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Introduction: The 'Nordic Model' of Industrial Relations

Since the mid-1960s Swedish industrial relations have undergone such fundamental changes that the very existence of a 'Swedish model' is now questioned. Nevertheless, given the continuing similarities between Nordic countries,² and the differences between them as a group and other European countries, the notion of a 'Nordic model' of industrial relations still has descriptive and analytic value. First, therefore, the broad outlines of the 'Nordic model' will be presented. The main focus of the chapter, however, is on Swedish industrial relations: the roots of the 'historic compromise' between capital and labour in the 1930s, and the erosion of the Swedish model of 'self-regulation' and centralized bargaining by increased state intervention and pressures to decentralization.

Nordic industrial relations characteristically reflect a relative balance of power between capital and labour: compromises between employers' associations and unions were concluded at an early stage in the three Scandinavian countries, although Finland lagged behind. Cross-class deals – notably with farmers' parties – allowed Scandinavian labour movements represented by strong social-democratic parties to extend their already considerable industrial and political strength to the political sphere (Therborn 1984; Katzenstein 1985). This occurred in the 1930s in Norway and Sweden, and considerably earlier in Denmark. Important legislation on union balloting rules, with centralizing effects on industrial relations, was passed in Denmark as well as Norway in the 1930s.

In the long run, however, the coalitions of the 1930s were of lesser significance. They were succeeded by a long era of 'bloc policy' with social-democratic parties as leaders of a 'socialist bloc' competing with a 'bourgeois bloc'. Since the early 1930s, governments led by social democrats have been in power for all but 9 years in Sweden and for all but a dozen or so in Norway. Denmark has had somewhat longer periods of centre-right rule, notably from 1982 to 1993, but social-democratic governments have again predominated, ruling with only short breaks between 1929 and 1982. In Finland there have been periods of social-democratic-

led governments since the late 1940s, although their dominance has been much less striking than in the Scandinavian countries. In contrast to other Nordic countries, Finnish governments have generally consisted of coalitions bridging socialist and non-socialist blocs. Thus the agrarian/centre party has been a major component of governments for more than 50 years. In the 1990s, however, co-operation between social democrats and centre parties broke down in Finland but was established in the other Nordic countries. Another distinct feature of Finnish governments is the participation of communists during the 'popular front' governments of 1945–8, in 1966–70, and finally in a 'third wave' in 1975–9.

The crucial element in Scandinavian compromises between capital and labour was the development of co-operation in the industrial arena. The Danish September Compromise of 1899 was the first basic agreement in the world. In Norway and Sweden basic agreements were reached in 1935 and 1938 respectively, although there were important precursors: the 1907 Metal Agreement in Norway, the 1905 Engineering Agreement and the 1906 'December Compromise' in Sweden. Employer prerogative was accepted by the unions in exchange for recognition of basic trade union rights. Under Sweden's 'historic compromise' of the 1930s, it was agreed that the efforts of social democratic governments to bring about economic growth should not challenge the capitalist nature of production (Korpi 1978; 1983). Class compromise in Finland was delayed by the civil war from which the bourgeois forces emerged victorious, and by the absence of a unified labour movement.

In the Scandinavian countries, social-democratic hegemony within the labour movements was an essential precondition for capital-labour compromises. Their subsequent strategy has been based on strengthening the position of workers and unions through economic growth, permitting 'full employment' and social reforms. The close links between manual workers' unions and social-democratic parties have facilitated the implementation of this strategy.

The basic agreements promoted another distinctive feature of Nordic union movements and industrial relations: the combination of centralization and decentralization (Kjellberg 1983). The decentralized element already existed from an early stage in the form of union workplace organizations, which still represent the national unions at workplace level and have important functions including recruitment and bargaining. This has favoured high union density: mutual recognition at central level has curbed the fragmentation of trade unionism, while granting basic union rights that have facilitated the unions' presence at the workplace and allowed direct contact with workers.

The basic agreements, together with political initiatives, paved the way for the introduction of a three-tier system of collective bargaining. The traditional system of collective contracts concluded by national unions and their workplace organizations was supplemented by a third level of centralized agreements on wages and related issues (in Denmark from the 1930s, Norway from the 1940s and Sweden from the 1950s).

The introduction of centralized bargaining presupposed a certain centralization of the parties themselves. Almost from the start, the threat from powerful unions drove Scandinavian employers towards centralized organization and their confed-

erations were given extensive powers over affiliated bodies. Large dispute funds were built up and had to be co-ordinated centrally, especially as extensive lockouts came to be the favourite weapon of Scandinavian employers. (In Finland a similar centralization of employers did not occur until the 1950s.) The centralization of Scandinavian union confederations took place later. In the 1940s, the Swedish LO (Federation of Trade Unions) was given considerably increased powers over affiliated unions, within which the authority of the leadership was strengthened at the expense of the members. Balloting on collective bargaining outcomes was abolished.

The regular use of membership ballots on draft agreements in Denmark and Norway puts intense pressure on union negotiators to win concessions. This makes centralized bargaining a much more complicated affair than in Sweden and helps explain the greater state intervention in collective bargaining in Denmark and Norway. In Denmark (and in Norway until 1982), state mediators are given the right to aggregate ballot results from different unions and sectors, and mediation proposals have in Denmark often been transformed into law. The extensive use of compulsory arbitration in Norway should also be mentioned. In addition, there have in both countries been periods with wage laws.

The traditional three-tier system of collective bargaining corresponds to a four-level system of union organization: the workplace; local union branches; national unions; and union confederations and bargaining cartels. Where workplace organizations are absent – particularly in small enterprises – local union branches take care of bargaining at this level. In other cases they assist workplace organizations if required.

From an international perspective, the Nordic union systems are both comparatively centralized and decentralized. Nordic union confederations have long had an important role in centralized bargaining for manual workers in the private sector; however, this role has been undermined by the expansion of public-sector and white-collar employment which has strengthened the role of bargaining cartels. At the same time, union workplace organizations have important decentralized bargaining functions – in contrast to many European countries where bodies other than unions, such as works councils, are assigned these tasks. (Works councils in Nordic countries are exclusively union mechanisms.)

The absence of political and religious divisions in the Nordic unions (with the exception of Finland in the late 1950s and 1960s) and their success in avoiding dual systems of representation have facilitated the recruitment of members. Labour legislation in the 1970s further extended the role of union workplace organization. Furthermore, the collective character of Nordic labour law implies that unions and their workplace organizations – not individual workers – are legal entities. Together with the combined centralization and decentralization, these circumstances explain why union densities in the Nordic countries are very high from an international perspective: 83–85 per cent in Sweden, 82–88 in Denmark, 79 in Finland, and 56 in Norway (1994–5). In contrast to the first three countries, Norway has no union unemployment funds, which might explain the lower Norwegian density.

Nordic countries are also distinguished by high rates of affiliation to employers'

associations. In the private sector the aggregate density of employers' associations (the proportion of the workforce in affiliated firms) is 75 per cent in Sweden (author's calculation), 55 per cent in Norway (Dølvik and Stokke in this volume), and 51 per cent in Denmark (Scheuer 1996: 84, 256). Despite the absence of procedures for extension, the coverage of collective agreements is impressive, ranging from 69 per cent of workers in Denmark to 94 per cent in Sweden. In Sweden it is only slightly lower in the private sector (90 per cent), in contrast to Denmark and Norway whose lower private sector coverage (52 and 50–55 per cent respectively) seems to be related to the lower density of employers' associations and to the fact that some contracts are valid only if a majority of workers at a workplace are union members.

The characterization of Nordic unions as both centralized and decentralized does not imply that intermediate levels – the national unions and their local branches – are less important than elsewhere. Bargaining by national unions at industry level has increasingly replaced centralized agreements, and even where central agreements exist (as in Norway), sectoral bargaining is important in adapting their provisions to each industry. Without the consent of major national unions, no centralized negotiations will take place. The prominence of Nordic national unions is emphasized by the fact that union workplace representatives – in contrast to British shop stewards – are wholly integrated into the national unions and their branches.

Since the 1980s there has been a tendency to decentralization of collective bargaining, above all in Sweden and Denmark; Finland and Norway have tended to remain more centralized. The objective of Swedish employers has been to decentralize bargaining down to workplace level. The unions have successfully defended national bargaining, although the concrete substance of the agreements is increasingly being displaced to workplaces. In Norway at the end of the 1980s and in Finland in the mid-1990s, tripartite recentralization occurred in response to the economic recession. In Sweden similar developments took place in the first half of the 1990s, but they were considerably more fragile and without direct participation of union and employer confederations. Economy-wide tripartite co-ordination on wage increases in Sweden did not preclude continued decentralization.

Structural Changes Generating Tensions in the Swedish Model: The Economy and Labour Market

Few if any economies are so concentrated and internationalized as the Swedish. Despite its small population – 8.8 million – a surprisingly large proportion of big companies are based in Sweden. Out of the top 500 European firms by capitalization, 32 were Swedish in 1996 (*Financial Times* 1997). Among the other Nordic countries, Denmark and Norway accounted for nine each and Finland for seven. There is obviously a close correlation between the size of firms and the degree of internationalization in a small country like Sweden: only by selling the greater part

of production in foreign markets (through exports and production abroad) has the impressive expansion of the largest Swedish firms been possible. Many of them employ far more workers abroad than in Sweden. A recent trend is an explosive growth in foreign investments in Sweden.

The size and internationalization of leading Swedish firms, combined with the smallness of the country, have given them a strategic position among the country's social forces. There is, however, an increasing discrepancy between the growing economic significance of the 'C-sector' (the sector competing on international markets) and its declining share of labour force. In 1963 the sector accounted for 30 per cent of the total number of working hours; by 1992 the figure had fallen to 18 per cent.

For decades social-democratic policy favoured the big, export-oriented enterprises as a motor of economic growth. The historic compromise at the end of the 1930s was based on a common aspiration for economic growth and efficiency. However, tensions were to be generated by the rapid expansion of the welfare state – another aspect of the Swedish model – where productivity failed to keep pace with that of the private sector. The central role of the relationship between LO and the peak employers' body has been undermined by the massive growth of the public sector. The number of public employees has outstripped those represented by LO in centralized wage negotiations with SAF (the Swedish Employers' Confederation); in 1995, the public sector accounted for 39 per cent of employed workers. The overwhelming majority (73 per cent) were women and as many as 55 per cent of all female workers were employed in the public sector in 1995, but only one in five male workers. By international standards the activity rate of women in the Swedish labour force is very high: 74 per cent in 1994, compared to 78 per cent for men.

The LO-SAF axis was also undermined by the increasing proportion of white-collar workers, in particular as the manual-white-collar division is very marked in Swedish union structure. Almost all national unions affiliated to LO are manual workers' unions. TCO (the Swedish Confederation of Professional Employees, founded in 1944) and SACO (the Swedish Confederation of Professional Associations, established in 1947) are composed exclusively of white-collar unions. In 1996 LO had 1,890,000 'active' members (i.e. excluding pensioners, students, etc.), of whom about 800,000 were in the public sector. TCO had 1,122,000 and SACO 310,000 (see table 3.5).

With the accelerating internationalization of the Swedish economy, the introduction of new production concepts and an increasingly fragmented union structure, centralized bargaining has gradually been dismantled in line with a new, militant strategy on the part of employers. The transition from co-operation to confrontation between the 'labour market parties' in both the industrial and state arenas can be traced back to the extensive labour legislation of the 1970s, which responded to union and worker concerns at the negative implications of the Swedish model: a one-sided emphasis on economic growth and structural rationalization, and the persistence of employer prerogative as a result of the historical compromise. The radicalization of the union agenda prompted a more militant approach by the employers. In the 1990s they withdrew from corporatist represen-

tation, but ironically were forced to participate in the corporatist concertation of collective bargaining under the auspices of the state. Despite rising unemployment, no other formula could be found to combat inflationary wage settlements in an increasingly fragmented bargaining system. Consequently, the classical Swedish model of 'self-regulation' (see below), was partly replaced by 'state regulation'.

Until the early 1990s, low unemployment was a distinctive feature of the Swedish labour market, with a low point of 1.5 per cent in 1989, when the OECD-Europe average was 8.3 per cent. Since 1991 a profound change has occurred. Unemployment rose sharply, reaching 8.2 per cent in 1993 before dropping back to 7.7 in 1995. In contrast to earlier recessions in which the expansion of public services offset falling employment elsewhere, the public sector has itself been hit by redundancies.

The traditional Swedish policy of full employment has gradually come into conflict with pressures from international capital markets, especially given the dominance of large multinational exporters in the Swedish economy. The deregulation of credit and foreign exchange at the end of the 1980s has starkly revealed the narrowing confines of national economic policy. It was not by chance that Sweden announced plans to join the EU in a (social democratic) crisis package in 1990. Addressed primarily to the (financial) 'markets', this step was taken without prior public debate.

The internationalized character of big Swedish firms is also increasingly restricting the scope for national collective bargaining. With the structure of wage negotiations increasingly fragmented and the Swedish unions' capacity to take industrial action still intact, co-ordination by the state is on the agenda. So too is new labour legislation – this time on the initiative of the employers. The outcome seems to be a tripartite compromise over a new Swedish model of collective bargaining.

The Establishment of the Swedish Model of Industrial Relations: Centralized 'Self-regulation'

The Swedish variant of the 'Nordic Model' of industrial relations was long distinguished by remarkably limited state regulation. This changed in the 1970s when labour legislation was introduced on a massive scale. Since the 1980s the frequency of government intervention in collective bargaining has accelerated, culminating in tripartite co-ordination in 1991–5. As a result, Swedish industrial relations have become more similar to those of other Nordic countries.

From the end of the 1930s up to the 1980s the Swedish model could be labelled centralized 'self-regulation'. Even at the beginning of the twentieth century the balance of power in the industrial arena, reflected in the fundamental compromises between unions and employers' associations, made extensive labour legislation less urgent (Kjellberg 1992). Labour law did not play a significant role until the end of the 1920s. In the 1930s both LO and SAF preferred self-regulation –

through the 1938 'Saltsjöbaden Agreement' – to the extension of labour law threatened by the social-democratic government if the 'labour market parties' failed to reach agreement. Self-regulation allowed the unions to retain a function in the eyes of their members, while employers could avoid regulation of industrial relations by a social-democratic government. Finally, the government believed that union members were more likely to accept 'labour peace' and pay restraint if the unions preserved a degree of autonomy.

Social democracy's attainment of political power encouraged a co-operative strategy by the unions. In exchange for social reforms and improved material conditions, they were prepared to show 'social responsibility'. One aspect of this was the reduction of the very high, albeit declining, levels of industrial conflict (see table 3.1). This was seen by all parties as essential for economic recovery and, in particular, to combat high unemployment. To foster labour peace the powers of LO over affiliated national unions were strengthened under the new LO constitution of 1941.

Despite self-regulation, the state intervened informally in several aspects of Swedish industrial relations. The intimate links between the social-democratic party and the union movement provided a two-way channel of influence between government and LO. As a consequence of the 'historic compromise' the employers also came to use informal channels, influencing government policy through 'non-political' experts and through representation on government agencies and commissions, rather than attempting to support the bourgeois parties and mounting a political challenge to social democracy. Confrontation thus gave way to co-operation and corporatism.

The basic agreement of 1938 and the subsequent centralization of LO were complemented by a third step, the introduction of centralized bargaining in the 1950s. For almost three decades centralized bargaining was a successful alternative to open government intervention and enabled LO to implement a 'solidaristic wage policy'. The initiative, however, came from the employers who wanted to overcome a lack of discipline and to improve co-ordination between SAF associations, as well as between individual employers.

The solidaristic wage policy functioned as an extra-governmental form of incomes policy and accelerated structural transformation by forcing up wages in low-paid industries, while export industries benefited from relatively low wage increases. The 'active labour market policy' managed by the Labour Market Board played an important supplementary role by encouraging geographical and occupational mobility of workers.

The Swedish Model under Growing Pressure

By the 1960s, the classic Swedish model was already under pressure from both structural change and growing internal contradictions. Public sector expansion, technological development, new areas of competition and accelerating internation-

Table 3.1 Strikes and lockouts

<i>Period</i>	<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>Per million employees***</i>
<i>A. Average number of strikes and lockouts per year</i>						
1920–29	–	–	–	–	271	148
1930–39	–	–	–	–	124	63
1940–49	3	102	–	–	105	48
1950–59	1	21	–	–	22	9
1960–69	<1	14	9*	23*	14	5
1970–79	<1	10	131	142	11	3
1980–89	1	12	108	121	13	4
1981–89**	1	11	99	111	12	3
1990–95	4	11	27	42	15	4
<i>Per thousand employees***</i>						
<i>B. Average number of participating employees per year (000s)</i>						
1920–29	–	–	–	–	68	37
1930–39	–	–	–	–	24	12
1940–49	–	–	–	–	22	10
1950–59	–	–	–	–	6	3
1960–69	–	–	2*	5*	4	2
1970–79	4	3	18	25	7	2
1980–89	82	43	14	122	108	30
1981–89**	15	25	13	53	40	11
1990–95	22	24	3	45	42	11
<i>Per thousand employees***</i>						
<i>C. Average number of days lost per year (000s)</i>						
1920–29	–	–	–	–	3.256	1.780
1930–39	–	–	–	–	1.446	736
1940–49	–	–	–	–	1.219	558
1950–59	–	–	–	–	151	59
1960–69	–	–	7*	54*	47	16
1970–79	28	72	65	165	100	30
1980–89	454	252	14	717	702	194
1981–89**	47	244	12	299	287	79
1990–95	170	140	4	282	278	76

(1) Legal lockouts, (2) Legal strikes, (3) Illegal strikes, (4) All strikes and lockouts, (5) Legal strikes and lockouts.

* Illegal strikes only 1965–69.

** 1981–89 is shown separately to exclude the big lockout and strike of 1980.

*** Only legal strikes and lockouts.

Note: Employees simultaneously covered by strike and lockout are shown in each of columns (1) and (2), while columns (4) and (5) and the last column are cleared of double-counting.

Source: Calculations of data from *Statens förlikningsmannarexpedition* and SCB.

alization of the economy caused substantial shifts in the employment structure and changed power relations. Gradually, the negative effects of the model were becoming evident. In the late 1960s and early 1970s, with unions relatively weak at the workplace (reflecting the historical compromise), rapid structural transformation and the intensification of work provoked worker discontent. In addition, the solidaristic wage policy was disadvantageous to some groups, such as the traditionally well-paid miners of northern Sweden. Worker unrest, manifested in wildcat strikes, stimulated a radicalization of the union movement. In the face of employer resistance, collective bargaining was an inadequate means of solving these problems.

The principle of self-regulation was abandoned and extensive labour legislation was introduced in the 1970s to increase union influence over employment and production matters. Measures were passed on job security (1974), union workplace representatives (1974) and co-determination (1976); the Co-determination Act was a framework agreement to be implemented through subsequent collective agreement. Taken together with LO's subsequent campaign for wage-earners funds, this represented the replacement of the spirit of co-operation of the Saltsjöbaden agreement by confrontation. The employers, encouraged by the social democrats' loss of office after 44 years (1932–76), launched a strong ideological and political counter-offensive. SAF refused to conclude an agreement under the Co-determination Act until 1982; the agreement reinforced negotiating rights in the event of major changes within enterprises, but beyond that it contained no substantive rules of co-determination. In contrast to the 1930s, the balance of power gradually shifted in the employers' favour and SAF later saw the dismantling of the corporatist system of representation as a way of further reducing union influence (see below).

Although the labour legislation of the 1970s left the system of wage negotiations untouched it influenced the employers' bargaining strategy by calling into question important parts of the 'historic compromise'. Structural shifts within the employers' camp were also of importance. Even in the 1930s, big export-oriented industrialists had initially opposed the policy of co-operation, while home market industries had been more favourable. In the 1960s, a pressure group of big exporters unsuccessfully called for SAF to reconsider the policy of centralized bargaining. By the 1980s, however, the growth of the export sector and accelerated internationalization paved the way for a profound shift of policy within SAF in favour of decentralization.

The changing structure of employment, reflected in new and more complicated union constellations, was a further important impetus for dismantling the centralized system of bargaining. The privileged position of the LO–SAF axis in the system of centralized wage negotiations was eroded by the expansion of public sector and white-collar employment. As a consequence of the 'segregated' Swedish union structure, the growing proportion of white-collar workers favoured TCO and SACO at the expense of LO, an effect reinforced by white-collar union density that was very high by international standards (about 85 per cent). LO public sector unions, who were not part of LO–SAF negotiations, increased their weight

within the organization: the rapidly-growing Municipal Workers' Union (Kommunal) replaced Metall as the largest LO union in 1977.

LO–SAF wage negotiations therefore covered a shrinking proportion of workers. Instead powerful bargaining cartels emerged, i.e. federations of national unions performing common negotiating tasks. In 1973, TCO and SACO unions founded the PTK cartel to bargain with SAF. Despite the strong centralizing ambitions of the government a more complex pattern emerged among public sector workers, with the foundation of a number of unions and cartels: TCO-S (1967), and the LO union SF (1970; SEKO since 1995) in the central state sector; the TCO cartel KTK (1976), and Kommunal in the municipal sector.

Public sector white-collar unions and bargaining cartels did not hesitate to follow a militant approach. New union alliances arose from the profound shifts in employment structure and bargaining strength. In the 'great conflict' of 1980 these trends were clearly manifested. The LO and TCO public sector organizations (known as the 'Gang of Four') co-ordinated wage negotiations and seized the initiative. Their high wage demands forced LO to raise its own demands, triggering the 'great conflict'. Two contrary but parallel processes underlay this development: the centralization of white-collar and public sector unions, and the fragmentation of the union system as a whole into blocs of relatively equal strength – LO (manual workers, private sector), PTK (white-collar workers, private sector) and the 'Gang of Four' (LO and TCO public sector unions).

In the 1980s, the success of LO's solidaristic wage policy generated considerable tensions between LO and TCO/SACO unions. White-collar unions other than SACO were influenced by solidaristic norms, but applied them only *within* their ranks and firmly opposed diminished wage differentials between white-collar and manual workers. Consequently wage differentials declined within the LO and TCO spheres but not between manual and white-collar workers. Furthermore, in the mid-1970s, clauses had been introduced in agreements to compensate white-collar and public sector workers for the fact that manual workers in manufacturing had greater opportunities to benefit from wage drift, i.e. increases in earnings beyond those negotiated in collective agreements. On the whole, pay increases have developed in parallel between manual and white-collar workers (see table 3.2).

Continuing differentials between union blocs made it difficult for LO to urge wage restraint and 'social responsibility'. With more militant groups demanding substantial wage increases, LO was forced to revise its claims upwards. Solidaristic wage policy, based upon the privileged position of the LO–SAF axis, lost its role as an alternative to incomes policy. Accelerating pay competition between competing union blocs, combined with declining economic growth, resulted in a divergence between real and money wages, further sharpening conflicts between the blocs. Between 1970 and 1992 total wage costs rose 700 per cent, productivity 45 per cent and real wages only 10–20 per cent (SAF annual report 1992: 18).

Table 3.2 Contractual wage increases and wage drift in manufacturing industry, 1975–96 (yearly averages)

Year	Manual workers			White-collar workers		
	(A)	(B)	(C)	(A)	(B)	(C)
1975–82	5.9	4.3	10.2	7.3	2.4	9.7
1983–86	4.4	3.6	8.0	3.3	4.0	7.3
1987	—	—	6.4	2.0	4.1	6.1
1988–90	3.6	5.8	9.3	3.1	5.8	9.0
1991–95	2.0	2.3	4.3	1.6	2.5	4.1
1996	3.9	3.0	6.9	3.4	5.1	8.5

(A) = contractual wage increase.

(B) = wage drift.

(C) = (A) + (B) = total wage increase.

Source: Konjunkturinstitutet.

Decentralization as an Employer Strategy in the 1980s and 1990s

Since the beginning of the 1980s, Swedish employers have increasingly challenged centralized bargaining (Martin 1995). Having forced the unions to accept centralized bargaining in the 1950s, they now argued that central agreements failed in their objective of restraining wages, functioning as a 'floor' for wage increases, rather than as a 'ceiling'. Additional wage increases at the lower levels of the three-tier system therefore threatened the competitiveness of Swedish industry, temporarily restored by repeated devaluations. The introduction of compensation clauses and intensified efforts to raise wages of low-paid groups meant that wage drift in profitable export firms spread to the whole economy, making it difficult for employers to use wages to recruit and retain skilled labour. In the period of central SAF–LO agreements, 1956–82, wage drift among manual private sector workers on average accounted for almost 50 per cent of total wage increases (Edin and Holmlund 1992: 7).

As international competition intensified, employers increasingly saw decentralization as a means of securing greater wage flexibility at local level. Workplace bargaining has long had a prominent role in Sweden, but it has taken place within a framework established by centralized bargaining, allowing central principles and norms to be transmitted to local level, and imposing uniform and, according to employers, inflexible provisions across a wide variety of different local conditions. The erosion of wage differentials diminished employers' ability to use pay as a tool for promoting productivity, flexibility and quality in a period when traditional piece-work declined and many employers felt compelled to pursue flexible work organization based upon teamwork and multiskilling (Pontusson and Swenson 1996: 236–7).

The great conflict of 1980 clearly demonstrated the limitations of centralization

for the employers under the prevailing power relations in the Swedish labour market. SAF called a massive lockout of its 750,000 members, but it completely failed to come up to the expectations of the organization's new militant leadership. Not surprisingly, strategy soon shifted in favour of decentralization (de Geer 1992: 142–43), which employers believed would minimize the risk of large labour conflicts (Elvander 92: 13). (In practice, the 1990s have shown that employers may be vulnerable even to relatively limited strikes – see below.) Engineering employers were in the forefront of the call for decentralization. They were particularly exposed to rising wage costs because of high export shares, relatively labour-intensive production and local pay systems promoting wage drift. The engineering employers' organization VF, the dominant body within SAF, threatened to leave the organization unless it changed its statutes to facilitate decentralized bargaining; and, in 1983, it broke away from economy-wide negotiations.

However, the path to the ultimate goal of completely decentralized pay determination has been far from smooth. Externally, employers have faced resistance from union confederations and social-democratic governments. Internally, they have been undecided over objectives. The collective employer interest in wage restraint, implying a degree of central co-ordination of pay determination, appears to be incompatible with a full-blooded decentralization strategy – at least in countries like Sweden with high union density and (until the 1990s) low unemployment (Elvander 1988). Uncertainties and divisions over strategy also reflected differences between companies competing in international markets, led by VF (but excluding the capital-intensive process-based forest industries), and those oriented to the domestic market, for example retail trade (de Geer 1992: 131; Pontusson and Swenson 1996: 239–42). However, most associations favoured some co-ordination of bargaining when decentralized negotiation failed to deliver moderate pay settlements (as in 1984 and 1988). As a result, they have followed a 'zigzag' path towards decentralization, with bargaining rounds oscillating between centralization and decentralization (see table 3.3).

Union positions were also complex. In the export sector, for example, unions were joined with employers in a 'cross-class coalition' of interests (Iversen 1996) which saw decentralization as necessary for the promotion of international competitiveness through more flexible wages and production systems. Thus, the largest private sector union, Metall, supported VF's initiative: centralized bargaining had opened a widening gap between skilled workers and lower-level white-collar workers; this prompted many skilled workers to leave Metall and join the TCO union, SIF, in order to benefit from more favourable contracts. Metalworkers were also irritated by compensation clauses favouring workers in the protected sector, and failed to see why others should benefit from their increased productivity and wage drift.

Several steps may be identified in the gradual decentralization of bargaining. First, the three-tier system was replaced by a two-tier system by the removal of the top level (see table 3.4). Second, the contents of national collective agreements have become less detailed, and their pay provisions may be superseded by local agreements between companies and union workplace organizations. Third, these tendencies have paved the way for new pay systems at workplace level: pay-setting

Table 3.3 Collective agreements, 1980–98

Duration	Sector			
	LO-SAF	PTK-SAF	National Government	Local Government
One year 1980	x	x	x	x
Two years 1980–1982	x	x	x	x
One year 1983	x*		x	x
Two and a half years (1983/85)		x		
Two years 1984/85			x	x
Varying lengths 1984– (10–27 months)	x*			
One year supplementary contract 1984/85		x		
Recommendation one year 1985 ^c	x			
Half a year 1985		x		
Two years 1986/87		x		
Recommendation two years 1986/87 ^c	x			
Two years 1986/87			x	x
One year 1988	x ^b	x ^b	x	
Two years 1988/89	x*	x	x	
One year 1990				x
Renegotiations ^d		x	x	x
Two years 1991/93 ^{e,1}	x ^b	x ^b	x	x
Two years 1993/95 ¹	x ^b	x ^b	x	x
Three years 1995/98 ²	x ^b	x ^b	x	x

Source: Konjunkturinstitutet.

* Excl. Metall-VF.

^b No private sector central agreements, decentralized negotiations between national unions and employers' associations.

^c LO-SAF recommendations to national unions/employers' associations.

^d Price clause 1990.

^e One and three quarters of a year: 1 July 1991 to 31 March 1993.

¹ Economy-wide co-ordination of agreements by the Rehnberg Commission (1991) and state mediators (1993).

² Some agreements 2 years (paper and pulp), others 5 years (nurses, teachers).

and new forms of work organization are increasingly co-ordinated to promote productivity, flexibility and quality. Manual workers are, like white-collar employees, increasingly paid according to task and individual performance. Profit-sharing bonuses and other alternative pay systems have also expanded as devices for increasing employee commitment and retaining workers in tight labour markets. At the beginning of the 1990s, about one in eight manual workers and one in seven white-collar workers in the private sector were covered by profit-sharing (LO 1994a/part 3: 97–8). The rapid introduction of new wage systems at the workplace has represented a breakthrough for the employers in their strategy of decentralization.

The growth of new pay systems for manual workers is illustrated by a Metall survey (1995a) showing that in 1994, 60 per cent of metalworkers received some

Table 3.4 Levels of negotiations and agreements in the mid-1990s

Type of agreement etc.	Employers	Unions
<i>A. Basic agreements</i>		
(1) private sector	central: SAF	central: LO, PTK
(2) public sector	central: public employers*	national unions and cartels**
<i>B. Agreements on insurance schemes, co-determination and other non-wage issues</i>		
(1) private sector	central: SAF	central: LO, PTK
(2) public sector	central: public employers*	national unions and cartels**
<i>C. Collective agreements</i>		
(1) private sector	SAF associations: VF, Almega, etc.	national unions: LO unions, PTK unions
(2) public sector	central: public employers*	national unions and cartels**
<i>D. Collective agreements (implementation at local level)</i>		
	local: public agencies, enterprises/plants	local: union workplace organizations***

* Arbetsgivarverket (National Agency for Government Employers), Kommunförbundet (Swedish Association of Local Authorities) and Landstingsförbundet (Federation of County Councils).

** National government: Arbetsgivarverket and each of SEKO, TCO-OF-S-P-O and SACO-S (but with similar contents of basic agreements). Local government: Kommunförbundet and Landstingsförbundet on one hand and national unions of LO (Kommunal), TCO (SKTF, nurses, teachers etc.) and SACO (teachers etc.) on the other.

*** At small workplaces assisted or replaced by officials from union branches.

form of payment by results. The fixed basic component, related to the type of job and the tasks mastered, was typically supplemented by a personal element depending on qualifications, co-operativeness, and so on, and by a variable bonus related to performance, often on a team basis. By 1989–90, wage dispersion was back to the levels of the mid-1970s, reversing the substantial wage compression up to 1982–3 (Hibbs 1991).

However, the progress to decentralization has been uneven. Unions in private services and public sector (Handels and Kommunal the most prominent) lag behind Metall in introducing new wage systems (LO-tidningen 5, 7 1995). (However, the removal of compensation clauses in national agreements has promoted interest in new wage systems, not least among public sector unions like Kommunal (LO) and the nurses' union (TCO).) Moreover, the weight of the fixed task-related component has grown in the 1990s, reducing the relative weight of the individual and performance-related elements. Thus manual and white-collar wage systems are converging, but not as envisaged in the original employer concept of 'co-worker agreements' (*medarbetaravtal*; Mahon 1994). Under such agreements, white-collar workers' job controls would be weakened and employers would have greater flexibility to move white-collar workers freely between tasks; at the same time wages for manual workers would be individualized. This was

seen as 'the best of both worlds, blue-collar job flexibility and white-collar pay flexibility' (Martin 1995: 281). However, common pay agreements for manual and white-collar employees at local level are rare owing to union resistance, and in the private sector there are still no industry-level co-worker wage agreements – which the unions have insisted as a prerequisite for local agreements.

Thus it appears that the unions' insistence on 'objective' wage systems has not been without effect. In contrast to the employers' stress on 'subjective' individual-centred measures (individual performance, co-operative ability etc.), unions prefer clear and task-oriented criteria to avoid unfair or arbitrary wage differences (on the importance of fair pay standards, see Swenson 1989: 15–19). They also argue that clear and fair wage norms stimulate 'competence development'. Unions and employers agree on differentiated wages as an incentive, but differ as to how this may best be done. Furthermore, unions strongly emphasize that all workers, not just the core, should be given the opportunity for continuous training, a career with respect to pay and skills, and developing jobs ('solidaristic work policy').

The erosion of centralized bargaining was followed by a substantial shift from inflation caused by wage compression to market-driven wage inflation (Hibbs and Locking 1996: 134–5). It is not surprising, therefore, that since the beginning of the 1990s and the decision to join the EU, austerity policy has been given higher priority than full employment – particularly given the political aspiration to avoid further devaluations (Åberg 1994: 87–8; Glyn 1995: 52–3). A policy of fixed exchange rates and budget cuts, by social democratic and bourgeois governments alike, transformed a situation of excess demand, high inflation and extremely tight labour market into the opposite: unemployment, which had been less than 2 per cent in 1988–90, increased to 8 per cent by 1994.

Developments in the 1990s suggest that union opposition will prevent a complete shift to decentralized bargaining for the foreseeable future. Indeed, the bargaining rounds of the early 1990s have been highly co-ordinated within a framework of tripartite negotiations. As the 1990s draw to a close, the two key polarities of the Swedish system of wage formation – centralization *versus* decentralization and state- *versus* self-regulation – are under renewed scrutiny.

From Self-regulation to State Regulation

Paradoxically, while the government as employer had taken significant steps towards decentralized bargaining in the 1980s, government intervention became a further recentralizing force. Intervention was motivated, as in the formative period of the 'Swedish model', by a concern for economic stabilization.

The escalation of direct government intervention in collective bargaining in the 1980s reflected the factors undermining the foundations of the classical Swedish model: the emergence of powerful new organizations of white-collar and public sector workers; accelerating wage competition between the blocs, and the consequent rapid rise in wages (more rapid than in other European countries in the early 1980s); the increasingly transnational character of large Swedish enterprises,

magnifying the impact of even moderate wage increases; and the increasing potential for multiple conflicts with the decline in LO–SAF dominance. All these developments heightened the pressures on government to intervene.

When the social democrats returned to power following the bourgeois interregnum of 1976–82, they were determined to reject the austerity policies that were causing high unemployment elsewhere. Traditional Keynesian demand management was also rejected as increasingly inappropriate for an internationalized economy. Instead they opted for the 'third way', based on the promotion of investments by high profits and low nominal wage increases. The principal means of transferring resources from wages to profits was a 16 per cent devaluation in 1982. Supported by LO and subsequently also by TCO, this devaluation proved to be the only substantial success of social-democratic 'incomes policy' in the 1980s (Elvander 1990: 16). Government intervention in the 1985 pay negotiations marked the high point of 'negotiated incomes policy': in return for a 5 per cent norm for pay increases the government offered tax concessions favouring low-paid workers (Elvander 1990: 14). This integration of wage negotiations and political decision-making challenged the principle of self-regulation. LO feared that unions would appear superfluous if state intervention were required at top level and low nominal wage increases were combined with relatively high wage drift (Elvander 1988: 181). In 1986–7, therefore, although centralized bargaining was restored, the parties agreed to return to the Swedish model of 'free collective bargaining', and government action was less pronounced.

Despite the failure of both decentralization (as in 1988) and centralization (as in 1989–90) to slow wage drift in these years of low unemployment, the government's role was relatively passive towards the end of the 1980s. At the beginning of the 1990s, however, the picture changed completely. Early in 1990, it became clear that price rises would exceed the rate of 4 per cent at which the unions' right to renegotiate the 1989–90 contracts was triggered. The government called for a return to centralized bargaining and a restrictive 2-year agreement. But VF, and SAF, refused. The social democrats then prepared the most far-reaching intervention in the history of Swedish industrial relations. In concert with top leaders of LO and affiliated unions (except Kommunal), in February 1990 the government announced a 2-year general pay freeze and strike ban, with increased fines for wildcat strikes, and ceilings on prices and dividends. The proposal, widely regarded as a violation of basic trade union rights, aroused a wave of protests from rank-and-file members and from many local union branches and workplace organizations. This forced union leaders to dissociate themselves from the initiative, leading the government to resign (though a new social-democratic government was formed).

The collapse of its proposal forced the government to look for more consensual methods to contain the wage-price spiral. A tripartite 'national mediation commission', the Rehnberg Commission, composed of a national mediator and one former official each from SAF, LO, TCO and SACO, was appointed. The commission was given a mandate to persuade unions and employers to accept a 2-year 'stabilization agreement' (1991–2) for the whole labour market. Faced with a wage-price spiral and the looming prospect of economic crisis and mass unemploy-

ment, most organizations approved the 'Rehnberg agreement' setting out the framework of industry bargaining. It prohibited local negotiations in 1991, and stipulated that any wage drift would be subtracted from 1992 increases. Efforts of the workplace clubs of some PTK unions to conclude local deals exceeding the Rehnberg terms were thwarted by strong employer discipline and the downward turn in the economy.

At first sight, SAF's role in encouraging the Rehnberg agreement was ironic in view of its fervent adherence to decentralized bargaining. In practice, the Rehnberg agreement could be seen as encouraging a form of 'super-decentralization' since by avoiding local negotiations, local pay determination would be a matter for individual employer prerogative. In the breadth of its coverage, however, the Rehnberg agreement represented a 'super-centralization': almost all unions concluded agreements within its terms. But this, too, was in SAF's favour, since pay competition was reduced and a non-fragmented bargaining model temporarily restored, removing a major SAF objection to central negotiations. Private and public employers formed a close alliance to support the agreement, which they saw as a way of containing the high nominal wage rises of previous years.

The Rehnberg agreement represented a new type of centralized industrial relations in Sweden. The multitude of bargaining centres following upon the changed composition of the labour force meant that centralization could only be restored under the auspices of the state. The role of the commission was not in the first instance to engage in political exchange (although the effect of the tax reform was to be taken into account), but above all to co-ordinate a large number of collective bargaining actors (about 110 employers' associations, national unions and bargaining cartels).

The opening of negotiations on the basis of a pre-established consensus on the desirability of both wage restraint and co-ordination was an innovation in Swedish collective bargaining (*Stabiliseringsavtal 1991-92*: 112). The commission sounded out the views of unions and employers before presenting its final proposals, but concertation was backed up by threats of more far-reaching state intervention should the parties fail to comply with the commission's demands. Thus collective bargaining in the early 1990s became more 'corporatist' than ever before, even though the implementation of the Rehnberg agreement was left to the parties themselves, through contracts at industry level. In the background, LO and SAF played an important supporting role, in close co-operation with public employers and the government.

The agreement did succeed in slowing down wage drift in 1991-2 (helped by rising unemployment), co-ordinating the length of contracts, and dampening labour conflicts; but it failed to halt the rapid deterioration of the Swedish economy. With the financial system close to collapse, the budget deficit and interest rates rising dramatically, and unemployment climbing to levels unknown since the 1930s, 1992 was aptly called 'the year of crises'. A succession of 'crisis packages' failed to preserve the unilateral link between the Swedish krona and the ecu. The depreciation at the end of 1992 aided the recovery of exports, but came too late to prevent the massive loss in manufacturing employment: over 20 per

cent of engineering sectors jobs were lost between 1989 and 1993. For the first time, the public sector did not expand during a recession.

The abnormal depth of the recession, coupled with deadlock between employers and unions over bargaining levels, created considerable uncertainty when the Rehnberg agreement expired in 1993. The continued strength of Swedish unions made the SAF model of completely decentralized bargaining unrealistic. Confronted with a wave of industrial action, even VF, the most fervent advocate of enterprise agreements, had to abandon its initial refusal to grant wage concessions to national unions. In contrast to Denmark, unions also rejected industry agreements setting minimum wages only.

Again tripartite bargaining provided a way out of deadlock. And once again the state – this time in the form of state mediators – successfully appealed for co-operation between national unions and employer associations to avoid inflationary wage increases at a time of economic crisis. A co-ordinated series of agreements, covering almost all key industries and sectors, was concluded in accordance with principles laid down early on by the group of mediators (*Rapport om 1993 års avtalsrörelse*). In effect the Rehnberg agreement was prolonged for a further 2 years by a series of stabilization agreements.

It is remarkable that the voluntary and informal Swedish mediation machinery, so weak by Nordic standards, succeeded in co-ordinating the 1993 bargaining round. Without the determination of the labour market parties to avoid a return to the pre-Rehnberg situation of inflationary wage competition, such an 'informal centralization' under state auspices would hardly have been possible. As with the Rehnberg Commission, the mediators' starting point for each settlement was to gain acceptance of a number of basic principles: co-ordination, wage restraint in the context of economic crisis, 2-year contracts without compensation clauses, wage drift to be offset against contractual increases, increased wage determination at workplace level, etc. The work of the mediators was facilitated by co-ordination between LO unions. The Commercial Employees' Union was allowed by LO to take the initiative as deep divisions between VF and Metall/SIF/CF brought engineering negotiations to a deadlock (Elvander 1996: 4-5). The settlement for the distribution sector became a model for almost all subsequent contracts – including the engineering agreement (*Rapport om 1995 års avtalsrörelse*). The existence of a common negotiating body for Metall and the white-collar unions SIF and CF in the engineering industry provided a platform for extending the stabilization agreements to other white-collar unions.

Although the Swedish economy was still in crisis when the 1993 contracts expired 2 years later, the state mediators were not as successful in reaching a further series of agreements. The underlying obstacle was the sharply diverging economic performance between industries and sectors. The export sector was booming in wake of the depreciation of the krona, the home market was stagnating, and the public sector was hit by cuts. The resulting centrifugal forces were simply too strong for a replication of the 1993 bargaining round. In the engineering sector, for example, following the collapse of negotiations between VF and Metall/SIF/CF the state mediators aimed to secure a three-year contract compatible with the 3.5 per cent per annum 'Edin norm'. This was a norm,

corresponding to the expected European average rate of wage growth, proposed by the Edin Group of economists representing leading unions and employer associations, in a report, *I takt med Europa* (In step with Europe). Ironically, with mediation in engineering in a delicate phase, VF was hit by a 'decentralized' move by the paper and pulp employers' association, which concluded an agreement exceeding the Edin norm in response to its members' booming export market. In addition, union members were demanding substantial improvements after several years of wage restraint and cuts in welfare benefits. The militant demands of engineering employers for decentralized bargaining and more flexible labour law also contributed to making the 1995 bargaining round the most conflictual for many years, with an overtime ban in engineering, strikes in retail trade, transport, hospitals, etc. Each agreement tended to be considered a floor for subsequent wage negotiations.

The efforts of the state mediators were not altogether in vain. Most national agreements were concluded for a period of three years (1995-8). In general the Edin norm was exceeded, but without the efforts of the mediators and the existence of the norm, rises would probably have been considerably higher. The design of contracts, high unemployment and low inflation were expected to keep wage drift within reasonable bounds, although recent data indicate the opposite (table 3.2). As in the preceding bargaining round, demands of both employers and unions were to an extent satisfied. Thus while the former gained long contract periods and increased scope for workplace negotiations, the latter managed to keep the system of national wage agreements intact, and secured relatively high increases for unions (such as Handels, Kommunal and the TCO nurses' union) dominated by women. Unions like Metall clearly preferred co-operation with white-collar unions to LO co-ordination. The increasing similarity of manual and white-collar contracts may pave the way for 'co-worker agreements' in the future, not only at workplace level (the policy of employers), but also at national level (a union objective).

To sum up: two tendencies have dominated collective bargaining in the 1990s, both already evident in the 1980s. One is the continued advance of 'decentralization', in the sense of the extension of the scope for workplace negotiation within the framework of national industry agreements. The second is the increased activity of the state in co-ordinating national agreements and in making them compatible with low inflation and other economic policy goals. This 'centralization by state regulation' does not, however, entail a return to the traditional three-tier system abandoned in the 1980s, but signals a new model of economy-wide co-ordination (implying centralization at a higher level than ever) on the basis of the current two-tier system. Growing exposure to international financial markets and the ambition of qualifying for membership of the EMU mean that the long tradition of compensating for wage inflation by devaluation has had to be relinquished.

The Decline of Tripartite Corporatism

The growth of corporatist representation had occurred in parallel with the expansion of the welfare state and national crisis management (Hägglund and Degerblad 1994: 235). It was logical therefore that, as the fissures in the Swedish model became more apparent, corporatism too should go into decline. Internationalization and European integration have also made corporatist representation less important by diminishing the significance of nation states, especially in small countries dominated by large firms, like Sweden.

The shift in the political climate to one more friendly to the employers encouraged SAF to work for a profound 'change of system'. From the mid-1980s, SAF increasingly called into question the corporatist system (de Geer 1992:155-7), partly as a way of decreasing the power of the unions. It mounted intense public campaigns to spread the market ideology and to improve the electoral prospects of liberal and conservative parties. SAF's ideas on privatization and deregulation have influenced not only bourgeois but also social-democratic governments. It has also been intensely hostile to the social dimension of European regulation. This almost 'British' stance reflects its concern that the benefits of deregulation at national level might be nullified by increased social regulation at EU level. Thus the former SAF chairman Ulf Laurin, now chair of the social affairs committee of UNICE, considered it his most important task to 'put some gravel into the social EU machinery so it does not run too fast' (*Näringsliv* 13, 1996).

In 1992, SAF withdrew from almost all government bodies at central as well as regional and local level. Withdrawal has given SAF more freedom to pursue its aims, particularly since one of its targets is the state apparatus itself. The decline of corporatism has meant that other means of influence, such as political campaigns, lobbying, and participation in informal advisory groups and expert commissions, have achieved greater prominence (Pestoff 1995). The increased emphasis on influencing governments directly, rather than through state agencies, is closely related to SAF's new 'political' strategy. Its central principle is to intervene at a relatively early stage of the decision-making process in order to influence the policy agenda and avoid becoming a 'hostage' to policies devised elsewhere; in short, to move from a defensive to an offensive posture.

In 1992, as a direct result of SAF's initiative, parliament adopted a proposal from the bourgeois government to end corporatist representation (with the exceptions specified by SAF). In consequence, tripartite government bodies no longer exist at central, regional or local level, apart from the Labour Court and the Pension Insurance Funds. The formal representatives of employers and unions have been replaced by members of parliament and individuals from different parts of society. These include both business people and unionists, but none is nominated by employers' associations or unions. The change in the composition of the Labour Market Board (AMS) is particularly notable: until 1992 it had seven union and five employer representatives; in 1996 it included one union official from each of LO and TCO, two business representatives and two members of parliament.

However, while the formal tripartite character of Swedish government agencies

has been ended, there are still elements of tripartism at national level. Thus, paradoxically, at about the same time as SAF withdrew its representatives from government agencies, SAF associations were entering into the most corporatist wage negotiations in Swedish history, leading to the tripartite Rehnberg agreement. In 1996–7, there were also tripartite talks on reforming job security legislation (which ended in failure) and on future pay determination. Unions and employer associations are still represented in some government commissions (for example the Working-Hours Commission). Mechanisms of tripartite consultation have also been introduced in some government agencies. The AMS and the Occupational Health and Safety Board established advisory councils, consisting of an equal number of representatives of unions and employers' associations (among them SAF), which are consulted prior to decisions being made. This procedure may reflect the traditionally strong influence of the labour market parties (particularly unions) in the AMS, as well as the prominent role in Sweden of bipartite bodies for improving the working environment, including safety committees at workplace level (Hägglund and Degerblad 1994: 138–43, 206–8, 218). In addition, unions and employers are represented on several working groups and committees attached to AMS and the Occupational Health and Safety Board.

Moreover, despite the absence of a spirit of co-operation between employers and unions at top level, many bipartite bodies, representing the classical policy of self-regulation, still remain. Some are related to the 1938 basic agreement between SAF–LO and the subsequent agreements of co-operation. Two such bodies are the SAF–LO Labour Market Council, which deals with labour conflicts (although SAF is now demanding a tripartite body to assess conflicts dangerous to society); and the Joint Occupational Safety Council involving SAF and LO/PTK. A special category of bipartite bodies deals with supplementary insurance and job security schemes. However, the SAF–LO Joint Committee on Statistics was dissolved when SAF withdrew from centralized collective bargaining.

A New Swedish Model?

The construction of a new model of wage determination is widely regarded as a key to future economic performance. The labour market parties agree that wages must not rise faster in Sweden than among her competitors, but they appear incapable of creating an appropriate model of self-regulation. As demonstrated by the fate of the 'Edin norm' in 1995, the crucial problem is not one of defining an upper limit for wage increases, but of implementing such a norm. SAF argues that the present semi-decentralized bargaining system is the worst of all worlds, a position supported by leading economists. By shifting the centre of gravity away from peak organizations and bargaining cartels to industry level, the advantages of centralized negotiations have been lost while the benefits of a decentralization to workplace level have still not been attained. Given the continued strength of Swedish unions, completely decentralized pay determination seems unrealistic without a profound change in the wage policy of unions.

The outcome of this bargaining dilemma has been a partial recentralization under state guidance in the 1990s, albeit with less success in 1995 (see above). Tripartite bargaining, as a more realistic alternative to complete decentralization, may in the future play an important role as a complement to semi-decentralized negotiations in a context of entrenched bargaining positions, a proliferation of bargaining organizations, and a relatively high level of labour conflict.

The parallel to the 1930s is obvious. Now as then, the ambition is to construct a model of collective bargaining which minimizes labour conflicts and promotes economic growth in a context of profound crisis and societal change. In contrast to the 1930s, however, up to 1997 the prospects for co-operation and self-regulation appeared gloomy. While in the 1930s the threat of state intervention was used above all to spur the parties to regulate their dealings themselves, the 1990s have made decisive steps in the direction of state regulation in the proposed wage freeze and strike ban of 1990, the Rehnberg agreement, and its *de facto* successor.

In recent years employer representatives have been concerned to reduce the unions' capacity to engage in industrial conflict which remains intact despite high unemployment. Employers have repeatedly called for the implementation of proposals presented in a 1991 government report, especially the right of state mediators to postpone or freeze labour conflicts, compulsory mediation, considerably higher fines for wildcat strikes (partly achieved), and a new economy-wide council for 'conflicts dangerous to society' in place of the procedural rules contained in the basic agreements. SAF is also demanding further measures to restrict the use of strikes and other forms of conflict (particularly in public sector), including the introduction of pre-strike ballots among union members (SAF-*tidningen* 29, 1995; SAF 1996).

The employers' concern with the restriction of industrial conflict reflects the high level of strike action. The numbers of participating workers and days lost in *legal* strikes have been considerably higher in the 1980s and 1990s than in the 1970s (known as the decade of wildcat strikes) or the 1960s (see table 3.1). The 1995–6 bargaining round was more fraught with conflict than any since the great 1980 confrontation (Elvander 1996: 20). Wage negotiations as well as mediation are often accompanied by conflict or the threat of it. Moreover, modern production concepts such as lean production, just-in-time and outsourcing make employers more vulnerable (cf. Alasoini 1993: 135–6). This applies not only to strikes and overtime bans, but also to lockouts, which Swedish employers have consequently declared to be 'obsolete'; this has not stopped their organizations resorting increasingly to such measures in the 1990s (see table 3.1). Employers are also concerned that, should completely decentralized bargaining be achieved, the increase in the number of actors involved is likely to increase the frequency of conflict. Under decentralization, the right to call sympathy strikes and blockades (called into question by SAF) may be of crucial importance. Furthermore, it is often sufficient for national unions to select a number of strategic workplaces for strikes. (Lockouts, by contrast, are usually applied widely to maximize the cost to the unions and to avoid disturbing the terms of competition.) Another tendency is the increased use of overtime bans. They have an obvious cost advantage for

unions, as no strike benefits have to be paid, while in companies with low stock levels overtime bans hit production almost immediately, and enterprises risk losing orders.

In marked contrast to the 1970s, the employers have seized the initiative for change in the 1990s. In contrast to the 1930s when the parties agreed to the Saltsjöbaden agreement in order to forestall state intervention, SAF now appears to prefer state regulation. The former bargaining director of SAF, L.-G. Albåge, now a prominent state mediator, argues that employers should abandon this approach and come to an agreement with the unions on a new Swedish model of wage determination (Albåge 1996).

In view of the reduced bargaining role of SAF and LO it is unsurprising that other actors have taken the initiative. Early in 1997, a group of eight unions ('the 8-group') representing manual and white-collar workers in manufacturing concluded a co-operation agreement with their employer counterparts, among them VF. The agreement comprises procedural rules for wage negotiations, and a policy statement on co-operation based on common views concerning the competitive position of manufacturing industry, skills development and national energy policy. A joint 'industrial committee', composed of leading representatives of national unions and employers' associations, will appoint an economic council of four independent economists, and a group of 'impartial chairs' who will act as mediators in wage negotiations and have the right to 'freeze' conflicts for two weeks. In addition, the committee itself may temporarily suspend conflicts. The agreement thus contains several mechanisms to foster labour peace, and meet the demands of employers. However, it also represents a union victory in that the idea of completely decentralized wage determination is abandoned; at the same time, the industrial committee's co-ordinating role in manufacturing industry introduces an element of centralization.

In a sign of the times, the bargaining alliance between Metall (LO), SIF (TCO) and CF (SACO) forms the core of the union group. In the public sector, LO, TCO and SACO unions continue their co-operation, manifested in the 1995 bargaining round, over the issue of future pay determination. At confederal level (between and within confederations), unity appears more remote than between cross-confederal groups of national unions in the same economic sector. Only after much agonizing did LO unions succeed in adopting a common stance on future wage determination in 1997. When strengthening of state mediators was proposed, to ensure co-ordinated bargaining and to restrain individual unions from taking advantage of moderate wage increases of others, some unions were less willing than others to give up their individual freedom.

Several factors explain the willingness of many union leaders to accept a degree of state regulation of collective bargaining and enter compromises with employers. First, the experience of the 1990s has demonstrated that economy-wide tripartite co-ordination may be the only way to attain co-ordinated bargaining. LO even failed to co-ordinate its affiliated unions in the 1995-6 bargaining round (in contrast to 1993), which also demonstrated that voluntary, informal co-ordination under the auspices of state mediators had its weaknesses. Second, by initiating accommodations on future wage determination, important aspects of self-regula-

tion may be restored and more far-reaching proposals for state regulation prevented (for example, in response to employers' demands for controls on industrial conflict, decreased job security, cuts in unemployment benefits, etc.). Third, low nominal wage increases are sufficient to improve real wages, given current low levels of inflation. More important, they are considered necessary to fight mass unemployment in a country extremely dependent upon big transnational companies. This emphasis is understandable given that the large majority of unemployed are union members and that the policy of 'full employment' was a cornerstone of the classical Swedish welfare model. Moderate wage increases are also a prerequisite for political exchange, facilitating government efforts to stimulate the economy.

All in all, therefore, the unions are prepared to make concessions to restore such essential aspects of the Swedish model as self-regulation, co-ordinated bargaining and full employment, although co-ordinated wage negotiations now may require a more active role of the state, as in other Nordic countries. However, LO's advocacy of economy-wide centralization with the assistance of state mediators is opposed by TCO and SACO, which prefer agreements on wages, procedures and conflict rules within each industry or sector (as with the manufacturing agreement).

As in the 1930s the social-democratic government prefers agreement between the labour market parties to state regulation, but has announced that it will intervene should the parties fail to agree by spring 1997. In any event, compared with the 1930s a new Swedish model will probably comprise a different mix of self-regulation and state regulation.

In the 1990s structural developments such as the internationalization of leading Swedish firms, the increasing mobility of capital and the restricted scope for national economic and employment policy have encouraged many Swedish unions to turn to European solutions, including international union co-operation and Swedish membership of the EU. It has been argued that the Swedish model of welfare and employment can only be defended by influencing European bodies. In addition, union leaders in export sectors have taken a positive stance towards EU membership on the grounds that it was likely to bolster the international competitiveness of Swedish firms. The Metall president has been one of the foremost Swedish proponents of EMU. By contrast, the president of the Commercial Employees' Union (a union in a sector oriented to the domestic market) was one of leaders of the campaign 'no to EU'. Only a narrow majority of Swedes voted 'yes' in the referendum, and most rank-and-file members are today sceptical about EU membership. A positive effect of EU (or rather of EEA) membership is the directive on European works councils: Swedish employers had generally refused to conclude international group agreements with their unions in the past.

Swedish Unions facing the Twenty-first Century

Inter-union Tensions in the 1980s followed by New Alliances in the 1990s

The union movement experienced serious tensions in the 1980s. The rise of the public sector 'Gang of Four' symbolized the end of private sector hegemony, while the divisions among private sector unions were demonstrated by the collapse of the LO-PTK alliance. This reflected conflict over whether white-collar workers should be fully compensated for the wage drift of manual workers in manufacturing. Closer relations in the mid-1980s reflected PTK's attempts to strengthen its own internal cohesion by giving priority to low-paid members. But this did not suppress the conflict of interests between PTK unions over pay equalization policies and local union influence on pay determination. With all the PTK unions advocating the extension of negotiating rights at local level, PTK has more or less been dissolved as a bargaining organization since the end of the 1980s.

In the public sector, cleavages began to appear particularly between the more militant TCO cartels and the LO unions SF and Kommunal. Decentralization, and the transfer of teachers from the state sector to local government, led TCO-S and KTK to combine in 1991 in a co-ordinating body, TCO-OF, comprising six 'areas of national unions' (civil servants, military officers, police, SKTF, teachers and nurses), each with bargaining rights and the authority to take industrial action. Similar decentralization has occurred in SACO, but the cartel SACO-S has been retained.

While the 1980s may be characterized as a period of growing inter-union tension, the 1990s have seen the birth of new alliances across old dividing lines. Decentralization has shifted power to national industry unions and paved the way for 'co-operation from below', which appears much more viable than the old formula of 'co-operation from above'. There have been several examples of close sector-based co-operation between LO, TCO and SACO unions in wage negotiations: Metall, SIF and CF in the engineering industry; Kommunal, SKTF and 19 SACO unions in the municipal sector; SEKO, TCO-OF and SACO-S in central government; and the TCO and SACO unions in schools. TCO and SACO unions of military officers have even merged to form a new independent union. A broader form of co-operation is the '8-group' of manufacturing unions (see above). New patterns of co-operation have also been established between white-collar workers previously organized separately on the basis of their level of education. Traditional TCO-SACO rivalry has been superseded by a co-operation agreement, a precondition for SACO's entrance into the European trade union organization, ETUC. In short, the Swedish union map is being remodelled into new co-operative constellations by the forces of decentralization and internationalization.

Table 3.5 Membership of union confederations (in thousands), 1980-96

	LO		TCO		SACO		All unions	
1980	1,889	(61%)	959	(31%)	171	(5%)	3,115	(100%)
1985	2,002	(60%)	1,108	(33%)	218	(6%)	3,350	(100%)
1990	1,962	(58%)	1,144	(34%)	260	(8%)	3,388	(100%)
1995	1,927	(57%)	1,131	(33%)	299	(9%)	3,392	(100%)
1996	1,890	(56%)	1,122	(33%)	310	(9%)	3,358	(100%)

Wage and salary earners including unemployed, but excluding pensioners, students and self-employed.

Table 3.6 Union density (% membership/employed workers) in Sweden 1975-95

	1975	1980/1	1986/7	1990	1995
<i>Manual workers</i>					
Men	84	86	86	81	83
Women	67	80	87	81	85
Both sexes	78	83	87	81	84
Private sector	78	82	84	78	80
Public sector	76	86	91	87	92
<i>White-collar workers</i>					
Men	79	84	82	78	79
Women	78	84	85	83	85
Both sexes	79	84	84	81	82
Private sector	72	77	75	70	73
Public sector	88	91	93	94	94
<i>All workers</i>					
Men	82	84	84	80	81
Women	67	79	83	82	85
Both sexes	75	82	84	81	83
Private sector	73	78	78	74	77
Public sector	79	87	91	91	93

Sources: ULF (Surveys on Living Conditions 1975-86/87, SCB) and AKU (Labour Force Surveys 1990-95, SCB). AKU include all part-time workers, ULF most of them. This means that union density is somewhat exaggerated for 1975-87, especially for women. Correspondingly the decline of density between 1986-7 and 1990 is in reality smaller than appears from the table, again especially with respect to women. Note also that in the first three columns there is an apparent discrepancy because in the separate figures for manual and non-manual workers, but not in the totals for all workers, part-timers working less than 16 hours a week are excluded.

Extremely High but Increasingly Unstable Union Density

Swedish union density is among the highest in the world, having grown almost continuously since the mid-1920s (Kjellberg 1983; 1997). White-collar density at first lagged behind manual, but by the 1970s the gap had been eliminated. It is also notable that the female unionization rate, until the 1980s significantly below the male rate, has now overtaken it (see tables 3.5 and 3.6). This partly reflects the

fact that most women are employed in the public sector, but unionization of female manual workers in the private sector has also been rising.

Since its peak of 86 per cent in the mid-1980s, Swedish union density has experienced greater fluctuations than at any time over the past 60 years. By 1990–1 density had declined to 81 per cent before recovering slightly. From an international perspective these changes may appear small, but the average figures conceal relatively large swings among both manual and white-collar workers in the private sector, especially among young workers in big cities. The basic cause is the abrupt shifts in the employment situation in recent years. Union density declined in the period of extremely tight labour markets at the end of the 1980s and the beginning of the 1990s. With exceptionally low unemployment – only about 1 per cent in Greater Stockholm – few people feared losing their jobs, while employers tended to outbid each other to offer favourable terms of employment to individual workers. The tight labour market, the decentralization of wage determination and the expansion of individualized wages for manual workers generated very high levels of wage drift (see table 3.2), an increasing proportion of it outside union control. Under these circumstances many workers felt that they had little need of unions. Within a few years, however, the labour market situation had changed dramatically. From 1991 unemployment rose to levels unknown in Sweden since the 1930s; among young workers it reached 17–18 per cent in 1993–4. Declining union density was reversed, particularly among groups where membership loss had been heavy in the preceding period. Density among young private-sector workers in big cities, which had declined by 10 percentage points in 1987–91, recovered by 7 points between 1991 and 1995.

A closer inspection reveals that the apparent short-term swings in union density may partly be resolved into two different long-term waves. For male manual workers in big cities declining density in 1987–91 fits within a pattern of protracted stagnation and decline (of about 10 percentage points in the private sector between 1975 and 1991). On the other hand, there has been a remarkable long-term growth in union membership among female manual workers which has outstripped all other groups (see table 3.6). (The temporary decline of female density between 1986–7 and 1991 is reduced to 2 percentage points when one allows for the fact that the series starting in 1990 contains far more part-time workers than the preceding one.) As a consequence, the substantial lag in female density in 1975 compared to male manual workers had been replaced 20 years later by a small lead. Among white-collar workers, unionization rates for men and women were already roughly the same by the mid-1970s; in 1995 the female rate clearly outstripped the male.

Union growth among female manual workers is all the more remarkable given that large groups, such as shop assistants and nurse assistants, are regarded as manual workers in Sweden. Moreover, about half of all women classified as manual have a part-time job. The union density of part-timers has been almost as high as that of full-timers. The introduction of union unemployment benefits for part-time workers in the mid-1970s was an important incentive for women to become union members (Bergqvist 1994: 117), but density also rose significantly among full-timers in the subsequent ten years (Kjellberg 1997). Another incentive

for unionization was that the casual character of female employment declined with rising female employment. Women's relative wages improved as a result of the increasing demand for labour and solidaristic wage policy. But women's position in the labour market was still weaker than that of men. This probably constituted a third impetus to rising female unionization from the mid-1970s.

While the downward swing at the end of the 1980s was strongest among men, rising female membership was the principal element in the subsequent recovery. The combined effect of increased female employment rates and rising density has profoundly influenced the gender composition of unions. Today a majority – 52 per cent – of 'active' union members (excluding students, pensioners, etc.) in Sweden are women. In LO the proportion is 48 per cent, in TCO 60 per cent and in SACO 48 per cent.

The rise in female unionization was paralleled by political developments. While the swing to the right in the 1980s was stronger among young men than among young women, support for 'socialist' parties (including the social democrats) in the 1990s grew fastest among young female manual workers (SOU 1994: 73). Young women had the most positive attitudes towards wage equalization and the public sector. Women constitute the majority of public-sector employees and are the major beneficiaries of the welfare state; they thus have a clear interest in defending this aspect of the Swedish model (Jenson and Mahon 1993: 95). Strong sex segregation in the Swedish labour market means that women still tend to occupy the most routine and low-paid jobs with least access to training; thus the transformation of work organization towards more enriching jobs is to a large extent an issue of sex equality. This is underlined by increasing pay differentiation following the decentralization of bargaining. As a result of such factors, LO women are increasingly considered to be 'among the most radical and potentially active members of the labour movement' (Jenson and Mahon 1993: 97).

Two socio-political trends are conspicuous: first, a growing instability both of union membership and of voting patterns suggests a more critical stance towards union leaders, politicians, and institutions; second, a radicalization of female manual workers, manifested in rising union density and a growing awareness of women as a radical force within the labour movement. These tendencies pose a profound challenge to the unions, which have to develop new, more flexible forms of organization and methods of working to satisfy the demands of individuals and different groups of members.

The issue of union renewal has also been highlighted by the rapidly rising rate of individual affiliation to unemployment funds. In Sweden, as in Denmark, Finland and Belgium, unemployment funds are administered by the unions. Joining a union automatically brings membership of a union unemployment fund. As the funds are almost completely financed by the government, they are best characterized as semi-public institutions, over which the government exerts a significant degree of control. Thus it is possible to join a union unemployment fund without being a union member. The fee for direct affiliation is considerably lower than the union membership fee.

Widespread individual affiliation to union unemployment funds is a recent phenomenon. Towards the end of the 1980s, it spread rapidly among white-collar

workers in the private sector (Kjellberg 1997). In a tight labour market, these workers saw union unemployment funds as an alternative to, rather than a benefit of, union membership. As the labour market deteriorated, individual affiliation became even more attractive. The highest levels are found in private services. Among LO unions, the highest level is in Handels (14 per cent); among TCO unions, it reaches 28 per cent in HTF. The rate of individual affiliation to the largest TCO fund, that of SIF, was 16 per cent in 1996. In the biggest cities the rate of individual membership is substantially higher. On the other hand, it is still low in the public sector and among manual manufacturing workers.

Union density in the 1990s grew in parallel with the increase in individual affiliation. This reflects the fact that in times of recession Swedish unions have important functions other than administering unemployment benefits. In accordance with the Law on Job Security employers have to negotiate with unions in the event of redundancies. The law allows exceptions to the principle 'last hired – first fired' if the parties conclude a special agreement. This gives employers the flexibility to avoid laying-off key workers, but at the same time it is likely to give union members an advantage over non-members, providing an additional incentive for union membership. Moreover, in times of recession, the demand for collective action probably will be reinforced because of the impaired market position of the individual. The progressive decentralization of bargaining, combined with decreasing standardization of wages, also tends to make the individual worker more dependent upon the union workplace organization. The goods provided by Swedish unions are increasingly non-standardized, as with integration of wage setting with the development of 'competences' and 'rewarding jobs'. Although unions may stress equality of access to such benefits for members and non-members alike, it is natural that in the first instance they should look after the interests of their members. Several factors suggest, therefore, that free-riding is becoming more difficult in the 1990s.

A basic characteristic of Swedish unions, promoting their ability to recruit and retain members, is the role played by the union workplace organization (see below), which represents a decentralized and small-scale feature in the otherwise centralized Swedish union system. At workplaces with no union representation, social and instrumental reasons for joining are often lacking and rates of individual affiliation to unemployment funds considerably higher.

To explain the very high union density in Sweden the combined effects of decentralized and centralized aspects of the industrial relations system must be taken into account. As a consequence of the early development of centralized industrial relations and the rising density of employers' associations, agreements confirming the right to organize cover almost all workers. Many small workplaces however have no union representatives or clubs, in some cases because of anti-union employers (not affiliated to employers' associations), but mostly because of the lack of potential activists. Another effect of centralization is that closed shops never gained ground in Sweden: as early as 1905–06, the unions acknowledged the employers' right to hire and fire workers freely.

In the absence of closed shop agreements Swedish unions have to rely on the readiness of the individual to join. Collective pressure for union membership may

exist at some workplaces, but nowadays only a small minority of workers give this as reason for joining (Kjellberg 1997). Nor are many rank-and-file members any longer motivated by an ideological commitment. Instead most have instrumental motives for belonging to a union. This does not mean, however, that they act as isolated individuals. A substantial proportion are strongly influenced by fellow-workers, union representatives, parents and so on in deciding to join a union. Instrumental incentives may themselves include a collective aspect both with regard to ends – the promotion of common interests – and means – united action against the employer.

Efforts to Bring Unions Closer to Rank-and-file Members

The decline of ideological motivation has increased the pressure on unions to respond to members' demands. Most unions lay heavy stress on improving communication with rank-and-file members. The decentralization of industrial relations and the increasingly critical stance of workers towards established institutions have intensified efforts to create 'unions close to the members' (*medlemsnära fack*). The growing proportion of women members, the rising educational levels of young workers, and the spread of non-Taylorist forms of work organization have all encouraged unions to give higher priority to the individual member – and to groups of members. At the same time, however, they have to continue to demonstrate the advantages of collective action. Otherwise, there is a risk that growing numbers of members will prefer purely individual solutions, and that the expectations of women and other groups will be frustrated.

Union workplace organizations play a double role in the unions' response to the new challenges. First, their tasks have been enlarged by the decentralization of collective bargaining and the introduction of new wage systems linked to changes in work organization. Second, they are central to the search for more flexible and participative work methods within the unions themselves. Informal meetings have been introduced to complement large, formal meetings dominated by union representatives; temporary work groups have been set up to break down the Taylorist division of labour within the unions and to produce more rapid results. The aim is, above all, to make unions more accessible to rank-and-file members and to encourage their initiatives. A prominent example is the *Kom An* (Come On) project of Kommunal (Swedish Municipal Workers' Union) (Higgins 1996; *Kom An!* 1995). About 150,000 members, mostly women, have taken part in local *Kom An* projects aimed at improving the quality and efficiency of work through changes in work organization and new wage systems. This is intended to increase the scope for local pay increases in a sector traditionally characterized by centralized bargaining. Interest in union matters has increased significantly in the workplaces concerned.

The new emphasis is on working *with* the members rather than *for* them, and on rediscovering the spirit of unionism as a popular movement. Today most members conceive unions as centralized institutions in which formal structures of

representation predominate (Kjellberg 1997). At the same time, there have been calls for unions to turn themselves into service organizations, working *for* (serving) members. The outcome will probably be unions that work *with* as well as *for* members, involving them in the setting and implementation of union objectives, but also providing support and services for individual members.

One of the intentions of union renewal is to develop work methods and organizational forms more suitable for the growing numbers of female members and young workers. Although every second LO member is a woman, men account for nine out of ten officials of LO and its affiliated unions (LO 1996a: 8, 39), and the ratio of union representatives among LO women fell between 1988 and 1993 while that for men rose (LO 1989: 86; LO 1994a/part 4: 60). Women are most seriously under-represented at higher levels (LO 1996b: 17–18). The proportion of women in the decision-making bodies of union confederations (particularly LO and TCO) is far below their share of membership (Bergqvist 1994: 126–30). However, parity of representation has been given high priority in important unions like Metall and Kommunal (Mahon 1996: 562). In 1991 an informal network of LO women (*Tjejligan* – ‘the women’s gang’) was created to improve the self-esteem of women and act as a forum for exchanging ideas and experiences. The overall efforts to bring unions closer to rank-and-file members are probably even more important for increasing female participation in union affairs.

Workplace Organization

Tasks of Union Workplace Organizations

In Sweden, as in other Nordic countries, union workplace organizations are the dominant form of representation at workplace level. This contrasts with the continental European model of works councils, which are formally separate from union organization in Germany, the Netherlands and elsewhere. Workplace ‘clubs’ were completely integrated at an early stage with national unions and their local branches. Following the establishment of industry-wide bargaining at the beginning of the twentieth century, union workplace organizations retained important negotiating tasks. National contracts had to be adjusted to local conditions, and the widespread use of piece-work required more or less continuous activity.

Distribution functions continue to be important. Union clubs negotiate workplace contracts on pay, working hours, and so on within industry agreements. (In those, mainly small, workplaces without union clubs, negotiations are carried out by officials from the local union branch, which also provides assistance where necessary to union clubs.) They also negotiate the introduction of new pay systems, profit-sharing arrangements, and (under the 1974 Law on Job Security) redundancies. Under the MBL (Law on Co-determination) they have competence in the settlement of conflicts over the interpretation and application of laws and agreements. In recent decades production issues have been given higher priority. The production role of union clubs covers the election of health and safety

representatives; participation in project groups, joint committees and company boards; and influencing the working environment, the design of work organization, and new technology. A final set of functions concerns the representation of members in the workplace, handling individual grievances and problems. In large workplace clubs, ‘representative assemblies’ are organized for elected representatives, but smaller clubs, and sub-units of large clubs, arrange their own meetings of union members. Clubs also organize study circles. In large firms they elect representatives to union group organizations and European works councils.

Since the 1970s, the tasks of union workplace organizations have grown in scope and complexity. This reflects the expansion of labour legislation in the 1970s, the decentralization of collective bargaining from the 1980s, and growing union aspirations to influence production issues. According to a survey, however, the average LO, TCO and SACO member still considers that the most important tasks are, for the most part, the traditional ones of pay, job security, and protection against loss of income in case of sickness and unemployment (LO 1993: 14–9). Two other issues – sex equality (a recent development) and the working environment – are given the same high priority. However, when work environment is narrowed down to particular issues such as ‘influence over one’s own work’ and ‘development of job content’, its importance drops sharply (although in an earlier survey respondents emphasize the importance of jobs that promote personal development – LO 1991b: 279).

Despite the extensive network of union workplace organizations, Swedish workers see relatively little scope for influencing the actions of the local union (an average of 3 points on a scale of 1–10 in 1992–3), and have little confidence in the union’s ability to influence workplace conditions (3.7 points). (The estimations of manufacturing workers were 3.3 and 4.1 respectively – SCB 1996: 255–6.) In general, survey findings reveal declining membership confidence in unions, among manual as well as white-collar workers; between 1980 and 1990 the proportion of members who were ‘fairly’ or ‘very confident’ in trade unions fell by about 10 percentage points (LO 1991b: 279).

Union workplace organization is widespread, and requires a large number of union representatives. In 1993, every seventh LO member performed some task for the union. For the white-collar members of TCO and SACO unions, this proportion was somewhat higher (LO 1994a/part 4: 60–2). The proportion of union representatives was significantly lower among LO women (8 per cent) than among men (19 per cent) (pp. 64–6). A similar cleavage existed among TCO members (13 and 19 per cent respectively) and SACO members (14 and 21 per cent).

The facilities of union clubs tended to improve in the 1980s. Employer resistance to union activities during working time was at least partly overcome, as a result of the 1974 Law on Shop Stewards. In 1993, about 40 per cent of LO members attending meetings were able to do so during working time; the figure rose to 60 per cent in the metal-working sector, but was only 25 per cent in local government (p. 39). The availability of paid time off may contribute to the relatively high level of attendance at meetings, but may also conceal a lack of membership interest in union matters. An indication of increasing passivity is the declining participation

in study circles arranged by unions. Calculations for LO show that one in seven members attended such circles in 1980–1, and fewer than one in eleven in 1995–6.

Unions in the Workplace: Co-determination of Change

In the 1970s, great hopes were invested in the MBL law as a means of increasing the influence of union workplace organizations. The law recommended that employers and unions conclude agreements on 'co-determination' and it required employers to negotiate over major changes in operations, working conditions or terms of employment affecting union members.

There was a contradiction in the legislation between the legal requirements on employers to negotiate, and the recommendation to regulate co-determination by agreements. Although unions had a right to participate in the decision-making process, the employers were free to act as they thought best, provided that they had first informed the unions and given them an opportunity to present their views. The unions faced the obvious risk that employers would refuse to negotiate seriously. The impact of the law therefore depended on the attitudes of employers, and ultimately on power relations in society.

While central co-determination agreements were concluded fairly quickly in the public sector, the negative stance of private sector employers delayed agreement until 1982. The profound shift in the political and ideological climate was reflected in the 1982 'Development Agreement' on co-determination (UVA), concluded between SAF and LO/PTK after 6 years of negotiations. The agreement stressed the common endeavour to improve the efficiency, profitability and competitiveness of enterprises, rather than specific rights of co-determination. Thus the unions were obliged to abandon their radical positions of the 1970s and return to the earlier policy of co-operation.

The UVA nevertheless implied some change of approach on the part of employers. They accepted the need to involve union workplace organizations in order to increase productivity. The UVA provided for co-determination through negotiations at different levels and through participation in joint bodies and projects, allowing considerably more flexibility and adjustment to local conditions than the procedures established by the MBL law. The approach was largely based on ideas originally drawn up by SAF's technical department in the mid-1970s. From the unions' perspective, the UVA could be seen as an instrument for adapting the co-determination system to the employers' strategies of decentralization, while maximizing union influence on the process. The agreement acknowledged the right of unions to participate in the planning of work organization, with the aim of enriching and enlarging the jobs of individual workers, and in improving the work environment. In addition, workers 'should be given opportunities to participate in planning their own work'. While employers' aspirations for decentralized industrial relations have been one force for change, workplace unions have also promoted new forms of work organization, and improvements in the working environment.

In many cases, both parties prefer informal solutions going beyond the scope of the UVA. Edlund et al. (1989: 30) concluded that there had been 'a genuine shift in favour of more bipartite decision-making' at workplace level. At the Volvo plant in Olofström, for example, co-determination takes place largely through joint bodies rather than through traditional negotiations. This reflects the decentralized and flexible character of the UVA, compared with the state sector agreement, which emphasizes the role of negotiations between local union and management. At Volvo there are a number of 'partnership and co-determination groups' parallel to the lower levels of line management, but in the 1980s, management already considered them too slow for communicating important information to employees. Information was therefore increasingly given directly to workers. Thus direct employee participation tended to replace union participation at this level. According to a more recent study (1992) management and unions consider these forms of co-determination unsatisfactory. The decisive contact between management and unions has shifted to the top co-determination body in the plant. Above plant level, there are also co-determination arrangements at international level (through the European works council), at the level of the Volvo group in Sweden, and in individual companies within the Volvo group.

Surveys of the development of co-determination indicate a trend break about 1982, the year the UVA was concluded (Hart and Hörte 1989). A period in which co-determination became 'established' (1977–82) was followed by a new phase implying a change in employer strategy: negotiation and information functions were increasingly performed through 'integrated' arrangements, i.e. by joint negotiating committees established by management in co-operation with unions – for budgets and finance, personnel administration, etc. Unions also participated increasingly in project groups, a manifestation of the employers' aspirations, expressed in the 1982 UVA agreement, to increased flexibility.

The system of co-determination has become more complex as a result of the growing number of decision-making bodies. This has widened the scope for local union participation and influence, but may also have led to increasingly heterogeneous union policies across workplaces. The study by Levinson (1997) confirms the variety of co-determination methods across companies and at different decision-making levels. It also demonstrates considerable variation in union activity and methods according to the different phases of the decision-making process: initiation, preparation, decision-taking, and implementation. The unions' weak point appears to be their passivity in the early phases of decision-making. Their participation and influence is highest in the phase of formal decision-taking, but by then management is often already committed. Since the mid-1980s, however, union initiatives at earlier stages have increased. Consequently 'mixed' forms of co-determination – in which union participation in the decision-making process is combined with negotiation – have become more common, especially with the increased influence of production teams, while the pure negotiation model has declined. This has put pressure on unions to renew their own work methods. Unions are especially active on issues directly affecting their members: workforce reductions, relocations, changes in work organization and the introduction of new

technology. Three out of four managers (nine out of ten in large companies) in Levinson's survey see union participation as positive.

The Transformation of Work Organization: The Car Industry as a Pioneer

Swedish employers had several motives for changing work organization. First, in a small export-oriented economy highly exposed to international competition, employers were under increased pressure to achieve flexibility and reduce costs, while at the same time harnessing workers' skills and commitment; in this context, fordist and Taylorist concepts appeared increasingly ineffective. Second, low unemployment up to the 1990s, small wage differentials and generous social welfare policies created recruitment and retention difficulties, high sickness absence and added to pressures on labour costs.

Berggren, in his study of the Swedish car industry since 1970 (1993: chs 4, 9), emphasizes such social and labour market factors as important agents of change. Volvo's efforts to apply 'small-scale manual technologies', with long cycle times, autonomous work groups with voluntary membership, and no traditional first-line supervisors, most notably at the Uddevalla plant (1989-93), have been confined to its plants in Sweden. It was the specific combination of top management 'philosophy' (different from that in the other two Swedish motor vehicle manufacturers, Saab and Scania), co-operative labour-management relations and the 'open' technological culture of the enterprise, as well as the social and labour market conditions in Sweden, that made the Udevalla concept possible. Auer and Riegler (1990) likewise attribute the change in production concepts in the Swedish car industry in the 1980s to a combination of social and labour market conditions favourable to workers and unions, changing product demand, and employers' decentralization strategies.

The principal reason for the closure of the Udevalla plant in 1993, followed by the Kalmar plant in 1994, was not changing labour market conditions, or inefficiency – both these plants had good performance records – but their small size compared to Volvo's main plants (Torslanda in Gothenburg and Ghent in Belgium). The large Torslanda union clubs dominated the weaker ones at Uddevalla and Kalmar. When drastically falling demand for cars forced Volvo to cut production, Uddevalla and Kalmar lost out to an 'unholy' alliance between mass-production managers and Torslanda unionists defending traditional Gothenburg jobs rather than humanized jobs elsewhere (Berggren 1995: 118-20). Moreover, Renault (which at the time was Volvo's major shareholder although the planned merger fell through) demanded that excess capacity should be eliminated by closing the smaller plants.

The closure of the Uddevalla plant was a major setback for the policy of 'solidaristic work' advocated by the Metalworkers' Union (see below). The plant was seen as a model both for the implementation of this concept, with strong union participation during the planning process, and for changes in work organization, with skilled workers building whole cars. Nevertheless, despite a

radically different labour market situation in the 1990s, there are some indications that the Uddevalla concept may have a future. Like lean production, it gives a high priority to customer orientation, flexibility, and worker involvement and learning; by contrast with lean production, it presupposes a greater confidence in workers' capacity to accommodate to long production cycles (Sandberg 1995). Uddevalla was superior to the Torslanda plant in model changes and in small series: it is significant that Volvo, in co-operation with the British company TWR, has reopened the plant (called AutoNova) to produce limited-series cabriolet and coupé models. Humanized concepts have also survived in Volvo's engine and truck plants and some aspects have been introduced at Torslanda and Ghent (cars), although mixed with Japanese-inspired productions systems (Fröhlich and Pekruhl 1996: 88-91).

Other leading employers seem prepared to continue their efforts to transform work organization. In the motor vehicle sector, Scania has introduced changes in work organization in close co-operation with the unions at its truck plant in Södertälje; a representative of the Södertälje metal club described the new systems as '90 per cent of Metall's "good job"' (*Metallarbetaren* 11, 1995). The Swiss-Swedish electrical engineering company ABB has introduced 'self-governing groups' as a way of drastically reducing delivery times. At ABB Distribution, the groups are responsible for the whole cycle of operations, from orders to delivery. The new system means more varied jobs, increased responsibility, fewer supervisors, and greater co-operation between manual and white-collar workers. A number of 'co-worker agreements' with harmonized conditions for manual and white-collar employees have been concluded at ABB subsidiaries.

Efforts of Employers and Unions to Integrate Work Organization and Pay Determination

The introduction of common local wage systems for different types of workers could be seen as a logical complement to new forms of work organization. With the decentralization and individualization of pay, individual and group performance will be more important in determining remuneration than membership of broad categories such as manual or white-collar employees. However, the views of employers and unions differ in some respects. LO has accepted the introduction of flexible, individualized wage systems among manual workers as a means of encouraging workers to enlarge their skills and open the way for more integrated and varied jobs (LO 1991a). But the unions wish to relate wages exclusively to systematic job evaluation, and reject the 'subjective' appraisal of individual qualities which would turn pay into an instrument of managerial control. Moreover, the unions are not prepared to abandon the two-tier system of bargaining. This stance also applies to co-worker agreements. The Metall, SIF and CF clubs at ABB, Ericsson and Volvo have jointly stated their opposition to local co-worker agreements in the absence of a common national agreement. However, given increasingly co-ordinated bargaining across the manual/white-collar divide in the 1990s (see above), national co-worker agreements providing a framework

for subsequent local deals seem likely to be introduced in the not too distant future. With respect to general terms of employment (working hours, etc.) public sector unions already have co-worker agreements, as do workers in the paper and pulp sector.

In the Metall report 'Good Work' (1985), a strategy had been outlined for the 'Development of Work' on the basis of group-based work organization, integral job training, and the encouragement of job enlargement through payment systems. The 1989 Metall report 'Solidaristic Work Policy for Good Jobs', elaborated further the connection between work organization and wage issues. Squeezed between the dismantling of centralized bargaining and employers' efforts to transform pay into an instrument of management, the union concept of solidarity was reformulated to cover 'production' as well as 'distribution' issues. Through continuous training and a gradual expansion of tasks, the individual worker would benefit from enlarged job content as well as economic rewards. Thus pay differentials could be used as incentives to encourage workers to climb a skills 'ladder', developing their competence in the performance of an increasing number of tasks within a more flexible and democratic work organization. Work groups in which tasks were horizontally and vertically integrated were recommended as a way of achieving 'rewarding jobs' (cf. Mahon 1991: 306-11).

The accelerated integration of pay determination and work organization, as well as the continued decentralization of bargaining and the introduction of European Works Councils, imply a shift in power within unions from national wage negotiators to workplace and company- or group-level organizations. Whether or not this will create fragmented 'company unions' will depend on the national unions' success in co-ordinating and supporting the development of local union expertise to meet the new demands.

Another challenge for the unions is to encourage active membership participation, without which they are unlikely to be able to propose local pay systems, new work organization and training facilities that respond to members' views and aspirations. For example, the problem of individualized wage-setting ('subjective' versus 'objective' criteria, individual versus collective aspects) is likely to be best resolved at the level of the workers themselves, by the members of each work team, although wage principles might be an issue for the workplace club or higher union levels (cf. Fägerborg 1996: 158, 226-27, 243-45). Both LO and TCO unions are today energetically attempting to develop appropriate forms of workplace union activity that go beyond traditional wage negotiations.

A third challenge is to deal with conflicting interests at workplace level between manual and white-collar workers. This problem is aggravated by the almost complete separation of manual and white-collar workers into different national unions and confederations in Sweden. At the Alfa Laval plants in Lund, the dominant white-collar union, SIF, resisted the development of work groups for fear of losing additional jobs to manual metalworkers (LO 1990). At the Volvo Torslanda plant, a similar move by white-collar workers was prevented by a coalition between the company and the Metall club (Ahlstrand 1996: 31-6, 41-2, 66-7). In the long run, the solution to this dilemma would be a merger of manual and white-collar unions. In the meantime, co-worker agreements may be a

practicable means of easing tensions, but the entrenched positions of employers and unions have first to be overcome. At the new AutoNova plant in Uddevalla, a co-worker agreement was concluded, even before production started; this required the white-collar union SIF to abandon the traditional job control system (*SIF-tidningen* 19, 1995).

Fourth, unions are confronted with the task of making 'good jobs' accessible to all workers and of preventing a polarization of jobs between and within workplaces. Until the 1990s there was a pronounced polarization between a relatively small proportion of stimulating jobs and a growing number of monotonous and physically stressful jobs, often occupied by women. Sizeable devaluations of the currency tended to conserve an obsolete industrial structure, but polarization was also a consequence of the decline of 'basic industries' (pulp and paper, mining) and the expansion of the 'industries of the future' (electronics, transport equipment, pharmaceuticals) with a low proportion of skilled manual jobs and a high proportion of less-skilled manual jobs and of qualified white-collar employment (Landell and Victorsson 1991: 9, 113-16). In the 1990s, however, there has been a shift in favour of skilled jobs, with the deep recession of 1992-4 above all affecting unskilled workers in manufacturing and the public sector (LU 1994: 94-5). This is confirmed by a Metall report (Metall 1995a), which points to structural transformation and changes in work organization as causal factors. The turning-point occurred at the end of the 1980s: between 1988 and 1994 the proportion of metalworkers in 'intensive' jobs with short cycle times declined from one in two to one in three. However, by no means all jobs requiring increased skill and flexibility can be seen as 'good jobs'. Changes were followed in most cases by increasing intensity of work (60 per cent of men and women) and stress (35 per cent of men, 42 per cent of women). In all, around 80 per cent of metalworkers were affected by changes in work organization (mostly including teamwork) in 1994, twice as many as in 1988. As many as 58 per cent were involved in teamwork combined with pay systems promoting learning. But only 36 per cent also had individual training plans. The figure was reduced to 26 per cent of workers who experienced these innovations and reported the existence of a representative elected by the team, and to 10 per cent where there were self-governing teams with planning tasks. No more than 4 per cent of jobs fulfilled the strict union definition of a 'good job'.

The introduction of new work organization is, at best, a process of compromise between the enterprise's objectives of increased productivity and profits and the unions' demands for good jobs. Not surprisingly, lean production methods combined with group bonuses tend to encourage the exclusion of slower workers from teams operating an intense pace of work. At Volvo's Torslanda plant, all workers were in principle offered 'developing' jobs on the assembly line, but many of them were not considered to have suitable attitudes or physical ability (Ahlstrand 1996: 68-71). Moreover, the new wage system, designed to promote quality, short lead times and learning, in practice excluded a relatively high number of workers, who were given other tasks or offered early retirement (pp. 72-7).

A related tendency in engineering companies is to recruit young well-educated

male workers at the expense of unemployed, female and older workers (*Metallarbetaren* 1, 1996). The clamour by employers for changes in the Law on Job Security may partly be explained by their preference for recruiting young well-educated workers rather than developing the competences of more senior employees. (The Metalworkers' union has for years demanded a 'competence agreement' guaranteeing training for all its members – so far without success.) In addition to changes in labour law, employers have pushed for increased wage differentials to retain the minority of workers in whom substantial educational resources have been invested. A further problem is that new wage systems have not always been introduced to accompany changes in work organization (LO 1994b: 45).

To sum up, there are several difficulties restricting the implementation of the union concept of 'good work'. First, mass unemployment in the 1990s put the focus on job security, and union efforts to change work organization lost momentum, at least in the private sector. At the same time, employers accelerated the introduction of lean production methods. Second, the implementation of the Metall reports on 'Good Work' (1985) and 'Solidaristic Work Policy' (1989) was hampered by shortcomings in union organization and methods of working. A 1995 Metall report criticized the union for lacking a consistent overall policy for implementing 'Good Work': for example, the new wage system accepted under the 1988 Engineering agreement was at odds with the union's policy of 'Solidaristic Work' (Metall 1995b). Moreover, the union failure to elaborate a coherent strategy on job enrichment and competence development reflected, according to the report, the persistence of a Taylorist division of labour at union headquarters. Although a range of courses and conferences were provided, a study circle aimed at rank-and-file members was never set up. Likewise, few of the workers affected by changes in work organization seem to have participated in shaping the changes.

The failure of the union to involve officials and rank-and-file members in broad discussions about these issues is contrasted with Kommunal's successful 'Come On' project (previously mentioned in this chapter). Local government employers frequently use Kommunal's educational package on changes in work organization and the development of public services. Again the conclusion is that to have an impact on 'production' issues, unions have to adopt a participative model and mobilize their members. After all, new work organization can only be implemented by rank-and-file members themselves, even if support from higher levels is of crucial importance. The transition from an organization whose function is wage bargaining to one dealing with integrated distribution and production issues at workplace level requires what might be called 're-articulated' unions (cf. Crouch 1994), that is a revised, but still close, relationship between different union levels.

Nevertheless, the concept of 'good work' is now firmly established in public awareness as a result of the activities of the Metalworkers' Union. Despite high unemployment there are several examples of the successful implementation of 'good work', indicated by the relatively high percentage of metalworkers involved in team work combined with pay systems promoting learning. Of crucial importance is the strength of union workplace organizations and their ability to shape lean production and flexibility initiatives in order to make the requirements of competitiveness compatible with the ideas of 'good work'.

Conclusions

In recent decades, the Swedish model of industrial relations has undergone profound change. First, private sector employers, headed by the big transnational engineering firms that dominate the Swedish economy, lost confidence in the centralized bargaining system following the abortive 1980 lockout and have since pursued a strategy of decentralization. The 1980 conflict also signalled the decline of the traditional LO-SAF axis. These employers have seized the initiative in the 1980s and 1990s. On co-determination, a compromise was reached largely on their terms in the Development Agreement of 1982, acknowledging demands for flexibility and decentralization. At the workplace, management took the lead in integrating production and wage issues, but the unions soon elaborated their own 'solidaristic' version of 'good' and 'rewarding' jobs. Tight labour markets, generous social welfare provisions, high union density, relatively powerful union workplace organizations, strong and co-operative local relations, and changing product markets paved the way for local compromises on humanized work organization and new wage systems, culminating in such post-Fordist experiments as the Volvo Uddevalla plant. At national level, the unions have accepted the continuous decentralization of bargaining and a greater spread of wages, provided that the two-tier negotiation system is not abandoned and that individual workers are given the chance to develop their jobs and perform increasingly complex tasks. 'Solidaristic work policy' is replacing 'solidaristic wage policy' as the unions' slogan.

Despite the transition from 'full employment' to mass unemployment in the 1990s, the strike capacity of national unions appear intact, at the same time as lean production makes employers increasingly vulnerable to labour conflicts. Tight labour markets in the early 1990s and a rising strike frequency subsequently have demonstrated the weak points of a relatively decentralized bargaining structure. With the old formula of centralized self-regulation apparently no longer applicable, the state has increasingly intervened since the 1980s to restore co-ordinated bargaining, a development reaching its climax in the tripartite Rehnberg Stabilization Agreement and its successor. These interventions might be described as economy-wide centralization through state regulation, and in the latter case through informal and voluntary processes co-ordinated by state mediators. However, increasingly centrifugal forces in the 1995 bargaining round exposed the fragility of this arrangement. The employers demand a strengthening of the powers of state mediators and tighter regulation of labour conflicts.

Compared with the 1970s, therefore, the objective of state regulation has shifted. Legislation introduced in that decade, in such areas as co-determination and job security, responded to union demands for restrictions on the power of employers on production issues. This agenda has been replaced by employer demands for a weakening of the role of unions: at the political level, through the ending of corporatist representation; at the workplace, through the loosening of job security regulations and so on; and in pay determination in general. In both

phases, the traditional emphasis on co-operation and agreement through centralized self-regulation has been abandoned in favour of legislation.

In recent decades, the cohesion of the labour movement has been weakened by the emergence of new conflicts between different groups of workers – manual and white-collar, public and private. In the 1990s, however, the employers' militant decentralization strategy has brought manual and white-collar unions closer together, especially in engineering. The unanimous union response to employers' demands for completely decentralized wage determination and co-worker agreements has been to defend the two-tier bargaining system. Consequently, any local co-worker agreements introduced in the future will have – on union insistence – to be preceded by national ones.

Another consequence of decentralization is the intense efforts of unions to renew their working methods in order to come closer to their members. Declining union density at the end of the 1980s and the increasing proportion of female members have also put union renewal high on the agenda. Finally, the integration of pay and production issues at the local level has meant that issues of justice and solidarity have increasingly to be dealt with by rank-and-file members themselves. While Swedish unions, with their extensive network of workplace organizations, may appear well able to adapt to such challenges, further decentralization and reorganization appear inevitable.

The formation of strong new union constellations across confederal and blue-collar/white-collar lines will certainly be an important element if the co-operative features associated with the traditional Swedish model are to be restored. There are currently indications that the labour market parties are prepared to come to agreements on future pay determination. However, given the large number of bargaining partners, the state will be required to play a relatively active role in the co-ordination and regulation of procedures. In short, there is likely to be a mix of self-regulation and state regulation.

Abbreviations

AMS	Arbetsmarknadsstyrelsen – Labour Market Board
CF	Civilingenjörskörbundet – Swedish Association of Graduate Engineers
Handels	Handelsanställdas förbund – The Commercial Employees' Union
HTF	Handelstjänstemannaförbundet – Union of Commercial Salaried Employees
Kommunal	Svenska Kommunalarbetsareförbundet (SKAF) – Swedish Municipal Workers' Union
KTK	Kommunalitjänstemannakartellen – Federation of Salaried Local Government Employees
LO	Landsorganisationen – Swedish Federation of Trade Unions
MBL	Medbestämmandelagen – Act on Co-determination at Work
Metall	Svenska Metallindustriarbetareförbundet – Swedish Metalworkers' Union
PTK	Privattjänstemannakartellen – Federation of Salaried Employees in Industry and Services

SACO	Sveriges Akademikers Centralorganisation – Swedish Confederation of Professional Associations
SACO-S	SACOs statliga förhandlingskartell – SACO Section for State Employees
SAF	Svenska Arbetsgivareföreningen – Swedish Employers' Confederation
SF/SEKO	Statsanställdas förbund – Swedish State Employees' Union (since 1995 SEKO – Union of Service and Communication)
SIF	Svenska Industrijänstemannaförbundet – Swedish Union of Clerical and Technical Employees
SKTF	Sveriges Kommunalitjänstemannaförbund – Swedish Union Local Government Officers
TCO	Tjänstemännens Centralorganisation – Swedish Confederation of Professional Employees
TCO-OF	TCOs förhandlingsråd för offentliganställda – Negotiating Council of TCO for Public Employees
TCO-S	TCO Section for State Employees
UVA	Utvecklingsavtalet – Development Agreement
VFVI	Verkstadsföreningen (Sveriges Verkstadsindustrier) – Swedish Engineering Employers' Association (Association of Swedish Engineering Industries)

Notes

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- 2 The Nordic countries covered in this volume are Denmark, Finland, Norway and Sweden. 'Scandinavia' excludes Finland.

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