing tax-free funds for counter-cyclical investment, reducing the level of company taxation. The working out of the fund proposal illustrates the new relationship between government and industry. Industry was allowed to influence the form taken by the funds in return for providing the government with information about company investment plans.⁴⁷

The government now entered negotiations with representatives of industry. In 1938 there were discussions between the Minister for Trade and export industry. Then the government proposed further negotiations with industry as a whole to work out means of greater cooperation. This raised the question of how industry could be represented, in part a problem of coordinating the various organisations on the employers' side, in part a problem for the organisations of ensuring that they mediated between the government and individual employers. There was a tension between, on the one hand, the opportunities such negotiations provided for employer influence and, on the other hand, fears of government use of the negotiations to

⁴⁷. Söderpalm (1976), pp. 48-50.

divide or manipulate the employers. The outcome was the June 1939 round of negotiations between government and industry, which resulted in the formation of three sub-committees to investigate respectively 1) investment and efficiency, 2) the exploitation of raw materials and research, 3) counter-cyclical policy. These committees were dominated by the representatives of industry. The outbreak of the Second World War brought a halt to the negotiations but they well demonstrate the institutionalising of cooperation between government and industry.⁴⁸

A transformation had occurred in the relationship between government and industry. Fear of government intervention had led to the SAF's abandonment of industrial relations legislation. The SAF disengaged from parliamentary politics to pursue a pressure group strategy. In doing so it acquired influence over government policy and found itself cooperating with the government rather than opposing it. This was not just a sophisticated accommodation of employers to Social Democrat rule, however, for the Social Democrats had met the employers half way by abandoning nationalisation and supporting rationalisation. The SAF could only function as an effective pressure group if the government was favourably disposed to private industry.

4. Joint Central Regulation and Centralisation

So far, this chapter has been concerned with relationships at the 'top', with the interaction between the LO, the SAF and the government. The cooperative arrangements reached between these organisations depended on their capacity to implement them. Significantly, the 1938 Basic Agreement was followed by the LO's constitutional changes, which formally centralised the LO. The SAF had been formally

48. Ibid., pp. 53-59.

centralised from its early years and did not therefore have to make comparable changes.⁴⁹

In 1941 the following centralising changes were made to the LO constitution. Union executives were given the right to make the final decisions in both wage negotiations and conflict matters. The LO executive acquired the right to intervene in wage negotiations. Unions were now required to seek LO permission before engaging in strikes involving more than 3 per cent of their membership. Smaller strikes could not be refused permission unless they were 'feared to cause considerable inconvenience outside the sphere of activity of the union concerned'. Centralisation at federation and union level were interlinked, for federal control was dependent on the leadership rather than the membership of the individual unions having final say in negotiations and conflicts.⁵⁰

These changes were, however, more a formalisation and systematisation of existing powers than the creation of new ones. The leadership veto on negotiations and conflicts had been a standard, albeit non-compulsory, rule since 1933 and was embodied in the rules of most LO unions before 1941.⁵¹ The LO was already acting on behalf of the

49. See Chapter 12, Section 1.

50. Johnston (1962), p. 40ff, p. 50.
Hadenius (1976), p. 57f.

51. The degree to which this was the case is controversial, particularly since the LO leadership tried to ease the passage of the 1941 constitutional revision by claiming that changes were minimal. According to Høglund, around one third of the LO unions, with a quarter of its membership, still diverged significantly from the 'normal rules' of 1933. Høglund (1977), p. 19. According to Hadenius, 29 out of the 45 LO unions already had a leadership veto and in a further 7 the leadership had the 'final word'. In 3 there were no rules governing this area. In only 4 was a membership referendum obligatory and decisive. Hadenius (1977b), p. 125f. The Hadenius analysis is more precise and it suggests that the unions had already moved a long way towards the 'leadership veto'.

unions in wage matters. In 1939, for example, the LO General Council authorised the executive to negotiate a wage indexation agreement with the SAF.⁵² So far as LO approval of conflict measures was concerned, the LO's 1898 constitution had required unions to seek LO approval before engaging in conflicts which would involve LO financial support or might bring down a lockout on other unions.⁵³

The early 1930s was a crucial period in the long process of centralisation. Continuities with the LO's formative period can be stretched too far, since decision-making reverted to the level of the union after the 1909 general strike. It was not until the early 1930s that the LO once again began to intervene extensively in industrial negotiations. As described in the last chapter, this intervention met resistance from particular unions, the leadership of these unions having problems in securing membership acquiescence in wage reductions. Then in 1933 the leadership veto was made a standard LO rule. Thus centralisation resulted from the LO's problems in controlling the union membership as the LO cooperated with the employers in bringing about a reduction of wages.⁵⁴

Union centralisation was also associated with Social Democrat government. Again as described in the last chapter, there was combined government and LO pressure on the buildingworkers during the 1933-34 strike. The 1936 LO Congress passed a motion accepting in principle the need to centralise union organisation. This motion took as its point of departure the need for the unions to act more responsibly, with more regard for the interests of society, now that

52. Hadenius (1976), p. 50.

53. See Chapter 4, Section 4.

54. See Chapter 18, Section 2b.

labour wielded so much industrial and political power.⁵⁵

The 1941 constitutional changes brought the constitution into line with practice. The Basic Agreement certainly required a tightening up of the LO's rules but the centralisation of the LO cannot be attributed to it. Indeed, the relationship was the other way round, for joint central regulation would not have been a viable alternative to state regulation unless the LO had already been sufficiently centralised to negotiate with the SAF.

5. Conclusion

The 1930s institutional crisis emerged out of an economic crisis. The economic crisis of the early 1930s generated employer demands for wage reductions. Although the union leadership was prepared to accept these reductions, the membership was not and the result was a series of intractable conflicts. These conflicts were particularly serious because the crisis had also called forth new economic policies, the implementation of which was threatened by industrial conflict.

There were two possible responses to the institutional crisis. One was to increase the state regulation of industrial conflict. The other was joint central regulation by the LO and the SAF. Further state regulation threatened the autonomy of both unions and employers.

55. Wage solidarity figured prominently in the motion's argument for centralisation. Any policy to equalise differentials required the coordination of wage negotiations by the LO executive and centralisation had been coupled with the call for a wage solidarity policy in the Metalworker motions at the 1922 and 1926 LO congresses. This has led some commentators to argue that centralisation was a result of the acceptance of this policy. The LO's formal acceptance of this policy did not, however, lead to any concrete proposals to implement it and in the 1930s equalisation was seen as a matter for the government rather than the unions. The wage solidarity argument was a means of legitimating centralisation and only in this limited way a cause of it.
Hadenius (1976), p. 35f, p. 49f.
Höglund (1979a), p. 12f.

Joint central regulation was in the interests of both parties. The Basic Agreement of 1938 has therefore been commonly treated as a means by which unions and employers acted to preserve their autonomy from the state.

Joint central regulation only became an option, however, after legislation had been proposed and rejected. The 1928 laws had demonstrated that earlier obstacles to legislation, notably Liberal opposition and employer reluctance to tie their hands, had disappeared. The union leadership could be persuaded to accept legislation. Legislation acceptable to the unions was not, however, acceptable to the right-wing political parties and this situation made Social Democrat legislation difficult, if not impossible. The government's policy had been to legislate and it was only the political impasse that brought joint central regulation to the fore.

At a more general level, it was not the unions who were most threatened by legislation. The legislation in question was directed against the unions but state intervention by a Social Democrat government was a threat to the employers rather than the unions. The SAF therefore changed its strategy and initiated the negotiations which led to the Basic Agreement. The growth of labour political power and the threat this posed to capitalism lay behind the movement towards joint central regulation.

The SAF's change of strategy involved not only the abandonment of legislation but also a more general shift of focus from parliamentary politics to the state apparatus. Social Democrat power meant that the employers could not expect to make much political headway through the right-wing parties in parliament. The SAF advocated therefore a disengagement from parliamentary politics, an acceptance of Social Democrat rule and the pursuit of employer goals through pressure group

activities and influence exercised through the state apparatus. The SAF's accommodation to Social Democrat government and the Social Democrats' abandonment of their ideological baggage resulted in the cooperative formulation of economic and fiscal policies in the late 1930s by industry and government. Thus the end of the 1930s saw not only cooperation between the LO and the SAF, in regulating industrial conflict, but also cooperation between the government and the SAF, in regulating the economy.

The organisational condition of this central cooperation was centralisation. The formal centralisation of the LO in 1941 was a corollary of the Basic Agreement but centralisation was less a consequence of cooperation than a precondition. The centralisation of the early 1930s had paved the way. This itself was built on organisational structures inherited from earlier periods of institutional development which had also produced a federation of employers centralised enough to require no further constitutional amendment.



The Institutionalising of Industrial Conflict and
Institutional Breakdown : A Case-Study of Sweden
in Comparative Perspective

by

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Chapter 20

THE UNION OPPOSITION

During the inter-war period there was a convergence at the 'top' of the SAF, the LO and the Social Democrat party. This convergence involved ideological and organisational changes that might be expected to create strains between the leadership and the membership of these organisations. Such strains could act as a brake on this convergence, set limits to it or undermine it. An analysis of the emergence of joint central regulation must consider the question of internal opposition and the management of this opposition by the leadership of the organisations concerned. In this chapter the union opposition will be examined.

The chapter divides into two parts. The first explores the growth of an organised union opposition emerging out of political divisions. The second considers the internal opposition to the Basic Agreement and the 1941 constitutional changes.

1. The Growth of an Internal Opposition

An opposition movement had existed from the period before the 1909 general strike but this opposition had been externally organised in the syndicalist SAC. The SAC reached its maximum strength in 1920, when it had a membership around one eighth that of the LO.¹ Although the SAC had been a major threat to particular unions, it had failed to displace the LO at national level.² In the 1920s an internal communist opposition grew up within the LO and in the late 1920s and early 1930s it came into conflict with the Social Democrat leadership of the unions.

1. Korpi (1978), p. 90.

2. See Chapter 13, section 6.

a) A Communist Union Opposition

A growing conflict between the Social Democrat leadership and the radical wing of the party after the electoral reform of 1909 led to the party split of 1917. The growing parliamentary strength of the Social Democrats³ and the possibility of participation in government⁴ widened the gap between leadership and radicals. The leadership's response to the outbreak of the first world war turned the gap into a rift. Branting declared a truce with the Conservative government and the Social Democrats supported legislation to strengthen Swedish defences, while the radicals campaigned against the legislation.⁵ At the 1916 party conference, the radicals were forced out of the party and in 1917 they formed an independent Social Democrat Left Party.⁶

The division in the political wing of the labour movement led to a division in the industrial wing. A series of communist led organisations emerged within the union movement, beginning with the 1917 Union Opposition. This was followed by the 1919 Union Propaganda Association, the 1926 Committee for Union Unity and the Red Union Opposition active in the early 1930s.

This politicised opposition movement within the unions was characterised by sudden shifts of policy, short-lived organisations

3. In the 230 strong lower chamber of the Swedish parliament, the Social Democrats increased their strength from 13 to 34 in 1909 and from 35 to 64 in 1911. By 1914 they were the largest single party. Schiller in Koblik (1975), p. 207, p. 218, p. 226.

4. In 1911 Branting rejected the Liberal Prime Minister's offer of places in the government, expressing concern for the effect this would have on his left-wing. In 1914 he declared Social Democrat readiness for participation in government. Elvander (1980), p. 45.

5. Hentilä (1978), p. 338.

6. Bäckström (1971), vol. 2, pp. 221-235.

and fragmentation. On the one hand, there were attempts to build a broad-based opposition bringing together all opposition groups, most notably in the 1926 Committee for Union Unity. On the other hand, more openly political and anti-Social Democrat organisations were formed, as with the Union Propaganda Association or the Red Union Opposition. The shift of policy following the 1928 congress of the Comintern resulted in a split between the advocates of these two approaches, which now competed with each other as well as with the Social Democrats.⁷

These changes and divisions are customarily explained in terms of the international links of the radical parties and the changes in Comintern policy. These clearly had a major impact on the organisation and policy of the Swedish communists⁸ but underlying the oscillation and fragmentation of the party were certain basic problems faced by any radical opposition. A broad front strategy emphasising political 'neutrality' could bring diverse groups together and also attract apolitical discontent, in the hope of maximising the size of the opposition and mustering a majority of the members against the leadership. This would, however, be incompatible with the provision of clear policy alternatives and the presentation of a distinctive radical line. Furthermore, the party would be unable to harvest any political or financial benefit if it maintained a low profile.⁹ A high profile would risk alienating supporters and allies,

7. Korpi (1978), pp. 91-94.

8. The adoption by the Comintern of the 'united front' policy of 1921 led eventually to the Committee for Union Unity. The 'ultra-left' policy of 1928 precipitated the 1929 split between the Kilbom and Sillen factions of the Swedish party. Idem.

9. The party wanted to build up its finances through the collective affiliation of unions to the Committee for Union Unity. It had to abandon this idea, however, since such a move would have been regarded as divisive by the LO and was therefore incompatible with an ideology of unity. Gårdvall (1975), p. 14f.

while inviting counterpropaganda and expulsions.¹⁰ Basic dilemmas of this kind confronted the Swedish communists and indeed the international movement.

Thus the split within the Social Democrat party led to the emergence of an organised opposition within the LO for the first time but the politicised character of this opposition carried with it the complications of international politics and problems of strategy. These resulted in policy shifts and fragmentation, which weakened the opposition.

b) The Early 1920s and the Union Propaganda Association

The short-lived Union Opposition and its successor the Union Propaganda Association were able to exploit the widespread worker discontent around the end of the first world war. The leadership of the unions had accepted long-lasting agreements for the war period and rising prices therefore resulted in declining real wages. Membership discontent was associated with an increasing level of industrial conflict, the strike frequency and worker-days lost rising steadily from 1915 to a peak in 1920.¹¹ In the engineering industry in particular there was a surge of wage demands at local level, the Engineering Employers' Association becoming concerned with the failure to observe the national agreement and dubious about its usefulness to the employers.¹²

In two unions the radicals were able to harness this discontent and achieve major, if short-lived, victories.

In the Typographers' Union discontent built up as a result of

10. As occurred after the 1928 'ultra-left' policy. Korpi (1978), p. 93.

11. See Appendix A.

12. Styrman (1937), p. 205f.

declining real wages and the radicals called for a special congress in 1919. At this congress they won the support of Social Democrat opponents of the leadership and succeeded in replacing the whole executive of the union. A long but unsuccessful strike for higher wages then followed. While the employers were supported by the SAF, the Typographers were still outside the LO and could not therefore gain any federal assistance. The strike exhausted union funds and left the union in a very weak negotiating position during the next few years. By 1921 the Social Democrats were once again in a majority on the executive, while its remaining radical members lost their radicalism.¹³

In the Metalworkers' Union the radicals managed to obtain a majority, again in alliance with discontented Social Democrats, on a number of issues at the 1919 congress. They secured the passing of a motion that took authority out of the hands of the leadership by requiring collective agreements to be submitted to the members for approval and making a strike proposal supported by three-quarters of the members in a secret ballot binding on the leadership. Opposition representatives were elected to leading positions.¹⁴ In the 1920 conflict in the engineering industry the leadership left the strike decisions to the branches and the result was a wave of strikes, a lockout and eventually a compromise settlement.¹⁵ This conflict was apparently regarded by the other unions and the LO leadership as 'less well led and less necessary' than any other of the union's large-scale conflicts.¹⁶ The congress victories of 1919 were not,

13. Björklund (1965), p. 164, p. 237, p. 240, p. 412.

14. Korpi (1978), p. 242.

15. Törnqvist (1954), p. 324.

16. Lindgren (1948), vol. 2, p. 738.

however, lasting ones, with the later reversal of some decisions, the deradicalising of the new leaders and the loss of the radical majority at subsequent congresses.¹⁷

These events showed that against a background of accumulated discontent the opposition could gain control of a union but a control that was only temporary. In each case the radicals were based in particular branches and campaigned skilfully to win a strong minority position and then construct an anti-leadership congress alliance capable of mustering a majority of the votes. The radicals were dependent, however, on the support of disaffected members of the Social Democrat Party and were therefore vulnerable to a Social Democrat counter-attack. Their success was also self-undermining, in part because it triggered off such a counter-attack and in part because it led to unsuccessful industrial action which discredited the radical cause, while radical leaders were incorporated through office into the union establishment.

The radicals also had some success in the forst industries of the North. They supported the successful demands of the paperworkers in the Labourers' and Factory Workers' Union for the building of an independent Paperworkers' Union, founded in 1920. They were also involved in the building of the Swedish Lumberworkers' Union in 1918 and in the Sawworkers' decision to end collective affiliation to the Social Democrat party.¹⁸

The Union Propaganda Association was nonetheless short-lived and was dissolved in 1923. Internal splits and Comintern policy changes played a role in its dissolution but the support for a union opposition was anyway diminishing, as shown most clearly by the decline in the

17. Korpi (1978), p. 242.

18. Gårdvall (1974), p. 19, p. 22.

strength of the Metalworker opposition by the time of the congress of 1923.¹⁹

c) The Later 1920s and the Committee for Union Unity

With the change in Comintern policy in December 1921, communist parties were urged to pursue a 'united front' policy. In Sweden this eventually resulted in the formation of the Committee for Union Unity, which held national conferences in 1926 and 1929.

Union participation in these conferences has been analysed by Gårdvall. He calculates that some 46,000 union members were represented at the 1926 conference, approximately ten per cent of the membership of the LO, and some 57,000 at the 1929 one, but the significance of participation is difficult to evaluate. So far as level of support for the communist opposition is concerned this is only a maximum figure, since the conferences were not openly communist, while union branch decisions to send representatives might well not reflect even majority opinion. They do, on the other hand, provide useful information on the distribution of support - the mining and forestry industries standing out. There was also strong Metalworker representation in 1926.²⁰ Geographically speaking, Gothenburg and Stockholm, as well as the mining and forestry areas of Middle and

19. The opposition's strength dropped from around 55 per cent of delegates at the 1919 congress to around 32 per cent at the 1923 congress. Korpi (1978), p. 92, p. 242.

20. In 1926 the miners were the most highly represented. Branches containing approximately one third of the membership sent representatives. The corresponding figure for the Labourers and the Paperworkers was one sixth and for the Sawworkers one tenth. In 1929 the Miners and Paperworkers increased their representation, while Labourer and Sawworker representation decreased. In 1926 the Metalworkers were strongly represented. In 1929 the Transportworkers, the Food Industry workers and the Firemen were strongly represented. Gårdvall (1975), p. 21, p. 23.

Northern Sweden were major centres of support.²¹ Thus radicalism was not only located in the 'isolated mass' industries, and there was a strong urban movement, as the radical coups at the 1919 congresses of the Typographers and Metalworkers had already demonstrated.

During the later 1920s the communists were involved in two major conflicts with important consequences and important implications for their position in the union movement. These were the 1928 conflicts in the iron-mines and the paper industry.²²

The conflict in the mines became an open contest between the communist opposition and the LO leadership. Eight thousand miners were locked out or on strike and the conflict lasted eight months. Wages were the substantive issue but the conflict became highly politicised. In October 1927 the Swedish and Soviet miners' unions had concluded a mutual assistance agreement. The agreement was at first kept secret and when it was made public, considerable suspicion of its motives arose, a suspicion increased by the revolutionary pronouncements made by the Swedish-Russian Cooperation Committee during the strike. The LO General Council denounced the Committee as politically motivated and divisive and presented the miners' union with an ultimatum - choose between participation in the Committee and membership of the LO. A special congress of the union only narrowly

21. Large branches in Gothenburg and Stockholm accounted in large part for the Metalworker representation in 1926, that of the Firemen and Labourers in 1929. Ibid., p. 22, p. 24.

22. There was also an interesting 'minor' conflict in 1927, involving lumberworkers at Gimå. The leadership of the Lumberworkers' Union did not support the strikers and the communist party played an important role in organising and financing the strike and sympathy actions. While no branch of the union was represented at the 1926 Committee for Union Unity conference, 24 branches from the Gimå area were represented in 1929, though these were very small branches and contained only 7 per cent of the union's membership. Ibid., p. 12f.

rejected the leadership's continued, if far from unanimous, support for the cooperation agreement but a referendum of the membership voted overwhelmingly against it. This decision must be placed in the context of an industrial conflict in which LO financial support was crucial. Thus the LO demonstrated its power over Sweden's most communist union.²³

The conflict in the paper industry was initiated by the employers, who terminated the existing agreement in order to attack the local wage drift which had developed in the industry. After the break-down of negotiations a lockout was declared. A mediators' compromise proposal was accepted by the union leadership but rejected by the members - making this conflict, in the employers' eyes, a prime example of the problems caused by decentralised decision-making in the unions. A change in the economic cycle and rising pulp prices then led to the employers calling off the lockout and accepting the initial proposals made by the union before the intervention of the mediators. This meant that the paperworkers eventually obtained a better settlement than the one their leaders had recommended to them. Having urged rejection of the mediators' proposal, the communists in the union, especially the two on the union executive who had acted as strike leaders, found themselves vindicated by events. They were able to make much political capital out of this and at the 1928 congress of the union the communists made important gains.²⁴ Also, paperworker representation was substantially higher at the 1929 Committee for Union Unity conference than it had been in 1926.²⁵

23. Casparsson (1951), vol. 2, pp. 71-94.

24. Olsson (1980), p. 103, p. 435, p. 443.

25. Paperworker 'representation' increased from branches representing 16 per cent of the membership in 1926 to 26 per cent in 1929. Gårdvall (1975), p. 21, p. 23.

This conflict, like the lesser Gimå strike of 1927,²⁶ showed how the communists, when well established in a union, could exploit a conflict between leadership and members to increase their support. It should be emphasised, however, that they were favoured by the change in the economic cycle and the subsequent employers' about-turn. The sequel in 1932 showed how fragile the communists' 1928 success was.²⁷

The successes in the paper industry, together with the higher participation in the Committee for Union Unity's 1929 conference, showed that the communists were having some success in the union movement but the politicised character of the opposition once again proved its undoing. Internal conflict, combined with the Comintern's 1928 shift from 'united front' to 'ultra-left confrontation', split the Swedish Communist Party. The majority wing, eventually renamed the Socialist Party, favoured continuing opposition within the LO, while the other, the Red Union Opposition, directly attacked the LO and tried to build an independent union movement outside it.²⁸ Furthermore, this split coincided with an attack on the communists by the LO, an attack which was not just a response to the growth of the opposition movement and the change in Comintern strategy but was also a result of the Social Democrat failure at the 1928 election. The Conservatives had made useful propaganda out of the Swedish-Russian Cooperation Agreement of the Miners' Union.²⁹ Thus the politicised character of the union opposition resulted both in internal divisions and an intensified counter-attack from the Social Democrat labour leadership.

26. See note 22.

27. See below, section d.

28. Korpi (1978), p. 93.

29. Gårdvall (1975), p. 16f.

d) The Opposition and the Strikes of the early 1930s

During the early 1930s the opposition was involved in the strikes against wage reductions, notably those by the paperworkers, the building workers and the seamen. Open conflict in the engineering industry was narrowly averted but the leadership came under heavy criticism for accepting wage reductions and the opposition strength at the Metalworker congress rose, though not to the heights of 1919 (or 1946).³⁰

The conflict in the paper industry in 1932 took a course different from that of 1928 and had different consequences. This time the recession was much deeper and there was no upturn during the strike. The two wings of the communist party were now in conflict and the communists were not therefore able to lead the strike or represent the opposition in the way they had in 1928, though there was strong membership resistance to the leaders' attempts to settle the conflict and settlement proposals were repeatedly rejected by ballot. At the 1933 union congress the Social Democrat leadership was dominant and made constitutional changes to centralise decision-making.³¹ The 1928 successes of the communists had been reversed.

The 1933 seamen's strike too was highly politicised and took place against a background of previous political conflict and an amalgamation only a few months old.³² Although the Socialist wing

30. See note 19. The strength of the opposition continued to drop during the 1920s, to under 5 per cent in 1929. In 1932 it was up to around 25 per cent and it was still at around 22 per cent in 1935. The early 1930s surge was low in comparison with the 55 per cent of 1919 and the 44 per cent of 1946. Korpi (1978), p. 242.

31. For an outline of the strike, see Chapter 18, section 2a. For the congress events see Olsson (1980), p. 434.

32. One of the amalgamated unions was that of the Firemen, which had been strongly represented at the 1929 Committee for Union Unity conference. Gårdvall (1975), p. 23.

of the Communist Party had representatives in the leadership of the Seamen's Union, the Red Union Opposition was particularly strong in this occupation and had founded its own seamen's organisation in Stockholm in 1929. This was then paralleled by a Social Democrat association set up to counteract communist influence. The Red Union Opposition did not oppose amalgamation in principle but opposed this particular one because of the adoption in the constitution of the LO's 1933 'normal rules', which centralised decision-making in the leadership's hands.³³

The 1933 strike intensified the political battle.³⁴ Membership rejection of the mediation commission's wage reduction proposals resulted in the leadership being drawn into a strike which it considered impossible to win because of the problems of conducting a successful strike in such an occupation and in such economic conditions. The leadership blamed the strike on communist agitation and propaganda. Conflicts then developed over the conduct of the strike, the Social Democrat and Socialist leaders acting within the rules, the Red Union Opposition adopting a 'no-holds-barred' approach.³⁵ As the strike went on the communists apparently increased their influence and are said to have become 'relatively strong' towards the end of the strike. Then, under pressure from the LO executive, the leaders of the union accepted a revised proposal from the mediators without referring it to the members. At a ballot later in the year the communists called for termination of the agreement but only 15

33. Svensson and Svensson (Arkiv), pp. 12-14.

34. For an outline of this strike, see Chapter 18, section 2a.

35. The problem of strike-breakers was a thorny one. The Red Union Opposition considered the official pickets ineffective and advocated the 'storming' of ships to remove strike-breakers forcibly. Svensson and Svensson (Arkiv), pp. 12-14.

per cent of the members supported this demand, giving rise to the leadership claim that this result validated their settlement of the strike. Expulsions of communists followed, in line with an LO circular calling for the exclusion of communists. At the 1935 congress of the Seamen's Union only 8 out of the 75 delegates were communist.³⁶

Thus the communists were unable to exploit this opportunity either. They had a strong organisational base in the occupation. The response to the 1933 referendum showed the opposition to wage reductions and the leaders disregarded the membership in settling the dispute, thus creating fertile ground for agitation. The gains made in the heat of the conflict were not sustained, however, and triggered off a successful counter-attack from the leadership. Indeed, after LO initiated expulsions, the Red Union Opposition was dissolved in November 1933.³⁷

As argued earlier, the 1933-1934 conflict in the building industry was of crucial importance to the institutional changes of the 1930s.³⁸ The communists were well established in key branches in this industry, notably in the Stockholm branches of the Labourers' and Masons' Unions, and the Gothenburg branch of the Labourers' Union. As in the other major strikes, the union leadership and the communists came into conflict over the conduct of the strike, the leaders seeking to limit it for tactical reasons, the communists calling for a total stoppage. When the final mediation proposal was put to the members of the unions, the Stockholm branches of the Masons' and Labourers' Unions had a large majority against.³⁹ The Masons' rejection was

36. *Ibid.*, p. 14f, pp. 20-23.

37. *Ibid.*, appendix.

38. See Chapter 18, section 2a and Chapter 19, section 2a.

39. Apitzeh et al. (Arkiv), p. 8, p. 13, pp. 35-37.

particularly important, given the narrow vote against the proposal in the union as a whole and the consequent intervention of the LO to overrule it.

In this case, the defeat of the strike did not result in a weakening of the communists' position, at least not in the Stockholm branch of the Labourers' Union. The communists strengthened their position in the 1934 branch leadership election. While this can in part be explained by the hostility in Stockholm to the terms of the settlement, Olofsson argues that communist organisational activities were crucial. Over half the membership of the branch was unemployed during the whole of 1934 and the communists formed a special unemployment section and a legal aid committee to assist the unemployed. It was those who were actively engaged in this work who were elected to the branch leadership in 1934.⁴⁰ The increasing support for communists in this branch at a time when support elsewhere was diminishing is therefore less of an exception than it appears and can be explained in terms of this organisational initiative rather than the conflict with the union leaders during the strike.

The conflict between leadership and membership characteristic of the major strikes of the early 1930s provided the Communist Party with opportunities to insert a wedge into the unions. The conflict between the two wings of the party weakened, however, its capacity to exploit this situation. The defeat of the strikes resulted in an evaporation of support for the radicals, while the developing counter-attack from the LO led to expulsions, which reinforced the victories of the union leadership. The limited gains made by the communists in the 1920s were reversed by the defeats of the early 1930s.

40. Ibid., pp. 53-58.

e) The Engineering Strike of 1945

While this strike falls outside the inter-war period with which this group of chapters is mainly concerned, it is convenient to consider it here because of the similarities between the surges of radicalism in the Metalworkers' Union at the end of both world wars and the implications of this for an assessment of the support for the communist opposition.

As during the first world war, declining real wages led to a general upsurge in support for the opposition, though the dissolution of the Comintern in 1943 also contributed to its success, since it allowed the Swedish Communist Party to develop a policy of 'national communism'. The party obtained around ten per cent of the vote in the general elections of 1944 and 1946. Although only 11 per cent of the delegates to the 1941 union congress supported the opposition, 42 per cent supported it in 1944 and 44 per cent in 1946.⁴¹

The conflict between the leadership and the opposition found its most dramatic expression in the five-month strike in the engineering industry in 1945. The background to the strike was the wage freeze introduced in 1939 through the central agreement between the LO and the SAF. The issue was how long the freeze should be maintained. The Social Democrats sought to prolong it to the end of the war, with the support of the LO leadership and the leaders of the Metalworkers' Union. The communists opposed it from the summer of 1943. The opposition delegates were in a majority at the September 1944 union conference to determine the union's wage policy and the leadership attempt to prolong the freeze was defeated.

When the employers rejected the union's wage demands, a ballot of the members voted by a large majority for strike action. Although

41. Korpi (1978), p. 242.

the union executive had the right to decide such matters and was opposed to a strike, it considered that membership opinion was too strong to be denied. The strike started in February and lasted until May. After repeated membership rejections of leadership proposals and an employer threat to widen the dispute, the executive then decided to use its authority and signed an agreement. Thus after following membership opinion in the early stages of the conflict, the leadership went against it later on.

Conflict between leadership and membership over wages had resulted in the opposition increasing its support, as at the end of the first world war. Was this increased support sustained? Korpi points out that at the special congress of 1946 the opposition was supported by approximately 44 per cent of the delegates, marginally more than at the 1944 congress, a clear indication that although the strike had been unsuccessful, the opposition was able to maintain its position. However, by the time of the 1947 congress, opposition support had dropped to around 29 per cent and by 1950 was under five per cent. International events were important in this decline, since the 1948 communist coup in Czechoslovakia resulted in the communist party losing much of its Swedish following.⁴²

As in the period after the first world war and in the early 1930s leadership wage restraint had enabled the opposition to make major gains but the gains were temporary and did not result in any long-term increase in support.

f) The Opposition and its Support

An organised opposition in the union movement first emerged as a result of conflict in the political sphere - the departure of the

42. Ibid., pp. 246-251.

radical left from the Social Democrat party leading to the formation of a series of communist union organisations. While these political origins provided the nucleus for an 'independent' opposition centering around ideological assumptions opposed to those of the Social Democrat union leadership, the politicised character of the opposition was also a handicap. It resulted in dilemmas of strategy due to the conflicting requirements of industrial and political opposition, dilemmas compounded by the strategy changes of the international movement. It also made the opposition a target for a Social Democrat counter offensive. The politicisation which made an independent opposition possible also weakened this opposition.

Long-term support for the opposition was located both in 'isolated mass' industries and in the major cities. The mining and forestry industries, including the ports serving them, were the main source of steady support, as indicated by participation in the Committee for Union Unity conferences, as well as by the evidence of particular industrial conflicts. It would be quite wrong, however, to treat opposition as a product of the isolated mass situation^{alone}, given the existence of strong support from particular union branches in the major cities, Gothenburg and Stockholm especially. These branches provided the launching-pad for radical surges in such unions as the Metalworkers, Printing and Building.

These surges occurred when the leadership of the unions came into conflict with the membership. Typically these conflicts occurred when the leadership accepted wage restraint or wage reductions. In these circumstances the opposition vote swelled, congresses were dominated by the opposition, and communists could secure leadership positions. An opposition surge came to an end often as a result of a failed strike, which discredited radical policies. There were also

tendencies for opposition representatives to be coopted into the leadership. It was not just a matter of declining radicalism, for the Social Democrats in a union counter-attacked and had behind them the power of the LO.

The power of the LO was demonstrated by the 1928 conflict in the mines. Support for the communists was probably greater in mining than anywhere else but when forced to choose between communist affiliations and LO membership the miners opted for the latter. Given the centralised power of the SAF and its aggressive lockout strategy, individual unions were heavily dependent on the LO.

The instrumentalism of Swedish workers was the source of the opposition's strength and its weakness. The opposition had certain strongholds but it could only obtain a broader support when the leaders of particular unions came into conflict with the members over the union's wage policy. This wider support was essentially instrumental and it therefore evaporated when the particular conflict was resolved or when the opposition failed to deliver the goods. Furthermore, this instrumentalism made the unions dependent on the LO, which could provide a financial support the opposition could not match. Thus the instrumentalism which provided openings in which the communist organisations could insert a temporary wedge, also made it impossible for them to present a serious challenge to the LO and its Social Democrat leadership.

2. Centralisation and Opposition

So far this chapter has examined the emergence of an organised union opposition and its fortunes. The emphasis has been on the political origins of the opposition and its relationship to conflicts between union leaders and their membership. The development of joint central regulation in the 1930s and 1940s resulted in further

centralisation of the LO and its unions, a centralisation which might be expected to generate internal tensions for the opposition to exploit. This section will consider the reactions to centralisation and the degree of resistance to it.

In examining these issues, two possible lines of conflict have to be considered. Firstly, the strengthening of the authority of the LO threatened the autonomy of its constituent unions. Secondly, the centralising of authority within the unions widened the gap between leadership and membership.

a) The LO and the Unions

How much conflict did the centralising of the LO generate?

One may first consider the Basic Agreement. There was little opposition in the LO General Council to the 1936 proposal that negotiations should be opened with the SAF, but more when the Basic Agreement was submitted to the LO General Council for approval. The craft unions in printing and building were the main source of opposition. They argued that the part of the Basic Agreement dealing with the 'employer's rights' did not take account of the special circumstances of their members. They also argued that while the negotiations with the SAF had been necessary to avoid legislation, the changed political situation had removed this threat and made the Basic Agreement unnecessary. The General Council approved the Basic Agreement, by 63 votes to 23.⁴³

One may next consider the 1941 constitutional changes, which far more directly raised the question of union autonomy. Once again the craft unions were highly critical, the Typographers' Union threatening this time to leave the LO. The leader of this union emphasised that

43. Casparsson (1966), p. 371.
Hadenius (1976), p. 53f.

his union did not need the LO's assistance and could well be impeded by LO involvement in its conflicts. The building industry unions were concerned about loss of autonomy, while the craft union in the metalwork sector, the ^{Foundryworkers'} Union, feared the levelling consequences of a centralised wage policy.⁴⁴ It was not only the craft unions that were critical of the proposed changes, for the powerful Metalworkers' Union had now shifted from support for centralisation to concern for its possible dangers. Broadly speaking, the unions of the higher paid were opposed to centralisation and the unions of the lower paid in favour of it.

The change in the Metalworkers' position is worth further examination. The metalworkers had been the sources of earlier proposals for the centralisation of the LO. Their interest in centralisation was associated with their support for a wage solidarity policy to benefit the lower paid. During the 1920s and the early 1930s the combination of international recessions and increasing international competition had resulted in export industry wages falling behind those of the home market industries. With rearmament in the later 1930s and the Second World War this situation changed and high demand in the metalworking sector gave the metalworkers opportunities to push up their wages locally. They were discontented with the 1939 indexation agreement between the LO and the SAF, since this agreement held them back. The Metalworkers' Union's shift from support for centralisation in 1936 to opposition in 1941 can therefore be explained in economic terms.⁴⁵

This opposition was skilfully managed by the LO leadership. Discontent came to a head at the meeting of the General Council before

44. Hadenius (1976), p. 59f.

45. Ibid., p. 61.

the 1941 LO congress. The LO leadership emphasised that it would only use in exceptional circumstances its increased powers to intervene in negotiations and conflicts. The LO claimed that the constitutional changes were minimal and individual unions anyway still had the right to sign their own agreements. Union fears centred on the implications of a wage solidarity policy and the LO leadership played this issue down.⁴⁶ To placate the critics, further adjustments were made to the proposed constitutional changes and by the time of the congress the opposition was dying down. At the congress there was an overwhelming vote for the revised constitution - 320 delegates supporting it, 17 against and 15 abstaining.⁴⁷

b) The Leadership and the Membership

The increased authority of the LO executive could only be exercised if the possibility of membership rejections of LO decisions was removed. The 1941 constitution therefore made it a requirement of LO membership⁴⁸ that a union's executive had decision-making powers in negotiations and conflicts. These matters were no longer to be subject to membership ballots.

In the event, the members had little chance to object to the 1941 constitution, for the constitutional proposals were distributed to the unions late. There was little time for discussion at union conferences

46. See Chapter 19, note 55.

47. Casparsson (1948), vol. 2, p. 415.
Hadenius (1976), p. 62.

48. This raises the question of who the LO's members were. Were they the members of the LO unions or were they the unions as such, i.e. the leadership of the unions, as in the LO General Council. The LO was characterised in 1936 as the 'central organisation of Swedish trade unionists', implying the former, but in 1941 as 'a federation of the country's unions', implying the latter. Høglund (1977), pp. 98-100.

and no time for the submission of critical motions to the LO congress. The delegates to the congress were, in effect, nominated and elected by the local leadership and those associated with it, the active electorate being estimated at between 8 and 15 per cent of the membership.⁴⁹

The 1941 constitutional changes were largely a formal standardisation. In many unions the leaders had already acquired decision-making rights and they had been incorporated in the LO's rules since 1933.⁵⁰ Advisory ballots could anyway still be held, as in the Metalworkers' Union in 1944. The membership voted for strike action, against the wishes of the leadership and the union executive decided that it had to go along with the members, at least in the early stages of the strike.⁵¹ This was the situation in a union which had long been centralised and it indicates the continued power of the membership.

Conclusion

It was wage restraint rather than institutional changes which generated conflict between union leadership and union membership. It was in the early 1930s, when the union leadership accepted wage reductions, that such conflict occurred - not in the later 1930s, when the institutional changes were taking place. Indeed, these institutional changes were eased by the economic growth of the later 1930s, which minimised industrial conflict while the Basic Agreement was negotiated.

Organised opposition to the LO leadership was generated in the political not the industrial sphere. It was the political integration

49. Ibid., p. 83f, p. 95.

50. See Chapter 19, section 4 and note 51.

51. See section 1(e) of this chapter.

of the Social Democrat party rather than the industrial integration of the unions which created an organised opposition within the LO. This opposition could only flourish when it led a successful resistance to wage restraint. The Communist Party was highly critical of both the Basic Agreement and the LO's 1941 Constitution, since both involved an accommodation between the unions and the capitalist system,⁵² but there was at this time no reservoir of economic discontent for the communists to mobilise. Wartime wage restraint was once again to provide this discontent but only after the institutional changes had been carried through.

Internal opposition was not therefore an obstacle to the establishment of joint central regulation, which neither caused nor coincided with internal conflicts between leaders and members. The LO was already so centralised that joint central regulation could be instituted by the leadership itself. Insofar as it existed, serious opposition came from within the union leadership and membership approval was not an issue of any topical importance. Since the institutional changes enhanced the collective authority of the leadership, criticisms from within the leadership could be easily accommodated.

52. Hadenius (1976), p. 55, p. 61f.

Chapter 21

THE EMPLOYER OPPOSITION

The institutional changes of the 1930s required adjustments on the part of the employers as well as labour. S derlund's essentially corporatist strategy involved both the distancing of the SAF from the employers' traditional allies in parliament and cooperation with the Social Democrat government. Admittedly, the Social Democrats had moved a long way towards the employers by abandoning nationalisation and adopting a policy of harnessing a capitalist economy made to work at full speed. The S derlund strategy nonetheless involved a radical break with the past policies of the SAF and might be expected to generate opposition among the employers.

1. Opposition from the Directors' Cluba) Conflict over Corporatism

The response of the Directors' Club¹ to Social Democrat government was not corporatist penetration on the S derlund model but parliamentary opposition.

The Directors' Club set out to revitalise the 'bourgeois' parties in the hope of reversing the Social Democrat victory of 1932 in the 1936 election. The Club's secretary was instructed to consult with leading politicians and draw up a 'bourgeois' reform programme for adoption by the Conservative and Liberal parties before the election but at a December 1935 conference with the leaders of these parties the Club's proposals failed to obtain sufficient support. The politicians considered the proposals too 'principled' in character and insufficiently practical. An attack on Social Democrat 'corporatism'

1. See Chapter 19, note 40.

as a threat to freedom, democracy and economy would alienate the agricultural interest and therefore the farmers' party, with which the two right wing parties were trying to construct an alliance. There were, furthermore, signs of a Social Democrat movement away from interventionism and planning, as shown by the Nothin Commission's report,² and this weakened the credibility of such an attack.

The Directors' Club then came into conflict with Söderlund over the establishment of a new research body by the employers' organisations. The setting up of government commissions to investigate economic and industrial policy matters had put pressure on the employers' organisations to develop their own expertise in order to influence this crucial area of policy-making. Thus in 1938 the SAF and the Industrial Association established the Industrial Research Institute. Considerable conflict took place, however, over the functions of this Institute. The Directors' Club believed that it should engage in propaganda work and should be brought into the political attack on the Social Democrats. Söderlund successfully opposed such a politicising of the Institute's activities, arguing that if it became identified with the opposition parties it risked losing whatever influence it might have as an 'objective' research organisation. The Institute should support the pressure group activities of the employers by using scientific and technical rather than political means.³

b) Corporatism and War

During the second world war government and industry became closely inter-related in the administration of the economy. In October 1939 the government set up an Industry Commission to regulate industrial

2. Söderpalm (1976), pp. 33-36.

3. Ibid., pp. 39-47.

and raw material production, making Söderlund the chairman and staffing it largely with industrialists, in part to allay their fears of 'war socialism'. The other commissions and boards set up to control the economy were similarly composed. Employer representatives far outnumbered those of the unions.⁴

Industry's fears of domination by the state were intensified by the prospect of 'war socialism' and the Directors' Club sought to protect industry's interests by maximising its influence over the state apparatus. During the government discussions of 1939 an attempt was made to insert businessmen into key ministries and the Directors' Club influenced the composition of the government.⁵

German successes in the early stages of the war led to expectations that parliamentary democracy would be replaced by a corporate state. Indeed, the secretary of the Directors' Club favoured a constitutional reform to establish such a state.⁶ In order to maximise industry's influence on government, the Industrial Association carried out a centralising reorganisation, abolishing individual company membership and making industrial branch associations its constituent units.⁷ A merger of the Industrial Association and the Export Association was planned, so as to create a central body to represent industry

4. Ibid., p. 86f, p. 98.

5. The plan was that the Agrarian party representatives would leave the government and be replaced by industrialists, who would be given key ministerial positions. Although this plan came to nothing and a coalition government was formed, Möller, who had attracted the hostility of the Directors' Club, was shifted out of the Ministry of Trade, and the Trade and Communications Ministries were given to the Conservative and Liberal parties. Even though the Directors' Club's more ambitious plan had failed, it had nonetheless influenced the composition of government. Söderpalm (1973), pp. 109-112.

6. Söderpalm (1976), p. 106.

7. The government approved this, since it made it easier to manage the economic problems created by the war. Ibid., p. 100.

to government, though conflicts of interest between the forestry and engineering industries prevented it.⁸

Thus industry and state were forced together by the war. The Directors' Club could no longer hold aloof from involvement with the state. If industry's independence was to be protected, industrialists had to control the state apparatus and prevent its misuse. Furthermore, although the aims of the Directors' Club were primarily defensive, there were also elements seeking to increase industry's political power and use the state apparatus. The gap between Söderlund and the Directors' Club narrowed and corporatist tendencies were strengthened.

c) The Postwar Conflict over Planning

As the issue of postwar planning became increasingly salient, the gap between the Söderlund strategy and the Directors' Club opened up again.

Söderlund, from 1943 once again at the helm of the SAF, considered the war-time cooperation between state and industry a model for the handling of postwar problems. The Industrial Research Institute worked with the Treasury on the problem of unemployment after the war. The Institute used its technical expertise to allay the Social Democrat fears of postwar recession, these fears intensifying their demands for continued state intervention after the war. Söderlund and a group of major industrialists took part in the Myrdal Commission, set up to investigate the issue of postwar planning. The industrialists sought to deflect Social Democrat ambitions to rationalise the economy and worked to confine the activities of the Commission to the immediate problems of the postwar transition. Conflicts over planning certainly

8. Ibid., p. 105f.

occurred in the Commission but, initially at least, within the existing framework of government-industry cooperation.⁹

The Directors' Club operated against this framework. They made an alliance with a revitalised Liberal party, which campaigned against state intervention and bureaucratisation. While the industrialists working in the Commission used technical means to influence governmental policy, the Directors' Club prepared to launch a propaganda campaign against planning. The Club sought to exploit the conflicts in the Commission to pull Söderlund into such a campaign.¹⁰

An open confrontation between industry and government did not in the end develop. The expected postwar depression did not materialise and the abolition of the Commission in 1946 moderated business fears of state intervention.¹¹

This was not the end of the story, for an open confrontation did occur during the election of 1948. The specific issue was taxation. Social Democrat plans to sharply increase the taxation of wealth and of companies met the highly organised opposition of the major organisations of business, the Directors' Club orchestrating this opposition. The more general issue of 'planning' resurfaced. Repeated government overtures to industry, seeking the participation of industrialists in a rationalisation commission, were rejected and anti-planning propaganda was stepped up. At the same time parliamentary conflict intensified as the Liberal party, financed by business, made a bid to challenge Social Democrat political domination at the 1948 election.¹²

9. Ibid., pp. 114-119.

10. Ibid., pp. 118-123.

11. According to Lönroth, Social Democrat plans to extend state control were abandoned primarily because there was economic growth instead of the expected postwar depression. The problem was not unemployment but a surge of imports and a balance of payments crisis. Lönroth (1974), p. 56.

12. Söderpalm (1976), pp. 139-147.

In the aftermath of the election, however, the corporatist links between government and industry were once again strengthened. The Social Democrats remained the governing party but they had lost ground and this, together with an economic crisis characterised by inflation and a balance of payments deficit, diminished Social Democrat radicalism.¹³ New institutions of cooperation between government and industry were established, in which industrialists were once again heavily involved.¹⁴ There were continued Directors' Club fears of the implications of this cooperation for planning and Liberal fears of the corporatist by-passing of parliament. But a combination of Social Democrat moderation, government assistance to export industry to remedy the balance of payments deficit and an improved economic situation finally diminished Directors' Club hostility to cooperation with the government.¹⁵

The 1948 election was the last challenge from the Directors' Club to the establishment of corporatist relations between government and industry. Industry had come to terms with Social Democrat government, for the time being at least. The activities of the Directors' Club gradually petered out and it held its last meeting in 1953.¹⁶

2. Industry and the State

The change of strategy initiated by Söderlund in the mid 1930s had led to conflict between sections of Swedish industry. It was opposed by the 'Big Five', the most powerful companies in Sweden. What was the basis of this conflict and why did the opposition fail?

13. Lewin (1975), p. 292.

14. The government established a 'top delegation' to discuss general economic issues. It was composed of government ministers, representatives from the business umbrella organisation 'Organisation for Economic Cooperation', representatives from the union federations and other interest groups. 'Special delegations' were also established, notably one to deal with the problems of economic growth - known as the Thursday Club. Söderpalm (1976), p. 146f.

15. Ibid., p. 150ff.

16. Idem.

a) Export Industry and Domestic Industry

The conflict was grounded in differences of interest between the export and the home market industries. For the export based engineering companies in the Directors' Club international competitiveness was what mattered. Social Democrat policies threatened this competitiveness in various ways. Protection for agriculture raised prices. Policies to reduce unemployment would lead to higher wages in domestic industry and wage demands in the export sector. Higher state spending meant higher taxes. In one way or other Social Democrat policies would increase the costs of export industry and the intensity of international competition made it difficult to pass on cost increases as price increases. The position of domestic industry was clearly different. Social Democrat policies increased the demand for the products of domestic industry, since Social Democrat policies to reduce unemployment involved stimulating and assisting the building industry in particular and through it the industries which supplied the building industry with its materials. Lower unemployment meant increased purchasing power for the products of home-market consumer industries. Thus the Directors' Club's attempt to mobilise industry against the Social Democrats came up against the problem that sections of industry were already benefiting from Social Democrat policies.¹⁷

In this connection one may note the growing importance of domestic industry in the interwar period. In 1929 exports accounted for around 33 per cent of industrial production but by 1939 only 25 per cent. There was a growth of small companies producing new products for domestic consumption. This was in part a response by industry to the international recession but Social Democrat policies reinforced it.¹⁸

17. Ibid., p. 21, p. 40.

18. Kriser och Krispolitik ..., p. 211.

Although the 'Big Five' opposed the Söderlund strategy, their weight in the economy was diminishing somewhat during the interwar period.

One must emphasise, however, that although the Social Democrats' economic policies favoured the growth of domestic industry, this certainly did not mean that the Social Democrats were hostile to export industry. Indeed the reverse was the case, since, as argued above, the Social Democrats and the LO were very much aware of the importance of international competitiveness. The Nothin Commission's report demonstrated this and indicates the link between the growing interest in joint regulation as an alternative to state intervention and the importance of maintaining a competitive capitalist industry. While at times Social Democrat governments set up commissions and investigations pointing in the direction of a planned economy, they did not move to implement such an economy, except during the second world war. Ideas of a planned economy were anyway more concerned with rationalising capitalism in order to forestall a further recession than with transforming capitalism. The Directors' Club was attacking an enemy that did not really exist and although at times ^{other} industrialists shared the Club's fears, their unreality undermined the Club's campaign.¹⁹

Although a group of Sweden's most powerful industrialists opposed Söderlund's strategy, the divisions within industry and the absence of any fundamental conflict of interest between government and industry meant that they could not obtain the long-term support of industry as a whole.

b) Towards Corporatism

Effective opposition anyway required a viable parliamentary alternative to the Social Democrats. The three 'bourgeois' parties, the

19. See Chapter 19, section 3.

Conservatives, the Liberals and the Agrarians, were indeed in a majority in the lower chamber of the Swedish parliament until 1936 but the Agrarian party had been detached by the 1933 agreement with the Social Democrats and the interests of the farmers were directly opposed to those of export industry. Furthermore, although the Liberal party's views coincided with those of the Directors' Club, the Conservative party was more favourable to cooperation between industry and government and was sharply criticised for this by the secretary of the Club.²⁰ Political conflicts prevented a coherent parliamentary challenge to the Social Democrats during the 1930s and eventually, after the failure of the Liberal drive for power at the 1948 election, the Directors' Club had to come to terms with Social Democrat government.

Irrespective of parliamentary politics, the organisational underpinnings of corporatism were being established. The government was dependent on the technical expertise of industry and industrialists were incorporated into the state apparatus. The second world war accelerated this process. The organisational inter-connections between the state and the representative organisations of industry constrained both sides, not only steering the government away from planning but also involving industry in state intervention, moving both towards a corporatist capitalism. Government and industry met each other half-way and became implicated in each other's organisations, thereby making Directors' Club opposition to the Söderlund strategy that much more difficult.

Lastly one may point to the organisational developments which facilitated corporatism. The existence of centralised labour market

20. Söderpalm (1976), p. 114.

federations provided an organisational structure which made it easy for government and industry to interpenetrate. As industry-state cooperation developed, some further centralisation of the representative organisations of industry did take place but centralisation was not so much a consequence of corporatism as a condition for it.

3. Conclusion

The 1930s accommodation between labour and capital had met major opposition from a section of the employers. This opposition was not directed at joint central regulation itself but at the wider SAF acceptance of Social Democrat government. This acceptance had led, on the one hand, to the abandonment of attempts to secure a legislative regulation of industrial relations and, on the other hand, to a strategy of influencing the state apparatus. Joint central regulation and corporatism had in common the by-passing of parliament and the disengagement of the SAF from parliamentary politics.

The 1930s accommodation met greater opposition from the employers than the unions. The organised union opposition had originated from the earlier conflicts between reformists and revolutionaries in the Social Democrat party and made its greatest advances when the union leadership accepted wage restraint. Social Democrat political successes and the later 1930s economic recovery made for minimal opposition at the time when joint central regulation was established. In contrast, employer opposition was generated by Söderlund's change of strategy and was directed at that strategy.

The employer opposition diminished during the first years of war-time cooperation between government and industry but resurfaced over the issue of postwar planning. By this time, however, close organisational interconnections had developed between industry and

state. The necessary parliamentary basis for a reversal of corporatist tendencies was lacking. Furthermore, the interests of state and industry were not anyway in fundamental opposition, for the Social Democrats were only concerned to manage capitalism, not to transform it.

Chapter 22

JOINT CENTRAL REGULATION IN COMPARATIVE PERSPECTIVE

The developments of the 1930s established that in Sweden industrial conflict was to be jointly regulated by the federations rather than the state. The analysis of these developments has so far focused on the inter-relationships between government, unions and employers. Underlying the changes in these relationships were the crisis of the depression and the growing political power of labour, both of which were features common to the industrial societies of Northern Europe. The question arises of the extent to which these same features had similar institutional consequences elsewhere. As in the earlier comparative chapters, this question will be explored through comparing Sweden first with Denmark and Norway, then with Britain.

1. Joint Central Regulation and State Intervention in Denmarka) Towards Joint Central Regulation

Denmark too moved towards joint central regulation in the 1930s and indeed in some respects advanced further along this path than Sweden.

A degree of joint regulation had been long established, through the September Agreement of 1899 and the subsequent cooperation between unions and employers.¹ The September Agreement, like the Swedish December Compromise of 1906, recognised the employers' right to manage and the unions' right to exist. It went beyond these issues, however, and laid down certain rules to regulate conflict, these rules specifying the amount of notice that should be given before action was taken

1. The two federations cooperated in joint commissions to investigate ways of further developing the framework set up by the September Agreement, notably the 1908 Industrial Commission and the 1925 Joint Committee to codify negotiation practices. Galenson (1952b), p. 102, p. 26.

and requiring either side to have a 75 per cent majority in favour of conflict measures before taking them. This agreement also made the two federations responsible for implementing any substantive agreements between them but the range of issues on which the union federation was empowered to make agreements with the employers' federation was limited.² The Labourers' Union in particular strongly resisted attempts to centralise the union's federation's control over conflicts and wage negotiations.³ Thus centralised joint regulation did not develop to the extent hoped for by the employers, though its framework was nonetheless far more developed than in Sweden at this time.

In the 1920s the employers began to make further attempts to centralise wage negotiations but conflicts in the early 1930s hindered cooperation between the federations and it was not until 1936 that progress was made in this direction. The standard negotiating rules of 1936 emphasised the need for the further extension of national agreements and established a common expiry date for collective agreements, thereby making 'leap-frogging' tactics by the unions more difficult. Like the 1899 Agreement, the 1936 one fell short of employer goals but the establishment of common expiry dates facilitated a movement towards centralised wage rounds and was in advance of developments in Sweden.⁴

2. Ibid., pp. 99-102.

3. The craft unions, led by the Metalworkers, favoured centralisation, since they were in a majority in the federation. The Labourers' Union was the largest union but nonetheless in a minority position and in constant conflict with the craft unions over jurisdiction and differentials. Although the craft unions were in a majority and could therefore force through centralising reforms, the Labourers' Union could use the weapon of secession, threatening the Federation with the loss of its largest unit.
Ibid., pp. 58-61.

4. Ibid., p. 103f.

b) Union Structure and State Regulation

The structural problems of Danish unionism impeded centrally negotiated solutions and state regulation therefore played an increasing role.

The 1908 joint commission of employer and union representatives recommended the legislation enacted in 1910 to establish state mediation and a labour court. The mediators acquired greater powers in Denmark than in Sweden, having by 1925 the right to require the parties to a dispute to suspend action. Then in 1934, following another joint commission, the 1910 laws were amended to deal with the problem of small unions rejecting mediation proposals. Agreements were now to be ratified or rejected not by individual unions but on the basis of the total votes cast by the unions covered by an agreement.⁵

This development of mediation can be seen as a functional alternative to the centralisation blocked by inter-union conflicts. Legislation was in fact recommended by joint commissions. The 1910 legislation was recommended because inter-union conflicts prevented effective conflict regulation by the federations. Then in 1934 this legislation was amended because craft unions refused to surrender any decision-making powers to the federation. In 1934 the labour leadership clearly used parliament as a means of circumventing opposition in the unions.⁶

c) State Wage Regulation

There was also from the early 1930s a much more open and direct intervention by the government in wage negotiations. In 1933 a general lockout was threatened when the unions rejected employer demands for

5. Ibid., pp. 107-115.

6. Ibid., p. 113f.

a 20 per cent reduction of wages. The Social Democrat government then introduced legislation to prevent open conflict and extend existing collective agreements for one year. In 1936 and subsequent years governments continued to intervene in this way by giving mediation proposals legal force. Government mediation had become government arbitration.⁷

The pressure to intervene was similar to that experienced by the Swedish government but the character of intervention was quite different from that threatened in Sweden. In both societies Social Democrat governments found their anti-depression policies threatened by industrial conflicts - hence the pressure to intervene. In Sweden the employers were forcing through wage reductions, with the cooperation of the union federation, and the major open conflicts resulted from union resistance to these reductions. In Denmark too the employers were seeking wage reductions and in the absence of union cooperation were threatening a major lockout but in Denmark government intervention prevented such wage reductions and protected the unions.⁸ Thus in Sweden the threatened intervention was anti-strike and anti-worker, while in Denmark it was anti-lockout and anti-employer.

How is this difference to be explained? Following Galenson, the explanation appears to lie in differences in the structure of the economy. Denmark depended on agricultural exports to a far greater extent than the export of industrial goods and therefore needed to keep agricultural exports competitive. Wage reductions in the industrial sector were not an appropriate way of reducing agricultural

7. Ibid., pp. 130-132.

8. The index of money wages remained constant 1930-1936 in Denmark. Ibid., p. 157.

prices and a policy of devaluation was adopted instead. In Sweden agriculture was geared to the home market and it was industrial exports which were crucial, so wage reductions were the prime means of increasing international economic competitiveness.⁹ In Denmark the Social Democrats, though less radical ideologically than their Swedish counterparts and politically weaker,¹⁰ were paradoxically more able to protect the immediate interests of industrial workers.

d) The Danish Pattern

In Denmark formal joint regulation by the federations was more developed than in Sweden but effective joint central regulation was hindered by the structure of the union movement. Conflicts between unions inhibited the centralisation of authority and mediation developed as a functional alternative. Mediation became arbitration rather than conciliation, a means by which the federation leadership controlled the unions and the government regulated industrial conflict. Joint central regulation in Denmark had therefore a much higher component of state regulation than it did in Sweden.

2. Joint Central Regulation and State Intervention in Norway

On the surface there were parallel developments in Swedish and Norwegian industrial relations during the 1930s. In Norway too the labour market federations concluded a Basic Agreement to avoid government intervention. Although the content of the Norwegian agreement was in important respects different, for the emphasis in the Swedish agreement was on the protection of 'third parties', while in Norway the main issue was membership rejections of mediation proposals, the issue of principle could be said to be the same.¹¹ One may also note

9. Ibid., p. 159.

10. Elvander (1980), p. 85.

11. 'The significance of the Basic Agreement lay not so much in the particular provisions as in the fact that it implied the successful evolution of a method of dealing with labor problems on a national basis.' Galenson (1949), p. 197.

that it was the inability of the Danish union federation to deliver such an agreement which had led to the 1934 legislation. Was Norway travelling along the same path of institutional development as Sweden?

a) Mediation and Arbitration

This was not the case. Although the Norwegian Basic Agreement enabled the avoidance of legislation on a particular issue, this was a single and relatively minor episode. Both before and after the Basic Agreement there was a high level of government intervention in industrial relations.

One may first consider state mediation in Norway, which was in fact closer to the Danish than the Swedish pattern. As in Denmark, the Norwegian mediation legislation gave the mediators 'cooling-off' powers, which they did not have in Sweden. In the early 1930s in Norway, as in Denmark, earlier legislation was amended to strengthen the mediators' powers. The new rules governing the rejection of mediation proposals by union referenda were soon repealed, due to union opposition, and replaced by the provisions of the Basic Agreement but the legislation to deal with the problem of multi-unionism remained in force.¹² Mediation in Norway had a compulsory element found in Denmark but absent in Sweden.

More important than compulsory mediation was, however, compulsory arbitration, which developed much earlier in Norway than in Denmark, being introduced by a Liberal government in 1916. It was at first limited to the war period but it was re-enacted in 1919 and 1920, against labour opposition. It lapsed in 1921, due to employer opposition, but was introduced again in 1922, labour now accepting

12. Ibid., pp. 101-105.

it because the unions were weak after the failed general strike of 1921 and there was now high unemployment. In 1927, after major strikes, the Conservative and Liberal parties re-introduced it. After expiry in 1929 there was no further enactment of arbitration until 1938, when the Labour government legislated an end to a particular dispute. Broadly speaking, the Liberal party advocated compulsory arbitration in principle, while the Conservative and Labour parties rejected it in principle but accepted it in practice, when it accorded with the interests they represented.¹³

b) A Planned Economy

The relative absence of compulsory arbitration in the 1930s and the negotiation of the 1935 Basic Agreement did not mean that government regulation had come to an end but rather that it was developing in other ways. The growing parliamentary strength of the Labour party resulted in a shift of strategy by the unions from using their industrial to using their political power.¹⁴ This led to a policy of improving living standards through price controls, which in turn entailed wage control. The Norwegian economy became highly regulated and, unlike its Swedish and Danish counterparts, the Norwegian Labour party implemented a planned economy after the second world war.

In the planned economy the Norwegian federations were incorporated into the state apparatus, becoming agencies of the government. The federations' control over bargaining by their members was given legislative backing. If the federations could not reach a compromise, mediation was tried and, if this failed, compulsory arbitration by

13. Ibid., pp. 108-110.

14. The chairman of the union federation stated this quite clearly in 1938. 'Political power opens great possibilities for advances that may otherwise cost thousands of strike days.' Ibid., p. 111.

a Wages Board took place. The Wages Board was necessary because although the union federation supported the price control policy, there was union (and employer) opposition to wage regulation and the government had to disguise its actions as crisis interventions by a judicial body.¹⁵ Galenson notes that with one important exception all the disputes that occurred between 1945 and 1948 were referred to compulsory arbitration.¹⁶

Thus the compulsory arbitration, which began during the first world war and was used intermittently during the 1920s, was firmly re-established in the very different political context after the second world war. Although joint central regulation had shown some signs of emerging in the 1930s, it became an element of state intervention rather than an alternative to it.

3. Joint Central Regulation and State Intervention in Scandinavia

Thus it was only in Sweden that joint central regulation was established as an alternative to state intervention during the inter-war period. Both in Norway and Denmark state intervention became a normal means of settling industrial conflict and determining wage-levels but the kinds of state intervention in Norway and Denmark were very different and require different explanations.

In Denmark, a framework for joint central regulation was established at an early stage, by the 1899 Agreement, but the organisational weaknesses of the union federation meant that a system of joint central regulation could not be developed. While joint central regulation required a centralised union federation, the craft/general structure of the federation resulted in internal conflicts which prevented

15. Ibid., p. 312f.

16. Ibid., pp. 278-285.

centralisation. The craft/general structure had not prevented federation itself but it had stopped the emergence of an effective federation. Institutional inadequacy resulted in the growing involvement of the state in regulating bargaining.

In Norway, the situation was very different, for the organisational structure necessary for joint central regulation existed but not the ideological conditions. The Norwegian union federation had been centralised from the beginning and was indeed the most centralised of the three Scandinavian federations. There was, however, no balance of power and an insufficient ideological rapprochement. During the period before the first world war the employers were more dominant than in Denmark or Sweden.¹⁷ The combination of union weakness and a disruptive industrialisation, against a tradition of centre-periphery conflict, generated a radical labour movement. Real wages then dropped faster in Norway than the other two countries during the war period.¹⁸ There was a rapid growth in union membership between 1917 and 1920, and a transformation of the organisation and ideology of the labour movement, which for a short time affiliated to the Comintern in 1919.¹⁹ Although a degree of deradicalisation took place during the early 1920s, the Norwegian movement remained more radical than its counterparts in Denmark and Sweden and there was a higher rate of industrial conflict in Norway during the 1920s than in either Denmark or Sweden.²⁰ Class conflict was too intense and the ideological gap was too wide for joint central regulation to develop in Norway.

17. Lafferty (1971), p. 189.

18. Ibid., p. 229f.

19. Galenson (1949), pp. 25-28, p. 63.

20. Galenson (1952a), p. 149.

Thus while greater direct state intervention developed in both Denmark and Norway, the processes involved were different. In Denmark the conflict between sections of labour inhibited joint central regulation and state intervention plugged the gap. In Norway the intensity of the conflict between employers and unions prevented joint central regulation developing and each side used the state against the other when it could.

These inter-Scandinavian comparisons help therefore to establish the conditions which made the growth of joint central regulation in Sweden possible. On the one hand, the centralisation of the union federation, the structure of Swedish trade unionism and the high degree of unity in the movement provided the organisational basis for joint regulation. On the other hand, there was a sufficient ideological convergence and a sufficient balance of organisational power to allow class cooperation to develop.

4. Joint Central Regulation in Britain

In Britain too there were tendencies towards joint central regulation. There were four major attempts to institutionalise British industrial relations in this way - the Industrial Council of 1911-1913, the Whitley Councils, the National Industrial Conference of 1919-1921 and the 1928 Mond-Turner talks. These will be examined in turn.

a) The Industrial Council 1911-1913

The Industrial Council was set up by the government in response to the threatening industrial conflicts of 1911²¹ but also in the context of increasing international tensions²² which put a premium

21. Charles (1973), p. 37.

22. Middlemas (1979), p. 56.

on the maintenance of order and production at home. The Council consisted of prominent employers and moderate union leaders and its functions were investigative and conciliatory. It was in part a development out of earlier attempts in industry to develop union-employer cooperation.²³ It was also an extension of the government's mediation service, an offspring of the Board of Trade Labour Department, which had been set up during the industrial conflicts of the early 1890s and had become increasingly active during the 1900s.²⁴ Thus the Industrial Council was the product of industrially generated attempts at joint regulation and the expanding apparatus of the state.

During its short life it had little impact on the conduct of industrial relations.²⁵ This was in part because union and employer ideologies and organisations had not developed far enough to provide favourable conditions for conciliation at this level. Firstly, 'mutual recognition' was far from universal, a syndicalist rejection of compromise gaining ground in the unions, while many employers had still not accepted them. Secondly, there was as yet no national organisation of employers and the TUC lacked a permanent, central body of industrial coordination. Also, continued ad hoc intervention in major disputes by the cabinet undermined the authority of the new institution.²⁶

23. Local conciliation boards had developed in the 1860s and 1870s particularly in the hosiery and eventually the lace trades of Nottingham, in the building industry of the Midlands and North, in the iron industry of the North East and in some areas of coal-mining. Allen (1971), Chapter 6. There were also attempts at developing national institutions in the 1890s but these did not get off the ground. Charles (1973), p. 38.

24. Charles (1973), p. 56.

25. Ibid., p. 71f.

26. Middlemas (1974), pp. 51-67.

b) War-time Regulation

The pressures of war resulted in further government attempts to regulate industrial relations but regulation was not in the main carried out through joint institutions of the Industrial Council type. War production was at first secured through the cooperation of the union leadership, as in the 1915 Treasury Agreement between union leadership and government. Resistance by the union membership and a munitions crisis then led to the government taking powers, through the Munitions of War Act, to control industrial relations and production. Grass-roots opposition still continued and presented the government with difficult problems of enforcement, as in South Wales in 1916.²⁷ The government continued therefore to consult with the TUC, which has been described as 'the government's only lasting insurance against the shop stewards' movement'.²⁸

If war-time regulation was not through institutions of the Industrial Council type, it did result in organisational developments which went some way to remedying the organisational deficiencies that had hindered the activities of the Industrial Council, for the war speeded up the process of organisational centralisation on both sides of industry. Government intervention produced functional imperatives to centralise, since the gap between the state apparatus and industry had to be bridged in some way. Thus government departments created trade associations in industries where these were not already in existence, while the railways and coal mines were organised into national units for the first time.²⁹ Both sides of industry were stimulated to organise themselves more effectively to handle government

27. Ibid., p. 74f.

28. Ibid., p. 88f.

29. Charles (1973), p. 91.

intervention and bring their influence to bear on government. This was particularly the case with the employers, who established permanent national organisations for the first time, notably the Federation of British Industries (FBI) in 1916 and National Confederation of Employers Organisations (NCEO) in 1919. The unions too developed their organisation, moves to develop a central body for the TUC starting in 1916 and culminating in the General Council of 1919.³⁰

c) Joint Regulation Revived

The threat of increased industrial conflict after the end of the war led to renewed government efforts to encourage joint regulation, notably the Whitley Councils and the National Industrial Conference of 1919-1921.

The Whitley Councils were an attempt to establish joint regulation at industry level. They were recommended by a joint union-employer committee set up by the government as part of its programme for post-war reconstruction and charged with 'securing a permanent improvement in the relations between employers and workmen'.³¹

The Councils did not inaugurate a new era of industrial cooperation. The government was primarily concerned with the immediate problems of industrial unrest and therefore more interested in the propaganda value of the Whitley Report than the long-term development of institutions.³² Economic crisis and intensified industrial conflict did not provide an environment within which such institutions could flourish. The Councils survived mainly in the

30. Allen (1971), p. 16.

31. Charles (1973) , p. 44f.

32. Ibid., p. 85, p. 116.

public sector or in industries sheltered from international competition and most of those that survived anyway became bodies for national negotiation rather than new institutions of cooperation.³³

The National Industrial Conference foundered for similar reasons. The government did little to develop its initiative and the Conference has been interpreted as little more than a cynical manoeuvre to head off the unions after the rebirth of the Triple Alliance, with its threat of large-scale industrial disruption.³⁴ The government was certainly slow to implement the Conference's proposal for a National Industrial Council and apparently dropped the idea when the Triple Alliance's plans collapsed and the industrial crisis eased.³⁵ After its first meeting, such powerful unions as those of the miners, railwaymen, transport workers and engineering workers withdrew.³⁶ Although the FBI supported the Conference,³⁷ the NCEO was now making the running on the employers' side. The NCEO had been organised by employers dissatisfied with the FBI's cooperative relationship with the TUC and concerned about growing union influence on government and the threat of nationalisation.³⁸ Indeed, Charles suggests that the NCEO's 'main aim was precisely to prevent anything coming of this gathering'.³⁹

33. Flanders and Clegg (1954), p. 278, p. 281f.

34. e.g. by Garside and Allen. Although Middlemas agrees that there is evidence to support this interpretation, he also treats it as Lloyd George's 'grand design' to settle the problem of industrial conflict. Garside (1977), p. 250. Allen (1971), p. 89f. Middlemas (1979), p. 140f.

35. Allen (1971), p. 86, p. 90. Garside (1977), p. 250.

36. Allen (1971), p. 85.

37. Garside (1977), p. 249.

38. Middlemas (1979), p. 128.

39. Charles (1973), p. 252.

Thus although there were initiatives in the direction of joint regulation and although organisational development during the war had done something to remedy earlier deficiencies, the institutional innovations concerned were little more than a public relations exercise and both sides of industry were more interested in conflict than in cooperation.

d) Industrial Conflict in the 1920s

While the intensified industrial conflict of the 1920s was not conducive to central cooperation, might it not have further centralised organisation in such a way as to facilitate joint central regulation later? Might not the challenge of the Triple Alliance and the coordination of the unions by the General Council of the TUC have stimulated the employers to develop a single, centralised organisation to coordinate and represent them?

There was if anything a decentralisation of employer organisation during the 1920s. There were some signs of coordinated employer action to resist wage claims in 1919 and 1920 but, as Garside has put it,

'By 1924 the notion of central control over industrialists' action towards their employees had lost its attraction for a Confederation dominated by the leading representatives of the ship-owners, engineers, and mine-owners, each determined to assert their managerial prerogatives.'⁴⁰

Having successfully resisted any continuation of war-time industrial coordination and seen off the associated threat of nationalisation, the NCEO presided over a return to the decentralised structure of pre-war industry.

The absence of an effective national challenge by the unions meant that the employers did not anyway need a centralised federation

40. Garside (1977), p. 256.

to counter the industrial power of the unions. It is significant that there had been at least some consideration of coordinated NCEO action on wages at the time of the reactivation of the Triple Alliance. The Triple Alliance then collapsed in April 1921 when the railway workers and transport workers withdrew their support from the locked out miners. The TUC General Council, which came into existence in part to remedy the deficiencies of the Triple Alliance, did coordinate the unions more effectively during the 1926 crisis in the mines but the General Strike only lasted one week and the miners then continued the struggle on their own.⁴¹ Although in the 1920s the unions came closer to coordinated use of their industrial power than ever before, they did not succeed in making the transition from effectiveness at the level of particular industries to effectiveness at the national level.

It was not only the absence of an effective national challenge from the unions which made the centralisation of employer organisation unnecessary. It was also the role played by government, which intervened whenever the unions threatened industry as a whole. It was the government which bore the main brunt of the Triple Alliance offensive, since the war had resulted in the government taking control of both mines and railways. The government reacted to the threat of coordinated Triple Alliance action in the Autumn of 1920 by passing the Emergency Powers Act to provide it with authority to maintain essential services. When MacDonald's first Labour government was faced in 1924 by a dock strike and a London Transport strike it prepared to use this legislation, though both disputes were in the event quickly settled. The threat of coordinated union support for

41. Pelling (1963), p. 165, pp. 176-178.

the miners in 1925 resulted in government intervention to subsidise wages, temporarily, and to set up a further Royal Commission to investigate the future of the mines, while plans were made for the apparently inevitable industrial confrontation. During the General Strike itself it was the government rather than the employers' organisations which was the adversary of the unions and it was the government which negotiated with the General Council.⁴² The focus of industrial relations at national level was not the relationship between the NCEO and the TUC but the relationship between the TUC and the government.

e) The Mond-Turner Talks 1927-1929

The administrative and organisational development of the TUC during the 1920s provided the basis for a new initiative in the direction of joint central regulation. The replacement of the Parliamentary Committee by the General Council, as the TUC's central body, gave the TUC a more industrial focus. The administrative departments set up under the General Council were at first run by joint union-party committees but these were abolished in 1926, partly for financial and administrative reasons, partly in reaction to the first Labour government's lack of consultation with the TUC. As Bramley, General Secretary of the TUC between 1923 and 1925, put it

'We need have no quarrel with the Labour Party but we must recognize our separate spheres of work.'⁴³

Specialist sub-committees run by full-time officials provided a new expertise.⁴⁴ The TUC had become an independent and bureaucratic organisation.

42. Ibid., p. 164, p. 170, pp. 172-174.

43. Quoted by Allen (1971), p. 180.

44. Ibid., pp. 177-181.

The TUC played an important role in initiating the Mond-Turner talks. The 1927 TUC Congress provided an opening by noting that 'practically nothing has been done yet to establish effective machinery of joint conference between the representative organisations entitled to speak for industry as a whole' and suggested that there should be 'joint discussions' of industry's problems.⁴⁵ The response came not from the employers' organisations but from the informal Mond group of employers, who commented that 'there appears to us, after investigation, to be no single existing organisation of employers which can take the initiative in inviting discussion to cover the entire field of industrial reorganisation and industrial relations ...' and went on to invite the General Council to engage in such discussions.⁴⁶

The Mond-Turner talks revealed not only the organisational deficiencies on the employers' side but also the deep divisions of strategy between different groups of employers. On the one hand, there were those employers, in mining and engineering in particular, who were opposed to any cooperation with the unions, fearful of union encroachment on managerial prerogatives and in favour of increasing the competitiveness of industry through wage reductions and cuts in social services. On the other hand, there were those, associated primarily with the more capital intensive and technically advanced industries, who emphasised an economic policy of rationalisation rather than wage reductions and sought to involve the unions in this process through organisational cooperation, worker participation at plant level and recognition of the worker's right to economic security and an improved standard of living.⁴⁷ The views of this latter group

45. Charles (1973), p. 280.

46. Ibid., p. 281.

47. Garside (1977), p. 275. Charles points out that such traditional industries as engineering and shipbuilding were also strongly represented, though this clearly does not mean that employers in these industries typically supported Mond-Turner. The Engineering Employers Federation was hostile. Charles (1973), p. 275f.

were compatible with those of such leading figures in the TUC General Council as Bevin and Citrine, who recognised that worker welfare depended on industrial efficiency as well as wage increases.⁴⁸

Given these divisions, it is not surprising that the Mond-Turner talks did not leave any institutional precipitate. The proposal of an Industrial Council was rejected by both the NCEO and the FBI, and although the TUC General Council accepted it, Middlemas doubts whether this indicated any real support for such an institution.⁴⁹

f) Consultation in the 1930s

What did emerge was machinery for consultation between the TUC and the employers' organisations. In 1929 the NCEO, after 'a good deal of internal dissension', proposed a conference on matters of common interest.⁵⁰ This conference set up a joint sub-committee to discuss mainly economic issues. Joint submissions were made to the Macmillan Committee, the 1931 Imperial Conference and the 1932 Imperial Economic Conference.⁵¹

The TUC and the employer organisations had been brought together by economic and industrial crisis. The problem of rationalisation and redundancies in part, according to Middlemas, motivated the NCEO's 1929 approach to the TUC. The TUC General Council certainly recognised the need for greater industrial efficiency. There was the problem of the domination of government economic policy by financial orthodoxy, which brought the TUC and the employers into a common opposition to the policy of the 1929-1931 Labour government.

48. Charles (1973), p. 283.

49. Middlemas (1979), p. 208.

50. Milne-Bailey (1934), p. 148f.

51. Middlemas (1979), p. 208f.

Industrialists and unions could agree on the need to protect industry.⁵²

While these common interests brought TUC and employer organisations together, political and ideological conflicts lay in the back-ground and set limits to the cooperation. As Middlemas puts it, the NCEO 'in a sense broke ranks by temporarily abandoning the politics of industrial harmony' in its 1931 attack on the Labour government.⁵³ On the other hand, the TUC's development of an alternative economic policy, revolving around planning and nationalisation, widened the ideological gap. For the TUC the way forward was not cooperation with the employers' organisations but the reshaping of Labour party policy and the eventual return of a Labour government committed to nationalisation.⁵⁴

5. Britain and Sweden Compared

In Britain and Sweden there were 'Mond' conferences in 1928. The British conference was the final attempt to develop institutions of joint central regulation. The Swedish conference was only a beginning, a prelude to the Basic Agreement of 1938. How is one to explain this contrast?

The organisational pre-conditions for joint central regulation were absent in Britain. Joint central regulation required unified and centralised organisations on both sides of industry. The TUC did become a more independent, more centralised and more bureaucratic organisation during the 1920s but there were no comparable developments on the employers' side. Industrial divisions were sharper amongst the British than the Swedish employers. Swedish industry

52. Idem.

53. Ibid., p. 211.

54. Pelling (1963), pp. 191-195.

was relatively homogeneous and continuously rationalising, while British industry was fractured between the progressive, modern industries of the Mond group and the conservative, nineteenth century employers in mining and engineering. This division was an obstacle to employer unity in Britain but there was anyway little pressure for the development of centralised, unified organisation. The failure of the unions to create an industrially effective federation meant that the employers were under no pressure to do so themselves. Indeed, the development of employer federations was more a response to government intervention during the first world war than to an industrial challenge from the unions.

Government intervention in Britain both fostered and inhibited tendencies towards joint central regulation. Intervention in the context of war promoted joint central regulation, in part because of government attempts to build tripartite structures of regulation, in part because of the stimulus it imparted to the organisation of both sides of industry. Wartime intervention created, however, expectations of continued intervention in peace-time. Peace-time intervention then had more of a class character and removed from the employers' organisations the need to come to terms with the TUC. It was therefore not only the failure of the unions to mount an effective national challenge that accounts for employer organisational weakness, it was also the government's willingness to take on the unions. Greater government intervention in Britain can itself be partly explained by the absence of national organisations capable of regulating industrial relations but must largely be attributed to Britain's very different international situation and the imperatives of inter-state conflict, which generated war-time state regulation.

These differences in the way that industrial conflict was expressed and handled do not provide a complete explanation of the divergence of British and Swedish institutional developments after 1928. After all, the Mond-Turner talks and the consultations of the early 1930s did show that there was some common ground between unions and employers in Britain. On the other hand, the degree of employer-union cooperation in Sweden should not be exaggerated, for conflict intensified in the early 1930s, as the SAF sought wage reductions and attempted to reassert its earlier dominance over the unions. If the Mond-Turner talks failed in Britain, so did the Labour Peace Conference in Sweden.

Sweden experienced a political transformation in the 1930s, quite absent in Britain. It was the expectation of continued labour government in Sweden which prompted the SAF's shift of strategy and motivated the SAF to seek an accommodation with the LO. In contrast, the Labour government in Britain was both short-lived and 'conservative'. The resumption of Conservative electoral domination then removed any need for the employers to come to terms with the TUC. For its part, the excluded TUC could look forward only to some future period of nationalising labour government. The consultations and the joint participation on tripartite bodies characteristic of TUC-employer relations in Britain may have had corporatist implications but they were far removed from the convergence at the top generated by the Social Democrat break-through in 1930s Sweden.⁵⁵

Differences in the international economic situation of the two countries had a considerable bearing on their domestic differences.

55. Government consultation with the TUC did increase in the later 1930s but it tended to occur in peripheral areas and '... it became far harder to achieve governmental recognition after 1937, in the era of Neville Chamberlain, than it was to win modest sops to T.U.C. status.' Middlemas (1979), p. 219.

In Britain the legacy of her nineteenth century domination of trade and finance was the control of economic policy by the City via the Treasury. This financial domination was a barrier to the growth of corporatism because it excluded industrial interest groups from influence over and participation in government. Furthermore, it also provides a partial explanation of the conservative economic policies of the 1929-1931 Labour government, the consequent 1931 split in the Labour party and the subsequent electoral weakness of Labour.⁵⁶ In Sweden the Social Democrats made their 1932 breakthrough because of their willingness to adopt new policies to deal with unemployment and the crisis in agriculture.

In Britain attempts were made to create institutions of joint central regulation long before they were in Sweden but both the organisational pre-conditions and the political changes, which combined to produce joint central regulation in Sweden, were lacking.

6. Conclusion

Tendencies towards or elements of joint central regulation were to be found in all the societies considered. Only in Sweden was joint central regulation established in a systematic way as an alternative to state regulation. In Denmark and Norway elements of joint central regulation were combined with government regulation. The attempts to establish central cooperation in Britain did not produce any regulatory institutions, though bodies for joint consultation did emerge in the early 1930s.

The comparisons suggest that joint central regulation required certain organisational and ideological conditions to be present.

56. Longstreth (1979), p. 170.
Renshaw (1982), p. 112.

The organisational condition was the existence of unified and centralised federations. The absence of such a federation on the side of labour was particularly critical in Denmark, where the ideological and political conditions were otherwise favourable. In Britain, the absence of such a federation on the employers' side was the main organisational obstacle, though one may doubt whether the TUC was anyway centralised enough to perform regulatory functions. In Norway alone were there centralised federations comparable to those found in Sweden but in Norway other conditions were absent.

The ideological condition was an acceptance of capitalism by the unions and the recognition of unions by the employers. The 1906 December Compromise established this condition in Sweden. It was present to some degree by the late 1920s in Britain, though nationalisation was to become an ideological obstacle there. Denmark was the closest to Sweden in ideological respects - hence the importance of the organisational deficiencies of the Danish union federation. In Norway the combination of early employer domination and subsequent labour radicalism meant that this condition was absent there.

The absence of either the organisational or ideological conditions may be considered sufficient to make joint central regulation impossible but comparison also highlights the importance of a political impetus. Such an impetus could be provided only by a government sufficiently threatening to both employers and unions to induce them to compromise. Under 'conservative' governments employers would have little incentive to reach a general compromise with the unions. Under a 'labour' government committed to nationalisation, the unions would have little incentive. Social Democrat government alone could threaten both sides, for its management of a capitalist economy could move in either an anti-union or an anti-employer direction. The absence of a Social Democrat alternative in 1930s Britain meant that there was no political impetus towards joint central regulation.

Chapter 23

SUMMARY OF PART THREE

The 1938 Basic Agreement was the culmination of a movement towards joint central regulation stretching back to the December Compromise of 1906. Any temptation to emphasise the continuities of the institutionalisation process must, however, be resisted, for the processes of the 1920s and 1930s were qualitatively different from those operating pre-1909.

Although industrial conflict reached new heights in the Sweden of the 1920s, the conflict between the LO and the SAF was not the driving force behind institutional and organisational development in the way that it had been before 1909. The 1909 defeat of the LO cast a long shadow and the extensive employer use of the large-scale lockout did not prompt the LO to centralise further or to declare a general strike. Not only did the LO adopt a defensive posture in 1925 but its leadership also showed a growing acceptance of wage reduction and rationalisation, regarding them as imperatives of international competition. By the early 1930s the LO was cooperating with the SAF in forcing unions to accept wage reductions. Centralisation was now not a means of increasing combat effectiveness but a means of increasing leadership control over recalcitrant sections of the membership.

The final impetus towards joint central regulation came not from the dynamics of industrial conflict but from state intervention. The legislative regulation blocked on numerous earlier occasions was in part realised by the 1928 laws and subsequent attempts to pass further laws suggest that Sweden was headed for a system of state regulation. The long-standing pressures for such regulation were reinforced by the implications of Social Democrat economic policy and the impact

of the early 1930s industrial conflicts upon it. The Social Democrat leadership was by no means averse to further legislation but the political need to secure both union approval and right-wing party support resulted in an impasse.

Joint central regulation then emerged as an alternative means of achieving orderly industrial relations. It was readily accepted by a union leadership caught between the conflicting demands of government and membership. It was initiated by the SAF, which reversed its policy on legislation, fearing the wider implications of state regulation. The employers' fears of Social Democrat government were to prove groundless - witness the later 1930s *modus vivendi* between industry and government - but they were nonetheless crucial in motivating the employer shift of strategy. Thus the 1938 Basic Agreement was a response to greater government intervention, which increased the pressure for state regulation, frightened the employers into formulating an alternative and made such an alternative attractive to the unions.

Joint central regulation was associated with organisational centralisation. The formal centralisation of the LO followed in 1941, though the de facto centralisation had occurred in the early 1930s. Centralisation was a condition rather than a consequence of joint central regulation. It can be traced back to the early days of the federations, particularly in the case of the SAF. While the escalatory conflict of the pre-1909 period may not have brought forth joint central regulation, it did forge relatively unified and centralised federations capable of negotiating and implementing central agreements.

The establishment of a centralised modus vivendi in the late 1930s cannot be explained solely in terms of the inter-relationships

between government and federations. The internal relations of the federations must also be examined, for the shift from conflict to cooperation at the 'top' might well have been opposed at the 'bottom'.

An organised opposition had emerged within the LO by the 1920s. This opposition was political in origin and it only secured substantial union support when the union leaders came into conflict with their members. Conflict of this sort occurred as a result of wage restraint rather than institutional change and the economic growth of the later 1930s meant that conflict was at a low level and the opposition was minimal at the time when the Basic Agreement was being negotiated. The only serious opposition was to the 1941 constitutional changes and it came from union leaders fearing the levelling consequences of federal centralisation, the membership having little opportunity to oppose the centralisation of the unions themselves. The LO leadership managed this opposition by minimising the changes and emphasising the continued sovereignty of the unions in their negotiations.

In contrast, the organised employer opposition was actually generated by the changes of the 1930s and directed at the crucial shift of SAF strategy which led to joint central regulation. The employer opposition was, however, undermined by the absence of any real conflict between Social Democrats and industry and by the growth of corporatist inter-connections between government and industry, especially during the second world war. Social Democrat political domination anyway deprived the opposition of parliamentary leverage and left industry with little alternative to the corporatist strategy of influencing government through the state apparatus.

The comparative examination of tendencies towards joint central regulation showed that such tendencies were to be found in Denmark,

Norway and Britain as well, though only in Sweden was there a definite shift towards such a system during the 1930s. Comparison brought out the importance of both the organisational and ideological conditions for such a system, conditions largely established in Sweden during the pre-1909 period. While joint central regulation could not develop in the absence of these conditions, they were not sufficient. Joint central regulation could not just emerge on its own but required governmental pressure on the federations to overcome their differences, together with a preference on their part for mutual dependence rather than a reliance on the state. The Social Democrat break-through in 1930s Sweden provided just the right impetus with its limited interventionism and its capacity to threaten both employers and unions in the short term, while integrating them in the long term.

PART FOUR. JOINT CENTRAL REGULATION : CULMINATION AND DECLINE

Chapter 24

INTRODUCTION

With the 1938 Basic Agreement the principle of joint central regulation as an alternative to state regulation was established, but the main development of the system of joint central regulation took place in the postwar period, when the joint central regulation of wages became a normal feature of collective bargaining. The first task of this part of the thesis is to examine the institutionalising of the central wage negotiations. The inter-relationships between central bargaining and the other elements of the system of joint central regulation are then considered. The analysis moves on to discuss the wider anchoring of joint central regulation in the polity and the economy.

The system of joint central regulation had no sooner reached its full development than it began to show symptoms of decline. Decline was manifest in four main ways. Firstly, the central wage negotiations became more complex, longer and more prone to break-down and open conflict. Secondly, unofficial strikes showed that central control was declining and local discontent increasing. Thirdly, unofficial strikes and local discontent led to the emergence of an organised opposition to the LO and the secession of the dockers from their LO union. Fourthly, government intervention increased in various ways, notably through the public sector wage negotiations, through legislation to regulate industrial relations and through fiscal policy. Increased open conflict was a major symptom of the decline of joint central regulation but much more was involved than

this, for there were major changes in the institutions of regulation and in the relationships between government and interest organisations.

The detailed analysis of the decline is carried out in two stages, firstly the increasing conflict over wages and secondly the increasing conflict over control. Although these issues are to some extent analytically separable, conflict over one interacted with conflict over the other. A separate chapter is therefore devoted to the interaction between these areas and to the wider issues of explanation that both raise. This chapter also addresses the question of the contradictions within the system and its self-undermining characteristics.

Finally, Swedish developments are set in comparative perspective. As in the previous parts, inter-Scandinavian comparisons are made first and then Britain and Sweden are compared. The comparisons are concerned both with institutional development and increasing conflict and its institutional consequences. In the course of comparing Britain and Sweden the much debated question of the explanation of the differences in their levels of conflict is taken up.

Chapter 25

THE DEVELOPMENT OF JOINT CENTRAL REGULATION

The importance of the 1938 Basic Agreement lay in its establishment of the principle of joint central regulation rather than its substantive content, which reflected the problems of the past rather than those of the future. The protection of third parties and essential public services were major concerns of the Basic Agreement but Johnston reports only two instances of the Labour Market Council taking up the issue of 'third party' rights and only one instance when it had to deal with a conflict threatening essential public services.¹ This low use of the Basic Agreement's provisions and institutions indicates their relevance to the Sweden of the 1930's rather than postwar Sweden.

Joint central regulation was, however, further developed through a series of central agreements to regulate industrial relations and wages. Central agreements were concluded on works councils, work study, industrial training and safety at work. Major issues of conflict were discussed in the Labour Market Committee, another institution originating in the late 1930's.² Overshadowing all this was the establishment of central wage bargaining, which extended the practice of central negotiations and central agreements to the field of wages.

1. T.L. Johnston (1962), p. 181, p. 185.

2. This is not to be confused with the Labour Market Council. The Labour Market Committee had been the joint body for the negotiation of the Basic Agreement and continued as a forum for discussing major issues, such as planning in 1953, pensions in 1954-57, wage policy in 1958. Söderpalm (1980), p. 83, p. 86, p. 95f.

1. The Institutionalising of Central Wage Negotiations

Central wage negotiations had occurred during the war period, with the indexation agreement of 1939 and its annual extension, but the postwar negotiations developed in a quite different context, the containment of inflation in a period of economic growth and full employment. The first round of central wage bargaining took place in 1952 and it was followed by further such rounds in 1956 and 1957. These rounds were considered as exceptional by the LO and it was not until 1958 that the LO accepted that central negotiations would become a regular feature of wage bargaining.

a) Central Wage Negotiations - the LO, the Government and the SAF

Government pressure on the LO resulted in two years of LO coordinated wage freeze in 1949 and 1950. The government had made it clear to the LO that free wage bargaining was incompatible with its stabilisation policy. Faced with the possibility of state intervention, the LO preferred self-regulation and recommended all unions to prolong their existing agreements in 1949, a recommendation accepted by the unions. A further prolongation was obtained in 1950, the government having indicated that it had no intention of seeking any continuation of the freeze in 1951. Free bargaining could resume. The freeze had not established central wage negotiations but it had led to the first peace-time LO coordinated wage round.³

The first central wage negotiations occurred in 1952. The free bargaining of 1951 had led to high nominal wage increases but a decline in real wages because of the price rises associated with the Korean war inflation. Once again under pressure from the government,

3. Hadenius (1976), p. 72f.

the LO called for wage restraint and proposed indexed agreements to compensate for price increases. The unions rejected even the loose coordination proposed but the SAF then took a hand. If the unions wanted indexed agreements, the price was a central settlement of wages. All but five of the unions were prepared to pay this price and the result was the first central agreement. The SAF rather than the government had forced the LO into central wage negotiations.⁴

The next centralised wage round was in 1956, after three years of free bargaining. The government warned that the high wage increases of 1955 threatened economic stability.⁵ Although the LO had rejected restraint and coordination in 1955, it concurred and there was broad support for coordinated restraint from the unions. The SAF's actions in 1955 were an important influence on the unions' willingness to negotiate centrally. In 1955 the SAF had insisted on the simultaneous signing of all agreements, threatening an extensive lockout of 500,000 workers when the Paperworkers' Union declared a strike.⁶ Thus both government and SAF pressed the unions towards central negotiations in 1956.

The following 1957 wage round also was centralised. The LO initially rejected central negotiations, though it did coordinate the unions to prevent excessive demands. The SAF did want central negotiations, however, and kept tight control of its member associations, thereby ensuring that the negotiations at the level of the individual union got nowhere. In the end the LO was forced to negotiate centrally on behalf of the unions.⁷

4. Ibid., p. 81f.

5. Meidner (1973), p. 35.

6. Hadenius (1976), p. 85f, n. 61.

7. Meidner (1973), p. 36.

It was by now clear to the union leadership that central wage negotiations could not be avoided if the SAF was determined to have them. In 1958 the LO took the initiative in proposing central wage negotiations for 1959 and the unions accepted this. Subsequently, central negotiations became the norm.

By the early 1960's a regular but flexible procedure had been established. During the summer and early autumn before the agreements expired the unions would start to formulate their demands and there would be meetings of the LO General Council and preliminary contacts with the government and the employers. In December wage demands would be submitted and there would be a preliminary meeting of the negotiating delegations appointed by the LO and the SAF. The actual bargaining would be carried out by 'small delegations', consisting of the leaders of the federations, their deputies and chief administrators. An impartial chairman might be called in to act as a go-between. If agreement could not be reached, a special mediator would be brought in and if necessary a mediation commission would be appointed. The mediator(s) would present successive proposals until the agreement of the delegations was obtained. The delegations would then have to secure the approval of their organisations. Lower level negotiations would take place to apply the agreed central framework.⁸

The respective roles of government, LO and SAF in the institutionalising of central wage negotiations can now be discussed. The government's need for wage restraint clearly exerted a pressure on the LO to coordinate and restrain wage demands in order to avoid state regulation.⁹ The LO was not motivated, however, only by this

8. Forsebäck (1980), p. 57f.

9. The SAF too wanted to avoid state regulation. At a meeting of the Labour Market Committee in 1949 the LO and the SAF were agreed in rejecting state incomes policies. Söderpalm (1980) p. 67f.

consideration, for the LO leadership accepted the economic arguments for wage restraint. Without restraint full employment and real wage increases would be at risk.¹⁰ Indeed there was little distinction between government and LO policy on these matters.¹¹ The acceptance of the need for restraint can explain the LO coordination of wage demands but this did not in itself entail central negotiations with the SAF, as the 1949 freeze showed. Central wage negotiations were forced on the LO by the SAF, which could prevent leap-frogging by this means. It is important to emphasise this, for it is all too easy to focus on the relationship between government and unions, such a postwar preoccupation of other postwar industrial societies, and treat central wage agreements as no more than a functional alternative to a state incomes policy.

b) Central Wage Negotiations and Wage Solidarity

An alternative internal explanation of central negotiations can be found in the requirements of the LO's wage solidarity policy. Wage solidarity was a long-held principle of the LO. Its broad goal was the reduction of wage differentials in order to bring about greater equality. Its implementation clearly required the LO coordination of wage demands. Centralisation had indeed long been proposed by low wage unions seeking implementation. It has therefore been argued that centralisation occurred as a means of realising the wage solidarity policy, an argument we have already met in relation to the 1930's.¹²

10. Hadenius (1976), p. 89.

11. 'In the Swedish trade union movement we find it difficult to draw a distinct boundary between income policy and economic policy, or between the unions' and the Government's basic objectives in this context.' Holmberg (1965), p. 21.

12. See chapter 19, note 55.

It is doubtful whether this argument can be sustained in relation to the establishment of central wage negotiations. The low wage unions had, it is true, called for a centralisation to reduce differentials at the 1946 LO Congress, but the leadership, while sympathising, had rejected such demands as impractical. When a second year of wage freeze was discussed in 1949, the leaders of low wage unions called for exemption from prolongation, to enable them to reverse or at least halt further wage differentiation, but the LO leadership was adamant that only an across the board prolongation was possible. The reformulation of the wage solidarity policy by the 1951 LO Congress then removed even the theoretical linkage between wage solidarity and centralisation by focusing the policy not on the reduction of differentials as such but the removal of unjustified differentials caused by distortions in the labour market, i.e. imbalances in the supply and demand for labour. The central agreements of 1952 and 1956 did provide larger increases for the lower paid but this was not because of any redistributive intentions on the part of the LO leadership but was instead a consequence of the disruptive power of the unions concerned, which made these extra increases the price of their participation in the central wage negotiations.¹³

While the wage solidarity policy is not a convincing explanation of the initial centralising of wage negotiations, it can be linked to the further centralisation that took place in 1964. The central negotiations had become overburdened by the increasing flow of union proposals for special increases for their lower paid groups. In 1963 the LO set out to systematise these demands for the lower paid, and in the 1964 negotiations the SAF was presented with central proposals to

13. Hadenius (1976), p. 71, p. 74, p. 78, p. 90.

improve their relative position. It was proposed that workers in low wage companies should be given extra increases, in proportion to their distance from the average industrial wage. Such proposals brought the collective power of the unions behind the lower paid, and not surprisingly were rejected by the SAF, the 1964 wage negotiations breaking down, in part over this issue.¹⁴ Although the LO did not succeed with this particular proposal, central proposals for the lower paid were to be a feature of subsequent wage rounds. Indeed, the possibility of using the central negotiations to improve the position of the lower paid was a major plank in the LO chairman's defence of centralisation in 1964.¹⁵ Thus although the wage solidarity policy and the demands of the lower paid cannot account for the centralising of wage negotiations, they did result in the further centralising of the unions' wage demands into a common framework.

c) LO-SAF Cooperation

The development of central wage negotiation took place in the context of a broader agreement between the LO and the SAF on the need for economic growth and international competitiveness.

The LO argued for the rationalisation of the economy, even if this entailed redundancies and other consequences adverse to labour. This was evident in the Rehn-Meidner model of economic policy, which was approved by the LO Congress of 1951. Although the containment of inflation was the prime goal of the model, it also advocated economic growth and ingeniously combined this with the wage solidarity policy. This policy would force low wage, inefficient employers out

¹⁴. Meidner (1973), p. 37f.

¹⁵. Hadenius (1976), p. 99.

of business and shift resources into dynamic, profitable companies.¹⁶

The LO's concern for economic growth was particularly marked at the 1961 Congress. The LO's 1961 manifesto 'Economic Expansion and Structural Change' argued that both labour and capital needed to be more adaptable and more mobile if Swedish industry was to maintain its international competitiveness and rate of growth.¹⁷

In the 1960's the LO became increasingly concerned with the adverse consequences of change but tried to cope with them within the framework of its established relationship with the SAF. Thus central agreements were negotiated to give workers more security against dismissal and to increase redundancy payments and unemployment benefits. In 1966 the 1946 Works Council Agreement was further developed to give the councils greater responsibility for and more influence over company personnel and welfare policies. The LO's 1966 report on 'Trade Unions and Technological Change' showed a far greater awareness of the adverse consequences of rationalisation than the 1961 report had done but it nonetheless argued that the rate of change should not be slowed and that the problems created by it should be solved by an expanded and intensified labour market policy.¹⁸ The LO was to come into open conflict with the SAF on such issues as protection against dismissals and industrial democracy in the 1970's but during the 1960's conflict was avoided and rationalisation was promoted.

The two federations also cooperated in establishing a common

16. Martin (1979), p. 104f.

17. Economic Expansion and Structural Change, p. 41.

18. The report does, however, contain some ambiguity. '... in the last resort the capacity of our national labour market policy should operate as a constraint on the pace with which structural rationalisation is carried out in Sweden.' Trade Unions and Technological Change, p. 172.

conceptual and statistical framework within which wage increases could be formulated. This expert cooperation is perhaps best exemplified by the EFO report.¹⁹ In the late sixties three economists, one representing the LO, one the TCO white-collar federation, and one the SAF, produced the EFO report which elaborated an agreed model of wage formation in the economy and argued that the space for wage increases was determined by price and productivity increases in the competitive sector of Swedish industry. The report emphasised that Sweden's international economic position must set the limits for wage rises and also called for greater productivity in the 'sheltered' and public sectors.²⁰ The EFO report was adopted by both sides as the theoretical basis for determining wage increases during the central wage negotiations, though, as will be shown in the next chapter, the practice of these negotiations turned out to be very different. In working to build a common framework for calculating and determining wages, the professional relationship between the expert economists employed by the federations operated to bring the federations together. Professional expertise struggled to produce consensus in the area in which the federations were most at odds, wage increases.

Thus the central wage negotiations could take place in a context in which the LO and the SAF were in broad agreement about the goals of economic policy and the means of achieving these goals. Distributive issues can ultimately be settled by compromise and given their broad agreement on goals and means, the two federations could focus on developing techniques for arriving at this compromise, notably an elaborate negotiations procedure, the sophisticated construction of

19. Also by the joint LO-SAF report on wage drift in 1957 and their cooperation in the Stabilisation Investigation of 1955. Söderpalm (1980), pp. 95-98.

20. Edgren, Faxen and Odhner (1973), p. 20, p. 228.

the central agreement and the cooperation of their wage experts.²¹

2. The Organisational Requirements of Central Wage Bargaining

Having examined the development of central wage negotiations and the relationship between the LO and the SAF the organisational requirements of central wage bargaining must be considered. It might, for instance, be expected to require a further centralisation of the organisation of the LO and the SAF.

a) Federal Centralisation

Taking the LO first, one may begin by considering the 1951 LO Congress, which occurred in the wake of the LO coordinated wage freeze of 1949 and 1950, and focused on the problem of stabilising the economy.

The Rehn-Meidner model adopted by the Congress did not entail further union centralisation. The responsibility for maintaining economic stability was placed on the state not the LO. The wage solidarity policy advocated by the model did not involve centralised redistribution by the LO so much as a labour market policy by the state to increase the mobility of labour and remove the distortions caused by labour shortages and surpluses. The policy did, however, also call for differentials based on work evaluation. In the absence of an accepted system of evaluation, it was argued that the market evaluation would have to be accepted for the time being but a committee should be established to work out rational criteria for the future.²² This proposal did have centralising implications and it met powerful opposition from the Metalworkers' Union and the craft unions. It was passed nonetheless, but the committee only half-heartedly pursued its impossible task and became instead a forum for

21. Anderman (1967), pp. 322-30.

22. Hadenius (1976), p. 78.

preparing wage rounds, ceasing its activity by the end of the 1950's.²³

There was some further formal centralisation at the 1951 Congress, which widened the LO executive's powers to intervene in industrial conflicts. In particular it extended the 1941 three per cent rule to make LO permission necessary if a strike might lead to the laying off of three per cent of a union's members. It also extended the 'inconvenience' clause to take account of 'vital social interests'.²⁴ These extensions indicate certain things about the nature of conflict and the LO's conception of its role, but they were hardly more than clarifications of ambiguities in the 1941 rules. Significantly, there was hardly any opposition to them. The LO made little use of its powers, adopting a tolerant attitude to the Foodworkers' strike in 1953 and indeed supporting the union concerned, though it had acted without LO approval in a year when the LO was attempting a degree of coordination.²⁵

Central wage negotiations had not yet become established and the question remains of whether central negotiations entailed a further centralisation of LO organisation. Centralised wage negotiations did certainly require institutional innovations to handle the problems of formulating LO wage demands, negotiating with the SAF and implementing the agreement. Thus a procedure was developed for formulating the wage demands through consultations between the LO General Council and individual union leaders. A delegation was appointed by the LO executive to carry out the negotiations. This delegation (together with that of the SAF) became a board of

23. Meidner (1973), p. 19f.

24. See chapter 19, section 4 for the 1941 constitutional changes. For the 1951 changes see Johnston (1962), p. 42f.

25. Hadenius (1976), p. 81, p. 91.

arbitration to deal with problems of interpreting and applying the central agreement.²⁶ The LO constitution was amended in 1961 to give formal recognition to these procedures by empowering the LO executive to appoint a delegation and giving the executive responsibility for the conduct of the negotiations. The LO executive was also empowered to request from the unions authority to prolong their agreements during the course of the negotiations. In addition, the LO was given the right to take part in a union's negotiations and make settlement proposals.²⁷

It is notable, however, that there was no transfer of decision-making powers from the union leadership to the LO. Unions had the right to stay outside the central negotiations if they wished. They were not obliged to accept the central agreement. The LO had no right to determine the contents of a union's agreement with the employers.²⁸

The unions of the low paid did seek at the 1966 LO Congress to give the LO greater powers to control wage negotiations, in particular to provide a means of restricting the local wage drift which cancelled out the equalising clauses of the central agreements. The LO leadership did not take up these proposals, the LO chairman arguing that the LO could not impose policies contrary to the wishes of large sections of the membership.²⁹ One may recall that the 1941 constitutional changes had been accepted because they left decision-making powers in the hands of the unions themselves. Any further centralisation of decision-making powers would jeopardise unity.

26. Johnston (1962), p. 266.

27. Victorin (1973), p. 74f. Victorin mistakenly attributes these changes to the 1951 LO Congress.

28. Idem.

29. Hadenius (1976), p. 103f.

The LO's negotiation of central wage agreements did not depend on its formal powers so much as on the power of the SAF. The SAF's power to lock out individual unions or refuse negotiations with them lay behind the LO's coordination of the unions, as the 1955 and 1957 wage rounds had demonstrated. When two LO unions stayed outside the central wage negotiations of 1966, the SAF made sure that they did not benefit from this.³⁰ A parallel can be drawn with the 1906-1909 period, when the LO exercised de facto control over the unions because of the pressure exerted by the employers' organisations.

The LO's authority depended on the threat of the SAF, and this raises the question of the SAF's authority over its members. The SAF did not undergo any formal centralisation in connection with the central wage negotiations. It did not even make constitutional changes, comparable to those of the LO, to enable the SAF executive to conduct negotiations for SAF members and conclude agreements on their behalf.³¹ The SAF's long-standing authority over its members made such provisions unnecessary, for since 1905 the SAF had had the right to approve all collective agreements entered into by its members and all lockouts had required its approval. The SAF had always had a tighter formal control over both agreements and conflict measures than the LO. But, as in the case of the LO, the importance of these formal provisions should not be exaggerated. The employers were faced by powerful unions at a time of economic growth and full employment, which gave the unions great bargaining power. It was clearly in the interests of the SAF membership to prevent leap-frogging by allowing the executive to negotiate on behalf of the members.

30. Ibid., p. 106.

31. Victorin (1973), p. 76.

Central wage negotiations certainly required relatively centralised federations but a sufficient degree of formal centralisation had occurred earlier in their history. The dynamics of industrial conflict could then generate central wage negotiations. So far as the SAF was concerned, these negotiations were a means of containing leap-frogging. The SAF's lockout power meant that such negotiations and/or the central agreement produced by them could be forced on the unions. This process was aided by the government's need for wage restraint and the pressure that it could exert on the unions. Prior organisational centralisation provided a context in which class conflict could centralise wage bargaining.

b) Union Centralisation

Union centralisation was particularly crucial to central bargaining, since a membership veto on a proposed agreement would have been incompatible with central bargaining. The 1941 Constitution made leadership decision-making a requirement for LO membership and therefore established this essential condition in advance of central wage bargaining.

There was nonetheless a significant shift in union consultation procedures in the mid-1950's, at the time when central bargaining was becoming established. Unions had continued to consult their members by means of ballots after 1941, though the use of ballots declined gradually from the 1930's to the 1950's. In 1956 balloting decreased sharply and remained at a very low level subsequently.³² The main method of consultation was now the delegate conference, composed of

32. The number of unions conducting ballots on agreements was 13 in 1953, 16 in 1954, 12 in 1955, 3 in 1956. In many subsequent years there were no ballots at all, and between 1957 and 1974 the highest number per year was 4 (1971). Hadenius (1976), p. 176.

local representatives elected for each wage round. This too declined in importance, however, and by 1975 nine out of the twenty-five LO unions had instituted a permanent advisory council, its members holding office between union congresses, and a further two had similar arrangements.³³ The centralisation and technical complexity of wage rounds made expertise and continuity a higher priority than democracy.

Centralisation also occurred at branch level. Small branches were merged together into storavdelningar - 'large branches'. Between 1960 and 1970 the number of LO branches dropped from 7,930 to 2,448 and the number of members per branch rose from 187 to 686. This trend began in the 1950's and continued during the 1970's, but the 1960's was the decade of branch transformation. With the increasing size of branches and their greater geographical spread, branch meetings became more difficult and there was a tendency to replace them with branch councils. By 1975 such councils were obligatory in nine of the twenty-five LO unions and in most of the rest optional. The movement towards the 'large branch' is readily explained in terms of the expanding tasks of unions, the need for more local officials and economies of scale.³⁴ The expanding tasks and the need for expertise are themselves related to the growing number of central agreements and laws relating to the work-place.

The key constitutional change had been made in 1941 but the centralising of union organisation and consultation largely occurred after the mid 1950's in association with the development of central bargaining.

c) Industrial Unionism

While the prime organisational requirement of central wage

33. Ibid., p. 176, n. 15.

34. Ibid., p. 161, p. 179.

bargaining may be considered to be a sufficient level of organisational centralisation, the occupational structure of Swedish trade unionism also needs examination. Central bargaining required LO unity and union divisions along skill lines could generate intractable conflicts over differentials. Furthermore, such divisions could lead to a multi-unionism at plant level and therefore a parallel unionism obstructing leadership control.³⁵

From 1912 the LO Congress had produced ineffective plans to reorganise the unions along industrial lines. The 1912 plan sought to reduce the number of unions from the existing 41 to 22, combining the principles of 'agreement area', i.e. that one union should represent all workers covered by a particular collective agreement, and 'industrial branch'. The 1922 plan increased the number of unions to 33 and gave more emphasis to the first principle. The resistance of individual unions resulted in slow progress, particularly in the building trades.³⁶ In the early 1960's there were still 44 unions.

The LO had not attempted to enforce its plans, even though the 1936 Congress gave it authority to do so. The Metalworkers' Union, the largest and most powerful, was behind the 1936 decision, for the existence of a separate Foundryworkers' Union had long been an irritant, but the Metalworkers were unable to persuade the LO leadership to use its authority. At the 1941 LO Congress the Metalworkers proposed that the Foundryworkers' Union be treated as a special case because the continued existence of this union was

35. Multi-unionism creates a need for coordination at plant level, giving rise in Britain to shop-steward committees rivalling the official leadership of the unions. Royal Commission on Trade Unions and Employers' Associations, p. 185.

36. Westerståhl (1945), pp. 45-53.

irrational, given the mechanisation of its craft, but the Congress rejected the proposal and it was not until 1963 that the Foundry-workers' Union agreed to merge.³⁷ The LO leadership thought it impossible to force a union to merge against its will, since an attempt to do this would probably lead to a union's exit from the LO.

The main period of reorganisation was in the 1960's and early 1970's, when the number of unions was reduced from 44 in 1960 to 25 in 1975. The mergers in textiles and leather, and in printing, together with the disappearance of the Masons' and Foundryworkers' Unions can be largely explained in terms of technical and economic change, which gathered pace after the Second World War. In some cases employer pressure for a single bargaining partner contributed, most notably in the 1970 merger of the unions of state employees, but, as Hadenius argues, this cannot be a major explanation, since in the mid 1970's the unions were outnumbered 25 to 38 by employers' associations. Hadenius comments that it was above all the small unions that disappeared. Of the 25 unions with less than 20,000 members apiece in 1960, only 7 survived in 1974. Of the 19 unions with more than 20,000 members in 1960, only 4 disappeared during the same period. The same financial pressures which reduced the number of union branches in the 1960's also reduced the number of unions. The process was aided by the standardisation of working conditions by legislation and central agreements.³⁸

What then was the relationship between central bargaining, industrial unionism and reorganisation? It is clear that reorganisation was not a condition for central bargaining, since the main period of

37. Hadenius (1976), pp. 142-145, p. 150.

38. Ibid., pp. 149-157.

reorganisation came after it was established.³⁹ Furthermore, centralisation was a contributory but not a prime explanation of the reorganisation. Why was the persistence of craft unionism not an obstacle to centralisation? The main answer would seem to be that the main surviving craft unions were relatively isolated in printing and building and did not on the whole cut across industry to produce multi-unionism. The Foundryworkers' Union did cut across industry but was dwarfed by the Metalworkers' Union and carried out common wage negotiations with it.⁴⁰ The dominance of the Metalworkers' Union in the engineering and the iron and steel industries meant that the fragmentation and multi-unionism found in these industries elsewhere did not obtain in Sweden.

One may conclude that central wage negotiations did not require a systematic industrial unionism of the kind envisaged by the LO's reorganisation plans. A major division between craft and general unions, as in Denmark, could well have obstructed central negotiations and union centralisation but although a minor craft unionism persisted in Sweden, organisation along vertical rather than horizontal lines preponderated. The dominance of the Metalworkers' Union was here crucial and this highlights the importance of this union's transition from craft to industrial unionism between 1888 and 1909.⁴¹

3. The State

While joint central regulation was in important respects an

39. An important step in the reorganising of building occurred in 1948 with the establishment of a Buildingworkers' Union, but this consisted largely of labourers and the craft unions continued to exist. Ibid., p. 146.

40. In 1960 the Foundryworkers' Union had a membership of 11,600 as compared with the Metalworkers' 286,000. Johnston (1962), p.343.

41. See Chapter 6, section 3.

alternative to state regulation, it was also dependent on the state apparatus and on government policy.

a) State Regulation

i) The Labour Court

Between 1928 and 1938 the development of regulatory institutions changed direction from state regulation to joint central regulation but it must be emphasised that the institutions of state regulation continued to be of considerable importance and indeed buttressed joint central regulation in various ways.

The 1928 legislation made collective agreements legally binding and conflicts over their interpretation a matter for a Labour Court, set up by the legislation. If agreements were broken or if industrial action was taken on matters covered by an agreement, the party concerned would be liable to pay damages awarded by the Court. Thus if workers took strike action during the period of validity of an agreement they, and their union if it sanctioned the strike, could be taken to court by the employer, who could then be awarded damages.⁴² This greatly strengthened the hand of the employer, in effect giving legal backing to the employer's rights, since these were included in collective agreements.⁴³ The position of the union leadership also was strengthened, for the agreements negotiated by the leadership were given legal force and unofficial action could be punished if the employer sought damages.⁴⁴ It was furthermore easy for the leadership

42. The interpretation given to the legislation by the Labour Court in effect made any industrial action during the period of an agreement illegal. An organisation must not only not participate in industrial action, it must also seek to prevent its members from doing so and, if they have done so, seek to persuade them to stop such action. Johnston (1962), p. 151. Eklund (1973), p. 436.

43. Eklund (1973), pp. 436-439.

44. The employers did not often make use of the law. See chapter 29, section 4 (c) (i).

to refuse to become involved in unofficial strikes, since such involvement would leave the union exposed to unlimited damages, there being no limit on the damages that could be awarded against organisations.⁴⁵ Once an agreement had expired, both sides were free to take whatever conflict measures they considered appropriate during the negotiation of new agreements - so the leadership was not itself fettered by the 1928 laws.

The 1928 legislation also in theory strengthened the hand of the LO executive in the central wage negotiations. If the LO executive prolonged existing agreements, a procedure authorised by the 1961 constitutional amendment, the unions and their members would be liable to damages if they took strike action while the negotiations were going on. The LO's hands were not tied, for it could terminate the agreements and then declare a strike. The signing of the central agreement itself resulted in a legal obligation on both sides to avoid conflict. Individual unions had the right to reject the agreement but not the right to take strike action. Thus the 1928 laws strengthened the LO executive's position during the central negotiations and during the implementation of the central agreement at industry level. The significance of these legal considerations may, however, be doubted since strike action by a dissenting union would anyway expose it to the full weight of the SAF's industrial power in a situation where it would be unsupported by the LO.⁴⁶

ii) Mediation

The other main aspect of state regulation was the mediation service provided under the legislation of 1906 and 1920. It must

45. A limit of 200 crowns applied to individuals.

46. Victorin (1973), p. 64, p. 77.

be emphasised that this was not arbitration. It lubricated negotiations without removing any power or responsibility from the unions and the employers, but this does not mean that it was without significance for the development of negotiating practices. Mediation facilitated centralisation by exerting a standardising influence on agreements, linking a settlement in one industry with a settlement in another. This process was already evident in the conflicts of the 1930's.⁴⁷

Mediation increased in importance with the development of the central wage negotiations. These negotiations became more complex and many-sided with the growth of the public sector and the coordination of the settlements for public and private, manual and non-manual workers during the 1960's and 1970's. The mediators have played a vital role in coordinating the various settlements, coordination becoming a more serious problem than simple conflicts between the parties to a particular settlement. The intervention of mediation commissions was not an exceptional event to deal with occasional break-downs but an integral and quite indispensable part of the central wage negotiations. This will be demonstrated in the examination of particular wage rounds in the next chapter.

The Labour Court reinforced joint central regulation but did not play a significant role in the central wage negotiations. It was the mediation service which provided the main link between joint central regulation and state regulation.

b) Government

It was argued in Part 3 that Social Democrat government alone could have precipitated joint central regulation in the 1930's. What was the significance of Social Democrat government for the continued

⁴⁷. See chapter 18, section 2a.

development of joint central regulation? Two models are available to encompass this and they will be examined in turn.

i) Labour Strategy

This model has been developed by Walter Korpi. It is based on the assumption that Social Democrat government has enabled labour to shift strategy from using industrial to using political power. He argues that this is the explanation of the decline in the Swedish strike rate after the 1930's.⁴⁸ The 'Swedish model' has depended for its functioning on Social Democrat government.

'The basis of the Swedish model is that a stable Social Democrat government in a long-term cooperation with a strong trade union movement could work for compromises favourable to wage-earners with the holders of economic power and bourgeois groups. In distributive conflicts in the society both workers and employers could count on the Social Democrat government coming down in the end on the side of the LO.'⁴⁹

Logical as this statement is, it does not seem an adequate description of the development of central wage bargaining during the 1950's. The LO had adopted at its 1951 Congress the Rehn-Meidner model, which rejected wage restraint. The government did not, however, implement this model. Its Agrarian Party coalition partner would not support the higher indirect taxation and the expenditure on a labour market policy, both essential to the model. The Social Democrat economic ministers were anyway not at this time convinced that the model would work. Instead the government sought wage restraint. Its policies also assisted the employers in other ways. It allowed companies tax relief on profits put into reserve funds for counter-cyclical investment during recessions.⁵⁰ Thus government

48. Korpi (1983), p. 173. This question is discussed in chapter 29, section 4 (c) (ii).

49. Korpi in Dagens Nyheter, May 17, 1980.

50. Martin (1979), p. 105f.

policies involved cooperation with the employers rather than the unions, though one may recall that union leaders largely accepted such policies.

The radicalisation of government policy at the end of the 1950's is more consistent with Korpi's theory. In 1957 the first major ideological controversy, since the planning debate of the 1940's, began. The issue was supplementary pensions. The question was whether these pensions should be provided by the state or by means of a central LO-SAF agreement. The LO and the Social Democrats advocated a state scheme. The SAF and the 'bourgeois' parties⁵¹ feared that a state controlled pension fund would lead to an extension of state ownership and argued for collective agreements.⁵² When attempts at compromise failed, the employers reviewed their strategy of cooperating with Social Democrat government and supported an attempt by the 'bourgeois' parties to cooperate in reviving their electoral fortunes by attacking the Social Democrat plan.⁵³ Both sides thought that they were on to a political winner. The outcome was a major electoral victory for the Social Democrats. This not only allowed them to introduce the state supplementary pension scheme. It also made it possible for them to govern on their own and develop economic policies based on the Rehn-Meidner model.⁵⁴ Korpi's argument is therefore more applicable to the 1960's than the 1950's.

ii) Corporatism and Social Democrat Government

The framework provided by the concept of 'corporatism' is more

51. The term 'bourgeois' is commonly and perhaps somewhat misleadingly used in Sweden as a label for the three non-socialist parties - the Moderate, Centre and Liberal parties.

52. Hancock (1972), pp. 214-222.

53. Söderpalm (1980), p. 89.

54. Martin (1979), p. 107.

appropriate to the understanding of the Social Democrats' role in joint central regulation than that of labour strategy. 'Corporatism' draws attention to the interpenetration of state and interest organisations, to the non-political bargaining process, to the consensus at 'the top'.

The ideological conflict over supplementary pensions was more immediately damaging to political consensus than to the relationship between the government and the SAF. A political polarisation followed, with moves towards the construction of an anti-socialist 'bourgeois' bloc. The agrarian Centre party shifted from its 1950's cooperation with the Social Democrats to an alliance with the Liberal and Conservative parties, an alliance which was to form the basis of 'bourgeois' government after 1976. The SAF, though eventually developing close ties with the 'bourgeois' alliance, adjusted quickly to the defeat over pensions and continued cooperating in corporatist fashion with the Social Democrat government, through the system of informal contacts labelled 'Harpseud Democracy'. The representatives of business and the unions met regularly with the government at Harpsund, the Prime Minister's residence, for policy consultations.⁵⁵ Although the government now sought to implement the Rehn-Meidner model, the unions' economic policy, its commitment to rationalisation and economic growth meant that its modus vivendi with capital was not seriously disturbed.

The Harpsund consultations were only the tip of the iceberg, for a corporatist interpenetration of government and interest organisations had been developing since the 1930's. Royal commissions precede major policy decisions in Sweden and since the 1930's the commission

55. Hancock (1972), pp. 160-163.

representatives of interest organisations have outweighed those of the political parties. Governments are also required by the 'remiss' procedure to consult with interested organisations before legislation.⁵⁶ These consultative arrangements are associated with a striving to arrive at a consensus on legislation, so that it is acceptable to all interested parties.

The organisations are then involved in the administration of legislation, making it difficult to draw the line between state apparatus and interest organisations. Thus the Labour Court is composed of two employer and two union nominees, with three 'neutral' members.⁵⁷ The labour market policy is administered by a board consisting of three employer nominees, six union nominees and two others to represent the interests of female labour and agriculture.⁵⁸ These interconnections between government and interest organisations have not eliminated conflict, as the battle over supplementary pensions showed, let alone the conflicts of the 1970's, but they demonstrate and have reinforced the underlying consensus between government, employers and unions from the 1930's to the 1960's.

Social Democrat government was, according to this model, integral to joint central regulation not because it enabled labour to pursue a political strategy but because Social Democrat government was particularly compatible with corporatist relationships between government and interest organisations. The Social Democrats pursued employment and welfare policies favourable to labour, while cooperating with the SAF on wage restraint and rationalisation. Such policies facilitated joint central regulation by meeting the

56. *Ibid.*, p. 157f.

57. Johnston (1962), p. 155.

58. Mukherjee (1972), p. 31.

minimum requirements of both sides of industry and enabling the interest organisations to arrive at a consensus around 'humane economic growth'. Social Democrat government was therefore essential to the 'Swedish model' not because it favoured the unions but because it pursued the interests of both sides of industry. At times the Social Democrat government did favour the unions, as in the supplementary pensions conflict, but it was not for this reason that it was the basis of joint central regulation. Furthermore, to anticipate subsequent chapters, as the Social Democrats shifted away from consensus and increasingly favoured union policies in the later 1960's and the 1970's joint central regulation began to break down.

Korpi has criticised exponents of the neo-corporatist model for explaining the actions of the state in terms of the 'interests of the economically dominant groups' and discounting the political power of the working class.⁵⁹ It should be emphasised that the use of the term corporatism here does not carry with it this assumption. Indeed, it is assumed here that corporatism can only work if it also meets the interests of organised labour. Korpi does nonetheless have a point, for many Social Democrat policies, such as the policy on supplementary pensions, cannot be explained by reference to the 'interests of the economically dominant groups'. It is not, however, the pro-labour policies of the Social Democrats that explain the maintenance of the Swedish model but rather their corporatist balancing of the interests of both unions and employers.

4. The Economy

Having examined the political context of joint central regulation, it is necessary to consider its relationship to the economy.

59. Korpi (1983), p. 12.

Central wage bargaining developed in a context of full employment and inflation. Unemployment did not rise above three per cent during the period 1947-1960.⁶⁰ Labour shortages occurred in the expanding areas of the economy. In this situation labour had bargaining power - hence the government's pressure on the LO to restrain wages and the SAF's demand for central wage negotiations to contain leap-frogging. Hence also the importance of a labour market policy to even out the supply and demand for labour. Although it is doubtful whether the central wage negotiations did much to contain wage increases - an issue that will be taken up in the next chapter - central wage bargaining would not have developed unless there had been relatively full employment and wage demands considered to be inflationary.

Economic growth was steady but unexceptional in the 1950's and this may be considered a condition for the establishment and smooth functioning of central wage bargaining. Between 1950 and 1960 the average annual increase in GNP was 3.4 per cent, not significantly different from the figure of between 3 and 3.5 per cent for the period 1900-1939, nor from that of other industrial countries during the 1950's.⁶¹ Economic growth favoured the institutional developments of the period because it meant that cooperation and compromise between the LO, the SAF and the government could be relatively easily achieved. The economy was expanding sufficiently to provide room for real wage increases, investment and an expanding welfare state.

Economic growth increased sharply during the early 1960's, when its annual rate rose to 5.4 per cent. This higher rate of growth was, however, not an unmixed blessing. The consequences of

60. Johnston (1962), p. 294.

61. Westerlind and Beckman (1970), p. 44.
 J rberg (1974), p. 54.
 Bentzel (1974), p. 95.

intensified growth in various ways generated conflict and undermined joint central regulation. It is with these consequences that the next two chapters are concerned, so this point will not be developed here.

Economic growth was a consequence as well as a condition of joint central regulation. Central to economic growth was rising productivity⁶² and this was facilitated in various ways by joint central regulation and its associated institutional and ideological context. The acceptance of the costs of rationalisation by the Social Democrats and the LO, and their commitment to economic growth have already been emphasised. The labour market policy central to the Rehn-Meidner model and to the wage solidarity policy encouraged labour mobility and the transfer of labour from low growth to high growth sectors. The weakness of craft unionism in industry meant that the structure of union organisation was not an obstacle to rationalisation. The LO's acceptance of the employer's rights gave the employer a free hand in making technical and organisational changes. The legal backing given to the employer's rights by the 1928 legislation and the Labour Court's interpretation of them made it difficult for workers to oppose change in a legally acceptable way. There was therefore a virtuous circle in which economic growth provided an appropriate context for joint central regulation and joint central regulation facilitated economic growth, although in the long-term this was to become a vicious circle - of which more later.

5. Conclusion

This chapter has examined the development of joint central

62. Westerlind and Beckman (1964), p. 31.

regulation to the point at which one may refer to it as a 'system' of regulation. Aspects of industrial conflict had been regulated by the 1938 Basic Agreement and central agreements on other industrial relations issues followed. Then in the 1950's central wage bargaining became established and was institutionalised in a regular sequence of procedures.

The emergence of central wage negotiations was first analysed in terms of the interaction between the government, the LO and the SAF. The government's call for wage restraint in the late 1940's led to the LO coordination of wage demands and contributed towards the centralisation of wage settlements. It was the SAF, however, which forced central wage negotiations on the LO. The internal demands for the implementation of the wage solidarity policy led to a further centralisation in the 1964 wage round but cannot be considered an explanation of the emergence of centralised bargaining. While the conflict between unions and employers over wages provided the main impetus to the institutionalising of central wage bargaining, this conflict took place in the context of a more general agreement between the LO and the SAF on goals and means. The LO accepted the need to contain inflation and promote economic growth, while the federations' experts worked towards an agreed framework for the determination of wage increases.

Central wage bargaining was possible because of the relatively centralised structure of both federations. Further centralisation took place within the LO, notably in the consultation procedures of the unions, though also in their branch organisation, but the important constitutional changes had been made in 1941. The SAF had long been sufficiently centralised to conduct central negotiations and implement central agreements. This was particularly important

because the SAF forced through the centralisation of bargaining and it was the SAF's industrial power which kept the unions in line and reinforced the authority of the LO leadership. The predominantly industrial organisation of the unions meant that craft unionism was too weak and peripheral to be an obstacle to central bargaining.

The relationship between joint central regulation and the state was then examined. Joint central regulation was an alternative to state regulation, in that a legislative regulation of industrial relations, notably of industrial conflict and of wages, was largely avoided. Joint central regulation was also, however, supported by the pre-existing apparatus of state regulation. It was reinforced by the Labour Court and it became increasingly dependent on the mediation service. Furthermore, the state and the interest organisations were inter-related through the corporatist linkages between them. Social Democrat government facilitated these linkages and provided a political context in which joint central regulation could emerge and flourish. Social Democrat government did this by meeting the basic requirements of both unions and employers, while being the instrument of neither. Thus although the notion of joint central regulation as an alternative to state regulation is indispensable to an understanding of joint central regulation's emergence, its functioning depended on the state apparatus and on the Social Democrat control of government.

Joint central regulation was established in the 1930's but the changed economic circumstances of postwar Sweden gave it new content. The institutional, ideological and organisational conditions for central wage bargaining existed before the need for it. Centralised federations, Social Democrat government, LO-SAF cooperation, a Basic Agreement, the Labour Court and the mediation service had all developed

by 1941. The components were there but the inflationary pressures of postwar Sweden were necessary to precipitate the full development of joint central regulation into central wage bargaining. There was, however, nothing special about the existence of these pressures nor indeed about the rate of Swedish economic growth. It was the organisational, institutional and political response that was distinctive and the specific nature of this response can only be explained in terms of the inheritance of the 1930's.

Chapter 26

JOINT CENTRAL REGULATION IN DECLINE (1): CENTRAL WAGE BARGAINING

In the late 1960's joint central regulation began to decline in various inter-related ways. Firstly, the central wage negotiations became more complex, more long drawn out, more prone to break down, more characterised by industrial action. Secondly, central control over local actions diminished and local conflict increased. Thirdly, an organised union opposition emerged once more and one important group of workers, the dockers, seceded from central bargaining. Fourthly, government intervention increased. Examples of break-downs in negotiations, unofficial strikes, secessions and government interventions can certainly be found during the late 1950's and the early and middle 1960's, when the system of joint central regulation was working relatively smoothly. Nonetheless, these symptoms of break-down increased so markedly from the late 1960's that the term 'decline' may be considered appropriate.

The examination of the decline can best be carried out in two stages. The increasing conflict over distributive issues and its impact on central wage bargaining will be considered first. The parallel and no less important conflict over control will then be examined in a separate chapter.

1. The Divisions within Manual Laboura) The Demands of the Lower Paid

The LO had long been committed in principle to a wage solidarity policy that would increase equality. The lower paid had on many occasions called for the implementation of the policy but the central coordination necessary to carry this out had been resisted by an LO leadership frightened by the likely reaction of the higher paid and

the disunity that would follow. Indeed, the 1951 LO Congress reformulated the wage solidarity policy in such a way that it no longer entailed a centralised redistribution and could be carried out by means of a labour market policy. Coordination and central bargaining were, however, forced on the LO and redistribution therefore became possible. Pressure built up on the LO leadership to implement the wage solidarity policy.

A major problem in implementing the policy was wage drift. Central agreements could be constructed in such a way as to favour the lower paid but local wage drift between agreements enabled workers with economic power and in profitable companies to restore differentials. The union leadership has tended to blame this drift on the employers.¹ It is clear that employers are partly responsible either because they use wage increases to control and attract labour or because they concede increases rather than take strikes and loss of production. Equally, it is clear that workers are not passive recipients of local wage increases but use their bargaining power to extract them. Korpi's path-breaking study of strikes in the Swedish engineering industry has shown that there were far more unofficial strikes taking place in Sweden than was commonly believed and that a high proportion were directly concerned with wages.² Union leaders have themselves not been without complicity. Their policy statements show an unwillingness to hold their members back in the name of solidarity and a use of 'special case' arguments to justify their failure to act in accordance with the wage solidarity policy.³ One may note that although wage drift has hindered the equalising of

1. Meidner (1973), p. 24f.

2. Korpi (1968), chapter 2, p. 4. See Fulcher (1973a), p. 53.

3. Ullenhag (1971), chapter 8.

wages and run against official LO policy, it has also had the latent function of securing the consent of the higher paid to central bargaining.

In the early 1960's the lower paid became increasingly frustrated. The discontent of the lower paid had been expressed at the 1961 LO Congress and there were calls for central agreements to be slanted further in their favour. The LO executive had replied that the most important condition for wage equalisation was greater rationalisation to increase the profitability of the low wage branches of the economy but agreed to further develop the practice of differentiating in favour of the lower paid in central agreements. Its 1962 attempt to do so was blocked by the SAF.⁴ Meanwhile, the early 1960's economic boom resulted in a greater wage drift and a widening of differentials.⁵

The 1964 central agreement further heightened the frustration of the lower paid. As pointed out in the last chapter, the LO attempted to counteract the fragmenting consequences of union 'exceptions' by working out a comprehensive central proposal.⁶ In particular, the LO tried to deal with the problem of low wage-earners in industries where the average level of wages was high. Thus the LO proposed that workers in low wage companies should receive extra increases. The SAF opposed this and indeed broke off negotiations.⁷ The outcome was that extra increases were given to workers in industries with low wage levels but not to workers in low wage companies in other

4. Hadenius (1976), p. 96.

5. Meidner (1973), p. 48.

6. See chapter 25, section 1 (b).

7. Meidner (1973), p. 38f.

industries.⁸ In the end the LO did not succeed in 1964 in making any significant progress in developing its wage solidarity policy.

Even more importantly the general wage increase obtained in 1964 was relatively low, thereby disadvantaging low wage workers dependent on the central agreement because of their lack of opportunity for wage drift. The agreement of 1964 increased wages by only 2.1 per cent for 1964. This compared with increases of 2.9 per cent in 1963, 4.6 per cent in 1962, 3.6 per cent in 1961 and 3.9 per cent in 1960. The low central increase for 1964 must also be compared with a wage drift of 4.9 per cent, the highest since 1951. The agreement of 1964 did give a greater central increase of 4.1 per cent in 1965 but wage drift leapt to 5.6 per cent in that year. Thus the gap apparently widened between those dependent on the central agreement and those with access to wage drift.⁹

The explanation of the low 1964 agreement is of interest. According to Schiller, the 1964 negotiations presented the problem of the relative priority of wage increases and security of employment. The Metalworkers' Union was primarily concerned with security of employment, because of the high rate of technical change in the industry in the early 1960's. The security issue therefore gained a high priority during the negotiations, at the expense it would seem of wages.¹⁰ The Metalworkers' members benefited more than those of any other union from wage drift and it was therefore less penalised by the low contractual increase than other unions. The failure of

8. The construction of the agreement did, however, allow more scope for adjustments at industry level negotiations to meet the demands of low paid workers in such industries. Faxen (1964), p. 342f.

9. Idem.

10. Schiller (1973), p. 357.
One should note that the LO was also influenced by pessimistic economic forecasts. Anderman (1967), p. 321.

the 1964 agreement to do more for the lower paid cannot therefore be blamed on the SAF alone.

The pressure on the LO leadership from the lower paid now became more threatening. The most militant spokesman for the lower paid, the leader of the Woodworkers' Union, warned the LO leadership that the growing discontent would threaten the authority of both union leaders and LO unless something was done.¹¹ Then in 1966 the Transportworkers' Union withdrew from the central negotiations. There had been a long discontent in this union with the results of the central negotiations.

The LO responded with the first central agreements to give real priority to the lower paid. The 1966 agreement benefited the lower paid in three main ways - obtaining a large general increase of 4.3 per cent, formulating this in money not percentage terms and providing a 'guaranteed wage drift' for all workers in 1967 and 1968.¹² In 1969 the benefits for the lower paid were more precisely formulated and individuals earning less than 96 per cent of the average wage were given increases calculated to halve the gap. The 1971 agreement was similarly constructed.¹³

The LO's greater efforts on behalf of the lower paid resulted in greater conflict with the SAF. The bargaining criteria applied by the two federations began to diverge. The LO's demands were being shaped increasingly by egalitarian considerations but the SAF sought to give more importance to economic constraints. Thus the SAF proposed in 1967 changes in the central negotiations to make their starting-point the calculation of the economic space available for wage increases by a panel of union and employer economists. The LO

11. Ullenhag (1971), p. 140.

12. Meidner (1973), p. 38, p. 48.

13. Hadenius (1976), p. 106f.

rejected such changes. The SAF was also concerned at the implications of equalisation for incentives and skill differentials, and the failure to take account of variations in profitability.¹⁴ The central wage negotiations therefore became from 1966 onwards more prone to breakdown and more dependent on mediation, though this was also because of the relationship between the LO and the non-manual federations. These wage rounds will be examined in more detail when this question is taken up in section 2 of this chapter.

b) Unofficial Strikes

During the winter of 1969-70 there was a long unofficial strike in the state-owned LKAB iron-mines of the North, a strike often seen as marking the end of the 'Saltsjöbaden spirit' held to have characterised Swedish industrial relations since 1938. While this strike was by no means solely concerned with wages,¹⁵ the relative and indeed real wages of the miners had been declining during the 1960's. The miners had been and still were relatively highly paid but unlike other highly paid groups they had been unable to push their wages ahead through local wage drift. Unemployment in the area, rationalisation and a weak, politically divided union gave them little bargaining power.¹⁶

The strike was a major challenge to the authority of the LO. It was unofficial and although unofficial strikes were by no means unknown in Sweden, this was the first major one in the postwar period. Furthermore, while the miners' wage demands might well seem justified by their declining relative position during the 1960's or by the

14. Anderman (1967), p. 329f.
Fagerström (1969), chapters 17 and 18.

15. For a fuller description of this strike see chapter 27, section 3 (b).

16. Dahlström et al. (1971), chapter 3.

rigours of the Arctic climate, they nonetheless violated the LO's wage solidarity policy. The strikers soon came into conflict with the LO executive. The LO at first insisted that normal procedures must be followed but the proposals which resulted from the subsequent negotiations were decisively rejected by the miners. The miners went on to challenge the whole principle of centralisation and demanded a more open, directly democratic style of unionism, based on mass meetings.¹⁷

A strike wave followed, notably in the engineering industry - an unofficial strike at Volvo setting it off. The 1970 strike frequency was certainly quite exceptional - 134 strikes according to the official figures in comparison with a 1969 peak of 40 for the 1960's.¹⁸ The strike wave can in part be explained by the LKAB strike, since the wide popular support for the iron-miners legitimated unofficial action and their open defiance of the system encouraged others to follow their example. The boom conditions of 1970 gave workers economic power. The strikes have also been interpreted as a response to the levelling character of the 1969 central agreement. The higher paid got little out of this agreement and therefore took action locally. This interpretation has, however, been criticised by Korpi, who has found that during the period 1969-75 unofficial strikes were more likely to occur in companies where wage levels were below average. Korpi explains the 1970 strike wave in terms of the sharp increase in prices in the second half of 1969, an explanation that gains added force from the occurrence of a further sharp increase during 1974 and 1975, when a further strike wave took place. The problem is that booms produce increases in profits,

17. Thunberg et al. (1970), p. 81, p. 86.

18. See Appendix A.

prices and worker power, making it difficult to differentiate between them as explanations of strikes.¹⁹

The SAF reacted by tightening its control over individual employers. The Götaverken shipyard was fined for breaking the rules of its employers' association by conceding wage increases to strikers. SAF's financial support to employers hit by strikes was made conditional on the employers not negotiating during strikes and suing for damages at the Labour Court. Employers are reported to have begun dismissing strikers.²⁰

In spite of these tougher employer policies and the illegality of unofficial strike action, unofficial strikes were now to be a much more prominent feature of the Swedish industrial relations scene. Thus in 1971 and 1972 the strike-rate remained comparatively high by Swedish standards (59 in 1971 and 44 in 1972) in spite of a higher rate of unemployment than in the 1960's.²¹ Following the low wage increases in the 1974 central agreement, there was another strike wave during the years 1974 and 1975. Ohlström has analysed the 410 strikes reported during these years. The strikes were overwhelmingly in the metal industries (229 as compared with the next highest figure of 46 for the wood industry) and a higher proportion were concerned with wages than was the case in the metal industry strikes studied by Korpi during the period 1949-1967.²² In 1978 the LO and the SAF made a 'normative' agreement with the aim of outlawing wage drift and

19. Edgren et al. (1973), p. 56.
Korpi (1981), p. 79, p. 81.

20. Arbetet, 25 March 1971, p. 21.
Arbetsgivaren, 1973, no. 9, p. 4.
Göteborgs Söndagstidningen, 1 July 1973, p. 13.

21. See Appendix A.

22. Ohlström (1977), p. 12, p. 18, p. 20.

the result was a strike wave in 1979, with some 40 strikes reported between March and May.²³

c) Opposition to the LO

The LKAB strike also initiated a period of more organised opposition to the union leadership.

The radicals in the iron-mines continued to oppose the union leadership after the strike, though with diminishing success. The strike committees in the mines perpetuated themselves as pressure groups after the end of the strike and the central strike committee retained considerable funds from the strike at its disposal. The efforts of the LKAB miners to 'democratise' their union failed, however, and at a special congress called after the strike the traditional Social Democrat majority enabled the leadership to retain control. There was then a Social Democrat counter-attack in the Northern branches of the union and strike committee members were co-opted into union office. The influence of the strike committees declined.²⁴ As with the opposition movements in earlier periods, the union leadership soon regained control.

A more sustained and in the long-term more disruptive opposition emerged among the dockers in the Transportworkers' Union. Long and frequent unofficial strikes, notably in 1969 and 1970, were followed by the secession of most of the dockers from the Transportworkers' Union in 1972, when they formed their own Harbourworkers' Union. The structural explanation for this secession is that the dockers were a declining but homogeneous minority in a heterogeneous union increasingly dominated by other occupations, particularly those associated with road transport. There is also an organisational

23. Dagens Nyheter, 12 December 1981.

24. Dahlström et al. (1971), p. 146, pp. 173-5.

explanation, for the Transportworkers' Union, like other unions, was reorganising its branches into larger and more efficient units - the storavdelningar or 'large branches'. It was the leadership's attempt to centralise the small Northern dockers' branches, with their strong local traditions, which sparked off the secession. The Harbourworkers' Union has, in contrast, emphasised the importance of local autonomy and has opposed central decision-making.²⁵ In its regional origins, its 'isolated mass' character and its opposition to centralisation the revolt of the dockers had much in common with that of the iron-miners.

The dockers' revolt lasted much longer, however, and the relationship between the LO-recognised Transportworkers' Union and the non-recognised Harbourworkers' Union has been the cause of much disruption. The competition between the unions has led to long strikes and coordination problems for the LO. Thus during the 1973/1974 wage round there was a conflict between the unions over the right to conclude an agreement for the dockers and a long Harbourworkers' strike took place in April and May 1974. The Transportworkers' Union won and the Harbourworkers were effectively excluded from the negotiations, though they claimed that their actions had at least resulted in a higher wage increase for dockers than other workers had obtained.²⁶ During the 1974/1975 round the Transportworkers' Union forced extra concessions out of the SAF by threatening at the last moment to refuse to sign the central agreement. According to Andersson, other unions copied this tactic during the 1976/1977 negotiations, thereby causing internal problems for the LO and threatening coordination.²⁷ In 1980 the Harbourworkers once again went on strike in an attempt to secure

25. Statsanst ltd, 1972, no. 10, p. 4.

26. Dagens Nyheter, 16 June 1974.

27. Andersson (1977), p. 12.

recognition. This strike was somewhat dwarfed by the open conflict between the LO and the SAF in this year but commentators have suggested that it was far more disruptive to the economy than the set-piece confrontation between the federations.²⁸

Attempts have been made to extend opposition outside the 'isolated mass' industries. The LKAB strike fund was used to support unofficial strikes elsewhere, notably the 79-day^o Ådal dockers' strike in 1970 and the 73-day Gothenburg building workers' strike of 1971.²⁹ There are reports in the SAF journal of the formation of a national strike organisation, 'Worker Solidarity', and at a meeting in Uppsala in November 1971 strike experiences were reportedly pooled and a booklet on strike strategy was produced.³⁰ A revolutionary communist splinter group, the KFMLr, was reported to be involved in a number of strikes and strike attempts in the early 1970's, though these were but a small proportion of the total taking place.³¹

More reliable information on the impact of the opposition can be found in Ohlström's study of unofficial strikes in 1974 and 1975. Ohlström's group investigated 53 out of the 410 strikes reported during these years. They found that in 10 cases there was evidence of organised political agitation and concluded that in 5 of them this agitation was one of the main reasons for the strike. As Ohlström notes, there are considerable problems in evaluating the evidence for agitation and judging its significance but it seems reasonable to infer

28. Dagens Nyheter, 29 May 1980.
Johnston (1981), p. 104.

29. Arbetaren, 1972, no. 48, p. 10.

30. Arbetsgivaren, 1972, no. 35, p. 8.

31. Fackföreningsrörelsen, 1972, no. 20.
Arbetsgivaren, 1973, no. 8, p. 2.
Göteborgs Söndagstidningen, 1 July 1973.

that political agitation was a major factor in at most 10 per cent of the unofficial strikes. As mentioned earlier, the strikes revolved overwhelmingly around wage issues and in the sample analysed by Ohlström demands for wage increases were the 'dominant structural problem' behind unofficial strikes.³² Thus although the opposition had some influence on the spread of unofficial strikes, the 1974-75 strike wave indicates a greater preparedness to use local economic power to increase wages rather than the strength of the political opposition.

As in the interwar period, the opposition was unable to expand after its initial break-through but its impact on joint central regulation was nonetheless considerable. The LKAB strike was an undoubted shock to the system and the subsequent increase in unofficial strikes was influenced by this shock, though it is impossible to quantify its significance. The dockers' break-away from the Transportworkers' Union further undermined the authority of the LO, led to major unofficial strikes and resulted in additional complications and stresses for the central wage negotiations at a time when they were breaking down under the impact of other forces. The opposition may not have been any more successful than its interwar predecessors in securing general support but the centralising of wage bargaining made the LO more vulnerable to disruption and amplified the impact of membership revolts.

2. Manual and Non-Manual Labour

So far internal conflicts within labour have been examined with reference to manual labour only. In the late 1960's conflicts between manual and non-manual labour became increasingly salient and indeed

32. Ohlström (1977), p. 40f, p. 49f.

had a more disruptive impact on the central wage negotiations than the conflicts within manual labour itself.

Non-manual workers are organised in their own federations, the TCO, the SACO and the SR.³³ Johnston has recently suggested that the LO 'committed a colossal blunder when it did not seek to accommodate white-collar organisations within it',³⁴ but it is hard to imagine that the LO could have become so centralised if it had included the white-collar unions with their special and divergent interests. Indeed the TCO, the federation aspiring to be the LO of the non-manual workers, has not even been able to negotiate centrally for its member unions in wage matters. This is in part because of its greater spread of incomes but partly also because of the split of its unions between the public and private sectors. The TCO's aspirations have anyway been thwarted by the emergence of the SACO federation, a 'craft' federation of academically qualified professional workers. A third non-manual federation was also formed, the SR, for senior civil servants and the officers of the armed forces. This merged with the SACO in 1973 to form the SACO-SR.

a) Growing Conflict over Differentials

Conflicts of interest between the LO and the non-manual federations were masked until the mid 1960's. The LO's 'wage solidarity' policy was primarily concerned with the issue of internal equalisation. The settlements for the non-manual workers followed the pattern set by the LO-SAF negotiations. Also, there were legal restraints on the bargaining of 'public officials' and their use of

33. TCO stands for Tjänstemännens Centralorganisation.
 SACO " " Sveriges Akademikers Centralorganisation.
 SR " " Stats tjänstemännens Riksförbund.

34. Johnston (1981), p. 99.

the strike weapon. While the 1928 laws had introduced such restraints on all unions, they applied only during the period of an agreement. Public officials were, until 1965, in a different position with no right to collective agreements. Strike action 'was punished as a dereliction of duty'.³⁵

In the mid-1960's manual/non-manual differentials started to become an important issue. The low increases in the 1964 agreement for the LO were compared with the larger increases obtained later by the non-manual occupations, while LO research showed that manual workers had for a number of years 'done worse' than non-manual workers. At a meeting of the LO's Representative Assembly in 1964, Geijer, the chairman of the LO, brought the whole question of differentials into the open. He attacked the way that the non-manual federations customarily received the same increases as those negotiated by the LO. This did not take account of the special reasons for increasing manual workers' wages - their longer working week, the spread of shift-work and Sunday work, the pressures of rationalisation - which did not apply to non-manual workers. The LO increase also contained a sum for improving the position of the lower-paid and it was wrong that the higher paid non-manual occupations should benefit from this. If non-manual workers were given the same rises as manual workers without experiencing the situations justifying them, differentials were in effect widened. In 1966 Geijer went further and suggested that the wage solidarity policy be extended to include non-manual workers.³⁶

At the same time as Geijer was bringing the LO on to a collision course with the non-manual federations, these were acquiring a new

35. Tobisson (1973), p. 317.

36. Hadenius (1976), p. 99f.

freedom of action through the 1965 legislation which gave them bargaining rights and the right to strike. The expansion of the non-manual occupations and the growth of the public sector had resulted in larger and more powerful non-manual organisations, which demanded these rights. The managerial concern to maintain the loyalty of civil servants, to introduce more flexible pay structures and change conditions of work made concessions appropriate. The non-manual federations also had political leverage, since the Social Democrats needed to acquire the votes of the growing middle class. During the 1940's and 1950's bargaining in the public sector edged steadily closer to the pattern prevailing in the private sector and in 1965 the public sector acquired the same rights to collective bargaining and the use of the strike weapon as those possessed by the private sector unions.³⁷

It was not long before the non-manual occupations used their new rights in the 1966 conflict over teachers' pay. The negotiations over the SACO teachers' salaries broke down and the SACO declared a strike. The government's newly established bargaining agency, the SAV,³⁸ responded with a lockout. The conflict escalated until some 30,000 state employees were out of work. The strike did not, it seems, materially affect the outcome of the negotiations, for the SAV had already made the major regrading concessions demanded by the teachers over and above the usual basic increase. According to Schmidt, the aim of the strike was to demonstrate the power and strength of the SACO. Whatever its aim, it certainly drew attention to the militancy of non-manual workers, their willingness to use the strike weapon and

37. Tobisson (1973), p. 330, p. 334f.

38. SAV stands for Statens Avtalsverk.
 Levinson (1973), pp. 54-6.
 Schmidt (1967-8), p. 12f.

the special increases the teachers had secured.

The LO's determination to reduce the manual/non-manual differential and the determination of the non-manual federations to maintain it resulted in complex and long drawn out negotiations in 1969 and 1971.

b) The 1969 Negotiations

Since the LO was determined to prevent the non-manual workers improving their relative position in the 1969 negotiations, it insisted on the coordination of the various sets of central negotiations, i.e. those of the private sector, of the central government employees and of the local government employees. The LO also insisted on the manual workers being given the same cash increases as the non-manual workers, i.e. higher percentage increases given the lower LO starting-point.³⁹

As was to be the case in many of the subsequent rounds, the actions of the private sector non-manual workers played a major part in determining the course of the 1969 negotiations. The main private industry white-collar union, the SIF, was determined to avoid an LO dominated coordination, in part because the SIF's wage policy emphasised an individualistic fixing of wages to take account of skill and merit, a policy markedly different from the 'wage solidarity' policy of the LO.⁴⁰ In an attempt to get the 1969 negotiations moving, the SAF made an early agreement with the SIF. The LO then increased its demands, declaring that it would not accept less than what the SIF had obtained. The negotiations between the LO and the SAF broke down and a mediation commission was appointed. The deadlock was only

39. Levinson (1972), pp. 54-6.

40. Nycander (1972), p. 20f.

SIF stands for Svenska Industritjänstemannaförbundet.

broken after a special, enlarged mediation commission had been appointed to deal with both the public and private sectors. In the end the SAF's bargaining position deteriorated as the economy moved into a boom and the SAF had to make major concessions, going beyond those entailed by the first mediation commission's proposal, which the SAF had at the time rejected out of hand.⁴¹

To anticipate the 1971 negotiations, in which the SACO, i.e. the federation of the professions, and the government were to figure prominently, one may briefly consider their respective roles in 1969. The SACO acquiesced under protest in the LO dominated settlement. The 1966 teachers' strike had weakened the SACO's finances and left the leadership uncertain of membership support,⁴² while the Social Democrats had successfully fought the 1968 election on a platform of increasing equality.⁴³ So the SACO did not make a stand in 1969. Direct government intervention in the long drawn out 1969 negotiations was emphatically rejected by both the LO and the government, though one may note that the possibility of such intervention was raised in both. The LO was anyway able to influence the policy of the SAV, the state's ostensibly 'independent' bargaining agency, through the government.⁴⁴

c) The 1971 Wage Negotiations

In the 1971 round of negotiations the non-manual federations made a stand. They claimed that the 1969 settlement and subsequent price increases, due in part to high wage drift, had resulted in a decline in the real income of their members. The SACO based its argument

41. Fagerström (1969), passim.

42. Nycander (1972), p. 91.

43. Fagerström (1969), p. 127.

44. Ibid., chapters 20 and 23.

on after tax income, a 'net wage' approach rejected by all the other labour organisations. The SACO was, according to Nycander, ready right from the start to use the strike weapon.⁴⁵

The pattern of this round was set by the SAV's early and unexpected offer to central government employees. In previous rounds the public sector had always followed the pattern laid down by the LO-SAF settlement. The SAV's proposal favoured low wage LO and TCO members. It is tempting to see this as a maneuver to divide the non-manual federations by detaching the TCO from the higher paid SACO (and the SR) but Nycander argues that the offer was in fact motivated more by the fear of unofficial strikes by restive lower paid TCO groups, notably the police, customs officials and the military. Also, comparability was sought with the private sector TCO unions. The SAV's extension of the offer to the LO state employees as well resulted from the alliance of the LO and the TCO behind a common demand for priority to be given to the lower paid and from government acceptance of the need to reduce manual/non-manual distinctions. Already at this early stage one can see the battle-lines established. The lower paid non-manual workers of the TCO were in alliance with the manual workers of the LO. The SAV's proposals favoured this alliance. The higher paid non-manual workers of the SACO and the SR were isolated and discriminated against.⁴⁶

The SACO and the SR responded by breaking off negotiations, giving notice of strike action and pulling out key state officials, e.g. in the railway system and the courts. Conflict escalated. The SAV responded with a lockout. Eventually some 50,000 SACO and SR members were out of work, most of them locked out. The SAV threatened

45. Nycander (1972), p. 91.

46. Ibid., p. 42f, p. 56f.

to lock out army officers but the conflict was then brought to an end by legislation giving the government power to impose a cooling-off period.⁴⁷

It was one thing to end the open conflict but quite another to bring about a general settlement. The LO was determined to wait until the public sector negotiations were complete before negotiating with the SAF. The public sector negotiations were dead-locked.

The public sector dead-lock was broken by the negotiations for local government employees. The main local government negotiator first took a stronger line against the SACO than the SAV had done. This lulled the fears of the LO and TCO unions concerned. These unions disregarded the LO leadership's advice to wait for the terms of the SACO settlement and signed agreements. The local authorities then offered a better deal to the SACO. This broke the national unity of the SACO by detaching the locally employed doctors, a key SACO group, from the SACO's plans to continue its strike when the legislated cooling-off period had expired. The local authority agreements with the LO and TCO unions were followed by agreements with the SAV for their central government membership. The local authority agreement with the SACO did not, however, break the dead-lock between the SAV and the SACO/SR. The SAV unilaterally imposed terms and the federations replied by terminating the Basic Agreement for state employees.⁴⁸

With a public sector settlement at last concluded, the LO-SAF negotiations could be resumed. Not only had the public sector negotiations delayed those of the private sector. The public sector settlements also pushed up the LO's demands on the SAF, for the LO

47. Levinson (1972), p. 61.

48. Ibid., chapters 12 and 13.

private sector unions could not take less from the SAF than the public sector had received from the state. The SAF refused, at first, to accept that the public sector settlement should be the basis for the LO's demands. The mediators found it very difficult to bridge the gap between the two and broke with mediation tradition by basing their proposals on the LO's demands. The SAF now prepared for open conflict but left it to the unions to make threatening moves, for the nearer the negotiations got to the summer holidays, the greater the tactical advantage of the SAF. When the final proposal came from the mediation commission, the SAF's negotiating delegation for the first time failed to reach unanimity but in the end the proposal was accepted, since it was expected that an open conflict would lead to the legislative imposition of the proposal.⁴⁹

The negotiations have been examined in some detail because they exemplify the complexities resulting from the growing conflicts between the sections of labour. No longer was it simply a matter of arriving at an LO-SAF settlement, which the public sector and the non-manual federations would use as the basis for their settlements. Indeed the order was in 1971 reversed and the LO waited for the public sector to settle. The constant comparisons between the various sets of negotiations and the various demands of the different sections of labour tended to freeze the negotiations, since no organisation wanted to settle until it knew what the other organisations were getting. The SAF had forced central negotiations on the LO during the 1950's to prevent leap-frogging but the new complexities of the negotiations made them into a vehicle for leap-frogging.

49. Ibid., pp. 195-203.

d) Federations and Cartels in the 1970's

At first it seemed that the domination of the 1971 wage round by the LO would lead to a unification of the non-manual federations into a 'middle-class' bloc. The SACO was now in a weaker position, partly because of the financial consequences of the 1971 strike/lockout, partly because of the deteriorating market situation of graduates. The TCO had long aspired to become the LO of the non-manual occupations. In November 1971 the leaders of the SACO and the TCO made a joint declaration referring to the injurious effects of the competition between them and emphasising the community of interest resulting from the greater training and education undergone by all state employed white-collar workers, whether university educated or not. They also stated their intention to set up joint bargaining arrangements before the next wage round. This cooperation pointed towards the formation of a unified non-manual federation.⁵⁰

TCO-SACO cooperation did not take such a general form, however, and was limited to the private sector. Private industry TCO and SACO unions formed in 1973 a negotiating cartel, the PTK, to present a common front against the SAF.⁵¹ In the public sector the TCO's state employees' section (TCO-S) decided to cooperate again with the corresponding LO union during the 1973-74 round of negotiations. The SACO-TCO plans were put on ice and the SACO then moved the other way and merged with the SR. The TCO was now more divided. Its main private sector unions were cooperating with the SACO in the PTK, while its public sector unions were cooperating with the LO.⁵²

50. Levinson (1972), p. 66.

51. PTK stands for Privattjänstemannakartellen. Eight private sector TCO unions refused to join the PTK, indicating the looseness of the federation and its inability to act collectively. Von Otter (1975), p. 228.

52. Dagens Nyheter, 11 April 1973.

In 1974 the TCO and the LO discussed cooperation and sought to establish a common negotiating position for the 1974-75 round of negotiations but by November they too were forced to conclude that such a general coordination was not possible. The stumbling-block was the problem of wage drift within the LO and a failure to agree on a way of compensating those TCO members who did not have access to such drift. The 1974-75 negotiations would therefore have to be conducted sector by sector. In the public sector the cooperation between the LO and the TCO unions was well developed and the problem lay in the private sector - in the relationship between the LO and the PTK non-manual cartel.⁵³

During the 1974-75 negotiations it was the relationship between the PTK and the rest of the union movement which was the main line of cleavage on the labour side. The PTK unions made high wage demands because their 1970 five year agreement with the SAF had resulted in them falling behind the LO, particularly after the high wage drift of 1974. They also sought guaranteed compensation for future wage drift by LO members. In order to avoid a coordinated settlement with the LO, the PTK for a time broke off its central negotiations with the SAF and attempted to make local agreements at company level.⁵⁴ The public sector TCO unions and the LO were, for their part, concerned to avoid a situation where the PTK negotiated last and forced a better agreement out of the SAF than they had obtained for their members. This problem was solved by inserting special 'control' clauses in the TCO-S and LO agreements, enabling them to reopen negotiations

53. Dagens Nyheter, 13 November 1974.

54. This move precipitated the secession from the PTK of the foremen's union, the SALF, which engaged in common negotiations with the LO. Dagens Nyheter, 7 February 1975. This union has been particularly independent and on two occasions has resigned from the TCO. Johnston (1981), p. 106.

if the PTK did this or indeed if there were major changes in the economic situation. Thus the problem of 'frozen' negotiations, with each bloc of unions waiting for the others to settle first, was avoided but at the price of institutionalising leap-frogging.⁵⁵ Indeed, after the PTK obtained the highest increases the TCO-S unions used the control clauses to reopen negotiations with the SAV in December 1975.⁵⁶

e) Stratification and Sector

The stratification dimension and the sector dimension have therefore interacted in a complex way. The middle federation, the TCO, has sought cooperation agreements with both the SACO and the LO but has been unable to arrive at a generalised cooperation with either because of sectoral differences. In the private sector the line between the working class and the middle class was the most salient division, while strata boundaries within the middle class have blurred - hence the PTK. In the public sector it is the strata boundary between, on the one hand, graduate professionals and administrators and, on the other hand, clerical workers which has remained sharp, while the line between working class and middle class has blurred. Indeed, in the 1979-80 round of negotiations the four main public sector LO and TCO unions operated as a negotiating bloc.⁵⁷ The complex interaction of federations and sectors provides much scope for maneuvering of a tactical kind and the above pattern is therefore far from being a hard and fast structure.

55. Dagens Nyheter, 13 April 1980.

56. Dagens Nyheter, 5 December 1975.

57. This was labelled the 'Gang of Four'. Johnston (1981), p. 108.

3. The Increasing Role of the Government

a) The 1971 Wage Negotiations

The 1971 negotiations have been analysed above in terms of the rivalry between the various sections of labour. A consequence of this rivalry was greater government intervention and this will be examined here.

The government influenced the whole course of the 1970-71 wage round. The SAV's opening offer to the LO and the TCO shaped the pattern of the negotiations. Although the SAV was in theory an independent bargaining agency, it was in practice open to government influence.⁵⁸ When the SACO/SR federations and the SAV came into open conflict, the government passed cooling-off legislation. This legislation was necessarily formulated in such general terms that it could be used against any labour market organisation, including the SAF. The SAF was influenced by the possibility of such a use when it finally accepted the mediation commission's LO based proposal.⁵⁹

Government intervention was quite different in character from that of the 1940's and 1950's. Its interventions in those years had been directed at securing wage restraint for economic reasons. Its influence during 1970-1971 was in support of the LO's wage solidarity policy. The SAV's opening proposals were in accord with this policy, while the SAV's lockout of the SACO and the cooling-off legislation have been interpreted by Nycander as a combined attack on the SACO. The legislation was introduced only after the lockout had exhausted the SACO's funds. The legislation itself was not just a means of ending a disruptive conflict but a means of preventing

58. Nycander (1972), p. 111.

59. See section 2 (c) of this chapter.

unions from acting against the LO's wage solidarity policy.⁶⁰ Not only had the motivation of government intervention changed but its consequences were different too, for the government's support of the LO resulted in a higher wage settlement, which was accepted by the SAF only under duress.

There was a clear awareness in the LO that the wage solidarity policy was leading towards government intervention. The LO's 1970 wage policy report stated that various kinds of government intervention were needed if the LO's wage solidarity policy were to be successful, notably a more redistributive tax policy and more effective economic, labour market and regional policies. Greater equality could not be obtained through collective bargaining alone. As Meidner put it:

'The wage solidarity policy, an expression of the union movement's primal ideology of equality, which gave the organisation much of its strength, vitality and autonomy, threatens ultimately to undermine the ... independence of the movement from the state.'⁶¹

The implementation of the wage solidarity policy resulted in the greater dependence of the LO on government influence during the wage negotiations and in a greater dependence on the government's fiscal, economic and industrial policies.

b) The 1974 Wage Negotiations

The 1973-74 wage round in some respects reverted to an earlier pattern but only superficially so. The LO-SAF negotiations, not the public sector ones, set the pattern and they were concluded speedily without mediation. The relative ease of these negotiations was, however, deceptive and did not indicate a return to a pre-1971 pattern.

60. Nycander (1972), p. 103, p. 116f.

61. Meidner (1973), p. 27.

Firstly, the 1974 agreement had a 'provisional' character. It was a one year agreement only, as compared with the three year agreement of 1971. This was mainly because uncertainties about the consequences of the 1973 oil price rise made neither unions nor employers willing to commit themselves to a long agreement. Also, since it was only a one year agreement the LO was prepared to drop some of its demands. The stop-gap character of the agreement made for relatively easy negotiations.⁶²

Secondly, the 1973-74 wage round for the first time combined wage and tax bargaining. The SACO had led the way in this matter by putting forward a 'net wage' argument in 1971 and thereby linking wages and taxes. By 1973 the other white collar unions and the LO had become more aware of the importance of focusing on real disposable income rather than gross wages.⁶³ Real disposable income had risen by under 0.5 per cent during 1970-1971 and had sunk by over 1 per cent in 1972.⁶⁴ Two Metalworker Union economists developed in 1973 the argument that part of the 'space' available for wage increases should be taken up by tax reductions. The government then implemented this idea by shifting part of the workers' tax burden, their pension contributions, to the employers. This amounted to an increase of around 10 per cent in the disposable income of single workers and substantially more for low paid married workers. The tax reduction was made on the understanding that wage demands would be correspondingly reduced.⁶⁵

Thirdly, as indicated earlier in the chapter, the 1974 agreement

62. Dagens Nyheter, 27 January 1974.

63. Dagens Nyheter, 16 August 1973.

64. Arbetsgivaren, 1973, no. 26, p. 8.

65. Dagens Nyheter, 16 August 1973.

was followed by a major strike wave at local level. Price increases and profits were much higher than anticipated and gave rise to high local demands backed by strike action.

Thus the ease of the 1974 negotiations and the resumption of the leading role by the private sector did not indicate a return to a smoothly functioning joint regulation by the LO and the SAF. The tax reduction pre-empted the wage negotiations. The negotiations themselves were eased by the stop-gap one year character of the agreement. When the economic assumptions underlying the agreement turned out to be incorrect there was a wave of unofficial strikes.

c) The 1975 Wage Negotiations

As in the 1974 negotiations, tax bargaining and wage bargaining were intertwined in the 1974-75 wage round. In other respects it was very different. There was no speedy LO-SAF settlement to determine the pattern of the round. The wage negotiations were much closer in character to those of 1971.

Government intervention took multiple forms.

One may first consider the tax issue. This had become an increasingly salient problem in its own right. The Social Democrats found themselves faced by an acute dilemma. Their ideology committed them to a high level of government expenditure and a progressive tax structure. The result was sharp marginal increases in tax which meant that wage increases could largely disappear through movement into a higher tax bracket. The high price rises following the 1973 oil price rise intensified the problem, since compensatory wage increases would propel wage-earners up the taxation scale faster. The approach of the 1976 election and the growing strength of the 'bourgeois' parties made the taxation issue highly sensitive politically. The government decided to shift a further element of the tax burden

from workers to employers.⁶⁶

The wage round was complicated by the simultaneous negotiation of wages and taxes. The 1974 tax changes had established the rates of tax for 1975 but the proposed 1975 wage agreement would run for two years and before the negotiators could deal with the second year they needed to know the government's taxation proposals for 1976. The government therefore engaged in tax negotiations with the organisations while the wage negotiations were in progress. A generally accepted agreement was eventually reached but this imposed delays on the wage negotiations and the varying perspectives of the union federations on the construction and financing of the tax changes created conflicts between them on taxation in addition to their conflicts over wage differentials.⁶⁷

Secondly, there was the problem of the exceptional profits made by particular industries in 1974. These profits threatened the wage solidarity policy and brought another kind of government intervention into play. The wood and the iron and steel industries had made high wind-fall profits because of the international increases in their products' prices. If the unions of these industries increased their wage demands, the wage solidarity policy and the LO's coordination of union wage demands would be threatened. If the unions held back, wage-earners would lose out to share-holders and unofficial strikes could be expected. The solution was for the government to increase the proportion of pre-tax profits that companies were required to place in special funds for future investment. This maneuver apparently met with union approval, though it is doubtful whether it really penalised high profit companies, since these were able

66. Dagens Nyheter, 12 January 1974.

67. Dagens Nyheter, 18 December 1974, 21 February 1975, 6 March 1975.

to gain tax deductions on investments which they would probably have made anyway.⁶⁸

Thus the 1974-75 wage negotiations were dependent both on government taxation policy and on government measures to siphon off excess profits. These did not, however, stop the unions from arguing that the high level of profits in 1974 anyway justified high wage demands. The unions also argued that the whole of the increase in the employers' tax burden should not be set against wage increases, for part of the employers' tax increase was due to the growing costs of reforming society rather than tax reductions for workers. The wage negotiations were dependent on government actions but not pre-empted by them. As an SAF economist pointed out in 1974, the problem with increasing income through tax changes was that wage bargaining was the raison d'etre of the unions.⁶⁹ Indeed the LO was for this very reason concerned that the projected tax changes for 1976 should not be too great!⁷⁰

In these negotiations the public sector was again, as in 1971, the 'wage-leader'. According to Nycander, the wage round was state directed and this resulted in a high settlement. The government had decided that it wanted a two-year agreement and was prepared to buy this by conceding high wage increases. The SAV's agreement with the central government employees then became the basis for the LO's settlement with the SAF.⁷¹ The SAF's director stated that the SAF found itself with no real alternative to a high wage settlement. There would otherwise have been a mediation commission, a long delay

68. Dagens Nyheter, 6 November 1974.

69. Nordling in Dagens Nyheter, 23 August 1974.

70. Dagens Nyheter, 18 February 1975.

71. Nycander in Dagens Nyheter, 25 April 1975.

and eventually an open conflict. The outcome would have been the same, for the government would have imposed a settlement based on the public sector agreement.⁷² Thus, as in 1971, the government had a major influence on the LO-SAF negotiations through the public sector agreement and the SAF's fears of a government imposed settlement.

The 1974-75 negotiations had combined the innovations of 1971 and 1974 to bring about a more government dominated wage round than ever before. As in 1971 the government shaped a public sector settlement which was then transferred to the private sector. As in 1973 tax bargaining and wage bargaining were combined, with the added complication of simultaneous tax and wage negotiations.

4. 'Bourgeois' Government⁷³ and Industrial Confrontation

After the 1976 election a 'bourgeois' government was formed. Korpi has argued that this removed a basic condition of the Swedish model, Social Democrat government - hence the intensified conflict between the unions and the SAF. Korpi's theory was considered briefly in the last chapter. His argument is that under Social Democrat government the unions no longer had to rely on the use of industrial power alone. Social Democrat government made the unions more willing to compromise with the employers, since the government would ultimately protect and advance the interests of the unions. 'Bourgeois' government removed this protection and left the unions dependent on the exercise of their industrial power. 'Bourgeois' government meant industrial confrontation.⁷⁴ It is certainly the

72. Dagens Nyheter, 16 May 1975.

73. On the term 'bourgeois', see chapter 25, note 51.

74. See chapter 25, section 3 (b)(i) and notes 48 and 49.

case that such confrontations occurred during the 1976-77 negotiations and above all during the general strike of 1980. This section will analyse these confrontations and examine Korpi's theory.

a) The 1977 Wage Negotiations

The 1976-77 negotiations came closer to a complete break-down and a general conflict between the unions and the employers than any other round since the central wage negotiations had started. One may first briefly outline the course of the negotiations.

The SAF's opening position created something of a shock. The SAF declared that there should be no wage increases for three years unless the LO and the PTK accepted changes in fringe benefits and working conditions that would allow increases in productivity. The LO and the PTK responded by deciding to coordinate their negotiations and present a common front. The negotiations became dead-locked in February 1977 and in March the SAF proposed that the existing wage agreement be prolonged. The LO and the PTK replied by breaking off negotiations. Since the SAF was content to continue paying out at existing wage-rates, the LO and the PTK had to take the initiative. The union federations recommended their member unions to terminate the existing agreements, declare an over-time ban and issue strike notices for 10,000 workers. The mediators brought the LO and the SAF close to an agreement but the PTK's demand for a guaranteed 100 per cent compensation for LO wage drift was unacceptable to the SAF. The negotiations continued until the PTK took strike action. The SAF replied to the strikes by giving notice in May of a lockout of 200,000 white-collar workers. The LO then threatened to declare a general strike. Having come to the brink of a general conflict, the two sides stepped back and concluded an agreement. The PTK gave up its 100 per cent compensation requirement and accepted 80

per cent. This figure had already been accepted by the LO for those of its workers without wage drift.⁷⁵

The main issues raised by this course of events are the SAF's strategy, the relationship between the LO and the PTK, and the role of the government.

The SAF's opening position indicated that it had decided to make a stand on the relationship between wages and productivity.⁷⁶ It has been suggested, however, that the real issue was not wages but power. During the 1970's there had been a movement to restrict the 'employer's rights' through legislation and this had led to the 1976 Codetermination Law, the application of which was now to be negotiated.⁷⁷ The SAF's tough stand on wages has been interpreted as a stratagem to force the unions to concentrate on their wage demands. Wage increases could be bought by union concessions on codetermination.⁷⁸ If this was the case the strategy worked, for the unions abandoned the codetermination negotiations. Although the SAF's insistence that wage increases were conditional on higher productivity precipitated the March break-down, the mediators were in fact able to bring the LO and the SAF close to a settlement. The mediators received a signal from the government that they should not concern themselves with the SAF's demands for concessions on productivity, some of which would have entailed changes in legislation.⁷⁹ One may conclude that the LO and the SAF could have reached an agreement without bringing the labour market to the

75. Andersson (1977), chapters 3, 13, 18, 19, 25, 36 and 37.

76. There had been much dissatisfaction within the SAF after the high increases conceded in 1975. Ibid., chapter 4.

77. This will be discussed in the next chapter.

78. Andersson (1977), chapter 38.

79. Ibid., chapters 21, 25, 32 and 35.

edge of a general conflict.⁸⁰

This makes the relationship between the LO and the PTK all the more important, for it was the PTK's insistence on 100 per cent compensation for wage drift which proved the main stumbling-block to a general settlement.⁸¹ The LO and the PTK were conducting common negotiations for the first time. This in part reflected negotiating expediency. The PTK wanted above all to secure compensation for wage drift and to use the strength of the LO to force this on an SAF which was clearly adopting a hard line.⁸² So far as the LO was concerned, it had long sought a more general coordination of union demands. Other developments reinforced the alliance. The increased salience of control issues and the common position of the LO and the PTK on codetermination helped to bring them together.⁸³ The Social Democrat party reinforced this convergence. It had become increasingly concerned to draw the growing army of white-collar workers into a 'labour front' in order to secure its political future.⁸⁴ A

80. There were, however, major divisions in both the LO and the SAF negotiating delegations and the leaders of both had considerable problems in persuading them to compromise. The engineering employers were particularly opposed to the mediators' proposals and the director of the SAF went over the heads of the engineering industry representatives on the negotiating delegation and made direct contact with major companies not represented, notably Volvo and L.M. Ericsson. Ibid., chapters 29 and 33.

81. The LO was itself not happy with this demand, having accepted 80 per cent for those LO workers without wage drift. This gave the mediators leverage and allowed them to move away from the 100 per cent figure. Ibid., chapter 22.

82. The SAF was concerned not to repeat its 'mistake' of 1975 when it conceded a 100 per cent guarantee to the PTK. This was not only because of the increased wage costs but because building in such guarantees removed employer discretion in local wage bargaining. Ibid., chapters 22 and 38.

83. This will be discussed in the next chapter.

84. Stephens (1979), p. 182.

combination of employer aggressiveness, a growing conflict over codetermination and the political strategy of the Social Democrats was enough to overcome the traditional sectional rivalry between the manual and non-manual workers in the private sector.

Is this a sufficient explanation of the 1977 confrontation? Was 'bourgeois' government irrelevant? The change of government had not led to a major change in tax policy, at least not yet, and the government reduced taxes to facilitate the negotiations. Indeed it made a larger reduction than that proposed by the Social Democrats, thereby 'stealing their clothes'.⁸⁵ Although the Minister of Finance and the SAF were agreed on the importance of wage costs in causing a growing economic crisis the government did not intervene against the LO and the PTK. Had nothing changed?

The rules of the negotiating game had changed in one crucial respect. The SAF no longer feared a government imposition of a settlement favourable to the unions or a steering of the negotiations through the public sector. It was now possible for the SAF to make a stand. The SAF could continue paying out at the existing wage-rates and the onus was on the unions to take the initiative and either compromise or make the first moves towards open conflict. In addition, the LO could not rely on government intervention if the SAF used the lockout weapon. The change of government had changed the power relationship between the LO and the SAF.

The 1977 confrontation therefore supports Korpi's argument. In the absence of a Social Democrat government the unions were more dependent on the use of their industrial power, while the SAF was

85. This reduction was, however, less beneficial to the lower paid than those made by the Social Democrats in previous years and the LO therefore increased its wage demands for the lower paid. This was a foretaste of what was to become a major issue in 1980. Dagens Nyheter, 2 June 1977. Andersson (1977), chapter 5.

freer to bring its industrial power to bear. There was a connection between 'bourgeois' government and industrial confrontation.

This does not provide a complete explanation. The growing conflict over codetermination, which unified labour and hardened the SAF, was a legacy from the period of Social Democrat domination. The crucial cooperation between the LO and the PTK was grounded in this conflict over control. One may also note that the LO and the PTK had been moving closer together in 1974 through the LO-TCO discussions, fruitless as these turned out to be, while in the early stages at least of the 1974-1975 round the PTK and the LO had negotiated together.⁸⁶ There were underlying tendencies towards both greater labour unity and conflict with the SAF before the change of government, tendencies which the change of government accelerated but did not initiate.

b) Open Conflict in 1980

After a relatively peaceful wage round in 1978, the SAF and the unions came into open conflict in 1980. There were widespread strikes and lockouts in both the private and the public sectors. The 1980 wage round was characterised by conflicts on a larger scale than had previously occurred during the period of central wage negotiations.

The LO and the SAF came to the brink in April 1980. The SAF had argued that there was no economic 'space' for negotiated wage increases, while the LO had demanded increases of 11 per cent. The SAF refused to accept mediation and the LO then declared a ban on overtime. This was a measure that hurt employers at little expense to the unions and was predictably answered by the threat of a large-scale lockout. After an appeal from the mediators, the SAF withdrew this threat and agreed to make a sum available for industry level negotiations, in

86. Ibid., p. 62.

order to get them going. The LO then ended its overtime ban. Open conflict was avoided for the time being but the overall level of wage increases remained to be decided.⁸⁷

As the SAF stepped back from the brink, the public sector LO and TCO unions advanced towards it. The public sector negotiations had halted because the public employers would not negotiate further until they knew what was happening between the LO and the SAF. The public sector employers argued that the private sector, the 'competitive' sector, must set wage levels, a return to the pre-1970 orthodoxy. The public sector unions rejected this position and gave notice of an overtime ban starting on April 21st, to be followed by strikes on April 25th. Mediation eventually failed when the unions refused to accept a settlement without a wage drift guarantee.⁸⁸

All now hinged on the LO and the SAF arriving at an agreement. The mediators came forward with a proposal acceptable to the SAF but not to the LO. The SAF had given up its insistence on zero wage increases but the LO considered the SAF's offer far too low and the SAF's refusal to back-date the wage increases was crucial, for prices had by now risen 8 per cent since the old agreements had run out on November 1 1979.⁸⁹ The LO reactivated its overtime ban and gave notice of strikes from May 2nd.

Open conflict now occurred in both the public and private sectors. In the public sector some 30,000 workers were on strike or were locked out from April 25th. In the private sector some 110,000 workers went on strike on May 2nd and some 670,000 were locked out. There was the

87. Dagens Nyheter, 3 and 10 April 1980.

88. Dagens Nyheter, 12 April 1980.

89. The SAF argued that the LO had forfeited the customary right to retroactive increases by taking conflict measures. Dagens Nyheter, 2 May 1980.

threat of further escalation with the Transportworkers' Union giving notice of a strike from May 9th which would halt oil and petrol transport, a move which put the mediators and the government under heavy pressure to end the conflict. The dead-lock was broken when the government gave the mediators a green light to allow higher wage increases in the public sector. The SAF was now isolated and the government appealed to the SAF to give way. On May 11th a general settlement was reached and open conflict ended.⁹⁰

Thus the open conflict which had, on the whole, been avoided during the 1977 confrontation was not avoided in 1980. Why was this the case?

The LO was pulled to the edge of open conflict in 1977 through its support for the PTK. The alliance with the PTK continued through the 1978 negotiations but broke down in 1979. The 1979 unofficial strikes among LO members had been ascribed in part to an awareness among manual workers that the gap between them and the non-manual workers was widening. This made it difficult for the LO to maintain the alliance. The non-manual workers, for their part, were concerned to secure compensation for the wage drift of LO members. Although the SAF's zero increase position resulted in an attempt by the LO and the PTK to coordinate bargaining, this cooperation broke down in March 1980 and the PTK withdrew to await events.⁹¹ Thus it could not be said that it was an LO-PTK alliance against the SAF which brought about the 1980 confrontation.

It was the size of the gap between the LO and the SAF which was crucial in 1980. Although the SAF's declaration that there was no economic space available for centrally negotiated increases was by

90. Dagens Nyheter, 5, 11, 12 and 17 May 1980.

91. Dagens Nyheter, 28 February and 13 May 1980.

no means anything new, the SAF held to this position until early April, taking the negotiations to the edge of open conflict. The SAF did then make sufficient concessions to get the negotiations going again but the mediators were unable to bridge the gap, unlike in 1977. In 1976-77 too the SAF had adopted a zero increase position (i.e. unless the LO made major productivity concessions) but the mediators were able to arrive at a compromise acceptable to both sides. This can be partly explained by the argument that in 1976-77 the SAF's stand against wage increases was a tactical measure to divert the unions from the codetermination negotiations. In 1980 the SAF was determined to resist wage increases tout court.

In accounting for the SAF's determination, its relationship with the government must be examined. The director of the SAF and the Conservative Economy Minister were agreed that a stand must be made against rising wage costs. The idea of a government imposed wage freeze was floated⁹² but this met the opposition of the Liberal party, a part of the 'bourgeois' coalition, and was dropped.⁹³ Instead, a crisis budget was introduced, freezing prices on condition that wages were not increased.⁹⁴ Thus the SAF and the government made a coordinated attempt to halt wage increases and the SAF could apparently reckon on government support against the LO.

While the government cooperated with the SAF, it antagonised the LO. Government measures flew in the face of the LO's wage solidarity policy, since the indexation of taxes and the lowering of marginal rates benefited the higher rather than the lower paid. The government also lowered employer tax contributions. As for the government's

92. Dagens Nyheter, 28 April 1980.

93. Dagens Nyheter, 11 April 1980.

94. Dagens Nyheter, 2 April 1980.

crisis package, it was ignored by the LO, which claimed it was 'too little, too late' and argued that the employers had anyway raised their prices before the freeze.⁹⁵ It has been suggested that the LO was seeking to topple the government or at the very least to combine with the Social Democrats in embarrassing the government before the 1980 election,⁹⁶ but there were clearly ample other reasons for conflict between the government and the LO.

Thus the government made the LO less willing to compromise at the same time as it stiffened the SAF's resistance to compromise. Government intervention made industrial confrontation more likely.

When the confrontation actually occurred, there was a governmental volte face. The mediators were initially instructed to find a settlement on the basis of the crisis budget, i.e. on the assumption that there would be no significant wage increases. The mediators were later told that they had a free hand. This was the green light the mediators had wanted and their 'final' proposal conceded wage increases acceptable to the unions in both the public and the private sectors. The government as employer accepted the proposal. The SAF at first rejected it but the SAF was isolated and the government appealed to the SAF to give way.⁹⁷ The government faced political difficulties which undermined its economic resolve. It was a divided coalition, with a majority of one, facing an election later in the year. The Social Democrats were on the offensive and making political capital out of the political and industrial situation.⁹⁸ The open conflict in the public sector threatened vital services,

95. Dagens Nyheter, 6 May 1980.

96. Dagens Nyheter, 28 April and 3 May 1980.

97. Dagens Nyheter, 11 and 12 May 1980.

98. Dagens Nyheter, 11 and 21 May 1980.

as did the strike notice from the Transportworkers' Union. It is perhaps less surprising that the government gave way than that it had allowed the confrontation to develop but there was no doubt an element of miscalculation.

The importance of the 'bourgeois' government's role in bringing about industrial confrontation again vindicates Korpi's argument. This is not to say that a Social Democrat government would not have sought to contain wage increases, since it would have faced similar economic imperatives. A Social Democrat government would not, however, have antagonised the LO by slanting its fiscal policy in favour of the higher paid. Without political support, the SAF would have been in a weaker position and less likely to risk confrontation. Thus although a Social Democrat government might well have tried to restrain wages, it is unlikely that it would have precipitated an open industrial confrontation in the way that the 'bourgeois' government did. Indeed, without such a confrontation the eventual increases could have been smaller, since the 'bourgeois' government caved in under the impact of escalating industrial warfare and the result was less a compromise than a victory for the unions, at least in the short run.⁹⁹ These statements are all speculative historical 'might-have-beens'. One clearly cannot demonstrate that open conflicts would have been avoided under a Social Democrat government but there are good grounds for arguing that the 'bourgeois' character of the government was intimately connected with the major industrial confrontation of 1980.

99. It was only a short run, if not illusory, victory since real disposable income depended far more on price increases and government fiscal policy than on gross wage increases. Furthermore, the government's reaction to the wage settlements was to end the price freeze and declare that further reductions in the marginal rate of taxation would now be smaller. In the summer indirect taxation was increased to reduce purchasing power and diminish imports of consumer goods. Dagens Nyheter, 13 May and 12 August 1980.

4. Conclusion

From the late 1960's joint central regulation was in decline. The main symptoms of this decline were the increasingly conflict-ridden central wage negotiations, the greater frequency of unofficial strikes, the emergence of a union opposition and greater government intervention. The aim of this chapter has been to trace the various processes underlying this decline and to examine their interaction.

The starting-point of the analysis was the growing internal conflict within manual labour. Centralisation and wage drift forced the LO to implement its wage solidarity policy more effectively. Central wage agreements were slanted in favour of the lower paid. The LO therefore came into increasing conflict with the SAF, as wage demands were formulated according to the requirements of equalisation rather than the requirements of the economy. The LO also came into conflict with the higher paid manual workers, notably the iron-miners and engineering workers, who took unofficial action locally. An opposition movement developed in the iron-mines and the docks. The LKAB strike was a major shock to the system and the dockers seceded from the Transportworkers' Union and formed a break-away union. The opposition was unable to capitalise on these successes but it weakened the LO's authority, amplified the unofficial strike movement and disrupted the central wage negotiations.

The internal conflict within manual labour interacted with a growing conflict between manual and non-manual labour. The LO extended its wage solidarity policy to include non-manual workers. This entailed a total coordination of central bargaining, to embrace the public and private sectors, the manual and non-manual federations. The non-manual federations had, however, established their bargaining and conflict rights in 1965 and were themselves becoming more militant.

They resisted the LO's attempts to force wage solidarity and coordination upon them. The outcome was the SACO/SR strike/lockout of 1971, which administered a further shock to the system. The conflict between manual and non-manual workers was also expressed in other ways. The non-manual unions demanded compensation for the wage drift of manual workers, and this became a major source of disruption in the 1975 and 1977 wage rounds. On the other hand, manual worker unofficial strikes in 1979 were in part a reaction to gains made by non-manual workers. Thus the rivalries internal to the LO interacted with the rivalry between the LO and the non-manual federations to increase industrial conflict both locally and centrally, and impose cumulative stresses on central wage bargaining.

Government intervention sharply increased. The LO was dependent on the government for the implementation of its wage solidarity policy. The public sector set the pace for the private sector during the 1970-1971 wage round. The 1971 settlement was imposed by the government and the LO on the SACO and the SAF through the public sector settlement and the cooling-off legislation. The LO's dependence on government subsequently went further, as wage bargaining became inter-related with tax bargaining. Wage bargaining alone could not produce significant growth in real disposable income. The negotiation and distribution of tax reductions became an integral part of the central wage negotiations. The governmental involvement in the wage rounds of the 1970's makes it inappropriate to describe them any longer as 'joint' central regulation.

In 1976 Social Democrat government gave way to a period of 'bourgeois' government. This changed the character of the relationship between government and the labour market partners. The LO could no longer rely on the government promoting its interests through

steering the public sector negotiations or holding the threat of a legislative imposition of a pro-labour settlement over the head of the SAF. Union use of industrial power became more necessary if the unions were to obtain the increases they demanded. At the same time, the SAF was less restrained by the fear of hostile government action and therefore more ready to resist labour demands and use the lockout. 'Bourgeois' government did not, however, mean less government involvement, for, as the 1980 negotiations showed, government and SAF made a combined attempt to halt wage increases, and taxation and wage negotiation were still inter-related, while the government as employer broke the dead-lock.

This chapter has concentrated on the detailed examination of the various processes involved in the decline of central wage bargaining. More general issues are raised concerning the respective parts played by class conflict, economy, polity and institutional structure in this decline. Consideration of these issues will be deferred until the 1970's conflicts over control have been examined.

Chapter 27

JOINT CENTRAL REGULATION IN DECLINE (2): THE CONFLICT OVER CONTROL1. The Employer's Rights

The employer's rights to hire, fire and direct work were an integral part of the system of joint central regulation. The LO had been forced to accept these rights in the December Compromise of 1906 and, although minor modifications were made in the Basic Agreement of 1938,¹ continued to do so until the 1970's. The LO had sacrificed union influence at plant level in exchange for employer recognition of the union, though the consequent weakness of the union branch was in fact to the advantage of the union leadership, since it diminished local resistance to central authority.

The 1928 legislation reinforced and extended these rights. Firstly, the inclusion of these rights in collective agreements, in line with the requirements of the December Compromise, meant that these rights now acquired legal force. Secondly, the Labour Court's interpretations resulted in the standardising and universalising of these rights as general legal principles, irrespective of whether they were incorporated in particular collective agreements. Thirdly, the employer's right to direct work was taken to mean that the employer's interpretation of a collective agreement should stand unless and until the Court had ruled otherwise.² It was not only the 1928 legislation itself which reinforced the employer's rights, crucial though this legislation was. Like all legislation, it required interpretation

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1. The 1938 Basic Agreement introduced only minor restrictions on the employer's right to dismiss workers. These were, however, considered of symbolic importance by the unions. Schiller (1973), pp. 341-343.
 2. Edlund (1973), pp. 467-471. Neal (1978), p. 619.

and application by the legal apparatus and the Labour Court's interpretations further strengthened the rights of the employer.

The local union's freedom of action had become so circumscribed that there was little it could do to oppose the employer's exercise of his powers. Conflict measures could not be taken in a dispute over any matter involving the employer's rights and the wide scope of these rights meant that there was hardly any matter that fell outside them. Moreover, the employer's rights were interpreted as over-riding the union's negotiation rights, as provided by legislation in 1936. The employer was not therefore obliged to negotiate with the union on any matter covered by the employer's rights.³ Furthermore, if there was a conflict over the interpretation of a collective agreement, the employer's interpretation stood while the case waited for judgement.

The acceptance of the employer's rights was inter-related with that other constituent of the *modus vivendi* between the LO and the SAF, the pursuit of economic growth. A dynamic economy was dependent on the employer's ability to introduce new technologies, maximise productivity and generally utilise labour as effectively as possible. The employer's ability to do this was in turn dependent on his power in the plant. The employer's rights provided him, formally at least, with this power and made it well nigh impossible for the local union to resist openly the employer's exercise of it. If the local union did so it would be liable to unlimited damages in the Labour Court.⁴

Thus joint central regulation, the employer's rights, the Labour Court and the pursuit of economic growth were mutually interdependent.

3. Idem.

4. While damages under the 1928 legislation were limited to 200 crowns so far as individuals were concerned, they were unlimited in the case of organisations. Johnston (1962), p. 154.

This also meant that a challenge to one element was a challenge to the others.

2. Economic Growth and its Consequences

The institutional complex which facilitated economic growth was, in the long run, to be undermined by the consequences of economic growth. The effects of economic growth on labour brought about a deterioration in the conditions of work. This led to a reaction by workers which eventually became a challenge to the institutional complex itself. In this section the processes of change associated with economic growth will be examined.

One may first consider the major structural changes in Swedish industry during the postwar period. Agriculture and the raw materials producers, the wood industry and the iron-mines, declined in relative importance, while the engineering industry underwent a great expansion. The engineering industry's share of exports rose from 23 per cent in 1950 to 42 per cent in 1969.⁵ There was also a major decline in the size of the textiles industry, which lost 40,000 workers, one third of those employed, between 1950 and 1965.⁶ It then lost a further 50,000 workers by the mid 1970's. These structural changes have been accompanied by a major shift of population. This has been in part regional, from the North of Sweden to the South. It has also involved considerable urbanisation.⁷

The structural transformation of industry was facilitated by the LO, not only through its commitment to economic growth but also through its labour market policy. The labour market policy was an integral

5. Westerlind and Beckman (1970), p. 14f.

6. Carlsson et al. (1979), p. 108.

7. Leion (1974), p. 51.

part of the Rehn-Meidner strategy, both because it provided a means of countering inflation by relieving labour shortages and because it provided a means of shifting labour from declining to growing sectors. The policy involved the facilitation of mobility by providing information, by easing the costs of movement through financial assistance, and by retraining. The wage solidarity policy operated in the same direction by pushing up wages in low-wage industries and companies, forcing them to modernise or go out of business and transfer their resources to the expanding sector.⁸

There were associated changes in the ownership of industry and the structure of companies. Between 1945 and 1955 only some 50 or so companies per year were involved in mergers but the rate then increased rapidly to some 400 companies in 1970. The result was a growing concentration of ownership and production. By 1970 a third of Swedish exports were produced by ten large companies. There was also a tendency for companies to expand abroad, in order to penetrate behind tariff barriers, escape taxation or seek out low wage labour. While Swedish companies employed 106,000 workers overseas in 1960, they employed 183,000 overseas in 1970.⁹

Linked with these structural changes were changes in the workplace - in technology, in the organisation and supervision of work and in wage payment systems.

This last was to be a particularly contentious issue. MTM payment systems¹⁰ were first introduced by Volvo in 1949 and by 1954 were

8. Ibid., pp. 77-82.

9. J rberg (1974), p. 51.

10. MTM stands for Methods Time Measurement. This normally involves both the training of workers in the most efficient movements and the calculation of a worker's wages in terms of the time each movement should take.

in use at 57 Swedish companies, 30 of them in the engineering industry. These payment systems were in 1955 incorporated into the structure of collective agreements, a rule being introduced to allow local agreements to be negotiated on the use of MTM. By 1960 there were 20 such agreements and by the beginning of the 1970's approaching 150.¹¹

The rate of change increased markedly at the end of the 1950's. During the 1950's industrial production grew at an average rate of around 4 per cent per year. In 1958, due largely to international factors, an investment boom began, lasting till 1962. The rate of growth in production doubled to an average of 7.5 per cent per year during 1958-65.¹² This higher rate of growth was particularly associated with the shift of production towards expanding industries, notably engineering, and therefore with inter-regional mobility and urbanisation.¹³

The problems created by the early 1960's expansion were intensified by the growing crisis of profitability in the later 1960's.¹⁴ The rate of change remained high as industry sought to restore profitability and the dislocations resulting from change continued therefore to accumulate. But growth was slower and less stable, and there were new problems as redundancies and unemployment increased.¹⁵ Balance

11. Sundgren in Arkiv, p. 50.

12. Carlsson et al. (1979), p. 56f.

13. Öhman (1973), p. 120, n. 135.

14. In the mid 1960's increasing international competition accelerated the previously gradual decline in the profitability of Swedish industry. Carlsson et al. (1979), pp. 58-63.

15. Redundancies rose from fewer than 10,000 per year during the first half of the 1960's to 20,000 per year in the second half. OECD Economic Surveys, Sweden (1973). In 1968 unemployment rose to 2 per cent for the first time in the 1960's. The trend of unemployment was rising from 1966 and there were deeper cyclical troughs. Öhman (1973), p. 150.

of payments deficits became more of a constraint on the government's economic policies. One consequence of these difficulties was the expansion of the public sector in order to maintain full employment and to do it in such a way as to avoid increasing imports.¹⁶ This, however, meant higher taxes and a smaller private sector to bear the burden, a great problem of the 1970's.

The adverse consequences of change had been balanced in the early 1960's by the gains from high growth. In the later 1960's these gains began to diminish and costs increased. The adverse consequences of change became less bearable and it was in these circumstances that a grass-roots reaction against change gathered force.

3. The Reaction against Change

The reaction against change can be examined by using the examples of the Kockums shipyard and the LKAB iron-mines. Although the industries concerned were very different, deteriorating work conditions resulted in an increasing discontent in both companies.

a) Discontent at Kockums¹⁷

The background to the increasing discontent at Kockums was changes in technology, in the wage payment system and in the labour force. So far as technology was concerned, Kockums developed an assembly-line method of ship-building during the 1960's. The yard also engaged in a programme of gas tanker construction, which created special technical difficulties. An MTM payments system was introduced to improve productivity. Labour shortages led to the growing employment of foreign and subcontracted labour.

16. Carlsson et al. (1979), p. 63.

17. Unless otherwise indicated this section is based on the Kockums Report. Ohlström (1970). The report is summarised and discussed in Fulcher (1973b).

Changes in technology generated discontent in various ways. It was not so much the impact of the assembly-line itself which was the problem. Assembly-line production in ship-building did not result in the fragmentation of labour and meaningless work often associated with assembly-line technologies. Technical change and a new emphasis on the flexible use of labour did, however, break up established work groups and thereby diminished the social satisfactions of work and created insecurity in the work-force. There were also production problems and delays, which reduced worker earnings under the MTM payments system and increased work stress.

It was the MTM payments system which was the main focus of discontent. Earnings were directly related to output and disruptions in production outside his control hit the worker's pay packet without him being able to do anything about it. The increasing employment of foreign and 'grey' labour also affected earnings by making worker cooperation more difficult.¹⁸ Then there were endless problems over rate-fixing and adjustment. This was partly because the variability of ship-building work made it difficult to operate an MTM system based on the precise measurement of work tasks. It was also because the technicalities of the system meant that workers found it difficult to understand the construction of their pay packet and check their earnings. If they wished to claim extra payments they had to negotiate with production technicians or experts in the payment system rather than with the foreman and such negotiations lost them working time and earnings. There was also time lost due to the need to 'stamp' cards when work tasks changed, again losing working time and earnings. There was a strong feeling that the company was using

18. 'Grey' labour was supplied by labour contractors.

the system to lower piece-rates. Thus in all these different ways the payment system generated uncertainty, distrust and stress among the workers.

In this situation one might expect the union branch to express worker discontent and bring pressure to bear on the management. The union branch warned the management about the problems caused by the new payment system but was disregarded. Many workers saw their union branch as quite powerless. As argued earlier in this chapter, the 'employer's rights' and labour law combined to deprive the union branch of effective power at plant level.

One might have expected that the result would have been an unofficial strike but low worker solidarity ruled out such collective action. Worker solidarity was low because of the breaking up of established work groups, because the payments system encouraged an individualistic competitiveness between workers and because of the increasing employment of foreign and 'grey' labour. Given low solidarity the discontent found individualistic modes of expression, notably in high labour turnover. This in turn compounded the problems of the yard and further increased discontent, since it resulted in even more recourse to the use of 'grey' labour.

High labour turnover forced the Kockums management to take action. Labour turnover had long been high but it increased sharply in 1968 and there were key shortages of skilled workers. Management and union disagreed about the reasons for the high turnover and the managing director decided that an investigation was required. A sociologist in the LO's research department was then asked to carry out a study and the report he produced was the basis for the above account.

In response to the report the Kockums management made a number

of changes. The MTM payments system was abandoned and a new system introduced with a higher fixed component to provide more security. Organisational changes were made to improve the flow of production. The apparatus of worker consultation and participation was greatly enlarged.¹⁹ There was also a major expansion of medical, welfare personnel, educational and safety facilities. Labour turnover did then diminish, though the extent to which this was due to the above changes is an open question, since at the same time production problems eased for other reasons and unemployment increased.

The Kockums case provides an interesting illustration of changes at plant level and their consequences. The company engaged in a drive to increase productivity through technical and organisational change and the introduction of a new payments system, operating according to the principles of 'scientific management'. Pressure on the work force increased and discontent built up. Union weakness and low solidarity resulted in this discontent being expressed individually. The managerial response was to shift strategy from an autocratic and technical to a more cooperative and consultative approach typical of a 'human relations' style of management.

b) Discontent at LKAB

Similar changes in work conditions took place in the LKAB iron-mines, though the consequences of discontent were very different.

The LKAB mines became state-owned in 1957. Although the miners had high expectations of the consequences of 'socialisation', state ownership did not result in any change in the principles according to which the company was run. So far as the government was concerned, state ownership gave it control of investment decisions so that it

19. Jones (1976), pp. 109-113.

could ensure that iron exports and employment in the area were maintained. The company would continue to operate according to capitalist principles, its goal being the making of profits and the means to this being greater productivity and lower costs. The Miners' Union leadership was well aware of this and warned its members that the change of ownership would not change the character of the company.²⁰

During the 1960's the drive to increase productivity resulted in major technical changes. Many heavy work tasks disappeared as they were taken over by machinery but this also meant that the work environment deteriorated because of higher noise levels and exhaust gases. The workers required more expertise and training to operate the machines but lost control over the pace of their work and work decisions, as they came under increased supervision and regulation. Contact with work-mates diminished, as did many of the social satisfactions of work. Technical and organisational changes resulted in extensive transfers and retraining, which generated insecurity and stress.²¹

Along with these technical changes went organisational changes of a far-reaching kind. Increasing specialisation meant a shift from line to staff management and a decline in the role of the foreman and general manager. Decision-making in technical, personnel and industrial relations matters was centralised. Rules and work-tasks were standardised and discipline was tightened through increased supervision. At the same time informational and consultative activity greatly increased and the apparatus of participation was highly developed. Thus an attempt was made to counterbalance centralisation and specialisation through communication and

20. Dahlström (1971), p. 23ff.

21. Ibid., pp. 33-37, 76-79.

participation.²² The workers nonetheless experienced the organizational changes as bringing about a more impersonal and authoritarian regime, which was unresponsive to their needs and problems, and disregarded their experience. In short, workers experienced a sense of powerlessness.²³

As at Kockums, discontent was focused above all on the MTM payments system introduced in the early 1960's for underground work. This system did not produce the earnings expected by the workers and indeed contained wage drift - hence the deteriorating relative position of the miners and the explosion of discontent in the winter of 1969-70. The need for the frequent 'stamping' of cards and the journeys involved, with the resultant loss of work-time and earnings, were a major problem. Rate adjustments required lengthy discussions and arguments with management, which again involved loss of work-time. Thus the payments system generated discontent both because of loss of earnings and the stress it caused.²⁴

The union's LKAB branches were weak and unable to bring pressure to bear on the management. To the general reasons for branch weakness discussed earlier, must be added certain special circumstances in the Miners' Union. The union was in a weak economic position, dominated by a single large employer reducing its labour force. Furthermore, the long-standing conflict in the union between Communists and Social Democrats weakened it in various ways. The Northern branches were a communist stronghold and were under-represented in the union's various

22. In addition to the works council there was a decentralised structure of joint committees and also special advisory committees set up to discuss such particular questions as ventilation, transfers, etc. There were study circles and courses about the changes taking place. Ibid., p. 36f.

23. Ibid., p. 77.

24. Ibid., p. 79f.

bodies. Social Democrat attempts to gain and keep control of the Northern branches resulted in a factionalism which discredited the union in the eyes of the membership and discouraged involvement in branch affairs. The central leadership often intervened to settle local disputes over the head of the branches and thereby further discredited them. One may also note that the chairman of the union was on the LKAB board and exposed to conflicting pressures.²⁵

The changes of the 1960's produced an accumulating discontent which the union branches could not express effectively. The weakness of the branches allowed the company to dominate the local wage negotiations and the membership increasingly saw the union as powerless and unable to look after their interests. Membership dissatisfaction with the union came to a head in the Autumn of 1969, when the locally negotiated application of the central agreement resulted in wage increases that fell far short of expectations and indeed in decreases for some workers. The complexities of the MTM payments system clearly had much to do with these problems, since the local union leadership was at a disadvantage in the face of managerial expertise, but those local leaders who did understand the consequences of the agreement failed to offer any resistance.²⁶

Discontent was in part expressed through increasing labour turnover and even though unemployment in the area was growing, the company found itself short of labour in the Autumn of 1969.²⁷ But, in contrast with Kockums, discontent was also expressed collectively. The workforce had the high solidarity of the 'isolated mass' and the December 1969 strike quickly spread through the mines, lasted two months and

25. Ibid., chapter 3.

26. Ibid., p. 48, pp. 123-5.

27. Ibid., p. 39.

produced a rival union organisation based on the strike committees.

Although Kockums shipyard and the LKAB mines were very different industries located in quite opposite social environments, they show similar processes of change in the 1960's and a similar reaction to it. There were inter-related changes in technology, organisation and methods of payment. The drive for higher productivity led to an increased managerial pressure on the work-force and a deteriorating work situation. The local union organisation was quite unable to resist these changes or provide a channel through which the workers could express their discontent.

c) The Revolt against Piece-Work

At both Kockums and LKAB it was the MTM payments system which was the main focus of discontent. There was indeed something of a general reaction against piece-work during the later 1960's and the early 1970's.

When MTM systems were introduced in the early 1950's they were accepted by the union leadership. The engineering industry was in the forefront and the handling of the issue by the Metalworkers' Union was therefore crucial. There was some opposition to MTM among the membership, notably at the Pentaverken Volvo plant, but at the 1955 'agreement conference' of the union there was a large majority in favour of the acceptance of MTM. On the one hand, it was argued that the employer's rights meant that the introduction of MTM could not be opposed without undermining the whole basis of Swedish industrial relations. On the other hand, MTM would make higher earnings possible and higher productivity was in the interests of all. As Sundgren has put it,

'According to the union leadership MTM was quite simply the price that the workers must

pay for a higher living standard.'²⁸

The Metalworkers' policy clearly accorded well with the LO's general ideology of cooperating with the employers to maximise growth and thereby increase worker incomes.

There is little evidence of extensive discontent with piece-work until the later 1960's. In this connection it is interesting to compare the results of two surveys.

The LO research department published a survey of LO union members in 1966. Around two-thirds of the respondents were satisfied with their wage payment system and those on piece-work were not notably less satisfied than those on fixed wages.²⁹ Those on MTM type systems were, if anything, more satisfied than those on other piece-work systems. There is no evidence here of a revolt against piece-work.³⁰

A survey published in 1971 showed a very different response. Over 80 per cent of those on MTM type systems and over 70 per cent of those on other piece-work systems would have preferred fixed wages.³¹ The two surveys cannot, strictly speaking, be compared because of differences in sampling, question formulation and categorisation. Nevertheless, the very magnitude of the difference between the surveys suggests that a major change in attitudes towards piece-work had taken place. Furthermore, this change characterised attitudes towards piece-work in general and not only to the MTM type systems.

In 1975 there was a 70 day lumber strike for the replacement of piece-work by monthly wages. The strike began in the North of Sweden

28. Sundgren (1974), pp. 21-23.

29. Those on monthly paid fixed wages were more satisfied than the other categories. Over 80 per cent expressed satisfaction with their payment system.

30. Dahlström (1966), p. 61.

31. Bolinder and Ohlström (1971), p. 72.

and spread South until a third of the union's membership was involved. The strike was unofficial and organised by a strike committee, though it eventually secured the support of a number of union branches. The union leadership opposed the strike but was in the process of negotiating a new agreement and the outcome was an agreement in which pay was to be 85 per cent fixed, though merit differentials were retained.³² Thus under grass-roots pressure piece-work was largely abolished in this industry.

Something of a shift in the orientation of Swedish workers seems to have taken place. Piece-work provided opportunities for local wage drift, since rates had to be negotiated locally, while changes in technology or product meant that adjustments were frequently necessary and rates required re-negotiation. Piece-work also generated stress, because of the insecurity caused by variations in earnings due to job changes or fluctuations in production, because of the loss of comradeship and worker solidarity, the decline of earnings with age, the problems of understanding and checking pay-slips, the need to negotiate with experts and the poor safety work done on piece-rates. The movement against piece-work suggests that a predominantly instrumental orientation was being modified by a greater concern for work satisfaction, security and safety.

4. Responses and Consequences

Joint central regulation had promoted economic growth. The faster rate of growth in the early 1960's had, however, led to a deterioration in the conditions of work, a deterioration exacerbated by the growing crisis of profitability in the later 1960's. Deteriorating work conditions led to a reaction against change and a shift

32. Palmer (1975), pp. 6-13.

in orientation to work. What were the consequences of these changing attitudes and what response was made to them?

a) Experiments in Work Organisation

Swedish employers experienced growing labour problems. There were the problems of absenteeism³³ and of high labour turnover, as shown by the Kockums case-study. There were also more general problems of labour supply. Edgren et al. have suggested that there was a tendency for labour to seek 'sheltered' employment in order to escape the stresses and strains of the private sector. The 1966-68 recession resulted in the transfer of workers from production industry to construction, which had been stimulated by the government in order to provide employment. The upswing of 1969 did not, however, lead to any return of labour to production industry. According to Edgren et al.,

'it was anchored in the sheltered sector and had no wish to leave it in favour of a less safe livelihood in the competing sector.'

There was a consequent labour shortage, partially met by foreign workers, and this held back the expansion of private industry.³⁴ It also contributed to high wage drift and an increased frequency of unofficial strikes in 1970. Swedish employers were faced by productivity problems, labour shortages and local militancy, which interacted in a cumulative way.

The response of the state made the situation worse for the employer. Measures were introduced which diminished labour mobility. The state's response to the 1966-68 recession had shifted labour into

33. This is reported by the SAF to have been at an average of 10 per cent in Sweden in 1973, the highest rate in Europe. Kennedy (1980), p. 251, p. 406.

34. Edgren et al. (1973), p. 203.

the sheltered sector. Changes of welfare provisions enabled larger numbers of people to drop out of the labour market by taking pensions early or seeking 'vocational rehabilitation' in sheltered workshops.³⁵ Liberal sick pay benefits have probably encouraged absenteeism.³⁶ There was also a greater emphasis on 'localisation', on grants to assist the movement or retention of industry to meet local employment needs, as opposed to the labour market policy, which moved labour to meet the needs of industry.³⁷ The state did not create the situation but in responding to the problems of unemployment, local and cyclical, and work stress it made the employers' recruitment and productivity difficulties worse.

The employers themselves responded by seeking to improve the quality of work life. Numerous experiments³⁸ were undertaken to increase worker participation and work satisfaction, notably through the development of 'autonomous' work groups - as in the famous Kalmar plant of the Volvo company.³⁹ These experiments aimed to increase worker productivity and to diminish turnover and absenteeism. The SAF's technical department played an important role in encouraging and publicising them.⁴⁰ This was not the SAF's only response, for it also published a defence of piece-work in 1972. This reported that plants shifting from piece-work to fixed wages lost on average between 15 and 25 per cent of their efficiency.⁴¹ Nonetheless, by

35. Von Otter (1975), p. 221.
Forsebäck (1980), p. 96.

36. Kennedy (1980), p. 251.

37. Leion (1974), p. 52ff, pp. 81-87.

38. Some of these are described in Gregory (1978).

39. Aguren et al. (1976), chapter 1.

40. Qvale (1976), p. 456.

41. This study concluded that the half-way house of premium systems, combining a fixed and a variable component, was more efficient than either piece-work or fixed wages. The Condemned Piecework.

1976 the proportion of Swedish workers on piece-work was 47 per cent, as compared with 69 per cent in 1970.⁴²

b) The Attack on the Employer's Rights

Whatever their consequences for productivity and work satisfaction at plant level, these experiments did not satisfy the growing demands for greater worker influence over plant affairs. These demands brought about a historic shift in the LO's policy at the 1971 LO Congress. At this congress proposals were made for the legislative abolition of the employer's rights, proposals which eventually led to the Codetermination Law of 1976. This was a major change in the LO's strategy, for the LO had previously approached the issue of plant-level power relations in terms of the development of 'works councils'.

How is this shift to be explained? It can be argued that the 1971 demands were simply the logical development of the LO's previous policies. Dissatisfaction with the rate of progress towards 'industrial democracy' had grown during the 1950's. The 1946 Central Agreement on Works Councils was revised and extended by the agreements of 1964 and 1966. The LO warned the SAF in 1964 that legislation would be sought if the SAF did not make concessions. Both the 1964 and the 1966 central negotiations on this issue were difficult and resulted in uneasy compromises falling far short of the LO's goals. The LO had got as far as it could with the SAF and the 1971 demands for legislation were the logical continuation of the LO's earlier policies by other means.

Schiller argues, however, that although there certainly was some continuity, there was also a significant radicalisation between the 1966 and 1971 congresses of the LO. By 1971 the employer's rights

42. Korpi (1978), p. 141.

were being challenged, the 'peace obligation'⁴³ and the 1928 laws were being questioned, while legislation was becoming a means rather than a threat. The report on Industrial Democracy presented to the 1971 Congress was produced by a committee established hurriedly in 1969. Schiller points out that by 1969 insufficient time had passed for the effectiveness of the 1966 Works Council Agreement to be gauged. The 1969 committee's work was therefore not so much a response to the failure of the 1966 agreement as to the higher demands from within the labour movement. One may also note that the LKAB strike and the wave of unofficial strikes elsewhere in Swedish industry had by 1971 become a threat to the authority of the union leadership. In order to preserve this authority the LO had to provide some outlet for plant-level discontent and an attack on the employer's rights provided just such a safety-valve.⁴⁴

There can therefore be little doubt that the LO was radicalised from below. It is also necessary, however, to consider the relationships between organisations in accounting for this radicalisation.

It was not only the LO that was making radical demands but also the TCO. The TCO, like the LO, set up a committee to investigate these issues in 1969 and at the TCO's 1970 Congress, a year ahead of the LO, radical demands were made for greater employee influence over decision-making. Samuelsson suggests that the federations were competing to demand greater 'industrial democracy'. The TCO had not previously shown much interest in this issue but by 1970 it was making the running.⁴⁵

43. i.e. the obligation to refrain from strike action during the period of an agreement.

44. Schiller (1973), pp. 349-391 passim.

45. Samuelsson (1974), p. 14f.

It was not only in the industrial arena, however, that such competition was taking place. The Liberal party was the first of the political parties to exploit this issue. In 1967 the Liberal party called for employee representation at board level at a time when the Social Democrats were concentrating on their 'new industrial policy' of enlarging state ownership and state influence over investment and on measures to increase equality. The Liberals made political capital out of their early response to the demands for greater worker influence and pushed the Social Democrats to develop similar policies of their own. It was not just the influence of the LO that propelled the Social Democrats towards legislative intervention in this area.⁴⁶

Underlying the interest of the political parties in industrial democracy issues was the growth of non-manual occupations and the rapid expansion of the TCO unions. The Social Democrats could no longer rely on their manual worker support alone or their links with the LO. Instead of focusing on differentials and the issue of equality, which threatened to alienate non-manual workers, the Social Democrats sought to develop a programme attractive to both manual and non-manual labour. Central to this was the issue of employer power. As Stephens has put it, there was a 're-focus of the Social Democratic programme on the condition which unites LO and TCO members, their role as propertyless employees'. While the LO's movements in this direction may be seen as an attempt to contain membership discontent, the Social Democrats exploited the issue as a means of broadening their appeal and constructing a 'labour front'.⁴⁷

Thus the transformation of the changing orientation of Swedish workers into an attack on the employers' power depended on the

46. Idem.

47. Stephens (1979), p. 182.

mediation of worker discontent by the labour federations and the political parties.

c) From Joint Central Regulation to Legislation

i) Worker Directors

The 1971 LO Congress called for worker representation on company boards. This was not, it seems, because of any great belief in the influence worker directors would have over company decisions. It was rather because of the possibilities it would provide for gaining information on company planning and policy.⁴⁸

Attempts were made to negotiate worker representation with the SAF but they failed. The SAF faced internal conflicts if it negotiated an agreement with the union federations and there was also the legal difficulty of the share-holders' right to appoint board members. The problem of small businesses and the size threshold at which worker directors would be obligatory was a major issue. Meaningful negotiations between the SAF and the union federations were anyway impossible given the now open threat of legislation. The SAF therefore probably itself preferred the legislative imposition of worker directors to profitless negotiation and all the internal problems this would generate.⁴⁹

In 1972 legislation was passed for a trial period of three years. It required company boards to accept two worker directors nominated by the majority union. This legislation was modified and confirmed in 1976.⁵⁰

48. Neal (1978), p. 623f.

49. Samuelsson (1974), p. 25f.
Edlund (1973), p. 461.

50. Neal (1978), p. 625.

ii) Protection against Unfair Dismissal

The worker director legislation did not, however, tackle the central issue of the employer's rights. The first major attack on these was the legislation proposed by the Åman Commission to protect workers against unfair dismissal.⁵¹

The SAF this time complained that the legislative route was taken before negotiations had been tried.⁵² So far as the LO was concerned, the opposition of the SAF on this issue was so great that it was considered that negotiation would lead nowhere. The experience of past attempts to negotiate on industrial democracy had shown that the SAF would not make any significant concessions on the employer's rights. There was therefore no alternative to the legislative route.⁵³

The main provisions of the 1973 legislation were as follows. Workers considering they had been unfairly dismissed could appeal to the Labour Court and retain their jobs until their case had been heard. The order in which workers should be dismissed was specified, giving protection to older and disabled workers. Notice of dismissal was to be of at least one month, rising to six months according to length of employment and age. Workers made redundant should be given priority if an employer recruited new labour.

The legislation was intended to increase worker security but its unintended consequences were to diminish worker security in one major respect. Unfair dismissal had to be defined. Could strikers be

51. There were a number of inter-related laws passed during this period, all of which restricted the employer's rights. Of these laws those providing protection against unfair dismissal were the most important and are examined here. For the legislation as a whole, see von Otter (1975), p. 232.

52. Arbetsgivaren, no. 13, 1973.

53. Edlund (1973), p. 460.
Fackföreningsrörelsen, no. 3, 1973, p. 6.

fairly dismissed? The legislation allowed employers to dismiss strikers in certain situations, if for example they were agitators or played an important part in a serious unofficial and illegal strike. This meant that it was for the first time written into the law that there were legal grounds for sacking strikers. Much depended on the Labour Court's interpretation. In a series of cases, notably those of the Skövde cleaners in 1975, the Boden car workers in 1979 and the Öjebyn cement workers in 1981, the Court decided that the dismissal of strikers was legally correct. Thus the law intended to increase worker security strengthened the employer's hand in dealing with strikers.⁵⁴

The protection of older and less competent workers also turned out to be less than intended. The legislation allowed unions to negotiate their own agreements on the order in which workers should be dismissed. In 1981 the chairman of the LO stated that competence and function should be the criteria for the selection of workers to be made redundant, rather than 'last in- first out', the basic principle of the legislation.⁵⁵ This suggests that in the long run the attitudes of the union leadership were closer to those of the employers than to those of their members. One may also note that in the Skövde and Boden cases, referred to above, the unions concerned did not seriously contest the employers' actions.⁵⁶

The 1973 legislation on worker dismissal did not therefore do much to change power relations at plant level but it was nonetheless of major institutional significance. The LO had made no attempt to

54. Dagens Nyheter, January 28 1975.
Dagens Nyheter, January 22 1981.

55. The chairman of the Aman Commission, which had prepared the 1973 legislation, was clearly shocked by this statement. Dagens Nyheter, June 4 1981.

56. Dagens Nyheter, January 22 1981.

negotiate the issue centrally, for the union demands were such that they could not be accommodated within the framework of joint central regulation. The employer's rights were now restricted by law and the December Compromise of 1906 had been broken for the first time.

d) The Codetermination Law

The 1971 LO Congress had called for the legislative abolition of the employer's rights. The legislation of 1973 made the first major incursion but only into one part of these rights. The employer's rights in general and the existing law of industrial relations were made the subject of a parliamentary committee set up in 1971. The eventual result of this committee's work was the Codetermination Law of 1976.

The conflicts in the committee are of considerable importance in understanding the inter-relationships between industrial and political organisations in this new period of legislative intervention. The political party representatives on the committee consisted of three Social Democrats, one Conservative, one Liberal and one Centre party member. The industrial organisations' representatives consisted of two SAF representatives and one representative of the state as employer, two LO representatives and two from the TCO.

The committee at first worked at producing a report acceptable to all its members, following the traditional corporatist strategy of securing an organisational consensus of both political parties and 'interest' organisations before proposing legislation. It proved quite impossible, however, to reach such a consensus and the committee split. The LO and TCO representatives opposed the majority proposals, which they did not consider radical enough, and produced their own proposals. The power balance then suddenly shifted when the Liberal and Centre party representatives joined the dissenting union members.

Stephens argues that the importance of the white-collar vote to these parties meant that they 'were not to be isolated from [the] TCO on this important issue'.⁵⁷ The Social Democrats were now in a dilemma. They too ought to support the unions' proposals but if they did there would no longer be a majority behind the committee's report and a new report would have to be written. This would result in delays and the Social Democrats would be unable to make political capital out of the legislation before the 1976 election. A tactical solution was found. The Social Democrat representatives were advised to continue their support for the existing proposals in order to get the report through. They therefore voted with the employer and Conservative party representatives. Once the report was published, the Social Democrat government prepared legislation but not on the basis of the majority proposal - on the basis of the unions' counter-proposals.⁵⁸

These complex maneuverings demonstrate a number of features of the 'new' politics of the 1970's. They show how the conflict between unions and employers involved issues of principle which could not be compromised through negotiation in either the industrial or the political forum. They exemplify the point that the Liberal party (and in this case the Centre party) were in advance of the Social Democrats on the industrial democracy issue. Lastly, as Stephens emphasises, the position of the TCO and the votes of white-collar workers were pivotal in determining political alignments.

The legislation that was passed in 1976 had the following main provisions. Firstly, before the employer made major decisions about a company's activities or about work conditions, he was required to inform the union of his plans and negotiate them with the union.

57. Stephens (1979), p. 184.

58. Bresky et al. (1978), chapter 1.

Secondly, unions were given the right to take industrial action if employers refused to negotiate agreements in those areas previously covered by the employer's rights. In other words these rights were to be negotiable and in negotiating them the unions were not to be inhibited by the 'peace obligation' stemming from the 1928 legislation. Thirdly, the employer's interpretation of collective agreements was no longer to be given preference. The union's interpretation would have priority until the Labour Court had processed a dispute. Lastly, the union was given the right to veto certain illicit employer actions, such as the employment of 'grey' or contract labour.⁵⁹

This legislation in theory disposed of the employer's rights. Did it have any major impact on the employer's power?

One may first consider the implications of making the employer's rights negotiable. In going for negotiation rights the unions abandoned the earlier attempts to gain influence through works councils. In negotiations they could much more effectively bring their industrial power to bear. They also, however, passed up the possibility of a legislative regulation of this area, along the lines of the 1973 unfair dismissals legislation. Their success in securing greater worker influence would be dependent on driving through negotiated agreements with the assistance of the strike weapon. Thus although the Codetermination Law was much more far-reaching than the unfair dismissals legislation, it was also less directly regulative.

The problems encountered in negotiating codetermination agreements showed that this was a major weakness in the negotiations strategy. By July 1979 agreements had been made in the banking, public and cooperative sectors, and the unions concerned consider

59. Neal (1978), pp. 616-620.

that their position has been strengthened in internal company matters. But the LO had been quite unable to extract a satisfactory agreement from the SAF to regulate private industry.⁶⁰ As mentioned in the last chapter, the SAF deflected the first major attempt by the LO to negotiate such an agreement by taking an exceptionally hard line in the 1976-77 round of wage negotiations, thereby forcing the unions to concentrate on securing wage increases.⁶¹

The requirement that companies must inform and negotiate before taking major decisions, such as plant closures, has not significantly constrained the employer. The employer is not required to negotiate if an urgent decision has to be taken. Important decisions are anyway usually made informally and in the case of multi-national companies they may be taken outside Sweden. Having taken such decisions companies can easily comply with the formal requirements of informing and negotiating without being under any real constraint to alter the decision. The requirement is to negotiate, not to arrive at an agreed settlement. If no agreement is reached the employer decides. The ineffectiveness of the legislation in this crucial area has been a major source of complaint and criticism from the unions.⁶²

Whether the 1976 legislation improved the position of labour in cases before the Labour Court is a moot point. The union's interpretation of collective agreements was now to be given preference until the case was tried but the employer was given an escape clause. If in his opinion 'there exist "urgent reasons" against postponing the performance of the disputed work' he can 'require that such work

60. Tre år med MBL, p. 14f, p. 33.

61. Section 3 (a).

62. Fahlbeck (1981), p. 154f.

Tre år med MBL, p. 27f.

Bresky et al. (1978), pp. 29-39, 51-53.

be carried out according to his own interpretation of the dispute'.⁶³
 The union preference was nonetheless one of the aspects of the act
 with which the unions have expressed some satisfaction.⁶⁴ The
 legislation did also, however, worsen the position of striking workers
 in important respects. The 200 crown limit on the damages that could
 be awarded against individual workers by the Labour Court was removed
 by the 1976 legislation. Unofficial strikes were now by definition
 illegal.⁶⁵ The employer's legal right to dismiss strikers, according
 to the 1973 laws on unfair dismissal, was further strengthened.

Thus although the 1976 legislation ended the legal enforcement of
 the employer's rights it did little to change the realities of employer
 power. The obligations on the employer to communicate and negotiate
before taking decisions were not enforceable. The legislation did not
 itself specify the workers' rights but only opened the way to the use
 of union power in pressing the employers to negotiate codetermination
 agreements, a power which the private sector unions did not, initially
 at least, turn out to have. The unions' legal position was improved
 but the position of striking workers was worsened. The expectations
 of the early 1970's were hardly fulfilled by the largely symbolic 1976
 legislation.

e) Rights, Power and Joint Central Regulation

In assessing the consequences of the attack on the employer's
 rights one must separate its consequences for the employer's power
 and its consequences for joint central regulation.

63. Neal (1978), p. 620.

64. Tre år med MBL, p. 34.

65. The 1975 lumber workers' unofficial strike had been legal
 because the collective agreement had expired. Under the
 Codetermination Law it would have been illegal. Bresky et al.
 (1978), p. 48f, p. 63, p. 65.

As argued above, the abolition of the rights did not significantly diminish employer power and in some ways enhanced it. One may indeed argue that the unions were too concerned with the employer's rights and therefore attacked the wrong target. There was, it is true, a growing union awareness of the problem of power. Disquiet was expressed in some quarters over the unions' capacity to negotiate satisfactory codetermination agreements.⁶⁶ There were calls for the unilateral determination of certain issues by the unions.⁶⁷ The awareness of this problem developed too late, however, to affect the legislation.

The Social Democrats were interested in the exploitation of the issue for electoral purposes and one may doubt whether there was any serious attempt on their part to shift power to the unions. The Social Democrats on the preparatory committee initially sided with the employers and the Conservative party. It was the switch of two 'bourgeois' parties into support for the union position which led eventually to Social Democrat legislation on the basis of the union proposals. The prime concerns of the Social Democrats seem to have been tactical.

One must also take account of the changed economic situation after 1975-76. Growing economic crisis made it more difficult for the unions to use their power to force through a codetermination agreement in the private sector and diminished union interest in the codetermination issue. Wages and jobs became the priority.⁶⁸ Thus the failure to realise the high expectations of the early 1970's was

66. e.g. by von Otter in Tiden, vol. 67, 1975, p. 103.

67. Union critics of the legislative proposals called for the union to have the right to determine the payment system, the hours of work, environmental and health matters, personnel policy and job transfers. Dagens Nyheter, July 26 1975.

68. Bresky et al. (1978), p. 88, p. 103.

not just the result of a mistaken union strategy or of Social Democrat ambivalence. The economic power of the unions was less in the second half of the decade than it was in the first half and this was the case irrespective of the content of the legislation. It is therefore difficult to see how legislation of a different kind could have increased union power.

The content of the 1970's legislation was also constrained by the political situation. The 'bourgeois' and 'socialist' blocs in the 1973-1976 parliament were equal and according to the constitution tied votes were to be resolved by drawing lots. This 'lottery' resulted in 'bourgeois' modifications to the legislation, most notably the removal of the 200 crowns limit on the damages awardable against individuals by the Labour Court. Then after the 1976 election there was a 'bourgeois' majority and 'bourgeois' governments were formed. Thus by the time that the unions adopted a legislative strategy, the political conditions for the success of such a strategy were disappearing.

The failure of the attack on the employer's rights to penetrate to real power issues or bring about major changes in power relations did not mean that the system of joint central regulation and the associated modus vivendi survived. The legislative attack on the employer's rights intensified the conflict between the LO and the SAF and politicised industrial relations. The SAF counter-attacked by itself seeking to influence the legislation and improve the employer's legal position in industrial conflicts. The SAF also provided plentiful advice to employers on how to use the legislation for their purposes, turning 'codetermination' against the unions by getting them to carry the responsibility for managerial decisions.⁶⁹ Instead of

69. Ibid., p. 48f.

avoiding direct state intervention through jointly regulating issues in industrial relations, the LO and the SAF were now openly competing to use the state to protect and advance their interests.

5. Economic Democracy

Parellel to the attack on the employer's rights developed a potentially much more radical challenge to the capitalist system. This was the Meidner plan to transfer the ownership of industry from private capital to the unions. The basic idea of the plan was that private companies would pay a proportion of their profits as shares into union-controlled funds.

The idea of such funds emerged out of the problems created by the wage solidarity policy. If the higher paid exercised restraint in line with this policy, the result would be increased profits for capital. At the 1971 LO Congress there was much criticism of the way that the wage solidarity policy had allowed companies to make 'excess' profits. Employee investment funds were proposed as a means of scooping off 'excess' profits and using them for the benefit of workers.⁷⁰ These funds would also be redistributive and would complement the attempts to achieve 'industrial democracy' through codetermination by providing 'economic democracy' through the transfer of ownership. Thus although the impetus behind the idea came from the problems created by the wage solidarity policy, the funds could perform other functions and assist the realisation of other goals of the labour movement. The Meidner committee was set up to investigate the issue and work out detailed proposals.⁷¹

The Meidner committee shifted the emphasis away from the excess

70. Åsård (1980), p. 374.

71. Albrecht and Deutsch (1983), p. 291.

profits problem to the transformation of society. The 1975 proposals of the committee suggested that 20 per cent of a company's pre-tax profits should be put annually into the funds.⁷² It was predicted that profitable companies would in effect be owned by the funds within twenty to thirty years. The more profitable the company, the faster would be the transfer of ownership. Meidner's goals were quite clear. The ending of the employer's rights and the establishment of codetermination were a 'stage on the way to socialization' but 'not socialization in itself'. The socialisation of production required a transfer of ownership. As Meidner has put it, Sweden was not to be the society of the 'middle way' but the society of the 'third way' - 'democratic socialism'.⁷³

The radicalism of the 1975 report created various political problems for the Social Democrats, who forced its revision and pursued delaying tactics. The broad concept of 'economic democracy' could be readily assimilated to Social Democrat ideology and political strategy but the 'socialisation of production' and the specific Meidner proposals were another matter.⁷⁴ Opinion polls indicated considerable public hostility to the funds and they were regarded, justifiably it seems, as an electoral liability.⁷⁵ The evenly balanced 1973-1976 parliament opened up the possibility of an alliance with the Liberal

72. Meidner (1978), p. 58.

73. Meidner (1980), p. 347, p. 360.

74. Economic democracy was conceptualised as the third stage in the development of full democracy. Political democracy was the first and was achieved by universal suffrage. Social democracy was the second and involved the building of the welfare state. Economic democracy could in this way be presented as a development out of earlier Social Democrat achievements and could be legitimated in terms of generally accepted values.

75. Albrecht and Deutsch (1983), p. 293.

party but the Liberals supported individualistic profit-sharing rather than collectivist schemes of the Meidner type.⁷⁶ Since the Social Democrats could not, for political reasons, disavow LO policy, they pressured the LO to revise it and the revised report of 1976 shifted the emphasis back from the transfer of ownership to the redistribution of excess profits.⁷⁷ The Social Democrats also postponed discussion by referring the matter to a State Commission and shelving policy formulation until after its report.⁷⁸

Deradicalisation continued as the funds acquired another and increasingly dominant objective - the furthering of collective capital formation. Industrial crisis made this imperative. This objective was added by the joint LO-Social Democrat working party set up in 1977 and approved by the 1981 Congresses of both organisations. The working party proposals moved away from the Meidner plan by proposing two sets of funds. One set followed Meidner in transferring 'excess' profits from a company to its workers in the form of share issues. The other set was to be financed by a levy on all employers, in effect a company payroll tax, and would consist of two national and twenty-four regional investment funds, clearly a more appropriate means of meeting the new goals. Significantly, the first set had disappeared by 1981 and both the 'excess' profits and the levy on employers were to finance twenty-four regional investment funds in the 1981 plan.⁷⁹

A 'compulsory savings' element was a major feature of the 1981

76. Martin (1977), pp. 85-88.

77. Åsård (1980), pp. 378-382.

78. The Commission was itself highly divided and unable to produce a complete agreed report. Albrecht and Deutsch (1983), p. 294.

79. Ibid., p. 294f, p. 297.

plan. The levy on the employers, which was now the main means of financing the funds, was to be on the understanding that workers would show wage restraint.⁸⁰ The reasoning is clear from the statement made by the LO chairman in 1981.

'It is not easy to take a part of the already minimal space for wage increases and set it aside to the funds. But it is obviously much easier if this happens in ways which guarantee wage-earners an influence proportional to the amount they forego⁸¹ and a share in the future profits made by capital.'

From being the rationale of the funds, increased worker influence had now become a means of securing worker consent to wage restraint and compulsory saving.

The fourth objective⁸² of the funds was not, however, the last function to be added. Sweden, like other industrial countries, faces the problem of the increased cost of pensions. This could be ameliorated by plugging the employee investment funds into the supplementary pensions scheme. Thus the final formulation of the employee investment funds channelled the 'excess' profits and the payroll tax, this latter being a one per cent increase in the employer's supplementary pension contributions, through the Supplementary Pensions Fund to 24 area investment funds. These funds would invest in companies and the returns on their investments would be fed back to the Supplementary Pensions Fund. Employee investment funds had become a means of financing pensions.⁸³

80. Ibid., p. 297.

81. Dagens Nyheter, September 25 1981.

82. The objectives are stated as:

1. Solving the problem of excess profits.
2. Redistributing wealth.
3. Increasing worker influence.
4. Increasing collective capital formation.

Albrecht and Deutsch (1983), p. 314.

83. The Labour Movement and Employee Investment Funds (1982), pp. 22-26.

The LO and the Social Democrats had responded to political and economic pressures by deradicalising the Meidner Plan and changing its goals but this did not make employee investment funds acceptable to Swedish employers. The revised plan embodied in the Social Democrat legislative proposals of 1983 still involved the collectivising of capital ownership in funds controlled by the unions - hence the employers' demonstration and manifesto of 4th October 1983, when the legislation came before the Swedish parliament.⁸⁴ It should not be supposed that collectivising investment entails a transition from capitalism to socialism, since the economy will still operate according to the principles of profitability and market competition. It does, however, imply a movement away from the system of privately owned capital which had been the driving force behind Sweden's industrial development and the basis of the Swedish model.

6. Conclusion

The starting-point of this chapter was the importance of the union acceptance of the employer's rights to the system of joint central regulation. Since the December Compromise of 1906 the basic principle of Swedish industrial relations was the exchange of the union's right to negotiate wages for the employer's right to hire, fire and direct work. The 1928 legislation consolidated the employer's rights into labour law. The union branch was left in a weak position but this facilitated the centralisation of union authority and union power was exerted at industrial or national level. The employer was left free to rationalise his activities and maximise productivity, with the active encouragement of the LO, which saw economic growth as the prime means of increasing standards of living.

84. Manifesto of the '4th October Committee' - translated and issued by the Swedish Embassy in London, October 10, 1983.

The economic growth facilitated by joint central regulation resulted, however, in deteriorating conditions of work and a growing discontent which the system of industrial relations could not express. This discontent was intensified by the economic instability and lower growth rate of the later 1960's and 1970's. Discontent was expressed in various ways, both individualistically and collectively. More fundamentally, the orientation to work changed and greater importance was attached to security, safety and work satisfaction. This is most clearly demonstrated in the revolt against piece-work.

Although the Swedish employers responded by experimenting with work organisation and payment systems, and further developing consultation and participation schemes, a grass-roots movement emerged demanding greater worker influence in plant affairs. This movement was not simply a product of the base, however, for the federations and political parties competed to satisfy these demands and thereby amplified them. Legislation was passed to give workers greater protection and greater influence, ultimately to abolish the employer's rights and establish the worker's rights to codetermination in 1976. The December Compromise, if not the legislation of 1928, had now been undone.

The extent to which the employer's power was diminished is questionable but the attack on the employer's rights wrecked the system of joint central regulation. The main principle of joint central regulation had been the avoidance of legislative intervention through the negotiation of central agreements. The employer's rights were non-negotiable so far as the employers were concerned and the LO therefore relied on its political power, through its close relationship with the Social Democrat party, to obtain the formal changes it required. From being the prime example of the regulation of industrial relations

by central agreement, Sweden had now become, in the eyes of some, the prime example of legislative regulation.⁸⁵

The attack on the employer's rights spilled over into an attack on the private ownership of capital. Originating as a means of solving the problem of the 'excess' profits generated by the wage solidarity policy, employee investment funds became in the Meidner plan a vehicle for the transformation of Swedish society. Attacks on capitalism were not compatible with the electoral, political or economic policies of the Social Democrats, and the plan was both revised and put on ice. The growing industrial crisis and the problem of the future burden of pensions then led to the evolution of the funds into a 'cure-all' for the Swedish economy. They had become deradicalised to the point at which they would do more to sustain than to threaten the capitalist system. They were nonetheless a collectivist threat to the private ownership of capital and were therefore unacceptable to the existing capitalists. The 1960's consensus of unions, employers and government no longer existed in 1983, when the Social Democrat government placed its employee investment fund legislation before parliament.

85. 'No industrial country in the world better illustrates the legislative approach to reforming worklife than Sweden.' Albrecht and Deutsch (1983), p. 287.

Chapter 28

THE EXPLANATION OF DECLINE

The two previous chapters have examined the main processes of break-down in the system of joint central regulation. The aim of this chapter is to consider at a more general level the explanation of the decline of joint central regulation.

1. Cumulative Disorder

For analytical convenience the increasing conflict over wages and the increasing conflict over control have been treated separately in the last two chapters. These two processes clearly interacted, however, and this interaction requires examination before the more general explanation of institutional break-down is considered. This interaction could putatively have both amplifying and dampening consequences. For example, a discontent over wages could spill over into a discontent with the employer's rights and vice versa. Alternatively, conflict over one issue could divert energies from conflict over another.

In the late 1960's and the early 1970's the amplification model applied. Both wage issues and the deteriorating conditions of work were generating conflict. The historic LKAB iron-miners' strike of 1969-70 certainly involved discontent over both. It was not only, however, a matter of discontent over one issue feeding into discontent over another. The spread of unofficial strike action indicated a weakening of norms and became a challenge to the norms. A certain respectability was conferred on the unofficial strike as a means of expressing legitimate local discontents which, because of the employer's rights and the Labour Court, could find no outlet within

the existing system.¹ The next step was to question the system and query both the employer's rights and the court - as at the LO's 1971 Congress. The authority of the LO was threatened and in order to restore it the LO had to pursue more radical policies, which brought it into conflict with the SAF and a conflict that could not be resolved by central negotiation. An organised opposition to the LO emerged and the dockers seceded from the Transportworkers' Union, thereby creating additional strains for the central wage negotiations, which were anyway breaking down under the pressure of sectional wage rivalries. The tensions generated by the wage solidarity policy not only disrupted the central wage negotiations but also prompted the development of the employee investment fund idea, a further bone of contention between the LO and the SAF. Thus conflict over wages interacted with conflict over control, conflict over substantive issues with conflict over institutions, conflict between sections of labour with conflict between unions and employers, conflict at the centre with local conflict. Disorder was cumulative.²

The developing attack on the employer's rights showed some signs of having a dampening effect on the disruptive rivalry between the LO and the non-manual federations and could therefore have eased the central wage negotiations. The LO and the TCO had a common interest in increasing the influence of labour at plant and company level. Their cooperation over the employer's rights spilled over into cooperation in wage matters. Thus there was the 1974 attempt to coordinate wage bargaining across the manual/non-manual divide, though this failed on the stumbling-block of wage drift in the

1. Korpi (1970), p. 78.

2. The complexities of these inter-relationships can best be expressed through a diagram. See diagram 1 at the end of this chapter, p. 495.

private sector and the manual/non-manual wage rivalry continued to dislocate the central negotiations. Coordination was achieved in the 1976-77 wage round but in different circumstances and with different consequences. This coordination unified labour to resist the SAF's 'no wage increase' stand. It also involved the LO in the PTK's conflict with the SAF, itself the product of wage rivalry, and brought the LO and the SAF close to open confrontation. Thus although a cooperation on control issues brought the LO and the TCO together, it did not quell wage rivalry, while it increased labour unity in the changed circumstances of 1976-77 and brought the LO and the SAF into conflict.³ The unifying consequences of the conflict over control turned out to have an amplifying rather than a dampening effect on conflict.

In another way too, the 1976-77 wage round illustrated the amplifying consequences of interaction. The conflict was ostensibly over wages. The SAF's 'no wage increase' line set the scene for confrontation and the most difficult issue to settle was the PTK's demand for a 100 per cent wage drift guarantee. The SAF's determined stand had, however, a wider meaning. There was a new, 'bourgeois' government. The SAF had new, 'outsider' leadership.⁴ The SAF could counterattack after the labour offensive on the control issue. This issue, not wages, has been described as the SAF's primary concern. Furthermore, a hard fight on wages would divert union energy from the pursuit of codetermination agreements with the SAF under the 1976 Act. The extent to which the conflict over control hardened the SAF's position on wages is difficult to determine, since the high 1975 wage settlements

3. See chapter 26, sections 2 (d) and 4 (a).

4. Unlike previous SAF leaders, Nicolin, the chairman of the SAF from 1976, had not been a member of its executive. Andersson (1977), chapter 4.

and the growing economic crisis also motivated the SAF stand. There seems little doubt, however, that the SAF's conflict over control issues with the LO intensified the conflict over wages.⁵

Having examined the interaction of the processes, the impact of 'external' changes on the decline of joint central regulation can be considered.

2. The Growth of the Public Sector

Joint central regulation emerged as a means of regulating the relationship between manual workers and private employers. The growth of the public sector has both diminished the importance of this particular relationship and generated increasing conflict within it.

Although public sector bargaining was after 1965 modelled on the private sector, it was necessarily different in important respects. Before 1965 public sector non-manual workers were treated as state officials, subject to the unilateral determination of wages and conditions of service by government commissions. In 1965 legislation was passed which gave the public sector non-manual unions bargaining rights, introduced collective agreements and established a nominally independent bargaining organisation to represent the state as employer. But, as the wage rounds in the later 1960's and the 1970's were to show, the employer function could not be separated from the other functions of government. The public sector bargaining became a means through which the government could influence both the course of wage negotiations and their outcome in both the public and private sectors.⁶ The growth of the public sector therefore undermined the independence of the central wage negotiations between the LO and the SAF.

5. Ibid., chapter 38.

6. See chapter 26, section 2 (a).

The associated growth of non-manual occupations meant that an ever larger proportion of the labour force was organised outside the LO.⁷ The organisation of non-manual workers was particularly fragmented for two main reasons. Firstly, their relatively even distribution between the public and private sectors tended to divide them into two bargaining blocks. Secondly, their greater occupational differentiation resulted in their stratified organisation into a 'clerical' federation (TCO) and a 'professional' federation (SACO/SR). The complexity of non-manual organisation was probably, however, less important than the autonomy of the non-manual unions from the LO. The organisational separation of manual and non-manual unions intensified sectional rivalry,⁸ a rivalry expressed through competing demands on employers and resulting therefore in an intensified conflict between the LO and the SAF as well as between the non-manual unions and the SAF and between the non-manual unions and their public employers. This intensified conflict in turn led to greater government intervention, in part through legislation, in part through the steering of wage rounds through the public sector negotiations. Thus the growth of the public sector and the associated growth of non-manual occupations interacted to undermine joint central regulation.

The growth of the public sector not only reduced the autonomy of central wage bargaining, it also diminished its salience in determining

7. Blue-collar manual workers declined from 40.5 per cent of the working population in 1960 to 35 per cent in 1975. An intermediate group of semi-manual or light manual workers in commerce, services and public health rose from 15 per cent to 17.2 per cent. White-collar non-manual workers rose from 27.5 per cent to 39.5 per cent. Dombos (1979), p. 327.

8. The relationship between this and the organisational structure of trade-unionism presents something of a chicken-and-egg problem but it is plausible to suppose that a centralised LO was incompatible with an inclusive federation and that organisational separation heightened the awareness of differentials. See section 5 (a) of this chapter.

disposable income. A growing proportion of the national income was allocated not through wage bargaining but through taxation and government expenditure and this problem was made worse by an inflationary wage-price spiral, which propelled workers faster up the tax scale. Tax bargaining therefore developed during the 1970's and the central wage negotiations became intertwined with tax negotiations. This clearly increased the scope for state intervention in the wage negotiations and indeed made such intervention quite unavoidable.

It might be thought that the diminishing salience of the wage negotiations would make open conflict less likely, since the use of industrial power would have less bearing on the determination of living standards. The first wage round that was preceded by a pre-emptive tax change was exceptionally peaceful but, as argued in Chapter 26, this wage round was for various reasons quite atypical.⁹ Subsequent wage rounds were not apparently any easier because of tax bargaining. Indeed, tax changes perceived as unfavourable by particular groups could lead to efforts to secure compensation through wage bargaining and could therefore increase wage demands, as in 1980.¹⁰ Although the growth of the public sector diminished the effect of central wage bargaining on real disposable income this did not in turn diminish the level of conflict in the wage negotiations.

3. Economic Growth and Economic Crisis

While economic growth was a condition for the development of joint central regulation, since it allowed both labour and capital to benefit from the system and therefore facilitated compromise, economic growth also had consequences that undermined joint central

9. See chapter 26, section 3 (b).

10. See chapter 26, section 4 (b).

regulation. A high demand for labour increased the shop-floor power of some workers, generated high wage drift in some industries and created discontent amongst the lower paid because of widening differentials - all of which subjected central wage negotiation to strains during the 1960's. Also, economic growth was associated with the deterioration in work conditions which eventually resulted in the conflict over control. The acceleration in economic growth during the early 1960's intensified these undermining consequences. One can conclude that the system of joint central regulation required a degree of growth but not too much.¹¹

It is important therefore to emphasise that while the Swedish economy experienced a growing crisis from the mid 1960's, it was not the crisis itself which set in motion the processes leading to the break-down of joint central regulation.

The growing crisis did nonetheless intensify these processes during the later 1960's and the early 1970's. The decline in Sweden's competitiveness and in the profitability of industry accelerated in the mid 1960's. The pressures to improve productivity increased, as did the discontent generated by deteriorating work conditions. Rationalisation resulted in higher redundancies and greater insecurity. There were also sharper cyclical fluctuations. Recession unemployment was greater, again increasing insecurity. But there were also booms, as in 1969-70 and 1973-74, producing high profits, high wage drift and amplifying sectional rivalry.¹² Thus the economic conditions of the period 1965-1975 resulted in a combination of greater pressure in the

11. See chapter 25, section 4 and chapter 27, section 2.

12. This was particularly the case in the engineering, steel and wood industries. Shipbuilding and textiles missed out on the 1969-70 boom but experienced the 1973-74 one. Carlsson et al. (1979), pp. 86-89.

work-place, greater insecurity and cyclical instability, which intensified conflict over both wages and control.

After 1974 the situation was different as Sweden, like other industrial societies, entered a period of industrial decline. Profits and production declined and in 1977 there was a sharp fall in investment.¹³ Although the ideological battle over ownership continued, industrial conflict on control issues diminished and wages and employment became the salient issues. The employee investment funds themselves were now increasingly seen as a means of solving economic problems through providing funds for investment and justifying wage restraint.¹⁴

Industrial decline did not bring about any obvious decline in the level of conflict over wages, as shown by the confrontations of 1977 and 1980. This is perhaps surprising in view of the fall in production, which might be expected to result in higher unemployment and lower union bargaining power. Unemployment, as measured by the official figures, did not, however, increase to the extent that the fall in industrial production would indicate. It was only 2.3 per cent in 1978, in comparison with 2 per cent in the recession years of 1968 and 1972. This was largely because of the expansion of state job creation measures.¹⁵ Thus the level of employment and the level of wage demands were insulated from the fall in production. Changed economic circumstances did, on the other hand, change the pattern of the conflict over wages. It was now less a matter of competitive rivalry driving wages up and more a matter of the union

13. Ibid., pp. 58-63.

14. See chapter 27, sections 4 (e) and 5.

15. Öhman (1973), p. 150.
Carlsson et al. (1979), p. 76.

federations seeking to defend real wage levels against determined SAF attempts to push them down. While industrial decline in the later 1970's resulted in less conflict over control, it did not result in less conflict over wages, although this conflict now had a different character.

Economic crisis had been partially displaced into a growing fiscal crisis of the state. Real wage levels, consumption and employment were increased or maintained by the government, at the expense of a growing deficit.¹⁶ This, one may note, happened under 'bourgeois' governments too, since they failed to reverse the policies established during the period of Social Democrat rule.¹⁷ Although these governments had close relationships with the SAF, the Social Democrats were an ever-present electoral threat and the union federations retained their organisational strength, as shown by the general strike of 1980.

It was economic growth not economic crisis which set off the processes undermining joint central regulation. Between the mid 1960's and the mid 1970's the growing economic crisis had consequences which amplified these processes. Industrial decline after 1974 took much of the steam out of the conflict over control but conflict over wages remained high, in part because the state insulated labour from the full impact of declining production.

4. Political Conflict

The emphasis has so far been on the generation of conflict in the 'substructure' and the importance of occupational and economic changes in undermining joint central regulation. The significance of the dynamics of conflict in the political superstructure must now be considered.

16. Ryden and Bergström (1982), p. 2.

17. This is gone into further in the next section of this chapter.

a) Political Competition

Political competition intensified with the formation of the 'bourgeois' alliance of non-socialist parties to provide an alternative to Social Democrat rule. The detachment of the Centre party from the Social Democrat dominated coalition government during the pensions controversy of the late 1950's made possible a gradual convergence of the non-socialist parties.¹⁸ Although there were major differences between these parties, notably between the middle parties (the Centre and Liberal parties) and the Conservative party,¹⁹ their common interests worked to over-ride these differences. In part this was simply a matter of their need to cooperate in order to challenge Social Democrat hegemony. They also had a common interest in opposing the centralising and collectivising policies, and the taxation policy, of the Social Democrats. They could therefore unite in defence of the individual, the local community and the free market.²⁰ Social Democrat domination and Social Democrat policies had eventually brought the non-socialist parties together, at least to the point at which non-socialist government became possible.

Intensified political competition between the socialist and non-socialist blocs had undermining consequences for joint central regulation in two main ways. Firstly, Social Democrat losses in the

18. Hancock (1972), p. 132.

19. The two middle parties formed an alliance during the 1960's but were wary of extending this to include the Conservative party. The Conservative party's suggestion of a three-party alliance was initially rejected 'on the grounds that the Conservatives still sought to state the nonsocialist cause in excessively negative terms'. When the alliance was extended, this was done in an essentially negative way, i.e. through declaring 'a moratorium on intra-bloc strife during the 1965-1966 winter session of the Riksdag'. Ibid., p. 135f.

20. Idem.

1966 election resulted in 1969 in a campaign based on increasing equality.²¹ This fuelled the LO's demands for a reduction of manual/non-manual differentials and contributed therefore to the sectional rivalry that characterised the 1969 and 1971 central wage negotiations, making them long drawn out and full of conflict. Secondly, although the Social Democrats were successful in the 1969 election, the 1969 strategy had outrun its usefulness, for occupational changes made the votes of non-manual workers increasingly important. The Social Democrats set out to change their identity from being a 'manual worker' party to being a 'wage-earner' party. This led to the political exploitation of the industrial democracy issue, since this would appeal to manual and non-manual workers alike. Thus political competition now fuelled the campaign to restrict through legislation the employer's rights.²² Although neither the differentials issue of the late 1960's nor the industrial democracy issue of the early 1970's originated from the political competition between the socialist and non-socialist blocs, this competition certainly amplified the conflicts over these issues and thereby contributed to the undermining of joint central regulation.

b) 'Bourgeois' Government

Between 1976 and 1981 'bourgeois' governments were in power. Korpi has argued that Social Democrat government was a necessary condition for the maintenance of the 'Swedish model'. Did the 1976 change of regime contribute to the break-down of joint central regulation?

One must first query the assumption that Social Democrat government maintained the 'Swedish model'. In the early 1970's Social Democrat

21. Korpi (1978), p. 325.

22. Stephens (1979), p. 182.

interventions in the central wage negotiations disrupted the model, while the legislation on unfair dismissal and codetermination began to dismantle joint central regulation. This is not to say that Social Democrat government was not indispensable to joint central regulation. As argued earlier, it probably was, but not because the Social Democrats acted as the political wing of labour. Social Democrat government facilitated joint central regulation when it pursued the interests of both sides of industry.²³ As the Social Democrats became increasingly pro-labour in their policies, so joint central regulation and the Swedish model began to break down.

The 'bourgeois' governments of 1976-1981 were more favourable to the employers, though this must not be exaggerated, and their one-sidedness further weakened the Swedish model. 'Bourgeois' government hardened SAF resistance to wage demands, solidified the ranks of labour and antagonised the unions through fiscal policy. The 1977 and 1980 confrontations over wages were in part the result of 'bourgeois' government and to this extent one must agree with Korpi.²⁴ The bourgeois character of these governments should not, however, be exaggerated, for in important respects they did not so much reverse Social Democrat policies as continue them. Consumption and employment were maintained. Industry was supported. Government borrowing increased.²⁵ One should also recall that in 1980 the government backed down in the face of the LO's general strike and left the SAF isolated.

The 'bourgeois' governments may have done some further damage to joint central regulation but the main damage had already been done

23. See chapter 25, section 3 (b)(ii).

24. See chapter 26, section 4.

25. Elder et al. (1982), p. 184.

under Social Democrat government. The dramas of the 1977 and 1980 wage negotiations made it appear as though the Swedish model was breaking down during the later 1970's but the central wage negotiations had been in decline since 1969. The compromise between capital and labour was not broken by the interventions of 'bourgeois' governments but by those of the Social Democrats.

c) Corporatism in Decline

During the 1970's corporatism declined. Corporatism had been associated with a consensus at the top, with centrally negotiated compromises between government, employers and unions, with the settlement of issues outside parliament, with the production of agreed legislation, which accommodated the interests of diverse organisations and parties. Bloc competition resulted in intensified political conflict. The conflict over the employer's rights was not settled by a corporatist compromise but was argued out in parliament. The concertation of conflicting interests through preparatory commissions and committees in order to produce agreed legislation broke down in the committee preparing the codetermination legislation and the commission investigating employee investment funds. Negotiated compromises had given way to the partisan pursuit of legislative measures.

This was explicitly recognised in the SAF's 1980 Congress reversal of the 1930's Söderlund strategy when it openly abandoned its policy of covertly influencing the state apparatus. The SAF considered that a large amount of legislation had been passed against its opposition. It was therefore necessary for it to involve itself more directly in opinion formation and political lobbying. It had already engaged in what it considered to be effective campaigns on, for example, the nuclear power issue and the 1980 general strike, and

these provided a model for future activity. During 1980 the SAF's administration was reorganised into project groups to pursue particular issues over a limited period in order to break away from established routines and bring its weight to bear on current problems. At the November 1980 Congress the main issue was 'opinion formation'.²⁶

Corporatist relationships had been dependent on a modus vivendi between capital and labour. They could only operate when there was sufficient agreement on values between the SAF, the LO and the government to focus organisational activities on the manipulation of the existing system rather than the changing of the system. Such an agreement was established in the 1930's but broke down in the 1970's. Changes in the economy and in industrial relations were clearly central to this break-down but political changes were also important, for the 'bourgeois' alliance and the conflict between the alliance and the Social Democrats generated political alternatives. Political alternatives made system change possible, resulted in a closer identification between class organisations and political parties, and brought class conflict back into the parliamentary arena.

5. A Self-Undermining System?

So far the analysis in this chapter has examined the way in which 'external' occupational, economic and political changes undermined joint central regulation. One may now consider whether central joint regulation had certain self-undermining characteristics.

a) Centralisation and Sectionalism

First, one may examine the relationship between centralisation and sectional rivalry over wages.

The unions of the lower paid had called for the centralised

26. Dagens Nyheter, November 17 1980.

coordination of wage bargaining since the 1920's. The leadership of the LO had been sceptical and concerned with the practicality of such coordination and its potentially divisive consequences. Centralised coordination did develop, for other reasons, in the 1950's and this raised the expectations of the lower paid. The implementation of the wage solidarity could no longer be avoided and it was this wages policy which in part explains the LO's growing conflicts with the non-manual federations and the SAF in the wage rounds of the later 1960's and early 1970's.²⁷ Thus the centralisation which was an integral part of joint central regulation intensified redistributive issues within the ranks of labour and set in motion the increasing conflict over wages which did so much to undermine joint central regulation.

A similar argument can be advanced in relation to the non-manual federations. The emergence of a centralised LO meant that the unions of non-manual workers could not be incorporated within the LO. Given the income and status differentials between manual and non-manual workers, it is inconceivable that non-manual unions would have entered a centralised manual worker federation. There is a clear contrast here with the British TUC, which being uncentralised could accommodate non-manual unions. Centralisation had therefore the consequence of stratifying union organisation into a hierarchy of federations. This stratified federalism intensified the issue of differentials between manual and non-manual workers. Scase's finding that the manual/non-manual differential was a much more salient issue in Sweden than in Britain is consistent with this point.²⁸ Thus the centralisation of the system increased manual/non-manual rivalry as well as that between sections of manual labour.

27. See chapter 26, section 1 (a).

28. Scase (1977), p. 120f.

It can therefore be argued that centralised union organisation and central bargaining intensified the sectional rivalries undermining joint central regulation.

b) Joint Central Regulation and Local Discontent

Joint central regulation itself intensified the local discontent which did much to undermine it. The union acceptance of rationalisation and the employer's rights was an integral part of the LO's modus vivendi with the SAF. The acceptance of the employer's rights and the consequent weakness of the union branch was also a condition of union centralisation and centralised wage bargaining. The interaction of rationalisation, employer's rights and branch weakness produced a local discontent that could not be expressed within the system. This discontent was then expressed in unofficial strikes, which undermined the system.

The centralisation of the LO could also amplify these strikes and turn local discontent into a greater challenge to the system. This was the case with the LKAB iron-miners' strike of 1969-70. The strike was clearly prolonged by the conflict between the central union leadership and the strike committees. An early compromise was reached which allowed a mixed delegation of strike committee and union branch members to negotiate on behalf of the union. The LO executive committee rejected this arrangement, however, and insisted on centrally conducted negotiations, in line with official procedure. Mass meetings at the mines opposed these negotiations and the settlement proposals resulting from them were rejected. The failure of the central negotiations resulted in a return to the original compromise but further delays occurred because of arguments over the composition and leadership of the joint delegation. These intra-union conflicts then led to local demands for the 'democratising' of industrial relations and

decisions by the strike committees to perpetuate themselves as a pressure group after the ending of the strike.²⁹ It was the prolongation of the strike and its long duration which made it such a challenge to the system.

Centralisation was also a major cause of the dockers' secession from the Transportworkers' Union. The centralisation of the Transportworkers' branches into larger, more efficient units divorced the branch organisation from the docker communities. The dockers' secession was sparked off by the leadership's attempt to implement the reorganisation plan in the North of Sweden, where there were many small branches with strong local traditions. The new Harbourworkers' Union emphasised the importance of local autonomy and opposed central decision-making. Centralisation was by no means the only cause of secession but it was certainly a major one. In this case too centralisation turned local discontent into organised opposition and an opposition that was more persistent and repeatedly disruptive than that of the iron mines.³⁰

Lastly, one can point to the vicious circle produced by the LO's acceptance of the employer's rights and the rationalisation of the economy. Not only did this produce local discontent. It also led to a shift in the orientation of Swedish workers which threatened the rationalisation process. Furthermore, it led to the challenge to the employer's rights.

Thus unofficial strikes, the prolongation of disputes, organised opposition and the challenge to the employer's rights were all in part generated by the system of joint central regulation itself. In these ways too it was self-undermining.

29. Fulcher (1973), p. 58f.

30. See chapter 26, section 1 (c).

6. Conclusion

This chapter has moved away from a consideration of detailed processes to examine the break-down of joint central regulation as a whole and discuss the explanation of break-down.

The previous chapters treated the conflict over wages and the conflict over control in isolation. The interaction between these distinct but related areas of conflict required examination. It was argued that this interaction was predominantly of an amplifying kind. The LO-TCO alliance on the employer's rights could in theory have diminished their rivalry over wages and thereby lessened industrial conflict. In practice it did not appear to do so. Furthermore, greater LO-TCO unity during the 1976-77 wage round increased rather than reduced the conflict between the unions and the SAF. The development of greater conflict over wages and control during the same period led to a cumulative disorder in Swedish industrial relations.

The impact of 'external' changes on joint central regulation was then considered. Joint central regulation was established as a means of regulating the private sector relationship between manual workers and their employers. As the public sector and non-manual occupations expanded joint central regulation was extended to cover these areas but the state could not act as a private employer and its intervention in the central wage negotiations increased. The coordination of the manual and non-manual negotiations proved a difficult and conflict-ridden problem. Public sector expansion also increased the tax burden and tax bargaining brought the state even further into wage bargaining.

So far as developments in the economy are concerned, an increasing rate of economic growth in the 1960's subjected wage regulation to

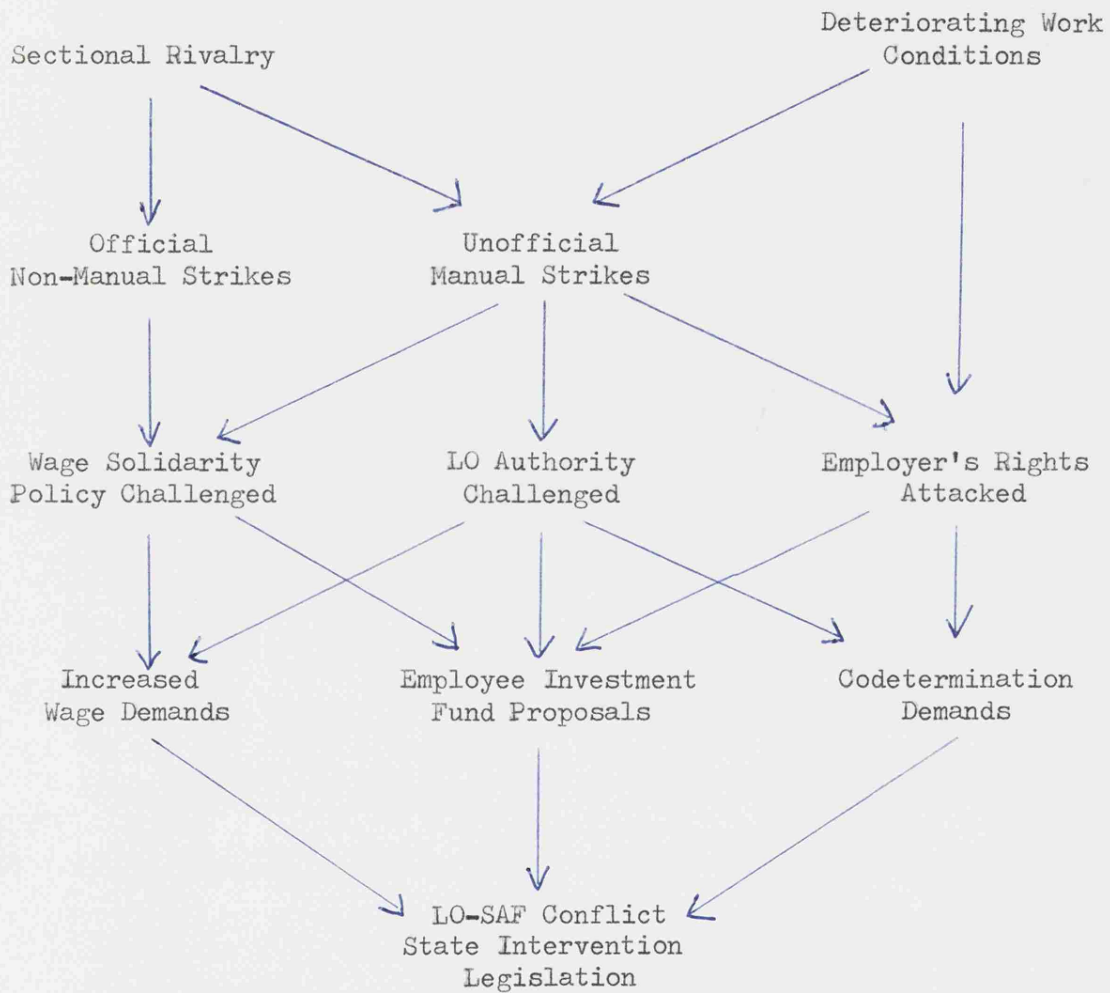
increasing strains and produced a deterioration in the conditions of work. Economic instability in the later 1960's and early 1970's intensified these problems. As the industrial crisis of the 1970's developed the conflict over control diminished, in the industrial sphere at least, though the debate over employee investment funds continued. Conflict over wages remained high, in part because the state insulated labour from the full impact of declining production.

This indicates the importance of developments in the political sphere. The formation of a 'bourgeois' alliance intensified the competition for power and contributed to the radicalisation of Social Democrat policies in the later 1960's and early 1970's. Social Democrat policies first on equality and then on the employer's rights undermined joint central regulation. It was the Social Democrats rather than the 'bourgeois' governments after 1976 which did this. The 'bourgeois' governments did encourage the SAF to engage in a counter-offensive and the industrial confrontations of 1977 and 1980 were therefore in part a consequence of 'bourgeois' government, but the damage had already been done by the Social Democrats. The employer counter-offensive was a response to the legislation of the Social Democrats. This counter-offensive carried over into the political sphere as the SAF moved away from a corporatist stance to seek to influence parliament and public opinion at large more openly. The SAF's departure from the Söderlund strategy was symptomatic of the decline of corporatism, itself the consequence of increasing industrial and increasing political conflict.

The explanation of the decline of joint central regulation must rest primarily on the impact of these three sets of external changes but joint central regulation also had certain self-undermining consequences. Central bargaining had developed as a means of

containing 'leap-frogging' but its unintended consequence was to amplify sectional rivalries and indeed to institutionalise 'leap-frogging' - the settlement of one sector becoming the point of departure for bargaining in another. Joint central regulation also generated and stifled local discontent, giving rise to unofficial strikes, conflicts between the central leadership and sections of the membership, and demands for legislative reform. It was not only the centralised character of the system that produced these consequences but also the union acceptance of the employer's rights and of rationalisation. These were key elements of the modus vivendi between the LO and the SAF but also major causes of discontent and obstacles to its expression. Thus although the system of joint central regulation had an integrated character in the sense that its various elements were inter-related in a mutually supportive way, as described in chapter 26, it was also characterised by contradictions. The system generated or intensified conflicts that it could not contain and thereby hastened its own demise.

Diagram 1
Cumulative Disorder



Chapter 29

POSTWAR INDUSTRIAL RELATIONS IN COMPARATIVE PERSPECTIVE

In earlier comparative chapters the issue has been the degree of institutional difference between Sweden and the societies with which it has been compared, and the explanation of institutional differences. This issue continues to be important in this section, since the Swedish system of joint central regulation reached its peak in the postwar period under examination. This part has also been concerned with the decline of the Swedish system, the explanation of this decline and the contradictions in the system. The additional problem is therefore raised of the extent to which the processes undermining joint central regulation were specific to Sweden.

As in earlier comparative chapters, Scandinavia will be examined first and then comparisons will be made between Britain and Sweden.

1. Denmarka) Wage Regulation

In Denmark, as in Sweden, wage negotiations became increasingly centralised, with a large element of economy-wide bargaining at the federation level,¹ but in Denmark there was much more government wage restraint. In 1963 the government enacted a 'totality solution', freezing wages, prices, profits, dividends and farm subsidies for two years. Subsequently there were ineffective attempts to influence wages through the recommendations of an Economic Council. Attempts were made to arrange a 'totality solution' in 1970 but failed. In 1975 the government imposed a settlement for the next two years. In

1. The significance of the economy-wide bargain in determining pay was diminished not only by wage drift, as in Sweden, but by semi-automatic cost-of-living increases. Industrial Democracy in Europe, p. 76.

1979 the government again froze wages for two years. In 1981 a mediation proposal was given legislative force after wage negotiations had broken down and open conflict had broken out.²

How is government wage regulation in Denmark to be explained? State regulation through the enactment of mediation proposals was established in the interwar period. The persistence of the institutional and structural features that brought about such regulation, the dependence on the state that it encouraged and the precedent that it set - all prepared the way for postwar incomes policies. One must also consider the economic imperatives behind such policies. Denmark went through continual balance of payments difficulties and a succession of associated crises much more severe than those experienced by Sweden. This may ultimately be ascribed to the archaic structure of Danish industry, which was much less competitive internationally than that of Sweden.³

Thus the distinctive industrial and economic structure of Denmark combined with the institutions that this had produced to bring about governmental wage restraint. One major consequence of this was the stress it imposed on the relationship between the Social Democrat party and the Danish unions, notably the General Workers' Union of unskilled workers.⁴

b) Increasing Conflict over Wages

In Denmark, as in Sweden, industrial conflict rose to high levels in the 1970's. The working days lost during the period 1970-74 were

2. Elvander (1974), p. 420f.
Industrial Democracy in Europe, p. 77.
Elder et al. (1982), p. 165.
Galenson (1977), p. 283f.

3. Andersen and Åkerholm (1982), p. 615, p. 617, p. 641.

4. Elder et al. (1982), p. 164.
Galenson (1977), p. 273.

greater than those lost during 1965-69 by a factor of thirteen. Though this can in part be explained by the general strike of 1973, the days lost in unofficial strikes alone were approximately five times higher. So, there was greater conflict both locally and centrally, and the relationship between the Danish union and employers' federations deteriorated.⁵

As in Sweden, there was conflict over differentials, though differences of institutional structure resulted in discernible differences in the form it took. As in Sweden, wage drift counteracted the attempts to improve the position of the lower paid but in Denmark differentials were more rigid, in part because of the relative absence of industrial unionism, though in part because of the established practice of 'automatic' cost-of-living adjustments. There was less conflict between manual and non-manual workers in Denmark, since federation lines were less clearly drawn than in Sweden. A large group of white-collar workers were members of the Danish LO, indeed providing the LO with its single largest union.⁶ Skill divisions were more prominent in Denmark than in Sweden but the manual/non-manual divide was less so. The Danish LO was in this respect closer to the British TUC than the Swedish LO.

As in Sweden, the higher level of unofficial strikes threatened the existing institutional structure. There was a labour campaign against the Labour Court and the law was changed in 1973 to 'limit the use of fines by the court in case of shorter work stoppages'.⁷ In contrast, aspects of the law were eventually tightened in Sweden

5. Industrial Democracy in Europe, p. 72f.

6. Ibid., p. 70, p. 76.
Lund (1981), p. 466.

7. Ibid., p. 469.

but this was an unintended consequence of the broader labour campaign to abolish the employer's rights, a campaign which in Sweden as well involved an attack on the legal regulation of industrial conflict. In both societies the increase in unofficial strikes undermined the normative regulation of industrial conflict and resulted in the legislative reform of the law.

c) Legislation and Industrial Democracy

In Denmark too there was a shift from the regulation of industrial relations by central agreement to legislative regulation. As the Industrial Democracy in Europe research group has put it:

'During the late 1960s and early 1970s, a certain tendency on the part of the unions to press for political solutions when not being able to convince the Employers Confederation could be seen because of the strong political position of the Social Democrats and left-wing parties.'⁸

This reflected not only the political position, however, but also a reaction against a deteriorating work environment,⁹ with renewed 'industrialisation' taking place during the postwar period¹⁰ and rapidly rising productivity in the 1960's.¹¹

Industrial and economic democracy became a major issue in the late 1960's and early 1970's. The issue of workplace democracy was discussed at the Danish LO's 1967 congress and in 1969 the Kampmann Plan made employee investment fund proposals comparable to those of the later Swedish Meidner Plan. The 1973 legislation proposed by a joint Danish LO and Social Democrat committee deradicalised the

8. Industrial Democracy in Europe, p. 76.

9. In Denmark like Sweden there was a reaction against piece-work, which was one of the reasons for the increase in unofficial strikes. Ibid., p. 72.

10. Ibid., p. 65.

11. Andersen and Åkerholm (1982), p. 631.

Kampmann Plan. The funds would be financed by a payroll tax only, not by profits. Fund investments were to be restricted to no more than half a company's shares. Although ownership would be collective, concessions were made to individualism - individuals could redeem their shares in the funds after a period or on retirement. The 1973 bill failed and after a continued debate attention switched to the handling of the economic crisis. The crisis led eventually to a resurfacing of fund proposals in the later 1970's, this time as a quid pro quo for wage restraint.¹²

While Swedish and Danish developments have not diverged to the extent suggested by one commentator, there are significant differences. The Kampmann Plan has been deradicalised further than the Meidner Plan and the proposals of the later 1970's were more closely coupled with wage restraint.¹³ Greater deradicalisation can be explained partly in terms of the historically less radical stance of the Danish Social Democrat party and its greater dependence on alliances with 'petit-bourgeois' parties. This also accounts for labour's political disunity, a left-wing opposition growing during the 1960's and rejecting economic democracy as no more than an expedient to secure compulsory saving and wage restraint. In Denmark worker support for employee investment funds was substantially lower than in Sweden and this is explicable in terms of greater political divisions and union divisions, the absence of union unity also diminishing the credibility of union-controlled funds.¹⁴ The subordination of economic democracy

12. Eidem and Öhman (1979), pp. 24-35.

13. '... certain general features suggest that the question of economic democracy is evolving in quite different directions in Denmark and Sweden.'
Esping-Andersen (1981), p. 134f.

14. Ibid., p. 137.
Elder et al. (1982), p. 163.

to wage restraint was facilitated by Denmark's greater economic crisis and the established governmental policy of wage restraint. Social Democrat centrism, political and organisational disunity, and governmental wage restraint interacted with economic crisis to deradicalise and weaken the Danish movement for economic democracy.

These lines of argument lead one back again to the major structural and institutional differences between the two societies. Labour disunity reflected the stratified organisation of trade unionism. The Social Democrat alliance with 'petit-bourgeois' parties reflected the weight of the petit-bourgeoisie in agriculture and in Denmark's relatively archaic industrial structure.¹⁵ This last factor also made for greater economic crisis in Denmark than in Sweden. Thus although a conflict over control developed in Denmark as in Sweden, the labour movement's campaign on this issue was less radical because of the occupational, organisational, political and economic consequences of Denmark's different agricultural and industrial development.

2. Norway

a) Wage Regulation

As in Denmark the centralising of wage negotiations was combined with greater state regulation. There were frequent government arranged packages fixing wages, prices and subsidies.¹⁶ In 1964 and 1966 'major parts of the biannual central collective bargaining ... were submitted to legislation'.¹⁷ Subsequently attempts were made to steer the wage negotiations through central committees composed of experts representing the government and the major interest organisations. Compulsory

15. Christiansen (1978), p. 321.

16. Elvander (1974), p. 422f.

17. Industrial Democracy in Europe, p. 24.

arbitration was used to settle 56 industrial conflicts between 1952 and 1975. Indeed in the spring of 1978 all national wage negotiations were submitted to compulsory arbitration and then in the autumn a wages and price freeze was introduced.¹⁸

State regulation can be explained, as in the Danish case, in terms of earlier developments in the relationship between government and industry. Compulsory arbitration was established in the interwar period. As argued in Chapter 22 both sides of Norwegian industry made open use of the state apparatus to advance their interests during this period. Furthermore, Norway went further than any other Scandinavian country in implementing a planned economy during the immediate postwar years and this entailed the state regulation of wages and industrial conflict.¹⁹

b) Increasing Conflict over Wages

In Norway open conflict rose in the early 1970's and the number of unofficial strikes increased. The 1970 strike wave that occurred in Sweden occurred in Norway too and similar grievances were raised, notably 'specific dissatisfaction over payment and the working environment, and general dissatisfaction over the problems met when trying to improve conditions through the trade union channels'.²⁰

Differentials have again been an issue. Attempts were made centrally to improve the position of the lower paid but local wage drift meant that there was 'no significant change'.²¹ The Industrial Democracy in Europe research group reported that 'the problem of low

18. Idem.

19. Elvander (1980), p. 158f.

20. Industrial Democracy in Europe, p. 15, p. 23f.

21. Lund (1981), p. 466.

pay is a threat to the solidarity within the LO'.²²

Rising conflict has been associated with challenges to union centralisation and the Labour Court. The break-away Socialist party took up these issues and emphasised the importance of local bargaining and the workers' right to take action locally, as opposed to central wage settlements and central conflict resolution. This issue was amplified by the 1970's revival of the ancient centre-periphery conflict in Norwegian society. In the 1972 referendum on Common Market membership the periphery rejected the labour leadership's entry policy.²³

c) Legislation and Industrial Democracy

As in Sweden there has been a shift from the regulation of industrial relations by collective agreements to regulation by law. This applies particularly to the area of industrial democracy. Regulation by central agreement in the 1950's and 1960's gave way to legislation in the 1970's, with in particular the 1972 law providing for worker representation on company boards and the 1975 'working environment' law seeking not only to improve physical health but to improve work satisfaction and increase worker participation.

The development of industrial democracy in Norway had its own distinctive character with the 1960's experiments to implement the Tavistock 'autonomous work-group' approach. The central organisations of unions and employers cooperated in introducing these experiments. The union leadership was apparently motivated by a number of considerations, notably by its fear of 'losing the leadership in the social and political development of the society', its concern with the widening gap between union leaders and members and with the

22. Industrial Democracy in Europe (1981), p. 31.

23. Ibid., p. 15, p. 31.

consequences of technical and organisational changes which increased worker powerlessness and 'alienation'. The employers' federation went along with this, in part because of the threat of legislation but in part also because of the possibilities for increasing worker commitment and productivity.²⁴

Although Norway led the way in this experimentation in the 1960's, it was overtaken by Sweden in the early 1970's. The Norwegian experiments appear to have been successful in securing 'improvements for the workers without reducing the overall efficiency of the company's operations' but unsuccessful in spreading beyond the experimental companies. Weak diffusion in Norway has been attributed to the opposition of union officials who feared loss of control over their membership. In Sweden employer initiatives were of greater importance in setting up the experiments and the SAF provided powerful organisational back-up. One may note, however, that there was not the same emphasis on worker participation in the setting up of the experiments in Sweden, where production engineers and technical experts designed them.²⁵

In the 1970's there was a shift in Norway from the 'bottom-up' approach of the Tavistock experiments to the legislation of industrial democracy from above. The alternative strategy of increasing worker representation on company boards was rejected by the Tavistock researchers but pursued by the labour leadership and implemented in the 1972 law. According to this law workers in companies with over 50 employees have the right to elect one third (or at least two) of the directors. In companies with over 200 employees there must be a corporate assembly of at least 12 members, one third elected by

24. Qvale (1976), p. 456.

25. Ibid., p. 461f, p. 468.

workers and two thirds by share-holders. This assembly both elects the directors and has veto rights on major investment decisions and managerial decisions involving transfers of personnel.²⁶

The law of 1975 incorporated the objectives of the work experiments by requiring employers to take account of worker needs for 'personal development', work satisfaction, information and influence on company planning. This legislation was a response to union demands and can be interpreted as a means of overcoming the resistance to the diffusion of experiments in work organisation and worker participation and therefore as complementary to the experimental approach at plant level.²⁷ It has also been criticised, however, as a bureaucratic incorporation of the experiments, reasserting central organisational control and diminishing the possibility of 'real' worker participation.²⁸

The Norwegian labour movement's response to the demand for greater worker influence has been different from that of the Swedish movement. The Norwegian movement has placed more importance on the work experiments, which were employer initiated in Sweden. Also, the idea of worker representation on the boards controlling companies has been more developed in Norway. One may note that the Swedish movement attempted to secure greater worker influence over investment decisions and personnel transfers through the rights to information and negotiations provided by the 1976 Codetermination Law, while the Norwegian law of 1972 gave the corporate assembly veto powers on these matters. The employee investment fund idea has not been taken up in

26. Ibid., p. 454.
Galenson (1977), p. 290.

27. Gustavsen (1977), p. 267, p. 271f.

28. Qvale (1976), p. 468f.

Norway, where nationalisation and state ownership have been much more favoured by the labour movement. In Norway the labour emphasis has been on work experiments, board representation and nationalisation but in Sweden on bargaining rights and collective worker ownership.

These differences point up the reluctance of the Swedish labour movement to impede capitalism. Work satisfaction was given little importance until the revolt of the later 1960's. Company decision-making was not interfered with until 1976 and the unions were then given little more than bargaining rights. Private ownership reigned until challenged by the Meidner Plan. Capitalism was less restrained until the labour movement was forced towards radical measures in the 1970's after neglecting these questions earlier. The more radical Norwegian movement took up the issue of worker influence earlier and was more prepared to use the state to control capitalism.

3. Industrial Relations and State Intervention in Scandinavia

In comparing the Scandinavian societies, the Swedish development of joint central regulation as an alternative to state regulation stands out. There was a wage freeze in Sweden between 1949 and 1951 but determined efforts were then made to develop LO coordinated central bargaining and a counter-inflationary labour market policy as functional alternatives to state regulation. This relative absence of state regulation in Sweden can best be explained in terms of the institutional inheritance from the 1930's. As argued in chapter 22 a higher degree of state regulation had already developed in Denmark and Norway during the interwar period. The Danish economy was more subject to crisis than the Swedish and that no doubt reinforced the greater tendency to state intervention but this argument does not apply to Norway and this suggests that severity of economic crisis

cannot provide the main explanation. One may also note that the growing economic crisis in Sweden during the 1970's did not lead to state imposed wage restraint.

While the Swedish system of joint central regulation was more developed, it was also more vulnerable to the changes in industrial relations which occurred in all three countries. The greater interdependence of the parts of the Swedish system meant that an attack on one element became an attack on other elements. Hence the cumulative radicalism of the 1970's and the attack, first, on the employer's powers and later on the ownership of industry. The more developed Swedish system also had certain self-undermining characteristics, as analysed in the previous chapter.

Underlying both the greater development of the Swedish system and its break-down were the same institutional and structural features. Labour unity facilitated central coordination but also provided the basis for a more thorough-going attack on the system during the 1970's. The contrast here is with Denmark, where labour disunity inhibited both joint central regulation and the radicalism of the 1970's. In Sweden, the labour acceptance of capitalism provided the basis of the modus vivendi between the LO and the SAF but also stoked the fires of the accumulating discontent which undermined this modus vivendi. The contrast here is with Norway where a more radical Social Democrat party inhibited such a modus vivendi but provided more of an outlet for labour militancy.

4. Britain

a) Wage Regulation

In contrast not only with Sweden but with Denmark and Norway as well economy-wide bargaining between federations did not develop in

Britain. The organisational basis for such bargaining did not exist in Britain. The British federations were uncentralised, while tendencies towards joint central regulation had petered out in the late 1920's with the abortive Mond conferences. This not only meant that joint central wage regulation could not develop as a functional alternative to state regulation, it also meant that state regulation itself was more difficult to accomplish, since the government could not so easily negotiate 'crisis packages' with the federations - hence the more legislative approach to incomes policy in Britain than in Norway and Denmark.

i) Differences in Political Strategy

Important as these organisational differences were, the differences in government policies towards wages cannot be explained in these terms alone. Of considerable interest here are the different strategies adopted by the British and Swedish 'labour' parties. Martin observes that while in the immediate postwar period the two parties adopted similar wage restraint policies, they subsequently diverged. The British party continued along the path of wage restraint. The Swedish party developed a counter-inflationary strategy around an active labour market policy.²⁹ The practical importance of the Rehn-Meidner model can be exaggerated, since in the 1950's this model was not central to policy and the Social Democrat government pressed the LO to restrain wages through coordinated central bargaining. Nonetheless, it is clear that the Rehn-Meidner model provided a coherent and influential alternative to wage restraint, an alternative which came into its own during the 1960's.³⁰

29. Martin (1975), p. 430.

30. Martin (1979), p. 107.

Policy differences could be explained in terms of the severity of economic crises. The balance of payments problems of the British economy were much more serious than those of Sweden. Martin considers whether economic differences can account for policy differences and argues that they cannot, since devaluation was an alternative to wage restraint. In his view, it was the attempt by the 1964 Labour government to avoid devaluation that was crucial in leading to wage restraint.³¹ It has certainly been widely argued that devaluation was the appropriate response and that the failure to devalue led this government to abandon its long-term policies of economic transformation and resulted in a self-destructive battle with the unions.

The divergences in economic policy can be related to different political strategies. Wage restraint was central to the political strategy of the British party, since its claim to be the new governing party was based both on government in the interests of the nation as a whole and its unique capacity to pursue an effective incomes policy because of its close ties with the unions.³² In contrast, as argued earlier, the Swedish party encouraged the LO's campaign to reduce manual/non-manual differentials in the later 1960's, a campaign which inevitably drove up wages. It was then recognised that this campaign threatened middle class support for the party at a time when middle class occupations were expanding but the response to this problem was not wage restraint but rather the construction of a 'wage-earner front' around a campaign to increase industrial democracy.

These differences in policy can be linked to differences in the strength and status of unions in the two societies. The proportions

31. Martin (1975), p. 446.

32. Panitch (1976), p. 53.
Minkin (1974), p. 17.

of both manual and non-manual workers organised in trade unions are much greater in Sweden than Britain.³³ Associated with this is a much greater acceptance in Sweden of unions as legitimate organisations,³⁴ though this is not simply a function of union density, for the greater readiness of the Swedish union leadership to accept and initiate change is also important, unions not having acquired the image of being conservative obstacles to innovation in the way that they have in Britain. These differences in the position of unions can provide part of the explanation for both the British Labour party's concern to demonstrate its capacity to tame them and its willingness, certainly in the 1960's, to risk antagonising them.³⁵

ii) Labour Parties

Party strategies are not 'free-floating' matters of choice and require explanation. Differences in the electoral base of the two parties are here important. As Scase has demonstrated, the Swedish party has had a far more secure base in the manual working class and amongst lower grade non-manual workers than has the British party.³⁶ (One may tentatively link these differences to the greater homogeneity of the Swedish working class³⁷ and its lack of internal stratification but a proper consideration of the problem of the 'conservative worker' in Britain falls outside the scope of this thesis.) Given these

33. In 1968 the proportion of Swedish manual workers in LO unions was 70 per cent as compared with a manual union density of 61 per cent in Britain in 1970. Scase (1977), pp. 34-36. Higher proportions of Swedish white-collar workers are organised, particularly in the private sector. Bain and Price (1972), p.378.

34. Scase (1977), p. 38f.

35. The statutory policy of the later 1960's contrasts with the 'social contract' of the 1970's.

36. Scase (1977), p. 45f.

37. Korpi (1978), p. 74f.

differences in the electoral base, the strategy differences between the parties become more comprehensible. The Social Democrats could rely more on mobilising the working class vote. The Labour Party was more dependent on attracting middle class voters and tried therefore to distance itself from its class origins.³⁸

Associated with this electoral weakness of the British party was its domination by 'non-labour elites', to which Martin ultimately ascribes its failure to devalue and its predilection for wage restraint.³⁹ The differences between the Swedish and British parties in this respect can be exemplified by their different relationships to the other political parties. In Sweden the Social Democrats were the governing party and they determined the political and ideological terrain on which the political battle was fought.⁴⁰ The reverse was the case in Britain, where Labour governments sought to convince the electorate that Labour could become the governing party by showing that Labour governments could manage the economy more effectively than the Conservatives.⁴¹

There were major differences in the strength of the conservative parties in the two societies. While the Labour party faced a Conservative party which had secured a virtual monopoly of the non-socialist vote, the Social Democrats faced an opposition split three ways and an electorally weak Conservative party. Although the three

38. Minkin (1974), p. 16f.

39. Martin (1975), p. 450.

40. A particularly striking illustration of this is the failure of the 1976 'bourgeois' government to break with past policies. Elder et al. (1982), p. 184.

41. '... it almost appears ... as if the objective economic-historical role of the British Labour Party is to do (no doubt despite itself) those things to the workers that Conservative Governments are unable to do.' Jackson, Turner and Wilkinson (1975), p. 76.

non-socialist parties had a sufficient interest in ousting the Social Democrats to construct an alliance, this alliance was plagued by internal conflicts and an associated credibility problem. Central to these differences in the party systems was the role of the Agrarian party in Sweden. Small farmer agriculture in Sweden provided the base for an independent Agrarian party, which ate into sections of the population which in Britain gave their allegiance to the Conservative party.⁴² The Swedish 'employer' party has not in modern times been in a position to govern alone.

The dominance of the 'non-labour elites' over the British Labour party can also be linked to the timing and character of the party's formation. The Social Democrat party was socialist in origin and emerged before a nation-wide union federation was built, while the Labour party was created by the unions to defend them in parliament. Furthermore, the comparatively late appearance of the Labour party meant that it had to compete with the well-established Liberal and Conservative parties for the worker vote. Here the timing of suffrage reforms was crucial, for the British electorate had been substantially enlarged by the reforms of 1832, 1867 and 1884, well before the Labour party had come into existence. In contrast the Swedish Social Democrats established a national organisation before such reforms and played a major part in the battle for political democracy. They were therefore well placed to build a working class party as the electorate expanded. Thus while the British party entered a political field already dominated by other parties and with a defensive stance,

42. It is important to emphasise also the successful 1960's transformation of this party from being an Agrarian to being a Centre party. As a Centre party it attracted not only farmers but also such groups as manual workers in small firms, white-collar workers and small businessmen. Elder *et al.* (1982), p. 73ff.

the Swedish party had a well developed ideology and the field to itself.

Although the Social Democrats became reformist and accepted the basic principles of a capitalist economy, they retained an ideological independence and a capacity to innovate relatively absent in the British party. This is particularly evident if one compares the parties in the 1930's. The 1929 Labour government responded in orthodox manner to the economic crisis and its leadership then joined with the Conservatives to form a national government, thereby dividing the movement and surrendering the political initiative to the Conservatives. The 1932 Social Democrat government was, in contrast, innovatory and used the opportunity to present itself as a reforming party developing new policies to deal with unemployment.

To bring these threads together, there were, in addition to the economic and organisational imperatives, strong political reasons for incomes policy. Differences between the two parties in political strategy, electoral base, ideological independence and relations to other parties were inter-related and can be traced back historically, via different responses to the economic crisis of the 1930's, to differences in the circumstances in which the parties were formed. These differences were reinforced by differences in the status and strength of union organisation.

b) Increasing Industrial Conflict

i) The Level of Conflict

There is no doubt that since the mid 1950's the level of open conflict in Britain has been very much higher than that in Sweden. Conflict can be measured in various ways, the two most commonly used being 'days lost' and frequency.

	<u>Great Britain</u>		<u>Sweden</u>	
	Days Lost in Disputes ¹	Strike Frequency ²	Days Lost in Disputes	Strike Frequency
1954-57	20	12.1	2	0.7
1958-61	17	11.9	0.5	0.5
1962-65	14	10.7	0.5	0.5
1966-69	19	10.8	3.4	0.4

¹ Days lost (in thousands) per 100,000 non-agricultural employees, expressed as four-year averages.

² Number of disputes per 100,000 non-agricultural workers, expressed as four-year averages.

Source: Ingham (1974), p. 30f.

The 'days lost' figure is relatively reliable because it is largely determined by big strikes, big either in terms of duration or size, which are certain to find their way into the statistics.⁴³ The gross differences in 'days lost' between Britain and Sweden, as demonstrated by Ingham, clearly stand up. The 'days lost' figure does not, however, as Ingham points out, tell us anything about the readiness of workers to take strike action.⁴⁴

This is where frequency is the most appropriate measure but it is also the least reliable because of definitional and reporting differences between countries.⁴⁵ According to the official statistics Britain's strike frequency was around twenty times that of Sweden during the 1960's. Korpi has pointed out the inadequacy of the official figures in Sweden and compared frequencies in the Swedish and British metal and engineering industries, using union sources

43. Turner (1969), p. 10.

44. Ingham (1974), p. 29f.

45. Turner (1969), p. 10.

in the Swedish case. Korpi's comparison appears to bear out the contrast, since he found that the British industry was twenty times as strike-prone as the Swedish. But Korpi also reports evidence that less than half the strikes occurring in the Swedish industry were finding their way into the union figures. Furthermore, Korpi used the British official definition when making his comparisons, though, as he notes, this definition excluded 93 per cent of the strikes recorded by the Swedish unions, these strikes being too small to come within the British definition. Thus the bulk of the strikes occurring in the Swedish industry were left out of the comparison and, even if the British figures too are incomplete, it is clear that a large part of the difference between the two countries could be explained in terms of differences in duration and reporting.⁴⁶

We are left therefore with the conclusion that 'days lost' differences indicate a much higher level of open conflict in Britain than in Sweden. Variations in frequency are, however, so exposed to definitional and reporting problems that it is dangerous to place much reliance upon them.

ii) Unofficial Strikes

In both societies unofficial strikes became a 'problem'. The problem began much earlier in Britain, for in Britain the rise began in the 1950's, while in Sweden it started in 1969. This does not of course mean that there were not many unofficial strikes in Sweden earlier in the 1960's, as explained above, but these strikes were mainly very small and were not therefore a serious problem. Unofficial strikes became therefore a major issue in Britain long before they did in Sweden.

46. Fulcher (1973a), p. 52ff.

Unofficial strikes did, however, become in some ways a more serious problem for industrial relations in Sweden, for in Sweden major unofficial strikes generated more conflict between the central leadership and sections of the membership. In Britain unofficial strikes can become official or can be made official retrospectively. In Sweden, this action, if undertaken during the period of an agreement, would make a union liable to unlimited damages in the Labour Court. In Britain therefore the leadership could more easily adapt to grass-roots demands and avoid open conflicts with the membership by making unofficial conflicts official and then taking control of them, as in the 1969 union leaders' 'rush after members' and the subsequent resurgence of official strikes.⁴⁷ The LKAB strike showed how in Sweden grass-roots discontent could not be handled in this way and led instead to a protracted conflict between leadership and membership. It was not only a matter of the relative ease with which British union leaders could blur the line between official and unofficial action. They could also respond faster to discontent in the absence of the constraints of central bargaining and central agreements lasting two or three years. Furthermore, the possibility existed in Britain of referring decisions to the membership by ballot, of thereby either 'passing the buck' or securing membership legitimation of a leadership decision.

Unofficial strikes may have presented less of an economic problem in Sweden but they were more system threatening. This was not only because they violated legal norms and led to a more open conflict between leadership and membership. It was also because they pressed the leadership to attack the employer's rights in order to take the steam out of local discontent and provide a channel for its expression.

47. Hyman (1973), p. 108.
 Panitch (1976), p. 218.
 Crouch (1978), p. 228f.

iii) Differentials

Increased industrial conflict in both societies was associated with the questioning of differentials but there were marked differences in the form this took.

The 'low-pay' campaign in Britain in the later 1960's in certain respects paralleled the wage solidarity policy in Sweden. In both countries economic expansion and full employment had produced a widening gap between workers able to exploit shop-floor power to drive up wages locally and those without such power. The low pay campaign developed very differently in the two countries, however, and its consequences were different.

The TUC formed an Incomes Policy Committee, with, it seems, the LO's wage solidarity policy in mind.⁴⁸ But whereas the LO's campaign was a response to the demands of the lower paid for the more effective implementation of its long held wage solidarity policy, the TUC's actions had more to do with government wage restraint. In the 1967 'severe restraint' stage of incomes policy exceptions were made for low paid workers.⁴⁹ This provided a loop-hole and also a challenge to the unions to do something for the lower paid and regain the initiative.⁵⁰ The TUC's Incomes Policy Committee was unable, however, to exercise any effective influence on the unions, lacking as it did centralised organisation.⁵¹

Far from favouring the lower paid, incomes policy operated to their disadvantage and provoked a strong reaction from the lower paid public sector workers. The public sector had borne the brunt of

48. Clegg (1971), p. 55.

49. Panitch (1976), p. 133.

50. Crouch (1978), p. 213f.

51. Clegg (1971), p. 55.

incomes policy, in part because the government could use its employer function to enforce the policy, in part because there were fewer opportunities for wage drift. The result was the late 1960's strikes by such public sector groups as dustmen, teachers, firemen and nurses. These strikes added to the wages free-for-all which wrecked the Labour government's incomes policy.⁵²

In both Sweden and Britain the low wage issue was disruptive but its consequences were very different. In Sweden the low wage issue was taken up by the leadership of the labour movement and exploited as a means of mobilising the working class vote. The government used the public sector negotiations to advance the cause of the lower paid and the result was the 1971 conflict with the higher paid non-manual workers and a protracted and difficult round of central wage negotiations. In Britain the low wage issue was not taken up effectively by the labour leadership, the incomes policy exceptions amounting to little more than an attempt to legitimate the government's incomes policy. The result was conflict between government and unions and the undermining of government policy. While the low wage issue disrupted the central wage negotiations in Sweden, in Britain it disrupted the relationship between government and unions.

iv) Wages and Control

So far the comparison of Britain and Sweden has focused on differences in the conflicts over wages in the two societies. While Crouch is no doubt correct in arguing that 'too much weight' should not be placed 'on the distinction between demands for job control and those for increased pay', too much blurring of these areas can obscure important differences between Britain and Sweden.⁵³ In Britain worker

52. Hyman (1973), p. 106f.
Crouch (1978), p. 222.
Panitch (1976), p. 213.

53. Crouch (1978), p. 214.

demands have been much more focused on wages than control. Indeed, it is striking that British unions have been prepared to bargain away their customary controls over manning and work practices for wage increases, as in productivity bargaining, a form of bargaining unknown in Sweden. There were certainly many cases of factory occupations when plants were threatened by closure or redundancy in the early 1970's but there has been no sustained grass-roots pressure for institutional changes. Both the TUC and the Labour Party have advocated industrial democracy measures but their initiatives have come from the top, have not generated in Crouch's words 'any great excitement at rank-and-file level' and have not led to significant institutional changes.⁵⁴

c) Explaining the Differences

i) Institutional and Organisational Differences

The marked institutional and organisational differences between Britain and Sweden have led some commentators to explain the differences in the level of conflict in these terms.⁵⁵ One must here distinguish between three variants of this argument - the emphasis on industrial unionism, on centralisation and on labour law as explanations of Sweden's low strike rate.

Sweden's predominantly industrial unionism is contrasted with multi-unionism in Britain. Multi-unionism has been linked to strikes in various ways. Demarcation disputes are the most obvious connection but according to the Donovan Commission these were a 'principal cause' of only 2.6 per cent of unofficial strikes during 1964-66.⁵⁶ Union

⁵⁴. Ibid., p. 215f.

⁵⁵. See chapter 2, section 1.

⁵⁶. Royal Commission on Trade Unions and Employers Associations, p. 101.

rivalry of a more general kind can be a major cause of strikes and clear examples of this can be found but there is no way of assessing its significance. Clegg sees multi-unionism as complicating bargaining but not as a major cause of disruption.⁵⁷

Multi-unionism is also linked to the parallel unionism of shop-stewards committees.⁵⁸ This organisational structure provides a relatively independent organisation, distinct from the union branch, and weakens union control over the membership. Korpi nonetheless rejects the idea that workplace bargaining is more under leadership control in Swedish unions, since local negotiations are usually carried out independently by locally elected, lay officials and union leaders have been unable to prevent these local officials negotiating wage increases violating the wage solidarity policy.⁵⁹ Korpi's argument is a useful corrective to exaggerated notions of union leadership control in Sweden but it does not dispose of the idea that the parallel unionism of shop steward committees is conducive to unofficial strike action. Furthermore, parallel unionism may result in strikes lasting longer when they do occur and making them more likely to cross definitional thresholds into the official statistics. One may note in this connection that the unofficial strikes in the Swedish metalworking industries analysed by Korpi were on the whole extremely short.⁶⁰ It is hard to reach a definite conclusion on this issue. It seems likely that multi-unionism plays some part in the explanation of Britain's higher level of industrial conflict but it cannot on its own account for it.

57. Clegg (1979), p. 188f.

58. *Ibid.*, p. 190.

59. Korpi (1978), p. 366.

60. Two-thirds of the unofficial strikes in the Metalworking Industry lasted less than two hours. Korpi (1981), p. 68.

Official strikes have been rare events in postwar Sweden and this can be attributed to coordinated central bargaining. In this context it is difficult for the LO or the SAF to take industrial action unless they are prepared for a general confrontation. There are great pressures on individual unions to take part in the central negotiations and accept the central agreement, since they would otherwise be exposed to the full weight of the SAF. Industrial action by a union is even less likely, since it would probably face the coordinated power of the SAF without the financial support of the LO. While official disputes are rare, when they do occur they become large-scale affairs, as with the SACO strike of 1971 and the LO strike of 1980. Centralisation can therefore increase the level of conflict and it has indeed been argued earlier that centralisation both generated and prolonged conflict in various ways. But on balance, Swedish centralisation is of major importance in explaining the relatively low level of industrial conflict in Sweden.

Emphasis on organisational differences has overshadowed differences in labour law, these being, for example, completely omitted in Ingham's comparison of the two countries.⁶¹ In examining the significance of labour law a distinction has to be made between its effects on official and unofficial action.

As Korpi argues, Swedish labour law probably does little to deter workers from taking unofficial action. Korpi found that in the metalworking industries only three per cent of the unofficial strikes reported by the employers' associations to the unions between 1949 and 1967 were taken to the Labour Court. As Korpi has also demonstrated many strikes were anyway unreported. Management was

61. Ingham's section on the development of industrial relations institutions in Sweden makes no mention of the 1928 legislation. Ingham (1974), pp. 48-60.

reluctant to damage a company's image or embitter industrial relations by invoking the 1928 legislation.⁶² One may also note that inflation steadily diminished the real value of the Court's fines, which until 1976 were limited to 200 crowns on individuals.

This limit did not apply to organisations and the law therefore created a strong disincentive to union involvement in strikes during the period of an agreement. Unions are most likely, however, to strike when negotiating new agreements and the law does not apply after the expiry of the old ones. As pointed out earlier, the prolongation of agreements until the negotiations for a new agreement are complete has been one means by which the LO leadership could control the unions.⁶³ Also, the signing of the central agreement obliged individual unions to refrain from industrial action, even if their individual agreements were unsigned. But there were anyway strong disincentives against industrial action because of the dynamics of central bargaining, as argued above. The law reinforced central bargaining but there is no way to isolate its effects.

Explanation in organisational and institutional terms has been strongly criticised by Korpi and others, who have developed an alternative political explanation of Sweden's low level of industrial conflict.

ii) Social Democrat Government

According to this argument industrial conflict diminishes when Social Democrat government enables labour to switch strategy from the use of industrial to the use of political power. International

62. Korpi (1978), p. 362f.

63. Chapter 25, section 3 (a)(i).

comparisons show that the societies which have experienced a major decrease in conflict from the interwar to the postwar period are the societies where 'the working classes ... have had long and stable control of governmental power'.⁶⁴ Sweden is one such society. Britain falls into an intermediate category of 'temporary or partial control', with a higher level of industrial conflict than the Social Democrat societies but a lower level than a group of countries where the working class has had low control or has been excluded from political power.⁶⁵ In the case of Sweden it is argued that this model provides a better explanation than the institutional one of the timing of decline, for conflict declined not after the centralisation of the unions early in the twentieth century, nor after the December Compromise, nor after the mediation and Labour Court legislation, but after the Social Democrat access to power in the 1930's.⁶⁶ Thus according to this argument the differences in the level of conflict between Britain and Sweden are to be explained by the degree of working class political power.

It would be hard to deny the existence of a relationship between Sweden's Social Democrat government and low level of industrial conflict. The question is whether this is to be explained in terms of the Social Democrats' redistributive policies and a shift in the strategy of labour. The correlational evidence adduced by Korpi⁶⁷ (and Hibbs⁶⁸) to support their theories is impressively consistent with them but does not prove them. It is also consistent with an explanation in corporatist terms, emphasising the role of the Social

64. Korpi (1983), p. 172.

65. *Ibid.*, p. 177.

66. *Ibid.*, p. 167f.

67. Korpi and Shalev (1979), pp. 319-322.

68. Hibbs (1978), pp. 164-168.

Democrats in bringing about a modus vivendi between labour and capital, and in establishing a joint central regulation of industrial conflict.⁶⁹

The problem with the Korpi theory is that it makes the state the instrument of the working class and exaggerates the coherence of the labour movement. While a Social Democrat government may be more disposed to pursue policies favouring the working class than a 'bourgeois' government, Social Democrat governments can also restrain wages and cooperate with employers. The Korpi theory also supposes that unions are prepared to refrain from industrial action in the expectation of political rewards. Bargaining is, however, very much a union's raison d'être and one may doubt whether the abandonment of an industrial strategy is compatible with the organisational requirements of successful trade unionism.

The alternative corporatist model makes more realistic assumptions in that it emphasises the state's autonomy and the cooperative relationship between the state and the employers. This does not mean that the state has to be seen as leaning towards the interests of the employers only, for the state has to make concessions to the unions in order to integrate and control them. The corporatist model also points to the organisational inter-connections and ideological convergence of unions, employer organisations and the state. As has been argued earlier, the corporatist model seems to provide a more appropriate framework for examining the developments of the 1950's than the labour strategy model. Furthermore, as the Social Democrats acted increasingly as the political wing of the working class in the 1960's and 1970's, conflict increased rather than diminished.⁷⁰

The corporatist model attaches more importance to organisations

69. Bornstein (1984), p. 81.

70. Chapter 28, section 4 (b).

and institutions than the labour strategy model. Corporatism requires centralised labour market organisations if it is to be successful in integrating unions and employers with the state. Korpi is quite correct in arguing that union centralisation and other institutional changes did not themselves produce labour peace. Social Democrat government was an indispensable ingredient in the establishment of joint central regulation. But so was organisational centralisation. Explanation along these lines gives greater importance to organisations and institutions without relying exclusively upon them.

Thus political differences must be taken into account in explaining the differences in the level and pattern of industrial conflict between Britain and Sweden. It is argued here, however, that it was not so much a question of differences in labour strategy. It was more a matter of a different structure of regulation, which is partly explicable in terms of political differences but was in large part also a consequence of a different organisational and institutional inheritance. Political explanation should not replace organisational and institutional explanation but be integrated with it.

iii) Rationalisation and Wage Restraint

The explanations examined above emphasise distributional conflicts and the way that they are regulated and channelled. They have little to say about conflicts over control. Yet one of the major contrasts between Britain and Sweden is the greater salience of control issues in the latter. In accounting for this contrast, differences in the historical context and patterns of adaptation of the two societies must be related to their patterns of industrial conflict.

While Swedish industry has historically been forced to export its goods in a highly competitive international market, British industry has had the protection of both a larger domestic market and an empire.

Swedish industry has been characterised by rapid technical change and rationalisation, becoming in the process highly concentrated in ownership, this concentration itself facilitating change. In contrast British industry long preserved its archaic structure.

When international competition increased sharply in the 1960's the two societies responded differently. The Swedish response was not to hold down wages but to increase productivity, intensifying the rate of change. In Britain too there were demands for higher productivity but rigidities of industrial and institutional structure made this a difficult route to travel and far greater importance was attached to wage restraint.

These differences of response can be illustrated by reference to contrasting employer attitudes to piecework. In Britain in the 1960's there was a movement away from piecework, notably in mining and in the car industry, in order to diminish wage drift.⁷¹ In Sweden, the SAF, in contrast, sought to defend piecework against union attacks because of its importance as a means of raising productivity.⁷² Piecework was defended in spite of its well-known association with wage drift because it encouraged productivity. The British movement against piecework came from the employers, the Swedish movement from the unions.

Differences in employer strategy must be located in the context of the union response to change. In Sweden there has been far less union resistance to change and in the postwar period the LO adopted policies to encourage it. The Rehn-Meidner model, the unions' alternative to wage restraint, revolved around the promotion of structural change through the wage solidarity policy and an active labour market policy. In Britain unions had established a job control

71. Crouch (1978), p. 227f.

72. See The Condemned Piecework.

frontier on the shop-floor and higher productivity had to be bought, as in productivity bargaining, which became fashionable in Britain in the 1960's but had no parallel in Sweden. The different patterns of unionism in the two countries, the traditions of craft unionism persisting in Britain but giving way to industrial unionism in Sweden, exemplified and reinforced their respective industrial responses.

Different industrial responses were associated with different patterns of conflict. Attempts by British employers and governments to reduce relative costs by holding down wages meant that wage conflicts at plant level became endemic and governments came into conflict with unions over wages. There was less conflict of both kinds in Sweden but relative 'labour peace' was at the expense of accumulating discontent over the consequences of change and the power of the employer - hence the greater salience of control issues in the demands of Swedish labour.

In accounting for differences in the pattern of industrial conflict in Britain and Sweden one must look not only to organisational, institutional and political differences but also to the different battle-grounds of conflict. Institutional structures played a part in determining the battle-grounds but these differed largely because of structural differences in industry and its international context, differences stretching back into the contrasting industrial and political histories of the two countries.

d) Legislative Reforms

In 1970's Britain as in 1970's Sweden the legislative reform of industrial relations was a prominent issue, though the direction of reform was on the whole different.

Parallels can be found in the provision of legislative protection against unfair dismissal and in the movement towards industrial

democracy legislation. But in both areas the British tendencies were much weaker than the Swedish ones. The Swedish law on unfair dismissal was much more elaborate in its provisions, for example in specifying the order in which employees should be dismissed. On industrial democracy the Bullock Report did produce an elaborate and carefully designed scheme, the '2x + y' formula, for worker representation on company boards and the 1978 Labour government's white paper proposed a modified version (following the more 'moderate' minority report) of this, together with a proposal to give unions the right to consultation on 'major aspects of corporate strategy'.⁷³ The 1979 defeat of Labour meant that these proposals did not reach parliament.

The main thrust of legislative reform in Britain was, however, in a quite different direction. The unfair dismissal protection originated in fact as one element in an Industrial Relations Act with anti-union objectives. In Britain industrial relations reform has been incomes policy by other means, aimed at curbing shop-floor power and weakening the unions. Although the 1971 Conservative Industrial Relations Act was the main embodiment of this tendency, the Labour 1969 'In Place of Strife' proposals indicated that it was not confined to the Conservative party. Thus while industrial relations reform in Sweden was at least intended to limit the power of the employer, reform in Britain was aimed at strengthening such power.

The direction of industrial relations reform in Britain was to some extent reversed, albeit temporarily, in the mid 1970's. The Labour governments of this period repealed the Industrial Relations Act, strengthened the legal rights of the unions and produced the 1978 white paper, referred to above.⁷⁴ This was less of a reversal

73. Goodman (1981), p. 611.

74. Ibid., p. 611.

than it seemed, however, since the pro-union legislation was a guid pro quo for wage restraint. It marked a change in the strategy by which incomes policy was to be implemented. The pro-union legislation in Sweden was, in contrast, not a means of securing wage restraint.

The different directions of industrial relations reform can be explained partly in terms of the differences in the respective strengths of labour and employer political parties in the two countries. Conservative government and pro-employer legislation went together in Britain. This is clearly an incomplete explanation, however, since the 1966 Labour government initiated the movement towards reform, for basically the same reasons as those for which it sought wage restraint. The Labour governments of the 1960's were unable to secure wage restraint through a corporatist modus vivendi of the sort that had been achieved in Sweden, in part because of the absence of an appropriately organised system of industrial relations - hence their movement towards institutional reform. But it was not only this organisational problem that accounts for Labour policy, since the British Labour party was anyway more disposed to adopt anti-union policies than the Swedish Social Democrats, as discussed earlier in this chapter. The Swedish party was much more responsive to the demands of the unions. Here Korpi's emphasis on the greater political power of Swedish labour comes into its own. This did not result in the Swedish unions refraining from industrial action but it did result in the Social Democrats' legislative dismantling of joint central regulation when Swedish labour rejected it.

5. Conclusion

The Scandinavian comparisons brought out the importance of the interwar period in determining the institutional character of wage regulation during the postwar period. For somewhat different reasons

the state became increasingly involved in regulating industrial relations in both Denmark and Norway between the wars. This continued in the postwar period with frequent state interventions to regulate wages and industrial conflicts. While Sweden too introduced a degree of state regulation in 1949, the institutional inheritance from the 1930's and indeed earlier in Swedish history enabled the development of coordinated, central bargaining instead. Joint central regulation may, it is true, be considered state regulation by other means but the form taken by the conflicts of the 1960's and 1970's can only be understood in terms of the dynamics of joint central regulation.

The Scandinavian comparisons also brought out the way that the same institutional and structural features underlay both the greater development of joint central regulation in Sweden and the greater radicalism in Sweden during the 1970's. Central coordination of wage demands by the Swedish LO depended on union unity but this union unity was also the basis of the demands for collective worker ownership in the 1970's and the confrontations with SACO/SR in 1971, and the SAF in 1977 and more especially 1980. The divided Danish movement could be neither so disciplined nor so radical, nor so powerful. Joint central regulation also depended on labour acceptance of a dynamic and unrestrained capitalism but the discontent this generated led to attempts to restrict the employer's rights and shift ownership to the workers, neither of which were compatible with joint central regulation. Organised labour in Norway restrained capitalism more and absorbed more discontent.

The comparison of Britain and Sweden is a complex task because Britain and Sweden contrast on so many dimensions that a range of plausible explanations of their differences are available. The explanation of differences in wage regulation provides a case in point.

The decentralised structure of union organisation and bargaining meant that wage restraint could only be carried out by the state. Britain's archaic industrial and institutional structure, together with frequent and not unrelated balance of payments crises, made wage restraint an almost unavoidable response to Britain's declining international competitiveness, since other means of diminishing relative costs were long-term and difficult to implement. The British Labour party's ideology, electoral base and political context anyway disposed it to adopt such a strategy. Economic, political, organisational and institutional differences each provide on their own a sufficient explanation and one can only conclude that these differences were inter-related and mutually reinforcing.

While the overall levels of industrial conflict in the two societies were very different, conflict was nonetheless increasing in both, particularly in the later 1960's and early 1970's. Unofficial strikes became a recognised problem earlier in Britain than in Sweden but their consequences in Sweden, although less disruptive to the economy, were more disruptive to the institutional structure, for this could not readily adjust to higher levels of local discontent. In both Britain and Sweden the growing gap between the lower and the higher paid became a disruptive source of conflict but the consequences were different. In Britain the revolt of the lower paid brought the unions into conflict with government and contributed to the government's downfall. In Sweden the revolt of the lower paid brought the unions into conflict with employers and was exploited by the government as a means of increasing its popularity. In Britain increasing conflict was almost entirely about wages, while in Sweden control issues were of major importance, though not to the exclusion of conflicts over wages.

In explaining these differences in the level and character of conflict, one again meets the problem of a range of alternative arguments. Decentralised multi-unionism is more conducive to open conflict than centralised, industrial organisation. Swedish labour law is a disincentive to industrial action but it is unlikely that this was of much significance in deterring strikes, unofficial or official. Explanation in organisational and institutional terms has been criticised by Korpi and others, who argue that in Sweden labour's greater political power has enabled a shift of strategy from industrial to political action. The relationship between Social Democrat government and industrial peace can be more convincingly explained in corporatist terms and such an explanation requires consideration of the organisational and institutional features which made corporatism possible. Underlying both the higher level of open conflict in Britain and its focus on wages was the reliance on wage restraint in Britain as compared with the greater emphasis on rationalisation in Sweden. The greater conflict over wages in Britain was a consequence of Britain's archaic, historically more protected industry and the institutional barriers to change. Thus organisational, institutional, political and economic factors are once again inter-related and mutually reinforcing.

Lastly, the different directions of legislative reform in the two countries were considered. Industrial relations reform in Britain was aimed at strengthening the power of the employer, in Sweden at strengthening the power of the union. These different directions were explicable in terms of the political, economic, organisational and institutional differences discussed above. One may note that the different directions of reform vindicate Korpi's belief in the greater political power of Swedish labour but the relevance of this was to the explanation of the decline rather than the establishment of the Swedish model.

Chapter 30

Summary of Part Four

During the postwar period the development of joint central regulation culminated in the central wage negotiations and central wage agreements institutionalised in the 1950's. Although government demands for wage restraint had resulted in the LO coordination of union wage demands, it was the SAF which forced central wage agreements on the LO. Central bargaining required centralised organisations but little further centralisation was necessary because the LO and the SAF, the SAF in particular, had long been centralised, while the LO's 1941 constitutional changes had standardised centralised decision-making in the unions. Although the shift to industrial unionism was far from complete, the remaining craft unions were too small and too peripheral to be a serious obstruction to centralisation.

Joint central regulation was an alternative to state regulation but it was supported by elements of state regulation and dependent on a particular political context. Labour law and the Labour Court reinforced central authority and the state mediation services became an indispensable lubricant of the central wage negotiations. Social Democrat government met the basic requirements of both sides of industry, while being the instrument of neither. State and interest organisations developed close corporatist links and an ideological consensus emerged, both of which were facilitated by Social Democrat rule. Joint central regulation cannot be isolated from the political sphere and cannot be explained in terms of the organisational developments of the labour market alone.

The economic context of joint central regulation was less specific. Joint central regulation emerged in response to the inflationary

pressures of postwar Sweden but these pressures were not specific to Sweden and were widely found in other industrial societies where labour was well organised and employment was relatively full. Economic growth was sufficient to provide room for wage increases, investment and a growing public sector but not exceptional either comparatively or historically. It was the specific organisational, institutional and political rather than economic context which resulted in the emergence of joint central regulation in Sweden.

By the late 1960's and early 1970's joint central regulation was in decline. The central wage negotiations became longer, more complex, more liable to break-down and open conflict. The LKAB iron-miners' strike and the strike wave of 1970 introduced a new period of heightened conflict at local level. A union opposition emerged, especially in the iron-mines and the docks. Government intervention increased, both through an increased involvement in the central wage negotiations and legislation to regulate industrial relations and work conditions. The modus vivendi between the LO and the SAF, the ideological consensus and the corporatist relationships between government and interest organisations gave way to industrial and political conflict.

This decline was first analysed in terms of growing conflicts over wages. The demands of the lower paid forced the LO into greater conflict with the SAF. At the same time, unofficial strikes, largely concerned with wages, became more common and local conflict therefore increased as well. Non-manual workers too became more militant. They resisted the LO's attempts to implement the wage solidarity policy and demanded compensation for local wage drift. There were signs that the non-manual federations might cooperate against the LO but sectoral differences resulted in cooperation in the private sector only, the public sector clerical workers forming an alliance with the public

sector manual workers. Thus there were complex interacting rivalries within the IO, between the IO and the non-manual federations and between the non-manual federations themselves, all of which increased union wage demands and led to conflict between the private sector unions and the SAF, and between the higher paid non-manual workers and the government.

Conflicts over wages brought the government further into the central wage negotiations. Social Democrat intervention in the early 1970's was not, however, to restrain wages so much as to support the IO's wage solidarity policy. The government steered wage rounds through the public sector negotiations and in 1971 used legislation to impose a settlement on the SACO. Although the legislation was only used once, the threat of its further use was a constraint on the SAF in 1971 and 1975. The Social Democrats' relationship with the IO in part explains government intervention but, apart from political considerations, the growth of the public sector made government involvement unavoidable because of the growing weight of central and local government as employers, and the increasing tax burden, which led to inter-related wage and tax bargaining. The 1976 change of government did not lead to less government involvement but rather government support, albeit unreliable, for the SAF, while taxation and public sector employment made for continued government participation in the negotiations. Having lost its political power, the IO had to make more use of its industrial power.

As conflict over wages increased, so did conflict over control. The 1906 December Compromise and the 1928 legislation left the union branch in a weak position to resist management at plant level. Increasing technical, organisational and economic change during the postwar period, the 1960's in particular, led to a growing discontent

with the conditions of work, a discontent which the local union organisation could not express. A number of Swedish employers responded by experimenting with work organisation and worker participation schemes but a grass-roots movement demanding the abolition of the employer's rights nonetheless developed. This demand was taken up and amplified by the union federations and political parties. The result was a series of laws, culminating in the Codetermination Law of 1976, which abolished the employer's rights. It is doubtful whether they seriously diminished the employer's power but they did undermine joint central regulation by replacing central agreements with legislative regulation and by removing one of the central planks of the modus vivendi between the LO and the SAF. The attack on the employer's rights spilled over into an attack on the private ownership of capital through the campaign for employee investment funds. Although the Meidner plan had been deradicalised by the time that a modified version reached the statute book, the principle of collective ownership by union controlled funds was a fundamental breach of the postwar consensus.

The break-down of joint central regulation as a whole was then examined. Increasing conflict over wages and increasing conflict over control interacted in a mutually amplifying way to produce a cumulative disorder. The main sources of this disorder were occupational, economic and political changes. The expansion of non-manual and public sector occupations meant that the LO and the SAF could no longer jointly regulate the labour market and industrial relations. A higher rate of economic growth, followed by greater economic instability, intensified both conflicts over wages and conflicts over work conditions, though the growing industrial crisis after 1974 eventually diminished the conflict over control and the employee investment funds acquired new functions. The emergence of a

'bourgeois' bloc to challenge Social Democrat hegemony led to greater political conflict, which reflected and intensified industrial conflict and in combination with it undermined the corporatist relationships of the 1960's. 'Bourgeois' government after 1976 produced conditions making for industrial confrontation but joint central regulation had anyway by this time collapsed after the Social Democrat interventions of the early 1970's. While these were the main causes of the decline of joint central regulation, this system had certain self-undermining characteristics because of the vicious circles produced by centralisation, the union acceptance of the employer's rights and rationalisation.

Sweden's postwar institutional development was then placed in comparative perspective. In Denmark and Norway greater state regulation before the war continued afterwards and governments intervened to settle conflicts and restrain wages. In Sweden alone did central wage bargaining develop as an alternative to state regulation. Although there had been tendencies towards joint central regulation in Denmark, the conflicts between the unions had proved an obstacle, while in Norway labour and capital had not arrived at a modus vivendi. The labour unity and the modus vivendi with capital which had allowed joint central regulation to develop in Sweden, also, however, gave rise to greater labour radicalism in the early 1970's. Thus the distinctive characteristics of Swedish industrial relations which facilitated the higher development of joint central regulation also produced a radicalism that undermined it.

While the level of conflict was much higher in Britain than in Sweden, industrial conflict increased in both societies during the later 1960's and early 1970's. The increase in unofficial strikes occurred earlier in Britain and was more disruptive to the economy but membership discontent could be more easily handled by the British

unions, which could 'rush after their members' in a way that the Swedish unions could not. In Sweden unofficial strikes brought the membership into conflict with the central leadership and local discontent pushed it into radical policies of institutional reform, which undermined joint central regulation. Conflict over differentials increased in both societies, bringing the unions more into conflict with the government in Britain but more into conflict with the employers in Sweden. Conflict was largely focused on wages in Britain but in Sweden control and eventually ownership became major issues. In both societies there was a movement towards legislative reform, though in Britain the main direction of reform was towards strengthening the power of the employer, while in Sweden it was at least aimed at restricting the employer's power.

In accounting for the differences in wage regulation, conflict pattern and institutional reform, differences in organisational and institutional structure, in politics and in the economy were considered. There was a surfeit of possible explanations of greater state wage regulation in Britain. In explaining differences in the level and pattern of conflict, organisational differences between British and Swedish trade unionism, particularly in their degree of centralisation, were judged to be of major significance, labour law differences less so. Political differences were clearly important, though Korpi's theory of a shift in labour strategy was viewed with some scepticism and greater emphasis was placed on the capacity of the Swedish 'labour' party, and Swedish union and employer federations, to produce a corporatist integration of state and class organisations. Differences in the response of industry to increasing international competition were linked to the greater salience of control issues in Sweden. In general, there were such divergences in organisation, institutions,

polity and economy and, furthermore, divergences of an inter-related and mutually reinforcing kind, that it made no sense to identify one area as critical.

Comparison has, however, demonstrated how the development of joint central regulation depended on a unique combination of conditions in Sweden, since the absence of particular conditions prevented joint central regulation developing fully in Denmark and Norway, while a range of obstacles precluded it in Britain.

CONCLUSION

Chapter 31

CONCLUSION 1. A SUMMARY

1. Processes and Stages

This examination of the 'life-history' of an institutional complex has been divided up into stages, partly but not solely for reasons of convenience. There is a clear institutional and structural continuity in the development of Sweden's centralised system of industrial relations but too much emphasis on continuity leads to the telescoping of history, to an over-simple and over-determinist emphasis on institutional origins. Although the institutional structure established in one stage is carried over to the next, its function and significance change, while further development depends on new and different processes of change. A division of institutionalisation into stages enables one to high-light changes of meaning and process and deal with each in its own right.

2. The Development of Joint Central Regulation in Sweden

a) The Organisation of Labour

The distinctive feature of Sweden's early labour movement is the rapid emergence of a relatively unified and class-wide federation of labour. The first viable unions emerged in the early 1880's. They were initially coordinated through local multi-union committees but in the later 1880's national occupational unions were constructed and these became the main means of coordination. A period of consolidation followed as the national unions were extended and centralised. Then, with the foundation of the LO in 1898, a class-wide means of industrial coordination came into existence.

These stages of organisation would appear to present a quite logical progression but there were important tensions, alternatives

and choices on the way. Occupational interests and solidarities at times conflicted with organisation along class lines. Thus local multi-union committees and national occupational unions were conflicting principles of organisation. The victory of the latter established national union organisations but it involved an occupational fragmentation moving away from the principle of class solidarity. The more widely based of the national occupational unions were themselves groupings of related occupations and were threatened at times by fragmentation. The Metalworkers' Union, in particular, was threatened with craft fragmentation in the early 1890's. Then, when the LO was founded in 1898, certain unions, above all the Metalworkers, stayed outside for a time at least, for reasons of both ideology and interest. Intensifying class conflict pushed the Metalworkers into the LO but this does not explain why class prevailed over craft in the movement as a whole, for elsewhere in the world the outcome was very different.

Socialist ideology and Social Democrat political organisation played an important part in unifying the Swedish working class. They attacked craft union tendencies towards an elitist, closed unionism cooperating with the employers. They helped to organise unskilled workers and promoted an open unionism including all workers in an industry. The Social Democrat Party acted as a national means of coordination before the foundation of the LO. Socialism might also have had divisive consequences by promoting sectarianism, by generating political divisions, by alienating those workers who were either uncommitted or had liberal sympathies. There is clear evidence that it did have these consequences but not sufficiently to divide the movement at this stage. The dependence of the Social Democrat Party on a political alliance with the Liberals and on union support constrained ideological extremism. Most importantly of all, however,

the institutional differentiation of party and union organisation allowed the unions to distance themselves from the party, while maintaining cooperative links. Thus the divisive consequences of socialist influence were contained and outweighed by its unifying consequences.

It is unlikely that socialist influence alone could have counteracted the sectionalism of a strongly established craft unionism. There was indeed a strong craft unionism in the early 1880's and there were signs that the Swedish movement, like the Danish and British movements, might become internally stratified along skill lines, with craft unions for the skilled and general unions for the unskilled. But, in the key areas of woodwork and metalwork, craft unionism was incorporated into and eventually superseded by a 'work-material' principle of organisation, which allowed a gradual transition from craft unionism to an industrial unionism more consistent with class solidarity. Technical change was important in facilitating this, for in woodwork especially craft boundaries were breaking down. Indeed, it was the woodworkers who provided the socialists with their first foothold in Swedish industry. Technical change did not, however, determine the shape of the union movement, for the Woodworkers' Union and, above all, the Metalworkers' Union were in their formative period balanced between craft unionism and an inclusive 'work-material' unionism. Socialist influence helped to tip this balance.

It is important to give due weight to what one may call the purposive character of labour movements. Unions are not just bargaining organisations operating within the limits of occupational boundaries. They are also a part of a labour movement seeking to change society and are therefore shaped by goals broader than bargaining efficiency. Ideology and the relationship between the political and industrial wings

can therefore be important in determining organisational structure. In the Swedish case socialists were particularly influential in this formative period. This was in part a matter of timing, for by the time that Sweden industrialised the international socialist movement had become well established. It was also a matter of technology, for the transitional state of technical development in the late nineteenth century, poised between craft skills and semi-skilled mass production, meant that alternative principles of occupational organisation were in competition and this gave ideology leverage in shaping the outcome.

b) The Employer Counter-Attack

At its foundation the LO was class-wide in principle and its commitment to financial support for defensive conflicts had centralising implications but it was neither all-inclusive nor centralised. Sweden's powerful national unions recognised the need for a general coordinating body but they were not prepared to lose any independence of action or to make major financial contributions or, some of them, to accept the close links between the LO and the Social Democrat Party. It was the employer counter-attack that forced centralisation and cohesion on the LO and led to the beginnings of joint central regulation.

The employer counter-attack was at industry level to start with but rapidly developed a national scope. The engineering industry employers were the first to become organised and in 1903 and 1905 there were industry-wide lockouts, which did not succeed in re-establishing employer dominance and led instead to the 1905 Engineering Industry Agreement. This was the first major compromise between the unions and the employers' associations but it did not finally institutionalise industrial conflict, for a guerilla warfare continued as the employers tried to develop a non-union labour force, while the SAF now assumed the leadership of the employers' movement and conflict

escalated to national level. The SAF used the threat of the general lockout to force concessions out of the unions. Although other major employers' associations, those of the building and engineering industries, were not yet branches of the SAF, there was a national coordination of the associations in the 1908 and 1909 confrontations with the unions.

The first step in the LO's de facto centralisation was its negotiation of the 1906 December Compromise on behalf of the unions. It then intervened frequently in local disputes during the period 1906 to 1909. In 1909 a formal centralisation of the LO was proposed but the defeat of the unions in the 1909 general strike led to the abandonment of these proposals and the LO reverted to its decentralised pre-1906 state of affairs. The 1906 December Compromise was a central agreement in everything but name and it laid down the ground rules of Swedish industrial relations, exchanging employer recognition of the unions for union acceptance of the employer's rights. Top-level contacts between the LO and the SAF occurred frequently between 1906 and 1909 and it is likely that a Basic Agreement would have followed but for the 1909 defeat of the unions. Thus the employer counter-attack brought about a temporary informal centralisation of the LO and an embryonic joint central regulation.

The driving force behind these developments was a class struggle in which the imperatives of industrial conflict ruled. Each side sought to out-organise and out-gun the other. The unions started the process by organising to bring their collective resources to bear on individual employers. The employers then organised themselves to provide mutual support and raise the costs of conflict to the unions by means of industry-wide and general lockouts. Although the LO's initial response was defensive, it responded in 1909 with a general

strike which for the first time brought the main weight of union power to bear on the employers. During this early period escalation was the motor behind institutionalisation, propelling both sides of industry to extend and centralise their organisations until class-wide federations confronted each other and negotiated with each other.

Analysis in these terms alone is insufficient, however, for the relative power of unions and employers depended on labour market conditions as well as organisation. After 1906 the LO was on the defensive not only because the successful organisation of the employers threatened the unions with large-scale lockouts but also because recession weakened the economic power of the unions and strengthened that of the employers. The LO's defensive strategy clashed with membership expectations, which had not adjusted to recession. The de facto centralisation of the LO had not given the leadership complete control over the local unions, as shown by the Malmö 'unofficial strike' and the problems with the dockers, both in 1908. The general strike was a desperate gamble forced on the LO leadership by its fear of losing control of the membership and dividing the movement. The general strike was certainly an escalatory response to the general lockout threats of the employers' associations but it was also a consequence of tensions within the labour movement. Both the LO's defensive response during 1907 and 1908, and its offensive response in 1909, were governed by more than the logic of escalation.

That the imperatives of industrial conflict ruled as much as they did depended on the relative isolation of the industrial struggle. With the important exception of the 1902 general strike, which was in support of demands for electoral reform, the unions concentrated on industrial bargaining. After 1902 the industrial and political wings of labour continued the process of organisational differentiation

that can be traced back to the decline of the local joint committees in the late 1880's. The frequent attempts to legislate state regulation largely failed. They did so mainly because the Liberal party would not countenance anti-worker legislation in the absence of worker political rights, while the employers would not accept impartial legislation that would restrict the lockout as well as the strike. Mediation legislation was passed and an episodic state intervention occurred during some of the major confrontations but, although this had some bearing on particular outcomes, it did not significantly restrict the process of industrial struggle. Thus the dynamics of industrial conflict had a relatively free reign during this period because of the organisational differentiation of labour, the divisions in the bourgeoisie and Sweden's late democratisation.

While the first stage of institutionalisation, the formation of a labour movement, was a purposive process in which ideology was influential, the second stage was more reactive. The foundation of the Scandinavian union federations was the realisation of an idea floated in 1886, long before the unions had reached the point at which such coordination was necessary. The construction of the union federation and, indeed, the building of the labour movement as a whole was a much debated process in which different conceptions of organisation and strategy competed. The growth of employers' associations too occasioned some debate and factional conflict but it was a much more reactive process in which the prime consideration was the organisational requirements for beating off the labour challenge. The centralisation of the LO was, in contrast with its foundation, unintended and forced upon it by the SAF. As the class struggle developed there was a movement away from goal-directed actions to a more reactive behaviour, from intended to unintended consequences.

Once the labour movement had taken shape the scope for ideological influence on organisational development diminished and the dynamics of class struggle took over. The second stage of institutionalisation was characterised by processes of change different in character from those that had operated before.

c) Towards Joint Central Regulation

After 1909 the escalatory dynamics of industrial conflict no longer shaped institutional development. A further centralisation of industrial relations occurred during the interwar period but this was a result of a growing cooperation between the leadership of the LO and the SAF rather than a struggle to out-organise each other. Governments were no longer standing on the side-lines and state intervention was central to the construction of the modern institutional framework.

The defeat of the 1909 general strike and the subsequent decentralisation of industrial relations did not bring large-scale conflicts to an end but when such conflicts resumed during the 1920's they did not have institutional consequences comparable to those of the earlier period. Mindful of 1909, the LO leadership rejected the 1920's calls for centralisation and general strike action when the employers used the lockout to force through wage reductions. Organisational development was at a standstill but increasing membership rebuilt the LO's strength after the losses following the 1909 defeat. In 1925 the LO's regained strength and successful defensive strategy enabled it to withstand the high-point of the employer offensive. There was now a rough balance of industrial power between the LO and the SAF. This was a necessary but far from sufficient condition for the 1930's resumption of the movement towards joint central regulation.

In spite of the high level of conflict in the 1920's and indeed the early 1930's, and aggressive employer use of the lockout, the LO leadership increasingly accepted employer perspectives on the economy and this laid the basis for the growing cooperation between the federations. The LO's acceptance of the employer's rights in the 1906 December Compromise had been the first step in this direction and had led to LO cooperation with the employers in bringing the independent dockers to heel in 1908. In the matter of wage conflicts, however, the LO's cooperation with the SAF at this time was primarily tactical and informed by a recognition of the power of the employers during recession. Such considerations certainly continued to influence the LO during the interwar period but, in addition, the LO leadership now accepted the economic case for wage reductions, the 'need' for rationalisation and for wages to be linked to productivity. International economic conditions were regarded as a constraint on wage levels and an increased standard of living was recognised to be dependent on economic growth. Given such perspectives a general strike was not only unwise, it was useless. This acceptance of employer perspectives was another necessary but far from sufficient condition for joint central regulation.

These developments in the relationship between the LO and the SAF may have established certain conditions for joint central regulation but during the late 1920's and early 1930's Swedish industrial relations were apparently headed for state regulation. The early obstacles to such regulation had been removed, for democratisation had removed liberal inhibitions, while the blunting of the lockout weapon in 1925 and the continued growth of the unions made union restraint a higher priority for the employers than the maintenance of their freedom of action. The result was the 1928 legislation on collective agreements

and the creation of the Labour Court. The growing parliamentary power of the Social Democrats if anything strengthened this movement towards state regulation, for the labour leadership had long supported such regulation and its opposition to the 1928 legislation was tactical, while Social Democrat economic interventionism and the political and economic problems resulting from the building industry strike of 1933-34 increased the pressures on the government to extend state regulation.

New obstacles to state regulation had emerged, however, and there was a new impetus in the mid 1930's towards joint central regulation as an alternative means of controlling industrial conflict. Social Democrat attempts to legislate further controls were politically hamstrung by the problem of simultaneously securing union approval and obtaining the support of the right-wing parties in parliament. Meanwhile, the SAF had turned against state regulation because of its fears of a wider, socialist regulation of the economy. The Nothin Commission recommended that labour peace should be achieved by cooperation between the LO and the SAF, and the subsequent negotiations resulted in the Basic Agreement of 1938. This agreement established the principle of joint central regulation.

Joint central regulation was part of a corporatist modus vivendi between labour and capital. The SAF disengaged from parliamentary politics and sought influence through the state apparatus. The Social Democrats had abandoned nationalisation in the early 1930's and now espoused a policy of harnessing capitalism, a policy which involved cooperation with the employers. In the year of the Basic Agreement the government introduced a package of measures to encourage investment by providing industry with incentives. The LO and the SAF would cooperate in regulating industrial relations, while the government and the SAF would cooperate in producing economic growth.

The Basic Agreement was followed by the formal centralisation of the LO in 1941. The cooperative arrangements agreed by the federations depended on their capacity to implement them. The LO's 1941 constitution gave the LO leadership rights of intervention in wage negotiations, required LO approval before unions engaged in strikes and made a leadership veto in wage negotiations and conflict matters a condition of union membership in the LO. These changes were largely an extension, if not a formalisation, of existing rules and practices, some dating back to the labour movement's formative period, though a crucial centralisation had taken place in the early 1930's, when the LO had once again started to intervene in union wage negotiations in pre-1909 style. This was when the leadership veto was made a standard, albeit non-compulsory, rule. The LO's modern centralisation stemmed not so much from the Basic Agreement as from the cooperation with the employers and the government in bringing about the early 1930's wage reductions and settling the protracted conflicts of the early 1930's. Centralisation may be considered more a condition than a consequence of the late 1930's accommodation between the LO and the SAF.

The pre-1909 movement towards joint central regulation had come to grief largely on the internal tensions of the LO, for these had forced it into the desperate gamble of a general strike and resulted in the subsequent reversion to a decentralised pre-1906 state of affairs. Since 1909 an organised opposition had developed firstly as an external syndicalist alternative to the LO and then later as an internal opposition. It might be expected that such an opposition would prove an obstacle to the establishment of a centralised modus vivendi between capital and labour but this was not the case. The political character of the opposition, which arose out of a dissatisfaction with Social Democrat reformism, gave the opposition organisation and direction but

also alienated potential supporters, imported the factionalism and policy reversals of the international communist movement, and brought down on the opposition a Social Democrat counter-attack. The opposition did build long-term support in the isolated mass industries and certain urban union branches but had difficulty in expanding successfully outside these bases. Even in its strongholds the opposition could not stand up against the LO, for at a time when Sweden's highly organised employers still frequently resorted to the large-scale lockout, the financial support of the LO was virtually indispensable - hence the victory of the LO in the 1928 battles in the Miners' Union, when the miners were forced to choose between LO membership and their links with the Soviet miners' union.

While the opposition could not seriously threaten the LO it could, however, achieve major if temporary successes when the leadership and membership of particular unions came into conflict. This occurred particularly when union policies of wage restraint generated membership discontent, as had happened at the end of the first world war and to some extent in the early 1930's, and was to happen again towards the end of the second world war. During the later 1930's, economic recovery resulted in rising wages and there were no substantive issues for an opposition to exploit, though the LO leadership took the precaution of urging the unions to prolong their existing wage agreements and avoid new wage negotiations while the Basic Agreement was under negotiation. The LO leadership certainly operated skilfully to minimise resistance to constitutional change - by making concessions to critics and avoiding any threat to union autonomy or to the particular interests of the higher paid unions, which feared that centralisation would lead to an implementation of the wage solidarity policy. Membership resistance was also minimised by the restriction of knowledge

and discussion to the union elite. The weakness of the opposition at this time must have nonetheless eased the passage of these changes and suggests that their timing was fortuitous.

Employer opposition to the new modus vivendi was, in contrast, much more serious, even though ultimately unsuccessful. The 'big five' Directors Club companies attacked a central element of the modus vivendi, the cooperation between industry and Social Democrat government in managing the economy. These export companies were large and powerful but Social Democrat policies favouring industry in general and domestic industry in particular isolated them. The absence of a viable bourgeois alternative to Social Democrat rule anyway meant that the Club lacked an adequate political base. The Club's opposition was nonetheless sustained and it played an important role in mobilising opposition to planning in the later 1940's. Social Democrat policies were on the whole favourable to capitalist industry, however, while the growing interpenetration of industry and state, a process hastened by the integrative pressures of the second world war, created an organisational context conducive to a corporatist relationship between the SAF and Social Democrat government.

The 1938 Basic Agreement and the 1941 LO constitution can be seen as the culmination of a movement towards joint central regulation stretching back to the December Compromise of 1906 and the de facto centralisation of the LO between 1906 and 1909. The establishment of relatively centralised federations during this early period may be considered an essential condition for joint central regulation but it is important to emphasise the discontinuities as well as the continuities of institutionalisation in Sweden. The defeat of the 1909 general strike led to a reversion to the pre-1906 situation. The LO rebuilt its strength by 1925 and began to cooperate once again with the SAF and intervene in local disputes but Swedish industrial relations

were moving at this time towards state rather than joint central regulation. Lastly, as emphasised earlier, the processes underlying the eventual shift to joint central regulation were quite different from those operating earlier. Pre-1909, the central process was the escalation of conflict in the relative absence of state intervention, while in the 1930's it was state intervention itself that was central in precipitating the modern institutional framework. One may note that this state intervention would have obstructed the development of joint central regulation if it had occurred during the earlier period and hindered the organisational development which was a condition of such regulation.

d) The Culmination of Joint Central Regulation and its Decline

The institutional and organisational structure established to regulate industrial conflict in the 1930's developed as a means primarily of wage regulation in the postwar period. The government's postwar demands for wage restraint resulted in the LO's coordination of union wage demands, while the SAF forced central wage agreements on the LO in the mid 1950's. The central regulation of wages involved the development of new procedures for central bargaining. The institutional structure created for other purposes in the interwar period, including the mediation service, could be adapted to handle wage regulation. Major organisational or constitutional changes in the LO or the SAF were not necessary. Although the shift to industrial unionism was far from complete, the remaining craft unions were too small and too peripheral to be a serious obstacle to such bargaining. Thus the institutional inheritance from the 1930's and beyond was fundamental to central wage bargaining.

Joint central regulation was an alternative to state regulation but was also intertwined with it. Since it emerged as a means of wage

restraint, it may be considered a covert form of state regulation - indeed, a particularly effective form of state regulation which enabled the government to attain its goals through cooperation rather than confrontation and thereby avoid the political and economic costs of confrontation. Any temptation to equate central wage bargaining with state wage regulation should, however, be resisted, for the dynamics of central wage bargaining were to become inflationary rather than regulatory in the later 1960's and after. Joint central regulation was also inter-related with state regulation in other ways, for labour law and the Labour Court reinforced central authority, while the state mediation services became an indispensable lubricant of central wage bargaining.

More generally, joint central regulation was part and parcel of a corporatist modus vivendi between the Social Democrats, the LO and the SAF. The LO accepted the need to contain inflation, though it sought to avoid wage restraint and advocated a labour market policy to even out labour supply and demand. The LO also advocated rationalisation and labour mobility to promote economic growth and increase international competitiveness, leaving it to the welfare state to pick up the pieces. The LO's wage solidarity policy is here of interest, since increases for the lower paid were justified in economic terms as a means of forcing inefficient low-wage producers to transfer their resources to dynamic areas of the economy. Although the Social Democrats and the SAF did come into conflict over planning in the 1940's and earnings related state pensions in the later 1950's, the Social Democrats' pursuit of economic growth and the bourgeoisie's acceptance of the welfare state provided the basis for a consensus in which corporatist politics could flourish. The consultation of interest groups before legislation and their representation on

preparatory commissions drew them into the legislative process, while the tripartite administration of the labour market policy and labour law made it difficult to draw the line between state apparatus and interest organisations.

While there was a marked discontinuity between stages two and three of institutionalisation, the structural continuity between stages three and four is striking. The inter-related institutions of joint central and state regulation can be traced back to the 1930's and before. The formal centralisation of the LO was accomplished in 1941, the centralisation of the SAF much earlier. Also, Social Democrat government and the corporatist modus vivendi built around it dated back to the 1930's. The postwar system of joint central regulation was not, however, just a development out of the institutions and inter-relationships of the 1930's. The content of regulation had changed, as shown by the low use of the Basic Agreement's provisions. Central wage bargaining was an unintended consequence of the 1938 Basic Agreement, pouring new wine into an old bottle. It was the shift from interwar deflation to postwar inflation that brought about this change of content. There was a continuity of structure but a change of function.

This continuity lasted into the 1970's but by then the break-down of both joint central regulation and the corporatist modus vivendi was well under way. Industrial conflict increased both centrally and locally. The central wage negotiations became protracted, conflict-ridden and liable to break down. Government intervention increased both through state involvement in the central wage negotiations and the legislative regulation of industrial relations. The unions attacked the employer's rights, which they had accepted with minor modifications since 1906, and through the Meidner Plan attacked the private ownership

of industry. The corporatist integration of state, unions and employers declined as each side of industry tried to use the state against the other, as ideological conflict increased and a 'bourgeois' alternative to Social Democrat rule emerged.

The examination of the break-down of joint central regulation revealed two main processes at work. There was firstly a sectional rivalry within labour, between the higher and lower paid manual workers, between the manual and non-manual federations and between the various non-manual federations. These rivalries increased union wage demands and led to conflicts between unions and employers in both public and private sectors. Conflicts over wages drew the state into central bargaining, though the growth of the public sector and the associated high levels of taxation made it anyway impossible for the state to stay outside.

There was secondly a growing conflict over control, developing out of a discontent with deteriorating conditions of work, a discontent which could not be expressed within the system because the December Compromise had recognised the employer's rights and the Labour Court had given them legal backing. Experiments in work organisation and worker participation did not absorb this discontent, and a movement developed to abolish the employer's rights, indeed to transfer the ownership of industry to the unions. Such fundamental attacks on previously accepted principles could not be handled within the framework of joint central regulation and the unions sought legislation. Although it is doubtful whether the 1970's legislation seriously diminished the employer's power or significantly interfered with the workings of a capitalist economy, it violated the principles of joint central regulation, intensified ideological conflict and provoked an employer counter-attack in the later 1970's.

The attack on the employer's rights and on the private ownership of industry was a radical challenge to the system but the break-down of joint central regulation was not the result of a growth in the organised opposition. An organised political opposition did, it is true, surface once again in the isolated mass industries, in the iron-mines and the ports, and sought, with little success, to extend its activities elsewhere. This opposition did not, however, mount a challenge comparable to those of the interwar period or the struggle in the Metalworkers' Union towards the end of the second world war. Joint central regulation was not so much overthrown as undermined by social change and internal contradictions.

Occupational, economic and political changes produced a cumulative disorder in Swedish industrial relations. The expansion of the public sector and of non-manual occupations diminished the weight of the LO and the SAF, and meant that they could no longer jointly settle the pattern of wage negotiation. Related to these changes was the declining significance of wage negotiations in determining net disposable income and the consequent growth of tax bargaining, which brought the state further into the central negotiations. A higher rate of economic growth in the early 1960's increased the pressures of work and led to a deterioration in work conditions, exacerbated by the insecurity resulting from economic instability in the later 1960's and early 1970's. This higher rate of growth also increased local wage drift and intensified sectional rivalries. In the political sphere, Social Democrat domination was challenged by the resurgent 'bourgeois' parties. Intensified political competition led to Social Democrat attempts to mobilise the working class through the campaign to increase equality, which fuelled the LO's disruptive demands on behalf of the lower paid. This strategy gave way to the construction

of a 'wage-earner' alliance including manual and non-manual workers, as competition for the votes of the middle-class became more intense, and the encouragement of the union attack on the employer's rights, since the LO and the TCO here had interests and policies in common. More generally, increased political competition weakened the corporatist integration of Swedish society and intensified conflict in the political sphere at the same time as industrial conflict was increasing.

Joint central regulation also had certain self-undermining characteristics. Centralisation increased sectional rivalries. The central wage negotiations made the implementation of the LO's wage solidarity policy possible. The centralisation of the LO was also associated with the foundation of rival non-manual federations. Centralisation exacerbated the conflicts between the LO leadership and sections of workers, prolonging the crucial LKAB iron-miners' strike and provoking the secession of the dockers from the Transport-workers' Union and the subsequent disruptive rivalry between this union and the break-away Harbourworkers' Union. More generally, joint central regulation was based on the union acceptance of rationalisation and the employer's rights, rationalisation producing a discontent which could not be expressed within the system because of the employer's rights and the associated weakness of the union branch, itself a consequence of centralisation. Unofficial strikes, prolonged disputes, the disruption of the central wage negotiations and the attack on the employer's rights were all in part generated by the system of joint central regulation itself.

3. The Development of Joint Central Regulation in Comparative Perspective

a) Inter-Scandinavian Comparisons

In all three Scandinavian societies labour federations were founded

in the years 1898 and 1899, in spite of the considerable variations in the age and structure of their labour movements. Paradoxically, the most unified of the three, the Swedish movement, was also least centralised initially, a reversal of the relationship one might have expected. The Danish federation did not, however, succeed in establishing a central strike fund, while the Swedish LO shortly did so. The craft/general division of the Danish unions and the associated conflicts between skilled and unskilled workers prevented further centralisation in Denmark. The Norwegian federation was the most centralised of the three, largely because of the weakness of its constituent units and the immaturity of the movement, which did not at this time include unskilled workers. The strength of the Swedish federation's constituent units inhibited centralisation to start with but the relative unity of the Swedish movement facilitated a subsequent centralisation under the imperatives of class struggle.

Joint central regulation was established earlier in Denmark than in Sweden. Escalatory conflict climaxed earlier in Denmark at a time when economic conditions helped the unions to stand up to the employer counter-attack. Union weakness did not therefore inhibit the negotiation of a Basic Agreement, as it did in Sweden in 1909. There was also a greater continuity with pre-industrial institutions of regulation in Denmark and this facilitated the early institutionalisation of industrial conflict.

Danish continuities then hindered the subsequent development of joint central regulation, for a persistent craft domination of the union federation was associated with growing jurisdictional conflicts and the opposition of the Danish Labourers' Union to federal centralisation. The consequent failure of the regulatory institutions set up by the Basic Agreement led to the growing involvement of the state in

regulating industrial conflict, an involvement recommended by joint union/employer commissions. State mediation was therefore more developed in Denmark than in Sweden and in the 1930's mediation became arbitration, when governments began to give mediation proposals legal force. This pattern continued into the postwar period with frequent episodes of government wage restraint. Thus the same factor which prompted Denmark's early institutionalising of joint central regulation, namely craft continuities, inhibited the subsequent development of such regulation and led to a reliance on the state apparatus.

Norway moved even more strongly towards state regulation. At first the Norwegian labour movement appeared to be moving along similar lines to that of Denmark but the Norwegian craft unions were much weaker than the Danish ones and the balance of power necessary for joint central regulation was absent. There was no Basic Agreement comparable to that of Denmark. The early Norwegian unions sought the protection of the state, though opinion shifted against state intervention as the unions became stronger and more radical. In 1915 and 1916 legislation was passed to impose compulsory mediation and arbitration. The weakness of the unions, the absence of joint central regulation and a growing state regulation were inter-related.

It was not only union weakness that prevented the emergence of joint central regulation in Norway. There was also a radicalisation of the labour movement as the syndicalists swept to power in both unions and labour party during the years 1909-1920. The syndicalists rejected binding collective agreements, called for 'direct action' and favoured a decentralised organisation. Syndicalist radicalism diminished in the 1920's and in 1935 a limited Basic Agreement was negotiated but this was a minor instance of joint central regulation, preceded and succeeded by frequent episodes of state regulation. The

Norwegian movement remained more radical than those of Denmark and Sweden and eventual labour government resulted in a planned economy and an associated state intervention in economic and industrial affairs. Wages were controlled by government through the federations, which were largely incorporated into the state apparatus, and there was compulsory arbitration if the federations failed to reach agreement. Thus the state regulation established during the first world war continued through to the very different political and economic context after the second world war.

Although elements of joint central regulation are to be found in both Denmark and Norway, especially Denmark, state regulation was extensive and joint central regulation did not develop as a system of regulation in its own right, as it did in Sweden. It is striking that joint central regulation failed to develop for quite different reasons in Denmark and Norway. In Denmark, the principle of joint central regulation was established early but its realisation and further development were inhibited by internal conflict within the union federation. In Norway, union weakness and then labour radicalism were unfavourable to the development of joint central regulation.

These different patterns of regulation were linked to differences in the character of the labour radicalism of the 1970's. The craft traditions and labour disunity that had inhibited joint central regulation in Denmark also hindered labour radicalism. In Norway, greater Social Democrat radicalism provided earlier outlets for demands for worker influence and there was therefore less of an explosion in the 1970's. In Sweden, Social Democrat cooperation with the employers intensified economic change and bottled up discontent, while labour unity provided the basis for a more thorough-going attack on the system

when the discontent was eventually expressed. It was Sweden's specific combination of labour unity and labour accommodation with capital which led both to greater joint central regulation and greater labour radicalism in the 1970's.

b) Britain and Sweden

The national body of the British unions was not a federation on Scandinavian lines. The TUC was not designed to provide the British unions with industrial coordination and mutual support at times of industrial conflict. It was a loosely organised pressure group to represent the unions in the political arena. Earlier attempts to form a British federation had failed and although a federation, the GFTU, was founded in 1898, it was unable to secure sufficient membership or finance to be effective, and it was dwarfed by the established TUC. This meant not only that a class-wide federation was absent in Britain, it also meant that the national body of the British unions was weakly organised, for the TUC, as an intermittently mobilised pressure group, was under little pressure to develop an effective central organisation until the first world war.

The failure of the British unions to develop an effective federation can be explained in terms of the internal stratification of the British movement. The 'new model' unions of mid nineteenth century Britain based their bargaining power on controlling entry to their occupations and federal schemes to provide mutual assistance were of little interest to them. Their principle of organisation was craft rather than class. There was also a long gap between the effective organisation of skilled and unskilled workers, in part because of the hostility of the former to the latter but mainly because of the weak bargaining power of unskilled workers and the collapse of their organisations during recessions. In Sweden, the skilled workers were less

able to control entry and more dependent on mutual support, while the organisation of the skilled was rapidly followed by that of the unskilled.

There were also major differences in the relationship between industrial and political organisation. In Sweden, the Social Democrat Party was founded well before the LO; the party acted as a coordinating centre for the unions; socialists were active in spreading the ideology of class at the time of union formation. In Britain, the TUC was founded long before the Labour Party; the TUC acted as a means of political representation for the unions; the shape of the union movement was established before Marxist socialists were an influence. This meant that political and ideological influences were much more important in shaping the Swedish union movement, while the British Labour Party emerged in the shadow of the unions. It also meant that in Sweden the unions had a linked political party to defend their interests in the political arena and did not require a body like the TUC. Part of the explanation of the emergence of the TUC rather than a federation as the national body of the British unions is the absence of a labour party to represent the unions to the state when they faced political and legal attacks in the 1860's.

An organised employer counter-attack developed in both countries around the turn of the century, though with different organisational consequences. The British employers had certainly been organised before but on a local, informal and temporary basis, since this had been sufficient to defeat earlier surges of mass unionism. The new unionism of the late nineteenth century presented more of a challenge, while increasing international competition stimulated a coordinated attack on craft controls in the engineering industry. In Britain and Sweden, the employer counter-attack involved an assertion of

managerial prerogatives and the organisation of non-union labour. Engineering employers were in the forefront and there were industry-wide lockouts in the engineering industries of both countries. The British employers did not, however, develop a national federation comparable to the SAF and there were no top-level contacts leading towards joint central regulation in Britain.

How are these differences to be explained? The main explanation would seem to be differences in the organisation of the labour challenge. The 1898 foundation of the Swedish LO and the creation of a central strike fund presented the Swedish employers with a national challenge, while the 1902 general strike, short though it was, demonstrated the potential of national organisation. The British employers did not face a nationally organised industrial challenge and therefore had no real need at this stage to organise a national federation. The escalation of industrial conflict was largely confined within industrial boundaries. Significantly, to the extent that it did occur, national employer organisation in Britain before the first world war was directed at countering the TUC's political influence. Thus the 1898 proposals for a national employers' federation in Britain led not to the establishment of such a federation but to the setting up of an employers' Parliamentary Council. There was no British SAF because there was no British LO, while the existence of a TUC called forth from the employers national bodies to lobby parliament.

Greater state intervention does not provide an explanation of the more political focus of national organisation in Britain. It is clear that employer organisation in the 1890's was industrially focused and that the British employers like the Swedish relied on the lockout and the organisation of 'free' labour. Although the British employers' Parliamentary Council worked to remove the unions' political immunities,

few companies used the Taff Vale precedent and there was little employer opposition to the restoration of union immunities by the 1906 Trade Disputes Act. It seems unlikely that a greater employer reliance on the law explains the absence of a British SAF. Conversely, it does not seem that the absence of repressive legislation in Sweden forced the employers to be self-reliant. The relationship was if anything the reverse, for the existence of powerful employers' associations resulted in employer opposition to legislation that might fetter the lockout as well as the strike.

Although escalating industrial conflict did not in Britain lead to national confrontations, top-level contacts and the beginnings of joint central regulation, there were nonetheless attempts in Britain to develop such regulation - notably the Industrial Council of 1911-13, the Whitley Councils, the National Industrial Conference of 1919-21 and the Mond-Turner talks of 1928. State initiatives lay behind all but the Mond-Turner talks. Increasing industrial conflict during the years before the first world war, the pressures of war and the immediate postwar crisis led to corporatist attempts by the state to integrate the unions and secure their cooperation. This resulted not only in the above attempts to foster industrial self-government but also in important organisational developments on both sides of industry. The TUC began an internal reform process leading to the setting up of the General Council, while the employers for the first time created persisting national organisations, notably the FBI and the NCEO - in part to combat the growing political influence of the TUC. Organisational structures that could provide a basis for joint central regulation were now coming into existence.

The intensified class conflict of the 1920's ruled out joint central regulation for the time being but was not inconsistent with

its longer term development. Indeed, as the pre-1909 events in Sweden had shown, intensified class conflict could produce centralised, class-wide organisations on which joint central regulation could be built. There were some signs of this happening on the union side, as the TUC became more centralised, more bureaucratic, more industrially focused and therefore more able to act as an industrial federation, but there were no corresponding developments on the part of the employers. If anything a decentralisation occurred on the employers' side, as industry attempted to return to pre-war practices after weathering the first world war storm.

Why did intensified class conflict not force a centralisation of employer organisation? Paradoxically, while state intervention had fostered joint central regulation during the war period, the continuation of state intervention into the 1920's worked against it. Under the pressures of war the state had operated in a corporatist manner, guided by considerations of production, national mobilisation and integration. As in Sweden, corporatism was consistent with joint central regulation. During the 1920's the context of state action was not international conflict but capitalism in crisis and governments supported employer attempts to cope with crisis through wage reductions. The state took on the unions and relieved the employers of the need to organise themselves more effectively. The 1926 general strike took the form of a conflict between government and unions, very different in character to the Swedish general strike of 1909, which was a long drawn out battle between the LO and the coordinated forces of the employers' federations, with minimal state involvement. State intervention may not be an explanation of the absence of a British SAF prior to the first world war but it does explain the failure to develop such an organisation in the 1920's.

The 1928 Mond-Turner talks demonstrated the organisational imbalance of the two sides. The TUC suggested 'joint discussions' in 1927 but the response came not from the employers' organisations but from the informal Mond group. The talks revealed deep divisions amongst the employers. The infrastructural chasms of British industry came to the surface, as the Mond group of capital intensive, technically advanced industries advocated cooperation with the unions, while the 'nineteenth century' mining and engineering employers opposed such a policy. The Mond-Turner talks left no institutional precipitate, though a limited cooperation shortly emerged on the issue of industrial protection.

It would be easy to conclude that although there were some initiatives towards joint central regulation in Britain, organisational deficiencies, the internal divisions of industry and state intervention were all powerful obstacles to its realisation and constitute a sufficient explanation of its failure. It should be emphasised, however, that the Swedish 1928 Mond conference failed too, that the Swedish employers too were divided and that Sweden appeared at the time to be heading for state regulation via the 1928 legislation and the proposals to extend it. State regulation was indeed much more developed in Sweden than in Britain. Sweden changed direction because of the political transformation of the 1930's, when the Social Democrats made their break-through. The Social Democrats were sufficiently threatening to both unions and employers to induce them to compromise, while also able to move towards a cooperative modus vivendi. There was no comparable political transformation in Britain, for Labour government was short-lived and 'conservative' in its economic policies. The obstacles to joint central regulation in Britain were perhaps such that they provide a sufficient explanation of its failure but the

existence of relatively centralised and unified organisations is not a sufficient explanation of its success in Sweden. Political differences must be brought into the explanation of the different outcomes.

The institutional divergence between the two countries was associated with different patterns of regulation and conflict in the postwar period. A covert state wage restraint could be pursued through central wage bargaining in Sweden but the absence of an appropriate institutional and organisational structure precluded this in Britain. More generally, there were the organisational conditions for a fully developed corporatism in Sweden, while institutional and organisational problems obstructed the attempts of Labour governments to integrate and control the unions in Britain. Central wage bargaining and industrial unionism were less conducive to open industrial conflict than the decentralised anarchy, multi-unionism and associated parallel unionism of Britain. As argued above, these evident organisational and institutional differences should not be treated as a complete explanation of differences in regulation or conflict pattern. Political differences are again important, for ideology, electoral base and political context made the British Labour Party more disposed than the Swedish Social Democrats to pursue wage restraint policies leading to conflict with the unions. Furthermore, the relatively archaic structure of British industry, the withdrawal from empire and the domination of financial interests generated more frequent balance of payments crises and a greater disposition to solve them through wage restraint than was the case in Sweden, where there was a greater reliance on rationalisation as a means of maintaining international competitiveness.

Institutional divergence and international differences in levels of open industrial conflict should not divert attention from common

tendencies towards increasing conflict in the later 1960's and early 1970's. Unofficial strikes became a recognised problem earlier in Britain than in Sweden but they were more disruptive to Sweden's more centralised and more rigid institutional structure, and the 1969/1970 iron-miners' strike was widely regarded as marking the end of the 'Saltsjöbaden spirit', the spirit that was held to have characterised Swedish industrial relations since the 1938 Basic Agreement. The issue of wage differentials was prominent in both countries, bringing the unions of the lower paid into conflict with government in Britain but bringing them, with government support, into conflict with the professions and the employers in Sweden. The British wage restraint response to economic crisis meant that increasing conflict was almost entirely over wages, while in Sweden there was a growing conflict over control as well.

The governmental responses to increasing industrial conflict were very different. Industrial relations reforms were carried out in both countries but the direction of reform was different. In Britain, industrial relations reform in the later 1960's and the early 1970's was incomes policy by other means, aimed at curbing shop-floor power and weakening the unions. There was some reversal of this by the Labour governments of the 1970's but this too was bound up with incomes policy, being a means of securing union cooperation with wage restraint. In Sweden, the legislation of the 1970's was pro-union, at least in its intentions, though it is doubtful whether it did much to strengthen the unions and some of its unintended consequences were of benefit to the employers. These differences in the direction of reform can be explained partly in terms of the respective strengths of labour and conservative parties in the two countries but not entirely, since British Labour governments initiated the anti-union reform process

in Britain. Institutional inadequacy, the Labour Party's concern to control the unions and the wage restraint response to economic crisis combined to produce the reform initiative.

These accumulated differences between Britain and Sweden can be traced back to the nineteenth century with ease. Differences in the organisation of industrial relations can be followed back to the contrasting structures of union coordination embodied in the TUC and the LO. Continuities should not be given too much weight, however, for the defeat of the 1909 general strike in Sweden halted and indeed reversed these tendencies in Sweden, while in Britain state intervention around the time of the first world war promoted joint central regulation and organisational development. The governmental initiatives in Britain then collapsed in the face of intensified industrial conflict in the 1920's and although this conflict prompted a further organisational development of the TUC, a continued but changed state involvement in industrial relations made it unnecessary for the employers to overcome their internal differences and match the organisational developments on the union side. The Mond-Turner talks revealed the organisational imbalance in Britain but the Swedish Labour Peace Conference of the same year was no more successful and Sweden appeared to be headed for state regulation. That Sweden did not continue on this path was a result of the Social Democrat break-through of the 1930's. There was no comparable political transformation in Britain. The Swedish Social Democrats were more independent, more radical and more securely based in the working class than the British Labour Party and these differences too can be traced back to the nineteenth century.

The organisational inheritance from the nineteenth century may have made joint central regulation more likely in Sweden than in

Britain but it was the interaction of this organisational inheritance with the political inheritance that produced the institutional divergence of the 1930's and the different patterns of regulation, conflict and reform in the postwar period.

Chapter 32

CONCLUSION 2. THEORETICAL ISSUES

This chapter takes up again the theoretical issues raised in chapter 3. It is organised in sections corresponding to those of chapter 3.

1. Industrial Conflict and Class Conflict

The problem of the meaning of class conflict was discussed in chapter 3. Class conflict is often used to mean any conflict between the members of different classes and in this case any strike will be an instance of class conflict. There are certainly grounds for this usage, since strikes are clearly a consequence of the class relations of capitalism, but this usage fails to distinguish between conflicts of a sectionalist character and conflicts between whole classes. It is important to make this distinction in the case of Sweden.

Joint central regulation developed in Sweden because conflict occurred on a class-wide scale. It was the victory of class over craft, of socialist unionism over liberal unionism, that produced a class-wide industrial organisation of labour and forced the employers too to organise on a class-wide basis. The existence of relatively centralised and class-wide federations may not itself have produced a system of joint central regulation but it was an indispensable condition for it. It was no accident that Sweden shifted from being the most to the least conflict-ridden industrial society, for if conflict had not escalated to class-wide proportions, the organisational basis for joint central regulation would not have existed.

The modern system of joint central regulation was in fact dependent on a dichotomic organisation of class relations. The growing divisions within labour and the sectionalist rivalries of the 1960's impelled

central wage bargaining into the crises of the 1970's and undermined joint central regulation.

A two-class model is not adequate for an analysis of the distributive conflicts of the 1960's and 1970's. The sectionalist rivalries of this period would appear to support a multi-class Weberian perspective, allowing for a middle class organised in its own right, since the non-manual workers were organised in their own federations. The middle class was not, however, a class in the same sense as the working class, for it lacked unified organisation. The credentialist distinction between the SACO graduates and the TCO supports the notion that the middle class was 'born decomposed'. Indeed, it was so decomposed that the TCO, which aspired to be the LO of the non-manual workers, was not unified enough to carry out central wage bargaining in LO fashion. There were some tendencies towards the formation of a unified middle class organisation in 1971 and 1972 but these were realised in the private sector only, where the TCO and the SACO unions formed a negotiating cartel, the PTK. In the public sector, the TCO unions cooperated with the LO unions and the dividing line in bargaining organisation ran between the clerical non-manual workers of the TCO and the professional/higher administrative workers of the SACO/SR. While a two-class model is clearly inadequate, organisational fragmentation and sectoral differences suggest that a three class model also is too simple.

On the other hand, when conflict lines on power issues are examined there is evidence to support a more dichotomic model. On the employer's rights in particular the LO and the TCO took up similar positions and cooperated. Power issues brought employers into conflict with employees and overrode rivalries on distributive matters. Indeed cooperation on power issues spilled over into wage bargaining to some

extent, as in the 1976-77 wage round when the LO and the PTK for the first time conducted common negotiations. These tendencies were encouraged by the Social Democrat party, which switched from its 1960's strategy of mobilising the working class around the issue of inequality to its 1970's strategy of building a 'wage-earner' or employee front to provide a broader electoral base by attracting non-manual voters.

Joint central regulation emerged out of the polarised class conflict between workers and employers and depended on an institutionalised form of this conflict. Sectionalism and the organisation of the middle class led to complex rivalries that could not be accommodated by the polarised organisational basis of joint central regulation and therefore disrupted it. Joint central regulation was also based on the union acceptance of the employer's rights in the December Compromise and the challenging of this compromise to some extent re-polarised class conflict. Thus the break-down of joint central regulation involved an increased sectionalism on the distributive dimension and an intensified class conflict on the power dimension.

2. Institutionalisation

As argued in chapter 1, Sweden has apparently exemplified the institutionalising of industrial conflict. The central idea of this concept is that integration comes out of conflict, that organisation for conflict became the basis of order. In Sweden, industrial conflict was at a very high level until the 1930's but the organisations produced by this conflict then became the basis of regulation and open conflict fell to low levels, as the strike apparently 'withered away'. Sweden's industrial peace and model institutions were contrasted with the 'institutional inadequacy' of societies like Britain.

There is much to support the central idea of integration coming out of conflict. The IO and the SAF were organised to increase the combat effectiveness of unions and employers but then became the basis of joint central regulation, first with the December Compromise of 1906 and then with the 1938 Basic Agreement, the modern system of central wage bargaining and central agreements regulating other areas of industrial relations. Joint central regulation was an unintended consequence of escalating class conflict. The institutionalisation model only takes one so far, however, and carries with it a number of assumptions that require discussion.

There is first the pluralist assumption that institutionalisation was a process of compromise between equal partners. Apart from the theoretical grounds for rejecting this assumption, discussed in chapter 3, the analysis of the development of joint central regulation provides evidence of its inadequacy. Institutionalisation initially involved the unions forcing the employers to negotiate collective agreements but it then became a means by which the employers curbed the unions. The 1906 December Compromise was not really a compromise at all. The unions were forced to accept the employer's rights under the threat of a general lockout and the union recognition they received in exchange was ambiguous, since the employer's rights could be used to undermine it and allowed some employers to pursue a covert anti-union strategy. The 1938 Basic Agreement was primarily a means of regulating strikes, after the failure of attempts to legislate and after the SAF's decision to switch from a legislative to a corporatist strategy. Central wage bargaining was forced on the IO by the SAF during the 1950's as a means of preventing leap-frogging.

The pluralist notion of a balance of power requires careful discussion. The idea of power equality can be rejected on the grounds

that it is the employer who generally has the initiative, while the union's power is more reactive in character. The employer also has a power of investment that the union cannot match and can do little to counter. Furthermore, the economic cycle is usually moving bargaining power to one side or the other. There is, nonetheless, something in the idea of an organisational balance of power. Union organisation diminished the power differential between the worker and the employer and did this so successfully that the employers had to develop counter-organisations. Furthermore, it is clear that joint central regulation depended on an organisational balance of power, hence its early development in Denmark, its early absence in Norway, its collapse in Sweden in 1909 and its development in Sweden after the LO's recovery in the 1920's. If the idea of power equality must be rejected, the concept of an organisational balance of power can be accepted and is, indeed, necessary if one is to explain the development of joint central regulation. One should add that this organisational balance applied at the centre only, for the union acceptance of the employer's rights and the 1928 laws combined to put the union branch in a weak position.

The analysis of institutionalisation in terms of the interaction between unions and employers alone is clearly inadequate. Although a basic agreement could emerge from such interaction, as happened in Denmark and as might have happened in Sweden if the unions had not been defeated in 1909, the 1938 Basic Agreement in Sweden was precipitated by state intervention. Joint central regulation was an alternative to a further extension of state regulation but also a covert means of state regulation, though it must not be reduced to this. Moreover, joint central regulation was reinforced by elements of state regulation, by the Labour Court and the mediation service.

The term joint central regulation is misleading if it is taken to mean an absence of state regulation.

The question arises of the relationship between institutionalisation and the decline of open conflict. Korpi has been very critical of the institutionalist approach, rejecting institutionalist explanations of the decline in Sweden's strike-rate and of international variations in strike-rate. Korpi does this partly on theoretical grounds, criticising institutionalist writers for their pluralist assumptions. He also argues that most industrial societies have 'developed the basic institutions for conflict resolution' and institutional differences are therefore unlikely to explain different patterns of industrial conflict.¹ In the case of Sweden, he argues that the decline of open industrial conflict did not follow institutional innovations and these cannot therefore explain decline. Korpi does allow institutions to be intervening variables and accords them 'some influence on patterns of industrial conflict' but minimises their explanatory importance.²

Are institutional differences irrelevant to the explanation of international variations? The importance of institutional differences has been exaggerated. This is in part because other significant differences between, say, Britain and Sweden have often been overlooked by institutionalist writers, political differences being an obvious example. It is also because too sharp a contrast has been drawn between Britain and Sweden, for as Korpi's research has demonstrated there were far more unofficial strikes taking place in Sweden than the official statistics indicated³ and plant bargaining in Sweden, as in

1. Korpi (1983), p. 167.

2. Ibid., p. 171.

3. See chapter 29, section 4 (b)(i).

Britain, was not under leadership control.⁴ Institutional differences and their significance may have been exaggerated but this does not mean that they can therefore be dismissed as of no account and it seems quite illogical to do so. Central wage bargaining in Sweden made the costs of official strike action so great as to largely rule it out. Plant bargaining in Sweden may have been out of the control of the union leadership but the complications of multi-unionism, as found in Britain, were absent.

Can the decline in the Swedish strike-rate be attributed to institutionalisation? Korpi is quite correct in stating that the strike-rate declined not after such institutional innovations as the December Compromise or the mediation legislation but in the mid 1930's after the Social Democrats' access to political power and the 'historical compromise' between capital and labour.⁵ The institutionalist model can certainly not explain this decline on its own. Could, however, the historical compromise have been concluded in the absence of centralised organisations able to negotiate with each other and make central agreements? Furthermore, the low postwar strike-rate was surely, as argued above, in part a consequence of the central wage bargaining that developed out of the joint central regulation established by the 1938 Basic Agreement. Sweden's postwar 'labour peace' was a product of both political and institutional development.

Swedish institutions could not cope with the increasing conflict of the later 1960's and early 1970's and, furthermore, amplified this conflict. Central bargaining intensified the sectional rivalries that made the central wage negotiations of the early 1970's so difficult. On the one hand, central bargaining made the long awaited implementation

4. Korpi (1978a), p. 366.

5. Korpi (1983), p. 167.

of the wage solidarity policy possible, indeed, unavoidable, since the unions of the lower paid could make it a condition of their continued participation. On the other hand, central wage bargaining led to the independent organisation of non-manual workers in federations outside the LO and resulted in a militant defence of the non-manual/manual differential. Central wage bargaining made differentials highly visible to those attacking and those defending them. The central wage negotiations, which had been forced on the LO by the SAF as a means of containing leap-frogging, eventually institutionalised leap-frogging. Centralisation also generated and exacerbated internal conflict, as in the 1969-70 LKAB iron-miners' strike and the secession of the dockers from the Transportworkers' Union, with further disruptive consequences for central bargaining.

Above all, however, joint central regulation created and bottled up local discontent until it threatened the LO's authority and forced it to pursue radical policies incompatible with joint central regulation. Union branch weakness, the LO's acceptance of the employer's rights and the LO's encouragement of economic growth interacted to produce a grass-roots challenge to the system which in turn generated the legislative attack on the employer's rights and undid the 1906 December Compromise in the 1970's. Thus, although Swedish institutions contained conflict for a while, they contributed in the long run to the growth of a discontent that undermined joint central regulation. Swedish institutions may have been more 'adequate' than those of Britain but in the end they were found wanting.

The Swedish experience suggests that there are serious limitations to the classic model of institutionalisation but that it nonetheless contains important insights. The development of joint central regulation was not a process of mutual accommodation and compromise between

equal partners but the LO and the SAF did arrive at a balance of organisational power in the 1920's and this was a condition of joint central regulation. Institutionalisation did not occur as a result of the interaction between unions and employers alone but crucially involved the state, and the eventual system of joint central regulation was intertwined with state regulation in a complex way. On the other hand, the relative absence of state intervention early on was a condition of the centralising interaction between unions and employers which produced federal organisations capable of sustaining joint central regulation. The institutionalising of joint central regulation in the 1930's was not a once for all process producing a permanent 'solution' to the problem of industrial conflict but it did lead to a temporary containment of industrial conflict and did so much more effectively than institutions elsewhere. The institutionalisation model should not be rejected because of its theoretical weaknesses but should be qualified and modified, so that its insights can be preserved.

3. Economy and Institutions

Ingham's theory provides the best starting-point for examining the relationship between institutions and economy. Ingham has criticised institutionalist writers for their ad hoc explanations. They state general propositions about the development of industrial societies but can only explain why specific institutions have developed in particular societies by having recourse to factors such as national character. He also criticises them for the vague interactionism of their belief that institutions will emerge out of conflict and emphasises the role of the employers in imposing institutions on labour. Thus his own explanation of the differences between British and Scandinavian industrial relations is in terms of differences in

the pattern of industrialisation, mediated by differences in employer organisation.

Ingham's criticisms are sound but his own theory has serious deficiencies. While he is correct in emphasising the imposition of norms by employers, he does not give sufficient weight to interaction in explaining the form taken by employer organisation. Employer organisation is a response to the threat posed by labour and the differences between British and Swedish employer organisation at the beginning of the twentieth century are to be explained primarily by differences in the labour challenge. When labour did present more of a national challenge during the 1920's, state intervention removed from the employers the need to develop an organisation comparable to the now much more developed TUC. The deep infrastructural divisions in British industry, as revealed by the Mond-Turner talks, might well have inhibited the formation of a British SAF but the British employers were not anyway motivated to construct such a federation at this time. It could be argued that state intervention in the 1920's occurred because of the weakness of employer organisation but it seems more likely that state intervention was a continuation of the state's expanded war-time role. The connection between economic infrastructure and employer organisation was less direct than that made by Ingham's theory. As Ingham also suggests, the organisation of labour was shaped by the economic infrastructure and it is this link which has been seen as of prime importance in this thesis.

The inter-Scandinavian comparisons bring out the importance of differences in industrialisation and in economic and industrial structure in shaping the organisation of labour. Denmark's earliest but slowest economic development was based on Copenhagen craft industry and led to a divisive craft unionism, controlled by a metropolitan

committee and unfavourable to socialist influence. Denmark's relatively archaic industrial structure and large agricultural sector made for a large petit-bourgeoisie and a weak Social Democrat party, forced to make alliances to the right. The outcome was the most divided of the three union federations and the least radical labour party. Sweden's later, faster and more dispersed industrialisation was less conducive to metropolitan craft domination, more characterised by class conflict and more favourable to the emergence of an independent labour party. Sweden's labour movement showed more class unity than the Danish, while the Swedish Social Democrats were more radical and less dependent on alliances to the right. Norway was the last to industrialise and its early labour movement was a weak version of the Danish model but when industrialisation did occur, it was more traumatic than that of Sweden. It was not only the speed of Norway's industrialisation that was important but also the sharpness of the contrast between isolated rural community and large-scale hydro-electric and metallurgical enterprises. The anomic consequences of Norwegian industrialisation have been generally held to be the prime explanation of the radical transformation of the Norwegian labour movement by the syndicalists.

Similar comparisons can be made between Britain and Sweden. Britain's early industrialisation was associated with craft union dominance and the weakness of unskilled worker organisation. By the time that Sweden industrialised technical development was undermining craft exclusivism. Differences in the pattern of economic growth were also important, for the pronounced cyclical character of Britain's earlier growth led to the periodic collapse of unskilled worker unionism. Economic growth was steadier from the 1880's to the first world war and the timing of Sweden's industrialisation during this period was more

conducive to unskilled worker organisation, which followed quickly on the heels of skilled worker unionism. This made possible the building of broader-based 'work-material' unions and the construction of a class-wide federation.

The economic context within which the labour movements emerged did much to shape their initial ideology and organisation. This in turn stimulated an employer response and out of the subsequent conflict particular institutions emerged. Economies clearly did not stop developing, however, and went through periodic crises. Both development and crisis changed the context within which unions and employers operated and might be expected to bring about institutional change. On the other hand, organisations and institutions must be allowed some autonomy, though, as pointed out in chapter 3, the notion of institutional inertia must be resisted for organisations and institutions have their own dynamics and do not just persist.

These issues can be illustrated by reference to Swedish institutional development during 1906-09. By this time, a process of escalating industrial conflict had produced relatively centralised federations and the beginnings of joint central regulation. Given the unified and class-wide organisation of Swedish labour, the organisation of the employers and the 1906 negotiation of the December Compromise can be understood in terms of the dynamics of class struggle and institutionalisation, without making much reference to the economy. But the failure of joint central regulation to become firmly institutionalised can only be explained if the economic recession of 1907-09 is taken into account, for this weakened the position of the unions and led to the 1909 defeat of the LO and the reversion to a decentralised structure. The contrast between Denmark's early institutionalising of joint central regulation in the Basic Agreement of 1899 and its abortive

development in Sweden is to be explained largely in terms of differences in the timing of institutionalisation relative to the economic cycle. The impact of the recession on Swedish institutional development cannot, however, itself be understood unless the internal tensions of the Swedish labour movement are taken into account, for the LO resorted to the desperate gamble of a general strike because its previous defensive strategy was threatening to divide the movement and undermine the LO's authority. The interactive dynamics of organisational/institutional development were interrupted by economic change but the impact of this change was mediated by the internal dynamics of the labour movement.

Institutional developments in the interwar period must be examined in a similar way. The Swedish economy was particularly dependent on competitive industrial exports. Sweden's domestic market was small and the Swedish engineering industry had been built on the export of products based on Swedish inventions. Lacking an overseas empire, Sweden did not have a protected overseas market. The economic crises of the 1920's and 1930's forced Swedish industry to adjust through wage reductions and rationalisation. Wage reductions in the 1920's resulted in major confrontations between the unions and the employers but by the early 1930's the LO leadership's growing acceptance of the case for wage reductions led to protracted internal conflicts and also to centralising reforms, such as the standard rules of 1933, as the leadership sought to control the membership. The LO leadership accepted also the case for rationalisation and cooperation between union and employers' association to bring this about developed particularly strongly in the engineering industry. The Social Democrats too accepted the argument for rationalisation and their policy of making capitalism work at full speed reflected this. The result was

the late 1930's modus vivendi between unions, employers and government, which provided the context for the establishment of joint central regulation. Institutional development occurred under the constraint of Sweden's dependence on competitive industrial exports.

The distinctiveness of Sweden's economic position becomes clearer when comparisons are made with Denmark and Britain. Danish craft industry was more orientated to the home market and the Danish economy was dependent on agricultural exports. As pointed out in chapter 22, the Danish government responded to the economic crisis of the early 1930's by a devaluation to make agricultural exports more competitive and there was less pressure for wage reductions in industry or industrial rationalisation. The archaic structure of Danish industry and Danish trade unionism contrast with the continuous rationalisation of Swedish industry and its movement towards industrial unionism and central cooperation. Britain, like Sweden, depended on industrial exports but Britain's nineteenth century retreat into empire had led to an industrial and organisational archaism like that of Denmark. Also, the dominant position of financial and trading interests in Britain militated against the development of a corporatist modus vivendi centred on industrial efficiency of the sort that emerged in 1930's Sweden. Differences in markets, in international economic situation and economic structure are not the sole explanation of these different responses, for they were clearly mediated and conditioned by organisational and political differences, but the economic differences were fundamental.

The continuation of the corporatist modus vivendi in postwar Sweden meant that industrial competitiveness could be maintained primarily through rationalisation. The LO now not only accepted rationalisation but positively encouraged it by promoting a labour

market policy to facilitate labour mobility and a wage solidarity policy in part justified by the need to transfer resources from low wage, low productivity companies/industries to areas of growth. These policies did not develop fully until the 1960's and there was government pressure on the LO to freeze wages in the late 1940's and restrain them through central wage bargaining in the 1950's but the rationalisation strategy reduced the need for such restraint. Conflicts over wages were therefore comparatively low, though at the expense of generating a growing discontent with the consequences of rationalisation. In Denmark and Britain industrial and organisational archaism obstructed rationalisation and led to a greater reliance on wage restraint as a means of maintaining international competitiveness. As argued above, Sweden's economic position and export dependent engineering industry had historically made for a rationalising response but the corporatist modus vivendi established in the late 1930's and the strategy of labour strongly reinforced this response in the postwar period.

In examining the relationship between economy and institutions we started with the early shaping of the Swedish labour movement by industrialisation. This set off a process of institutionalisation with its own momentum, though this was not independent of economic conditions and was deflected by the recession of 1907-09. During the interwar period further institutionalisation took place in the context of a growing cooperation between unions, employers and government, which developed under the constraint of Sweden's dependence on industrial competitiveness, a function of Sweden's small home market, economic structure and international economic situation. These constraints continued to operate in the postwar period but Sweden's rationalising response was the product of the 1930's corporatist

modus vivendi and the strategy of labour, as well as Sweden's economic history. One may note that this rationalising response sustained joint central regulation by reducing the salience of conflicts over wages but also ultimately undermined it by generating conflict over control.

4. Institutions, Politics and the State

Sweden's particular pattern of industrialisation provided a context within which a unified, centralised union federation could emerge, as compared with industrialisation in Britain or Denmark. Sweden's industrialisation did not, however, determine the structure of the Swedish labour movement. Technology was in a transitional state and although craft monopolies were being undermined in some industries, in others they were still strong. Craft unionism was strong in the 1880's and initially the Swedish movement was split along skill lines and developing towards a craft/general union structure. The balance between craft and class made ideology particularly influential, as did the timing of Swedish industrialisation, which allowed the growing international socialist movement to influence the unions during their formative period. In Britain, by contrast, the socialists had to work within an established framework. The argument, in the previous section, that industrialisation influenced institutional development through its influence on worker rather than employer organisation should not be taken to imply a materialist position.

In examining the political aspects of the Swedish labour movement, Sweden's late democratisation was of great importance. Sweden's later democratisation meant that the early Social Democrat Party could not base itself on purely political associations, given the restricted suffrage, and was dependent on the unions. It therefore involved

itself heavily in spreading union organisation and this in part accounts for its influence on the structure of the unions. Not only did this lead to a socialist influence on the unions, it also led to a reverse influence, since the Social Democrats' dependence on the unions pushed them in a reformist direction acceptable to the unions. Sweden's late democratisation combined with late industrialisation to produce a socialist influenced union movement and a reformist socialism.

The relationship between the timing of democratisation and ideological radicalism has been examined by Lafferty. Lafferty argues that Norway's early democratisation left the Norwegian Labour Party unconstrained by the moderating requirements of a suffragist alliance with a liberal party. Conversely, Sweden's late democratisation forced the Social Democrats to compromise with the Swedish Liberal Party and also provided the Social Democrats with a reformist success story attaching them to parliamentary methods. Sweden's late democratisation also meant, however, that the Social Democrat Party did not, like the British Labour Party, emerge in the shadow of a strong liberal party already anchored in the working class and exploiting the fruits of earlier reforms. If late democratisation exerted a moderating influence on Social Democrat ideology, it also allowed the Swedish Social Democrat Party to build a secure base in the Swedish working class as the electorate expanded due to Social Democrat efforts.

Variations in the timing of democratisation were independent of industrialisation. Democratisation occurred before industrialisation in Norway but after it in Sweden. Although Swedish industry was more modern than that of Denmark or Norway at the end of the nineteenth century, Swedish society was more backward in other respects. Swedish society was more agrarian, less urban, and had a smaller middle class

and a less educated, less politically aware population than the other two countries. Sweden's labour movement owed its character not only to Sweden's late nineteenth century industrialisation but also to the relative backwardness of the social context of industrialisation.

Sweden's late democratisation was associated with an initially undifferentiated labour movement but a steady organisational differentiation soon got under way. The politicised local committees, the first means of union coordination, gave way to the industrially focused national unions. The Social Democrat Party initially acted as a means of national union coordination but this function was then taken over by the LO. The political strike was abandoned after 1902 and the ties between the LO and the party were loosened. This organisational differentiation strengthened rather than weakened the labour movement, since it reduced ideological frictions. Indeed, while socialist influence had been unifying in that it promoted organisation on class rather than craft lines, it was also potentially divisive, as shown by the conflicts in the Stockholm central union committee and over the affiliation of the LO to the Social Democrat Party. Organisational differentiation therefore consolidated the unity of the Swedish labour movement.

Organisational differentiation was part of a more general process of institutional differentiation. Escalating industrial conflict and its early institutionalisation took place with little state interference, though this was not for want of trying. There were numerous attempts to legislate state regulation but these succeeded only in establishing state mediation services. The refusal of the Liberal Party to countenance anti-worker legislation at a time when workers did not have the vote was the main obstacle to legislation. This again points up the importance of Sweden's late democratisation. The strength of

employer organisation was also important, since this made the employers unwilling to accept legislation that might fetter the lockout as well as the strike. Thus the relative autonomy of the industrial sphere was a consequence of developments in both the industrial and the political arenas.

This emphasis on differentiation would seem to vindicate Dahrendorf's notion of the progressive 'institutional isolation' of the industrial and political spheres. The term 'isolation' is, however, as argued in chapter 3, unfortunate. The organisational differentiation of unions and party strengthened the relationship between them. Furthermore, it is clear that the relatively autonomous institutionalisation of industrial conflict in this early period cannot be understood as simply a particular manifestation of a general tendency in industrial societies. Institutionalisation occurred in such a way only because state intervention was obstructed by the divisions within the bourgeoisie, between the democratising Liberal petit-bourgeoisie and the large employers wielding the lockout weapon.

The relative autonomy of the industrial sphere was, anyway, not to last. Democratisation removed liberal inhibitions concerning anti-union legislation, while the growing strength of the LO increased employer interest in state regulation. Sweden appeared to be headed for state regulation in the late 1920's and early 1930's. The growing parliamentary strength of the Social Democrats initially intensified this tendency, for the Social Democrat leadership was not opposed to state regulation and Social Democrat economic policies were threatened by strikes. It is important to emphasise this movement towards state regulation, for in accounts such as that of Ingham the establishment of joint central regulation appears to be an almost inevitable tendency, once the LO and the SAF have appeared on the scene.

In the longer term, the rise of the Social Democrats precipitated joint central regulation. This was in part because the Social Democrats' links with the unions forced them to water down their proposals to the point where they were not acceptable to other political parties. More fundamentally, it was because the employers now changed their strategy and sought to avoid state intervention. The Social Democrat break-through in the 1930's was a necessary condition for the establishment of joint central regulation, since the Social Democrats were sufficiently threatening to both unions and employers to make them prefer joint central regulation. There was no comparable break-through in Britain, given the conservative character of Labour government policies, and any comparison of Britain and Sweden must include this political difference in an explanation of the institutional divergence of the two countries. This political difference leads one back by another route to the differences in democratisation and industrialisation, which produced very different labour parties.

The importance of the Social Democrats' rise to power for the emergence and functioning of joint central regulation is incontestable but there are very different interpretations of the role of the Social Democrats and these raise major theoretical issues concerning the role of the state. The classic labour interpretation, revived by Korpi, treats the Social Democrats as the political wing of the labour movement. According to this approach, Social Democrat governments can and do act in the interests of the working class. This is opposed by the Marxist interpretation, which sees Social Democrat governments as subordinating and integrating the working class in the interests of capital. The corporatist interpretation may be considered a variant of the Marxist approach, and is treated in this way by Korpi,

but there is considerable ambiguity in corporatist theory, which includes a pluralist as well as a Marxist stream, and which by no means excludes the possibility of the state acting in the interests of organised labour. In considering these issues, Korpi's model provides a convenient starting-point.

We may first consider these issues in relation to the establishment of joint central regulation in the late 1930's. Korpi argues that the rise of the Social Democrats resulted in a 'division of power', a 'historical compromise', that involved labour taking control of the government but the employers retaining control over the economy. Both sides of industry shifted strategy, the unions now relying on political rather than industrial power, the employers accepting Social Democrat rule and abandoning the lockout.⁶ There is much to support this model, though it is perhaps rather too balanced. The 1938 Basic Agreement was a means of controlling strikes rather than lockouts, a means of regulating labour after the failure of the early 1930's attempts to legislate. The role of the LO seems to have been relatively passive, compared with that of the SAF, in initiating the negotiations and making proposals. It was the SAF rather than the LO that developed a new strategy and this strategy did not simply mean the acceptance of Social Democrat rule but also involved the adoption of corporatist techniques to covertly influence the state apparatus. By the late 1930's there was a close cooperation between industry and government. Were the Social Democrats harnessing capitalism or was capitalism harnessing the Social Democrats? It would seem that Korpi's strategy change was by the employers rather than the unions and that cooperation was between government and employers rather than government and unions.

How well does Korpi's model fit postwar developments? Korpi's argument rests in part on the redistributive policies pursued by the

6. Ibid., p. 173.

Social Democrats. This issue is outside the scope of this thesis and there is no reason to doubt Korpi's demonstration that redistribution occurred. What, however, was the significance of this? Did it lead the unions to abandon the use of industrial power? When the development of central wage bargaining is examined, it does not fit well with this idea. The LO coordination of union wage demands was pressed on the unions by the government in the late 1940's, when the government called for a wage freeze and made it clear that free bargaining was incompatible with its stabilisation policy. Central bargaining was forced on the LO by the SAF in the mid 1950's. Social Democrat government no doubt made the unions more willing to accept wage restraint than they would otherwise have been, and to this extent Korpi's argument may be accepted. Korpi's argument does not, however, accommodate the imposition of central bargaining on the unions by the government and the SAF. One may also note that government economic policy was based on cooperation with the employers rather than the unions. The SAF's anti-planning campaign in the late 1940's was followed by a deradicalising of Social Democrat economic policy. Conversely, the LO's economic policies, based on the Rehn-Meidner model, were not adopted by the government at this time.

A corporatist model is appropriate to the period of the late 1930's to the early 1960's. The SAF quite explicitly pursued a corporatist strategy from the 1930's. Many instances can be found of the incorporation of the LO, the SAF and other interest groups in decision-making, legislation and administration, of extra-parliamentary bargaining, of an ideological consensus 'at the top', all of which are typical features of corporatist government. Government policy was directed at maximising growth within the framework of a capitalist economy. The fact that the working class benefited also does not

invalidate the corporatist model, for 'bargained corporatism' integrates the unions by giving them a stake in the system.

The corporatist model cannot cope with the radicalising of Social Democrat policy in the 1960's and 1970's. The Social Democrats became more concerned with wage solidarity than wage restraint. Their legislative attack on the employer's rights went to the heart of a basic principle of capitalist economies in general and the Swedish economy in particular. Even more fundamentally, the proposals for employee investment funds involved the collectivising of the ownership of industry. Corporatist integration collapsed in the 1970's and Social Democrat policies played a major part in this collapse. Thus although the Social Democrats had built a sophisticated structure of corporatist integration, a potential for radical action remained. While Social Democrat government had not been an instrument of the unions in the period from the 1930's to the early 1960's, it now appeared to be one - implementing economic policies based on the Rehn-Meidner model, supporting the LO's wage policy and enacting the LO's proposals on employer's rights.

Nevertheless, the extent of this policy change should not be exaggerated. It is quite misleading to present it as the start of a transition to socialism. The legislative attack on the employer's rights did little to limit the employer's power and in some ways strengthened it. The version of the employee investment fund proposals eventually adopted by the Social Democrats was a long way from the Meidner Plan and had turned it into a means of maintaining rather than a means of transcending capitalism. Social Democrat policies accommodated the labour discontent of the late 1960's and early 1970's, and indeed exploited it, but attacked the superstructure of capitalism rather than its substructure.

While not exaggerating the radicalising of Social Democrat policy, we still have to account for it. Korpi views it as an embodiment of the long-term Social Democrat goal of moving by reformist means towards socialism. The growing power of the labour movement enabled it to advance another step by attacking the employer's prerogatives and power.⁷ Social Democrat policies can certainly be presented in this way but Korpi's emphasis on long-term ideological goals does little to explain the policy change. The argument advanced in this thesis is that the policy change was firstly a response to a growing industrial discontent, which could not be contained by the existing system, and secondly, a response to the emergence of a bourgeois alliance to challenge the Social Democrats' control of government.

This argument does not, however, explain why the response took the form it did, why the response was to radicalise policy in line with union demands. Korpi's emphasis on the strength of the Swedish labour movement and the working class base of the Social Democrat Party is here borne out. The Swedish Social Democrat Party can also be contrasted with the British Labour Party, the Swedish party having a more cooperative relationship with the unions and a more secure base in the working class. These differences take us back once more to the different nineteenth-century political and industrial contexts within which the two parties emerged.

Korpi's model does therefore draw our attention to distinctive aspects of the Swedish labour movement, though, ironically, these are more relevant to an understanding of the break-down of the Swedish model than, as claimed, its functioning. Korpi's analysis has been criticised because he makes 'straw men' out of the institutionalist and corporatist approaches and is too dismissive of their insights. His own theory is too reliant on his conception of a unified labour

7. Ibid., p. 209f.

movement pursuing its long-term goals. The idea that the labour movement switched strategy makes the unrealistic assumption that trade unions will over the long term abstain from industrial action in the expectation of political rewards, unrealistic because bargaining is a union's raison d'être and a union must be seen by its members to be doing something to justify its existence. Korpi is right to point to the importance of the Social Democrats' electoral base in the working class but, when in government, political parties operate within the constraints of a capitalist economy. Thus although the concept of a unified labour movement has a basis in reality, labour movements consist of unions and parties which each operate in different contexts and within different constraints. While the corporatist approach is unable to account for the break-down of the Swedish model, it makes more realistic assumptions about the relationship between governments and interest groups and provides a better understanding of the functioning of the model.

5. System, Contradiction, Conflict and Change

It is now time to consider the more general issues given a preliminary discussion in section 5 of chapter 3.

The term 'system' has been frequently used to describe modern joint central regulation in Sweden. The concept is generally used as a means of conveying the interdependencies within a particular area of society, the relative autonomy of that area and its self-maintaining tendencies. Interdependence, autonomy and self-maintenance are all problematic, however, and should be treated as empirically variable qualities that must be demonstrated rather than assumed. There is also the problem of determining the boundaries of the system.

At the heart of joint central regulation are the interdependencies between central bargaining and centralised organisation. The existence of such interdependencies is not in question but the degree of formal centralisation varied between the LO and the SAF. The SAF had formal controls over its members' agreements but the LO did not. Indeed, the LO may be said to have leaned on the SAF, since the power of the SAF kept individual unions in line and the LO had only the negative sanction of withdrawing support. This reflected the fact that central wage bargaining was imposed on the LO by the SAF. The greater looseness of the LO's control was shown by the independent actions of the Transportworkers' Union in the 1970's. The concept of interdependence must not be allowed to obscure this imbalance between the LO and the SAF.

The system of joint central regulation did not consist just of the organisational structure supporting central bargaining. Union acceptance of the employer's rights in the plant and the priority of economic growth were also essential to it. The central strength of the unions did not extend to plant level, where the unions were in a relatively weak position. This local weakness may be considered a condition of joint central regulation, since it was bound up with the centralising of union decision-making and the unfettered rationalisation of industry. It was certainly a consequence of joint central regulation, though the weakness of local organisation did not prevent some workers having considerable local bargaining power, as wage drift demonstrated. There was a hidden, local side to the system, where the central balance of power did not operate but on which joint central regulation nonetheless depended.

The question arises of the inter-relationship between joint central regulation and industrial unionism. The two may be considered congruent, in that industrial unionism would match the industrial

organisation of the employers and provide a more integrated structure to support central bargaining than the craft/general principle.

Danish history certainly demonstrates that craft unionism obstructs the development of joint central regulation. The IO was, however, far from uniformly industrial in organisation in the 1950's, when central bargaining was established. The anomaly is resolved by the fact that the remaining craft unions were small and/or peripheral. There was an interdependence between central bargaining and industrial unionism but the relationship was not as tight as might theoretically have been expected.

The problem of autonomy and that of boundaries are raised by the inter-relationships between joint central regulation and the state. There are two sub-issues here, since joint central regulation was inter-related with state agencies and with Social Democrat government. So far as state agencies were concerned, joint central regulation was reinforced by the Labour Court, which strengthened the power of the employer and the authority of the union leadership but it is doubtful whether joint central regulation was dependent on the Court, in part because other forces operated to keep the unions in line during the central negotiations, and in part because at local level employers made infrequent use of it. There can be little doubt that joint central regulation was heavily dependent on the services of the mediators and became increasingly so as it started to break down. So far as Social Democrat government is concerned, it has been argued that joint central regulation was dependent on Social Democrat government and was part of a wider corporatist integration centred on Social Democrat control of the state. Use of the system concept should not therefore be taken to mean that joint central regulation was independent of the state.

The notion of self-maintenance is on the whole misleading. As formulated by Dunlop⁸ it is anyway somewhat tautological, since systems have this tendency only if there are no fundamental external changes. Unless a system is capable of resisting such changes, there seems little justification for conferring self-maintenance upon it. It is clear that in the Swedish case no sooner had joint central regulation reached its climax with central wage bargaining than it began to come under the pressures that led to its decline. Accelerated economic growth, occupational changes, the expansion of the public sector and intensified political competition eroded the external conditions on which it depended. Furthermore, joint central regulation had self-undermining characteristics which belie the notion of self-maintenance.

Thus although there are grounds for considering joint central regulation a system, since interdependencies certainly existed, assumptions of balance, autonomy or self-maintenance are not justified. Indeed, the Swedish system of joint central regulation was highly exposed to external change and internal contradiction.

This raises the issue of the concept of contradiction. How useful is this in understanding the collapse of joint central regulation?

One may first consider the Marxist notion of contradiction. The classic arguments concerning the inevitable break-down of capitalism are of little relevance but the general notion of a contradiction between the developing forces and existing relations of production could be applied to the collapse of joint central regulation. Economic growth and economic instability generated an industrial discontent, which led to the attack on the employer's rights and a movement to replace the private ownership of industry by collective ownership

8. See chapter 3, section 5 (a).

through employee investment funds. The implication that Sweden is making a transition from capitalism to socialism has, however, been treated with some scepticism in the previous section. Argument along these lines does not, anyway, take account of the other processes leading to break-down, namely the expansion of the public sector, the growth of non-manual occupations and the intensification of political competition. The idea of contradictions emerging from economic developments is appropriate to one of the processes leading to break-down but carries unacceptable implications of transformative change and is also too materialist.

A non-Marxist concept of contradictions emerging within the super-structure is contained in the idea of the self-undermining characteristics of joint central regulation. As argued earlier, joint central regulation is not really separable from the wider Social Democrat corporatist integration of Swedish society and this can be regarded as self-undermining and therefore contradictory, as well. Social Democrat corporatism generated the formation of a 'bourgeois' alliance and the consequent intensified political competition because it excluded the other political parties from power and thereby motivated them to overcome their differences.

This discussion at the system level should not be taken to imply that the social level has been disregarded. Indeed, the analysis of the development of joint central regulation started at the social level, as discussed at the beginning of this chapter. It was the distinctive pattern of class conflict around the turn of the century that produced the centralised federations on which joint central regulation was built. Also, it was this distinctive class conflict that produced a Social Democrat Party capable of forcing the employers to change their strategy and move towards corporatism and joint central

regulation in the late 1930's. It was intensified industrial conflict and the reactivation of labour radicalism that undermined joint central regulation in the later 1960's and 1970's. This intensified conflict involved both class conflict along the power dimension and a more fragmented, sectionalist rivalry over wages.

Analysis at the social level alone is not enough and the problem is to link conflict at the social level with institutional development and change. This is where the much maligned concept of the institutionalisation of industrial conflict is an indispensable starting-point, for it bridges the gap between the social and system levels by deriving institutions and organisations from industrial conflict. This is not the only linkage required, for out of class conflict came also the class based political parties and state intervention, which interacted with industrial organisation to produce the modern institutional structure. A further linkage must deal with the impact of industrial conflict on this institutional structure but also with the reverse process through which the institutional structure itself shaped and generated industrial conflict. In these ways, the analysis of both social stratification and institutions can be combined to provide an understanding of the development of industrial conflict and its international variations.

Appendix AStoppages of Work in Sweden 1903-1980

	Work Stoppages (Strikes and Lockouts)	Worker Days Lost (000's)	Workers Involved (000's)
1903	142	642	25
1904	215	386	12
1905	189	2390	33
1906	290	479	19
1907	312	514	24
1908	302	1842	40
1909	138	11800	302
1910	76	39	4
1911	98	570	21
1912	116	292	10
1913	119	303	10
1914	115	620	14
1915	80	83	5
1916	227	475	21
1917	475	1424	47
1918	708	1436	61
1919	440	2296	81
1920	486	8943	139
1921	347	2663	40
1922	392	2675	76
1923	206	6907	103
1924	261	1205	24
1925	239	2560	146
1926	206	1711	53
1927	189	400	9
1928	201	4835	71
1929	180	667	13
1930	261	1021	21
1931	193	2627	41
1932	132	3095	50
1933	140	3434	32
1934	103	760	14

	Work Stoppages (Strikes and Lockouts)	Worker Days Lost (000's)	Workers Involved (000's)
1935	98	788	17
1936	60	483	3
1937	66	861	29
1938	87	1284	29
1939	45	159	2
1940	38	78	4
1941	34	94	2
1942	139	53	1
1943	167	94	7
1944	214	228	7
1945	163	11321	133
1946	137	27	2
1947	81	125	57
1948	47	151	6
1949	31	21	1
1950	23	41	2
1951	28	531	15
1952	32	79	2
1953	20	582	26
1954	45	24	8
1955	18	159	4
1956	12	4	2
1957	20	53	2
1958	10	15	0 (84)*
1959	17	24	1
1960	31	18	1
1961	12	2	0 (140)*
1962	10	5	4
1963	24	25	3
1964	14	34	2
1965	8	4	0 (248)*
1966	26	352	29
1967	7	0 (400)*	0 (90)*
1968	7	1	0 (379)*
1969	41	112	9

* Where rounding down produces 0, actual numbers are given in brackets.

	Work Stoppages (Strikes and Lockouts)	Worker Days Lost (000's)	Workers Involved (000's)
1970	134	156	27
1971	60	1072	97
1972	44	11	7
1973	48	12	5
1974	237	58	27
1975	290	358	38
1976	123	26	10
1977	107	119	18
1978	173	42	18
1979	207	29	32
1980	208	4471	745

Source: Statistisk Årsbok^o (various years).

Abbreviations

AEU	Amalgamated Engineering Union
FBI	Federation of British Industries
EFO	Edgren, Faxen and Odhner
GF TU	General Federation of Trade Unions
LCAT	London Conference of Amalgamated Trades
LKAB	Luossavaara-Kiirunavaara Aktie Bolaget (The L-K Company)
LO	Landsorganisationen (The Swedish Trade Union Federation)
LTC	London Trades Council
MTM	Method's Time Measurement
NCEO	National Confederation of Employers' Organisations
NUGMW	National Union of General and Municipal Workers
PTK	Privattjänstemannakartellen (Private Sector Salaried Employees' Federation)
SAC	Sveriges Arbetares Centralorganisation (The Swedish Central Labour Organisation i.e. the Syndicalist Federation)
SACO	Sveriges Akademikers Centralorganisation (The Federation of Swedish Graduates)
SAF	Svenska Arbetsgivareförbundet (The Swedish Employers' Federation)
SAV	Statens Avtalsverk (The State's Negotiating Agency)
SIF	Svenska Industritjänstemannaförbundet (The Swedish Union of Salaried Employees in Industry)
SR	Statstjänstemännens Riksförbund (The Federation of Civil Servants)
TCO	Tjänstemännens Centralorganisation (The Federation of Salaried Employees)
TGWU	Transport and General Workers Union
TUC	Trades Union Congress
VF	Verkstadsförbundet (The Engineering Employers' Association)

Newspapers and Journals

Newspapers and journals referred to in foot-notes
but not specified in the bibliography are listed here

Arbetaren (The Worker)

Arbetet (Work)

Arbetsgivaren (The Employer)

Dagens Nyheter (The Daily News)

Fackföreningsrörelsen (The Union Movement)

Göteborgs Söndagstidningen (Gothenburg's Sunday Paper)

Statsanställd (The State Employee)

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N.B. The Swedish letters H, Ø and Å
come in this order at the end
of the alphabet.

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