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Kjellberg, Anders

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+46 46-222 00 00

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The Nordic Model of Industrial Relations

Anders Kjellberg, Lund University

Department of Sociology, Lund University
Studies in Social Policy, Industrial Relations, Working Life and Mobility
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I. Introduction

The Nordic model refers in this paper to the Nordic labour market model, the Nordic model of industrial relations. The aim is to present an overview of my own use of this concept during the past thirty years as it appears in articles, book chapters and reports including those written with co-authors. Firstly, I present some basic features of the Nordic model. After that follows a list of my articles, book chapters and research reports dealing with the model, the majority written in English. Finally, several extracts from these texts, some of them rather lengthy, are presented. Some parts of my presentation of the Nordic model are taken from the extracts and other sections of these texts.

II. The Nordic Model – industrial relations with common features but also national variations

Self-regulation versus state regulation[1]

The most important feature of the Nordic labour market model is the clear dominance of self-regulation over state regulation, which means that collective agreements have a much more prominent position than legislation and other state regulations. In Sweden the model, therefore, often is labelled *partsmodellen*, "the model of the labour market parties", which refers to trade unions and employers' associations. Consequently, self-regulation presupposes a high union density and density of employers' associations. The Swedish word for self-regulation is *självreglering*, but more appropriately known as *partsreglering*, which in English is "regulation by the labour market parties" (themselves), in contrast to state regulation. Of course, also tripartite regulations exist, for example, the long tradition of tripartite peak agreements in Finland or the recent Swedish process of revising the law on employment protection, combined with a new basic agreement on employment protection and transition.

In the three Scandinavian countries, basic agreements were concluded early with the Danish 1899 September Compromise (*Septemberforliget LO-DA*), the Norwegian 1935 *Hovedavtalen LO-NAF* and the Swedish 1938 Saltsjöbaden Agreement (*Saltsjöbadsavtalet LO-SAF*).[2] The Norwegian and Swedish basic agreements had precursors as *Overenskomst om ordning af Forligsraad og Voldsgiftsretter til behandling av stridigheter mellem arbeidsgivere og arbeidere LO-NAF* (Norway 1902), *Verkstedsoverenskomsten* (the Engineering Agreement, Norway 1907), *Verkstadsavtalet* (the Engineering Agreement, Sweden 1905) and *Decemberkompromissen LO-SAF* (the December Compromise, Sweden 1906).

In Finland a similar industrial relations system was not established until after the World War II. It has come to resemble the Scandinavian or Nordic model since the late 1960s.[3] A 'historic compromise' came with the 1968 and 1969 income policy agreements. Union density increased from around 40 per cent in the mid-1960s to 80 per cent at the end of the 1970s. The civil war in 1918 is

[1] Kjellberg, A (2017) "Self-regulation versus State Regulation in Swedish Industrial Relations". In M Rönnmar & J. Julén Votinius (eds.) *Festskrift till Ann Numhauser-Henning*. Lund: Juristförlaget, pp. 357-383: https://portal.research.lu.se/sv/publications/self-regulation-versus-state-regulation-in-swedish-industrial-rel

[2] The Danish, Norwegian and Swedish blue-collar union confederations LO. DA = *Dansk Arbejdsgiverforing* (the Danish Employers' Confederation), NAF = Norsk Arbeidsgiverforening, today NHO = *Næringslivets Hovedorganisasjon* (Confederation of Norwegian Enterprise); SAF = *Svenska Arbetsgivareföreningen* (Swedish Employers' Confederation), today *Svenskt Näringsliv*, SN (Confederation of Swedish Enterprise).

[3] Lilja, K. (1992) "Finland: No Longer the Nordic Exception". In A. Ferner & R. Hyman (eds.) *Industrial Relations in the New Europe*. Oxford: Blackwell, pp. 198-217.

the most important explanation for why Finland was a 'late-comer to the Scandinavian Model'.[4] The first basic agreement was concluded during World War II (1944).

The Swedish 1997 Industry Agreement between the unions in manufacturing and corresponding SAF associations has clear parallels to the 1938 Saltsjöbaden Agreement with respect to origin (threat of state regulation), contents (negotiation procedure, conflict resolution) and the spirit of cooperation. The 1938 agreement paved the way for the centralized bargaining LO-SAF introduced in the 1950s, later also including the private white-collar sector PTK-SAF.[5] In 1990, wage bargaining at peak level was dismantled as SAF withdrew from it. Setting the norm for wage increases on the whole labour market, the bargaining partners in manufacturing industry now play a role reminiscent of the LO-SAF centralized negotiations. The so-called *industry norm* is backed up by the strong internal coordination within the Confederation of Swedish Enterprise (SN, the successor of SAF), the internal LO coordination and the Swedish National Mediation Office, which is instructed to promote 'an efficient wage formation process.' In principle that means that no wage increases can be higher than those given in the manufacturing industry, a sector heavily exposed to international competition. At the same time, much of the concrete contents of collective bargaining have been successively decentralized.

Finland is the only Nordic country that has joined the Eurozone. The pressure for "internal devaluation", that is downwards adjustments of wages and increased labour market flexibility, is not concentrated to "peripheral" Eurozone states or to the years of financial crises and sovereign debt crisis. The Eurozone core country, Finland, also fits into a pattern of union influence varying with the competitive pressure on the economy. Despite a very high union density and a tradition of tripartite centralised wage formation, the Finnish unions after a general strike had to accept a "Competitiveness Pact" including a wage freeze for 2017, reduced public sector wages, and increased social security contributions paid by the employees.[6] Furthermore, this tripartite pact also meant that collective bargaining at peak (confederal) level was abolished and opening clauses introduced. The unions received no concessions by the centre-right government, which had threatened with unilateral intervention. Against union protests the government in 2018 continued with liberalising labour market reforms. As currency devaluation was no option, Finland resorted to "internal devaluation" to restore its strongly impaired competitiveness after other Eurozone countries had taken such steps. Furthermore, the important Finnish forestry industry had, and still has, a severe disadvantage in relation to its Swedish competitor outside the Eurozone.

As appears from Table 1, Denmark and Sweden are the only Nordic countries having neither statutory minimum wages, nor extension mechanisms of collective agreements (*allmängiltig-förklaring*). In Sweden, the unions' right to take actions against unorganised employers is the closest Swedish equivalent to extension mechanisms, and is of central importance for maintaining the model of self-regulation. Although very few conflicts to force employers concluding collective agreements take place per year, the right to sympathy conflicts (strikes, blockades, etc.) is here of central

[4] Lilja (1992) pp. 203-207.
[5] PTK = Privattjänstemannakartellen (the Cartel of Private Sector White-collar Employees).
[6] Rathgeb, P. & Tassinari, A. (2020). "How the Eurozone disempowers trade unions: the political economy of competitive internal devaluation". *Socio-Economic Review*.

importance. The Nordic countries are distinguished by ample conflict funds for industrial action and extensive rights to take industrial action.[7]

In contrast to most EU countries none of the Nordic countries have statutory minimum wages. Being a Eurozone country Finland is much more exposed to demands from the EU level than other Nordic countries.

Table 1. Main characteristics of Denmark, Finland, Norway and Sweden.

	Denmark	Finland	Norway	Sweden
Population 2022 (millions)	5,8	5,6	5,5	10,2
Foreign-born population 2019	10,5%	7,0%	15,6%	19,5%
Share of employees with temporary jobs 2020	10,9%	14,9%	7,8%	15,4%
Member of EU	X	X	-	X
Eurozone country	-	X	-	-
Extension of collective agreements	-	X	X*	-
Statutory minimum wage	-	-	-	-
First private sector basic agreement	1899	1944	1935	1938
Dominant bargaining level	Industry	Industry	Industry	Industry
Ghent system	X	X	-	X
Union density	63% 2019	59% 2019	51% 2020	70% 2021
Density of employers' associations - in private sector	68% 2018	69% 2018	80% 2019 71% 2019	89% 2020 83% 2020
Coverage of collective agreements - in private sector	82% 2018	89% 2017	64% 2018 46% 2018	90% 2020 85% 2020

Sources: OECD Data: https://data.oecd.org/migration/foreign-born-population.htm#indicator-chart and https://data.oecd.org/emp/temporary-employment.htm; Kjellberg 2022a; OECD Main indicators and characteristics of collective bargaining Denmark/Finland; OECD.Stat; Alsos, K. & Nergaard, K. & Svarstad, E. (2021) *Arbeidsgiver-organisering og tariffavtaler*. Oslo: Fafo 2021:07.

* In Norway extension of collective agreements, more precisely extension of the collectively agreed minimum wages, is used in some industries with a low union density and/or a high share of labour migrants, such as construction and hotels & restaurants.

The Ghent systems in Denmark, Finland and Sweden represent a mix of state regulation (state-subsidized unemployment funds regulated by law) and self-regulation (almost all funds are union-led). The government is also responsible for an active labour market policy. In the three Nordic Ghent countries, institutional changes further undermined the Ghent effect: in Finland through the introduction of an independent unemployment fund in the 1990s; in Denmark by the cross-occupational unemployment funds introduced in the early 2000s; and in Sweden through a considerable increase in fees for unemployment funds in 2007–2013.[8] In Sweden "direct affiliation"

[7] In Sweden, for example, there are very few legal restrictions on labour conflicts. The most important constraint was introduced in 1928, when industrial action was made illegal during contract periods, except for sympathy action. In 1966 all public-sector employees acquired full bargaining and dispute rights.

[8] Kjellberg, A. & Ibsen, C. L. (2016) "Attacks on union organizing: Reversible and irreversible changes to the Ghent-systems in Sweden and Denmark". In Trine Pernille Larsen & Anna Ilsøe (eds.) *Den danske model set udefra - komparative perspektiver på dansk arbejdsmarkedsregulering*. København: Jurist- og Økonomforbundets Forlag.

to union unemployment funds is common, i. e. being member of a union unemployment fund without being union member. To get access to supplementary union income insurances membership in both the union and its unemployment fund is required. The combined effect of lower white-collar fund fees (2007–2013) and more frequent and attractive income insurance has had a significant impact on the growing gap between white-collar and blue-collar union density.

The Swedish model of industrial relations is the closest to a Nordic ideal type, as regards degree of self-regulation. The government is much less involved in wage formation than in Denmark (mediation proposals not seldom transformed into law), Finland (a tradition of tripartite bargaining) and Norway (compulsory arbitration).

A departure from the traditional Swedish model of industrial relations occurred with the series of labour laws introduced in the 1970s on employees' board representation (1973), employment protection (1974)[9], the position of union representatives in the workplace (1974), co-determination (1976), working environment (1977), and on equality of men and women in working life (1979). It is true that the law on employment protection encroaches upon the employer prerogative, but the law allows the statutory regulations to be replaced by collective agreements, labelled by Susanne Fransson and Eberhard Stüber as *legally conditioned self-regulation*.[10] Considering also the agreements on redundancy programmes, there are grounds to designate this area as a mix of state regulation and self-regulation. Recently the Swedish labour market parties have regained the initiative by the 2020 basic agreement on which revised legislation on employment protection and transition will be based. The agreement can be interpreted as a step towards Swedish *flexicurity* as it contains both increased space for employers to make derogations from the rule last in, first out in case of layoffs, and improved transition arrangements for employees whose skills need to be developed when new technology is introduced.

Combined centralization and decentralization

From an international perspective, Nordic industrial relations are both comparatively centralized and decentralized. *Centralization* is required for central compromises guaranteeing union rights and reducing hesitancy about joining unions at the individual workplace. It also increases the share of workplaces covered by collective agreements, and where employers do not resist unions, it provides a high coverage of employers' associations. Another illustration of interaction between central and local levels to the advantage of unions is that bargaining power at national level facilitates local negotiations, particularly at workplaces with weak union representation.

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https://portal.research.lu.se/en/publications/attacks-on-union-organizing-reversible-and-irreversible-changes-t

[9] Since the Law on Employment Protection was passed in 1974 it has successively been revised with the result that a larger proportion of the employees has fixed-term contracts than before. Above all, the most insecure forms as 'general fixed-term employment' (*allmän visstidsanställning*, introduced in 2007) have expanded. Since 1993 commercial private employment agencies and temporary work agencies are legal. As a consequence of the deep economic crisis in the 1990s, when the position of the individual towards the employers was weakened, and the fact that Sweden has the most liberal legislation among the Nordic countries as regards temporary jobs, the share of temporary jobs is very high in some industries and occupations. Only six European OECD states today have a higher proportion of temporary employment than Sweden (OECD Data: https://data.oecd.org/emp/temporary-employment.htm). For the legislation in the Nordic countries, see Rasmussen, S. & Nätti, J. & Larsen, T. P. & Ilsøe, A. & Garde, A. H. (2019) "Non-standard Employment in the Nordics – toward precarious work?" *Nordic journal of working life studies* 9 (56)7–32, p. 20.

[10] Fransson, S. and Stüber, E. "Inflytande och makt över lönebildning och lönesättning". In M. Holmqvist (ed), *Makt och inflytande i arbetslivet* (Stockholm, Premiss 2016) 98. Cf 'enforced self-regulation' in R Baldwin and M Cave *Understanding Regulation: Theory, Strategy and Practice* (Oxford, Oxford University Press 1999) 39–41.

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 confederations 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 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 (although advisory balloting was retained for a period). Most Swedish unions still have more centralized decision-making today than their Norwegian and Danish counterparts.

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 is probably the main cause of the considerably higher degree of state intervention in collective bargaining in Denmark and Norway. Danish and Norwegian state mediators are given the right to aggregate ballot results from different unions and sectors, and mediation proposals have often been transformed into law. The extensive use of compulsory arbitration in Norway should also be mentioned.

Decentralization refers to the extensive coverage of union workplace organizations vertically integrated into national unions. The workplace 'clubs' bring unions close to rank-and-file members and offer unique chances for reciprocal communication between unions and members. They also constitute an arena for formulating demands and delivering goods to where the workers are located. Face-to-face contact with union representatives and other union members maintains union membership as a social norm. Union workplace organizations promote membership recruitment, not only from a social aspect (face-to-face contacts), but also from a utility aspect (results of union activities directly at the workplace) and by providing protection for union members and reducing hesitancy about joining unions.

For employees at workplaces without union representation, and consequently less social pressure to join, selective incentives, like union income insurance, can be expected to have a relatively greater impact. That is in line with Ebbinghaus et al. (2011: 120–121)[11], who show that the effect of workplace representation on union density is smaller in Ghent countries than in other countries. Workplace representation, will therefore, be more important in Norway than in Sweden for maintaining a high union density. This is reinforced by the Norwegian practice in the private sector that collective agreements to be implemented at the workplace level require a workplace union demanding an agreement.[12]

[11] Ebbinghaus, B. & Claudia G. & Sebastian K. (2011) "Social capital, 'Ghent' and workplace contexts matter: comparing union membership in Europe". *European Journal of Industrial Relations*, 17, 107-124.
[12] Kjellberg, A. & Nergaard, K. (2022) "Union Density in Norway and Sweden: Stability versus Decline", *Nordic journal of working life studies*. Special issue S8: Trade unions in the Nordic Labour Market Models – signs of erosion?, p. 61: https://portal.research.lu.se/sv/publications/union-density-in-norway-and-sweden-stability-versus-decline

Nordic union workplace organizations have important bargaining functions - in contrast to many European countries, where bodies other than unions, such as works councils, are assigned these tasks.

Workplace clubs are based on the spatial *proximity* between workers, which is one of two basic sources of cohesion and common norms among workers highlighted by Lysgaard (2001).[13] The other is *similarity*, which refers to workers with the same occupation or education. From a union perspective, proximity and similarity correspond to two organizational principles: the industry principle (vertical unions organizing all kind of workers at a workplace) and the occupational principle (occupational unions). The principles of proximity and similarity combined could be expected to reinforce cohesion, particularly in white-collar unions, which are also professional associations and large enough to have workplace clubs. Members have the same workplace, the same profession, and the same educational background. These types of unions not only represent their members as employees (wages, working conditions), but also defend their professional autonomy, ethics, methods, and quality of services (Ble-Drivdal 2020: 49).[14] The last type of representation can be considered a selective incentive for membership.

Socially segregated union structure

The socially segregated Nordic model of separate unions and union confederations for blue-collar workers ("the LOs"), academic professionals and other white-collar workers is most evident in Sweden, in particular since LO-Denmark merged with the largest white-collar confederation. In addition, the Swedish white-collar unions are considerably stronger than their Nordic equivalents. The Danish private sector employer confederation even refuses to conclude collective agreements with the academic confederation *Akademikerne* and its affiliates.

Sweden is also the only Nordic country in which blue-collar and white-collar unions across confederations set the "mark" (the industry norm) for wage increases throughout the labour market. In Denmark and Norway it is only LO unions (the Norwegian *frontfagsmodellen*, "the front union model") or former LO unions (LO-Denmark in 2019 merged with the white-collar confederation FTF into FH (*Fagbevægelsens Hovedorganisation*) which have this prerogative.

In the Atumn 2020, the former Swedish bargaining cartel PTK, representing the large majority of private sector white-collar union members, concluded a basic agreement with the Confederation of Swedish Enterprise: LO-Sweden joined the agreement a year later. That marks a substantial power shift within the union movement since 1938, when LO alone signed the Saltsjöbaden Agreement.

The presence of class-based trade unions and the absence of political and religious divisions have contributed to very high union density in Sweden. Besides ensuring that no social group is left with the feeling that it lacks a union to identify with, it has promoted a sense of community in socially relatively homogeneous union confederations.

The emergence of separate union confederations for professional employees in the Nordic countries was, to a great extent, due to the strength of the labour movement and the establishment of a welfare state with income-levelling aspirations. The origins of the professionals' unions lie mainly in the

[13] Lysgaard, S. (2001) *Arbeiderkollektivet*. Oslo: Universitetsforlaget.
[14] Ble-Drivdal, A. (2020). "Unions Conceptualizations of Members' Professional Interests and Influence in the Workplace". *Nordic journal of working life studies*, 10(4)43-63

public sector, and their growth has been largely based on the expansion in the number of public sector employees, although the increase in membership is now greatest in the growing private sector.

'Social democratic' welfare states

The Nordic model includes "social democratic" welfare states strengthening the position of workers vis-à-vis employers. The Nordics LOs have mostly been close allies to the social democratic parties, which for long periods have been in office:

- Denmark: 1929-43, 1947-50, 1953-68, 1971-73, 1975-82, 1993-2001, 2011-15 and since 2019.
- Finland: 1948-50, 1956-57, 1958-59, 1966-70, 1972-75, 1977-87, 1995-99 and since 2019.
- Norway: 1935-65, 1971-72, 1973-81, 1987-89, 1990-97, 2000-2001, 2005-2013 and since 2021.
- Sweden: 1932-76, 1982-91, 1994-2006 and since 2014.

In Sweden the cooperation between the social democratic party and LO partly explains the break with the principle of self-regulation during the wave of labour legislation in the 1970s. In 1936 the Swedish Law on Rights of Association and Negotiation was enacted with support from the social democratic government. Although this legislation deviates from the Swedish model of self-regulation, there is a world of difference between *negotiated* employment conditions (collective bargaining) and *substantive* legislation on employment conditions, which was the alternative option (see below). In the light of the employers' fierce resistance to negotiations with white-collar unions in manufacturing, commerce and banking, legislation on the right of association and negotiation appeared as the only plausible way forward, at least for white-collar unions preferring collective bargaining to substantive legislation on employment conditions. The 1936 Law on Rights of Association and Negotiation was in accordance with the Swedish labour market model as the right to negotiations was exclusively aimed for the unions, not for the individual employees.

In Denmark the turn of events followed a different path as a *substantive* law for white-collar workers, the so-called *funktionærloven* (Law on private sector white-collar workers), was introduced in 1938. It contained (among other things) a notice period of three months and sickness benefits, and subsequent revisions included additional benefits. The initiative came from the Conservative Party, which in 1937 – in the competition for the votes of white-collar workers – proposed legislation on individual employment contracts. The aim was to reinforce the middle-class identity of Danish white-collar workers and provide an alternative to collective agreements. By offering white-collar workers better employment conditions than those of blue-collar workers, the idea was that the former would abstain from union membership.

Compared to the Swedish white-collar legislation, the Danish is far more extensive due to its *substantive* character and the fact that it deals with employment conditions that could be regulated by collective agreements. In contrast, the aim of the Swedish 1936 law was only to encourage *negotiations* between private sector white-collar unions and employers. The existence of a social democratic government in Sweden from 1932 in itself, together with the new law, encouraged white-collar unionization by making it legitimate to join a union and by reducing the hesitancy among white-collar workers in private companies to do so. Private sector white-collar density increased rapidly in the 1930s. The blue-collar workers in the Nordic countries never needed such a legislation

as they long before the 1930s were prepared to strike to gain the right to join unions and improve their terms of employment through collective bargaining.

Scandinavian labour movements – represented by strong social democratic parties – extended in the 1930s in Norway and Sweden their already considerable strength to the political sphere, and considerably earlier in Denmark – where the party of small farmers headed governments based on an alliance with the social democrats in 1909-10 and 1913-20. The political compromises bringing social democratic parties to power meant that the favourite weapon of Scandinavian employers - the large-scale lockout - could no longer be used as freely as in the past. This encouraged Swedish and Norwegian employers to conclude basic agreements in the 1930s. The Swedish employer confederation SAF, however, was very concerned that the right to sympathy conflicts remained intact when the 1928 laws on collective agreements and labour court were passed (other industrial action was banned during contract periods). The fear that the right to sympathy lockouts would be restricted by legislation was a conspicuous motive for SAF, when the organization entered the negotiations with LO that resulted in the 1938 Saltsjöbaden Agreement.[15] But times have changed: since the 1990s SAF and its successor, the Confederation of Swedish Enterprise (SN), have demanded legislation making sympathy conflicts *illegal*.

From an international perspective, Sweden's labour conflicts up to the mid–1920s were distinct in both length and size.[16] Under pressure from the new social democratic government in the 1930s, employers and unions were forced to reconsider their strategies. With the prospect of a protracted social democratic reign, the SAF preferred to engage in a policy of co-operation with the LO, in order to avoid undesirable state intervention.[17] In addition, the large-scale lockout was no longer, without reservation, an effective instrument, as it had been in the past. Thus, the social democratic conquest of political power caused the employers to review their strategies.

In order to preempt state regulation, LO and SAF concluded the Saltsjöbaden Agreement in 1938, which formed part of a broader 'historical compromise' which included the industrial and political arenas.[18] In exchange for 'labour peace' and acknowledgment of employer prerogative (as already recognized in the 1906 December Compromise LO-SAF), labour was to be compensated by social reforms and 'full employment' through (expected) economic growth. Subsequently, in the 1950s, the centralization of LO and the institutionalization of centralized bargaining between LO and SAF greatly facilitated LO's 'solidaristic wage policy', which added to the cohesiveness of the Swedish union movement.

As we have seen, Sweden up to the 1930s was distinguished by a very high frequency of strikes and lockouts. Particularly since the 1997 Industry Agreement, Swedish labour conflicts are extremely few also from a Nordic perspective. In the period 2010-2020 the yearly average of lost working days was only 8 900 in Sweden compared to 98 200 in Denmark, 127 400 in Norway and 130 300 in

[15] Swenson, P. A. (2009) "Solidaritet mellan klasserna. Storlockouten och Saltsjöbadsandan". In C. Lundh (ed.) *Nya perspektiv på Saltsjöbadsavtalet*. Stockholm: SNS Förlag, pp. 47–56, 75–77.
[16] Shorter, E. and C. Tilly (1974). *Strikes in France 1830–1968*. Cambridge: Cambridge University Press, chapter 12.
[17] Söderpalm, S. A. (1980). *Arbetsgivarna och Saltsjöbadspolitiken*. Stockholm: SAF, pp. 22-23. Söderpalm, S. A. (1976) *Direktörsklubben. Storindustrin i svensk politik under 1930- och 40-talen*. Stockholm: Zenit, Rabén & Sjögren, p 15.
[18] Johansson, A. L. (1989). *Tillväxt och klass-samarbete - en studie av den svenska modellens uppkomst*. Stockholm: Tiden; Korpi, W. (1983). *The Democratic Class Struggle*. London: Routledge and Kegan Paul.

Finland.[19] The two largest Swedish strikes since 2000 have occurred in the public sector.[20] Also in Denmark public sector employees are the most strike-prone. A large teachers' strike (and lockout) in 2013 was brought to an end by the Danish government. Also in Norway public sector employees account for a high share of lost working days.[21] The largest strikes in Finland since 2000 involve the important Finnish paper industry (2005) and stevedores (2010), while it was a large political strike in 2015 aimed at the government's austerity policies as part of the internal devaluation mentioned above.[22]

After this introduction on the Nordic model of industrial relations follows a list of my articles, book chapters and reports within this field of research. Finally, there are some extracts from these studies. Most of these studies are published online; click on the links in question to read them in length and find the relevant reference lists.

III. Comparisons Norway – Sweden

(1) Anders Kjellberg & Kristine Nergaard (2022) "Union Density in Norway and Sweden: Stability versus Decline", *Nordic journal of working life studies*. Special issue S8: Trade unions in the Nordic Labour Market Models – signs of erosion?
https://portal.research.lu.se/sv/publications/union-density-in-norway-and-sweden-stability-versus-decline
PDF: https://portal.research.lu.se/files/114477394/Union_Density_Sweden_Norway_Kjellberg_Nergaard.pdf

(2) Anders Kjellberg (1999) "Fagorganisering i Norge og Sverige i et internasjonalt perspektiv" *Arbeiderhistorie 1999. Aarbok for Arbeiderbevegelsens Arkiv och Bibliotek* Oslo 1999, pp. 57-83. Tema: LO 100 år.
https://portal.research.lu.se/sv/publications/fagorganisering-i-norge-og-sverige-i-et-internasjonalt-perspektiv
PDF: https://portal.research.lu.se/files/4525392/625871.pdf

IV. Comparisons Denmark – Sweden

(1) Anders Kjellberg (2017) "Self-regulation versus State Regulation in Swedish Industrial Relations" (including comparisons with Denmark). In Mia Rönnmar and Jenny Julén Votinius (eds.) *Festskrift till Ann Numhauser-Henning*. Lund: Juristförlaget, pp. 357-383:
https://portal.research.lu.se/sv/publications/self-regulation-versus-state-regulation-in-swedish-industrial-rel
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https://portal.research.lu.se/files/23904978/Kjellberg_FSNumhauserHenning_Self_Regulation_State_Regulation.pdf

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IX. Employers’ associations.

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X. Norway and Sweden: similar industrial relations systems

Anders Kjellberg & Kristine Nergaard (2022) “Union Density in Norway and Sweden: Stability versus Decline”, *Nordic journal of working life studies*. Special issue S8: Trade unions in the Nordic Labour Market Models – signs of erosion?
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From an international perspective, the rate of unionization is high in both Sweden and Norway (Kjellberg 2021c). As the industrial relations systems have much in common, one might expect that a number of circumstances promoting a high union density are present in both countries, among them a tradition of cooperation between the ‘labor market parties’ (Andersen et al. 2014). The spirit of cooperation associated with the Swedish basic agreement of 1938 has actively promoted the high density of both trade unions and employers’ associations. The Norwegian basic agreement came about almost simultaneously (1935). However, Norway never achieved the same density rates as Sweden, either among employees or employers.

The combined centralized and decentralized industrial relations system in the Nordic countries prevents a fragmentary coverage of collective bargaining and facilitates membership recruitment by the extensive network of ‘union clubs’ and shop stewards (Andersen et al. 2014; Kjellberg 2017). Face-to-face contact with union representatives and other union members maintains union membership as a social norm. Union workplace representation also makes it possible to achieve improvements directly in the workplace and provides protection for union members.

Another distinctive feature is the socially segregated union structure with separate national unions and confederations for blue-collar, professional, and other white-collar workers, which promotes

cohesion within each group (Kjellberg & Ibsen 2016). This pattern is less evident in Norway, where the blue-collar confederation has a considerably higher share of white-collar workers than its Swedish equivalent, although mainly in different trade unions. There is also a stronger tradition of white-collar unionization in Sweden than in Norway.

In contrast to Norway, Sweden has no statutory mechanism to ensure the general application of collective agreements. Despite this fact, 90% of Swedish employees (about 85% in the private sector) are covered by a collective agreement (Kjellberg 2021b). The high organization rate among Swedish employers plays a positive role in this regard. In Norway, less than one-half of private sector employees are in workplaces with collective agreements. One key explanation is the lower union density, which makes for fewer union demands for collective agreements. The unions are also unable to benefit from the fairly high associational density among private sector employers, as Norwegian employers' associations do not require their members to have a collective agreement (Alsos et al. 2021). This is also the case in Sweden, but members without collective agreements are much less frequent in Sweden than in Norway.

XI. The Nordic model of industrial relations

Anders Kjellberg (2021) "The shifting role of unions in the social dialogue", *European Journal of Workplace Innovation*. Special Issue: European Approaches to Sustainable Work. 6(2) 220-244, (guest editors: Kenneth Abrahamsson, Maria Albin, Elisabeth Lagerlöf and Chris Mathieu).
https://portal.research.lu.se/sv/publications/the-shifting-role-of-unions-in-the-social-dialogue
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https://lucris.lub.lu.se/ws/portalfiles/portal/94935911/Unions_in_social_dialogue_Kjellberg_Workplace_Innovation.pdf

Nordic industrial relations are distinguished by a high degree of self-regulation, which means that collective agreements concluded by well-organised labour market parties have a prominent position in regulating wages and other employment conditions. None of the Nordic countries have legislated minimum wages, which does not mean that the state is without influence. The Nordic model includes "social democratic" welfare states strengthening the position of workers vis-à-vis employers. The Ghent systems in Denmark, Finland and Sweden represent a mix of state regulation (state-subsidized unemployment funds regulated by law) and self-regulation (almost all funds are union-led). The government is also responsible for an active labour market policy.

The Swedish model of industrial relations is the closest to a Nordic ideal type, as regards degree of self-regulation. The government is much less involved in wage formation than in Denmark (mediation proposals not seldom transformed into law), Finland (a tradition of tripartite bargaining) and Norway (compulsory arbitration). In contrast to Finland and Norway, Sweden has no state extension mechanisms of collective agreements. Furthermore, Sweden is in a class of itself by its extremely low frequency of labour market conflicts. The socially segregated Nordic model of separate unions and union confederations for blue-collar workers ("the LOs"), academic professionals and other white-collar workers is most evident in Sweden, in particular since LO-Denmark merged with the largest white-collar confederation.

In addition, the Swedish white-collar unions are considerably stronger than their Nordic equivalents. The Danish private sector employer confederation even refuses to conclude collective agreements with the academic confederation Akademikerne and its affiliates.

Sweden is also the only Nordic country in which blue-collar and white-collar unions across confederations set the "mark" (the industry norm) for wage increases throughout the labour market. In the autumn 2020, the former bargaining cartel PTK, representing the large majority of private sector white-collar union members, concluded a basic agreement with the Confederation of Swedish Enterprise. After some adjustments, the two largest blue-collar LO unions, IF Metall and the

Municipal Workers' Unions, joined the agreement, but LO-Sweden was itself not among the signatories. That marks a substantial power shift within the union movement since 1938, when LO alone signed the basic agreement, the Saltsjöbaden Agreement. Both these basic agreements were negotiated after pressure from social democratic govern-ments. As the government this time was dependent upon two neoliberal parties, the employers had a very strong negotiating position. Although the agreement will be implemented through a social dialogue between the signatories and the government, it is considered a victory for the Swedish model of self-regulation. There will be tripartite deliberations about changes of the Law on employment protection, the implementation of the new transition agreement and a collectively agreed unemployment insurance, in which the current unemployment funds will remain. The revised law will increase the employers' freedom to select individuals in case of layoffs. In the two other issues, the participation of the government is necessary for financial reasons.

Despite their outstanding strength, Nordic unions are also facing a multitude of challenges. Sweden is chosen as an illustration, as the Swedish variant of the Nordic model includes the most far-reaching self-regulation, together with Denmark the highest union density, the highest density of employers' associations, and the longest record of social democratic government influence on the welfare state and labour market: 1932-76, 1982-91, 1994-2006 and since 2014. As in Denmark and Finland, union density has declined considerably since the mid-1990s. Swedish unions are also challenged by a shift of power to large transnational companies expanding their share of employees abroad, a rapid growth of non-unionised posted workers and the most extensive privatisations of welfare services.

(…)

Among the old EU member states, Sweden and France form the extremes, representing the Nordic and the Southern European model respectively (Table 6). Despite a very low union density, French collective agreements cover 98% of the employees, due to the very frequent use of extension by the Ministry of Labour. Sweden has an almost equally high coverage rate without extension mechanisms, and exclusively by negotiations between unions and employers' associations, each of which covers the large majority of employees.

French state regulation, however, does not stop at extending collective agreements to almost all employees. It has also a direct impact on wages by the statutory minimum wage, which more or less sets the pace for wage agreements at industry level (Vincent, 2019). In Sweden, minimum wages are exclusively a matter for collective bargaining. Common for both countries is that industry is the dominant bargaining level, a prerequisite for the high coverage rate in these countries.

Table 6. France and Sweden compared.

	France	Sweden
Union density	9%	68%*
Density of employers' associations	75%	90%
Coverage of collective agreements	98%	90%
Extension mechanism	Yes	No
Statutory minimum wage	Yes	No
Dominant bargaining level	Industry	Industry

Remark. Density of employers' associations refers to the share of workers in firms and public authorities affiliated to employers' associations. * 2019

The relatively large decline in Swedish union density since 2006 has not yet become a threat to the Swedish model of collective bargaining as the continuously high share of workers covered by employers' associations compensate for the fall in unionisation. The German development is quite different, as many firms has abandoned their organisations, union density decreased from 25% to 17% and the coverage of collective agreements from 68% to 56%. These fissures in the German industrial relations model ended in increased state regulation by the introduction of statutory

minimum wages. The German union movement changed its attitude from a negative stance to a driving force for such a reform.

As appears from Table 5, an overwhelming majority of the countries (20 out of 27) have statutory minimum wages. Sixteen countries more or less frequently extend collective agreements to enterprises not affiliated to employers' associations. Only Austria, Sweden, Denmark and Italy practice none of these two forms of state regulation. In Austria collective bargaining is, however, de facto extended to almost all employees as membership in the national employers' association (the Chamber of the Economy) is compulsory. Until 2006, Slovenia had a similar chamber system with compulsory membership for employers. Although Italy has no formal extension mechanism, there is a constitutional obligation to pay "a fair wage", which by juridical practice is the same as the minimum wage in the relevant collective agreement. Consequently, only Sweden and Denmark in reality remain in the group of countries with neither statutory minimum wages, nor extension mechanisms.

In Sweden, the unions' right to take actions against unorganised employers is the closest Swedish equivalent to extension mechanisms, and is of central importance for maintaining the model of self-regulation. Although very few conflicts to force employers concluding collective agreements take place per year, the right to sympathy conflicts (strikes, blockades etc.) is here of central importance. The right to sympathy conflicts, of course, is important also at industry level in the regular bargaining rounds, but also in this respect Sweden has a very low frequency of strikes and lockouts. In the UK, sympathy actions are illegal (restricted from 1980 and outlawed entirely since 1990). The leading Swedish private sector employer organisation, Confederation of Swedish Enterprise, demands a ban on sympathy conflicts.

(…)

The pressure for "internal devaluation", that is downwards adjustments of wages and increased labour market flexibility, is not concentrated to "peripheral" Eurozone states or to the years of financial crises and sovereign debt crisis. Already in the early 2000s, the red-green Schröder government introduced a series of reforms to improve German competitiveness relative to other Eurozone countries, and fight high unemployment as well as preventing further jobs moving abroad. For several years, German real wages either declined (2002, 2004-2008) or were unchanged (2001, 2009): see Müller, Vandaele & Waddington 2019, p. 672. Due to rising employment and regained German competitiveness, the unions strengthened their position vis-a-vis the employers and the government, despite continued decreasing union density and falling collective bargaining coverage. The conservative-led grand coalition from 2013 reregulated temporary agency work, introduced a statutory minimum wage, and made other concessions to unions (Rathgeb & Tassinari, 2020). The degree of union influence stood in inverse relation to the competitive pressure on German economy. Already before that, however tripartite consultation experienced a revival during the crisis years 2008-2009 when short-time work to fight unemployment was introduced (in Sweden the same measure was taken during the 2020 corona crisis).

Another Eurozone core country, Finland, also fits into a pattern of union influence varying with the competitive pressure on the economy. Despite a very high union density and a tradition of tripartite centralised wage formation the Finnish unions after a general strike had to accept a "Competitiveness Pact" including a wage freeze for 2017, reduced public sector wages, and increased social security contributions paid by the employees (Rathgeb & Tassinari, 2020). Furthermore, this tripartite pact also meant that collective bargaining at peak (confederal) level was abolished and opening clauses introduced. The unions received no concessions by the centre-right government, which had threatened with unilateral intervention. Against union protests the government in 2018 continued with liberalising labour market reforms. As currency devaluation was no option, Finland resorted to "internal devaluation" to restore its strongly impaired competitiveness after other Eurozone

countries had taken such steps. Furthermore, the important Finnish forestry industry had, and has, a severe disadvantage by its Swedish competitor being outside the Eurozone.

(…)

Variations between countries are large in almost all respects: union density, density of employers' associations, coverage of collective bargaining, degree of centralization-/decentralisation of industrial relations, co-operative versus hostile relations between trade unions and employers' associations, and macro-economic indicators (competitiveness, unemployment, national debt, etc.). Another dimension is self-regulation versus state regulation. Here Sweden stands in sharp contrast to France, but also to other countries with state extension of collective agreements, statutory minimum wages, etc. Sweden and France represent the most far-reaching variants of the Nordic and Southern European models respectively.

(…)

The Swedish case illustrates that the Swedish model is also exposed to pressure by considerably declining union density and increasing power of transnational companies that do not attach much importance to developing work. As in Denmark and Finland, centre-right governments' change of the Ghent system caused large losses of union members. In Sweden the result was also a rapidly growing divergence between white-collar and blue-collar union density (72% and 60% respectively in 2019) causing a power shift within the union movement, clearly manifested in the 2020 basic agreement signed by the white-collar private sector cartel PTK, and not the blue-collar confederation LO, which was weakened by internal conflicts. The two largest LO unions soon, however, joined the agreement, labelled a victory for the Swedish model of self-regulation, although it will be followed up by tripartite social dialogue including the social democratic government. The agreement can be interpreted as a step towards Swedish flexicurity as it contains both increased space for employers to make derogations from the rule last in, first out in case of layoffs, and improved transition arrangements for employees whose skills need to be developed when new technology is introduced.

The Swedish model shows a great capacity for renewal manifested in the 2020 basic agreement and the 1997 Industry agreement. For Swedish wage formation, the 1997 Industry Agreement played a decisive role. This institutional innovation, reminding of the classical 1938 Saltsjöbaden Agreement, came about by the labour market parties themselves although under pressure from the social democratic government. Ahead of the planned accession to the EMU there was a great consensus about the wage leading role of the manufacturing sector in a small, heavily export-dependent country like Sweden. Besides limiting the role of the state, an important union motive was restoring the centralised component of the Swedish model. Since then, different types of co-ordinated bargaining, supported by the new National Mediation Office, is a prerequisite for the implementation of the "industry norm". Some white-collar unions, particularly in the public sector, have "figureless agreements", but the employers in general make sure that they do not result in wage increases exceeding the norm too much, although such deviations sometimes enable changed wages relative to other groups. With this renewed version of the Swedish model, the position outside the Eurozone, the floating krona and the up to the corona crisis declining sovereign debt, there has been no international pressure for internal devaluation.

XII. Sweden: the coordinating role of the industry norm

Anders Kjellberg (2019) "Sweden: collective bargaining under the industry norm". In Torsten Müller & Kurt Vandaele & Jeremy Waddington (eds.) *Collective bargaining in Europe: towards an endgame*. Brussels: European Trade Union Institute. Volume III (pp. 583-604 + Extra Appendix updated in 2022).
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PDF:
https://lucris.lub.lu.se/ws/portalfiles/portal/114821747/Collective_Bargaining_Industry_Norm_A_Kjellberg_March_2022.pdf

Sweden is a small market economy, with ten million inhabitants, dominated by large export-oriented transnational companies. Between 1995 and 2018 the export share of GDP increased from 38 to 47 per cent. Sweden has been a member of the European Union (EU) since 1995 but is still able to run its own monetary policy as the country has not entered the euro zone. The Social Democrats have been the governing party for long periods, in 1932–1976, 1982–1990, 1994–2006 and since 2014; in the second and third periods, however, they have initiated or supported many neoliberal reforms (for instance, a substantial share of tax-financed schools, child care and elderly care are outsourced to private companies). Sweden has the most socially segregated union movement in the world, with separate blue-collar and white-collar national unions and confederations. There is a similar pattern in the other Nordic countries, but not as consistently as in Sweden. Like Denmark and Finland, two other Nordic countries with a Ghent system, Sweden has a high but declining union density (see Table 28.1). The substantial increase in union unemployment contributions in 2007–2013 partly eroded the Ghent system as an instrument for membership recruitment, particularly regarding blue-collar unions, which imposed the highest contributions. While in 2000 blue-collar union density was higher than white-collar density, the opposite has been the case since 2008. The density of employers' associations and the coverage of collective agreements remain stable at a high level.

The Swedish system of collective bargaining based on industry-led pattern bargaining is at the same time centralised and decentralised, although not in the same way as in the classical three-tier Swedish model, in which agreements were concluded at peak, industrial and workplace levels for blue-collar and white-collar unions respectively. Thus, distinguishing the new two-tier system of industry pattern bargaining and organised decentralisation from the classical model is 'cross-collar' union coordination in manufacturing industry, which combines blue- and white-collar unions, and the corresponding coordination between their employer equivalents. Providing cross-industry wage coordination, manufacturing industry sets the industry norm. This is a benchmark that specifies a certain percentage of the upper wage increase for the whole economy. Although they do not participate in wage negotiations, however, the important coordinating role of peak organisations in the wage formation process is continued by means of the confederations' leadership in marshalling consent for the Swedish pattern of coordination and articulation in collective bargaining. All the above points refer to the centralising features of Swedish collective bargaining and industrial relations. The implementation of industry bargaining at the workplace level in local negotiations is maintained in the new model but combines centralisation (industrial bargaining) and decentralisation (workplace bargaining). This renewed Swedish model, which is based on the Industry Agreement (*Industriavtalet*) of 1997, has largely stabilised wage formation and promoted relative wage equality and rising real wages.

Swedish industrial relations are distinguished by self-regulation, which means that wages and other employment conditions are largely regulated by collective bargaining (Kjellberg 2017). There are no statutory minimum wages or legal procedures for extending collective agreements and no laws regulating trade unions' internal affairs. Similarly, there are very few legal restrictions on labour conflicts. The most important constraint was introduced in 1928 when industrial action was made illegal during contract periods, except for sympathy action. In 1966 all public-sector employees acquired full bargaining and dispute rights. The non-interventionist character of the state in the early history of Swedish industrial relations forced the employers to rely on their own strength when dealing with the growing socialist blue-collar union movement. Union rights were conceded in important compromises in 1905 and 1906. By the 1938 Saltsjöbaden Agreement between the blue-collar Swedish Trade Union Confederation (*Landsorganisationen i Sverige*, LO) and the Swedish Employers' Confederation (*Svenska Arbetsgivareföreningen*, SAF) and the subsequent 1941 centralisation of LO, the way was paved for a long period of 'labour peace', centralised bargaining

between LO and SAF and a 'solidaristic wage policy'. The Bargaining Cartel of Private Sector White-collar Workers (*Privattjänstemannakartellen*, PTK), founded in 1973, was also involved in peak-level bargaining. Similar cartels appeared among public sector white-collar workers.

From the 1950s up to 1990 collective bargaining took place at three levels: peak-level agreements followed by industrial agreements implemented by workplace bargaining. When the dominance of the axis LO–SAF was broken, collective bargaining became much more complicated and inflation rose considerably. In 1990 SAF closed its bargaining unit and advocated completely decentralised bargaining. In the mid-1990s a Social Democratic government encouraged the parties to reform the wage formation process as high nominal wage increases threatened Swedish competitiveness. The signatories of the 1997 industry norm (*Industriavtalet*) stressed the principle that no wage increases should be higher than those in manufacturing industry. The reinforced National Mediation Office (*Medlingsinstitutet*, MI) established in 2000, is explicitly ordered to foster the wage-leading role of the export sector by mediating in case of conflict and actively promoting norms backing up this role. The industry norm is considered necessary by all principal labour market actors and the state in response to intensified international competition, especially with Germany and Finland, and the great Swedish dependence on exports. The Industriavtalet, which like the Saltsjöbaden Agreement contains procedures and mechanisms for conflict resolution, is generally considered a success, although some unions, especially those active in the domestic sector, hold the opinion that wages should rise by more than the industry norm. Since 1997 there have been relatively modest nominal wage increases but rising real wages. In contrast to the period 1980–1994, when the average annual increase of nominal wages was 6.8 per cent, but real wages hardly increased at all, real wages grew by 64 per cent (MI) between 1995 and 2017. Unemployment is much lower than in the 1990s, when Sweden was hit by a deep economic crisis. Almost full employment among native Swedes, however, contrasts with high unemployment among foreign-born residents.

XIII. Self-regulation versus State Regulation in Sweden and Denmark

Anders Kjellberg (2017) "Self-regulation versus State Regulation in Swedish Industrial Relations" (including comparisons with Denmark). In Mia Rönnmar and Jenny Julén Votinius (eds.) *Festskrift till Ann Numhauser-Henning*. Lund: Juristförlaget, pp. 357-383:
https://portal.research.lu.se/sv/publications/self-regulation-versus-state-regulation-in-swedish-industrial-rel
PDF:
https://portal.research.lu.se/files/23904978/Kjellberg_FSNumhauserHenning_Self_Regulation_State_Regulation.pdf

During the formative years of Swedish industrial relations, trade unions and employers were left to themselves to regulate the relations between them. Several circumstances promoted such self-regulation, among them the non-repressive character of the Swedish state and the fact that the Liberals – until universal suffrage was introduced – blocked conservative legislation initiatives. In addition, protests from the trade union movement helped stop for example a 1901 committee proposal on a law on employment contracts aimed to curb strikes. Due to the relative absence of legislation the labour market parties had to rely to their own strength during strikes and lockouts; these actions sometimes escalated into huge conflicts, and in 1905 and – in 1906 after threat of a big lockout – resulted in principally important compromises. Still, in the 1930s Sweden had a high rate of conflicts from an international perspective, but this time a basic agreement – the 1938 Saltsjöbaden Agreement – came about after peaceful negotiations between the blue-collar confederation LO and the employer confederation SAF. Under the threat of state regulation, the labour market parties found they had a common interest in self-regulation. In this contribution I highlight self-regulation and state regulation in the development of Swedish industrial relations, with views towards some other countries. The first time I used the concept of self-regulation was in a conference paper (1990), where I discussed state regulation versus self-regulation and the

combination of centralization and decentralization in the Swedish model of industrial relations. These two dimensions can in turn be combined into a four-field table (Table 1 below).

(…)

Swedish white-collar workers: self-regulation or state regulation?

At the time when the American 1935 Wagner Act was supposed to secure trade union rights, in the first place for blue-collar workers in the mass production industry, no such legislation was requested by the Swedish LO or its affiliated unions. In their view the issue was regulated by the labour market parties themselves (the 1905 Engineering Agreement and the 1906 December Compromise) and under power relations favourable for the LO unions. In addition, some categories of white-collar workers had succeeded in getting collective agreements, among them engineering officers (*maskinbefäl*) and ship's officers (*fartygsbefäl*). On the other hand, in the early 1930s the white-collar workers in manufacturing, commerce and banking had still failed to enter negotiations with employers. The dominant attitude among private-sector employers was to consider working and employment conditions for white-collar workers as a matter reserved for unilateral employer control, as an employer prerogative. Therefore, in 1931 eight white-collar unions founded Daco (the Confederation of Employees) in order to get the legislation considered necessary to change this situation.

Two options were on the agenda as regards the form of legislation. *Procedural legislation* on the right of association and negotiation best conformed with the Swedish model of self-regulation, but at the same time was exceptional in a Swedish context as the blue-collar workers had acquired these rights long ago through their own efforts. This option was most consistently driven by the Daco president Viktor von Zeipel, who also was ombudsman of the Bank Employees' Union and a vehement advocate of negotiations and collective agreements. In 1936 the Law on Rights of Association and Negotiation was enacted with support from the social democratic government. Although this legislation deviates from the Swedish model of self-regulation, there is a world of difference between negotiated employment conditions (collective bargaining) and *substantive legislation* on employment conditions, which was the alternative option (see below). In the light of the employers' fierce resistance to negotiations with white-collar unions in manufacturing, commerce and banking, legislation on the right of association and negotiation appeared as the only plausible way forward, at least for white-collar unions preferring collective bargaining to substantive legislation on employment conditions. The 1936 Law on Rights of Association and Negotiation was in accordance with the Swedish labour market model as the right to negotiations was exclusively aimed for the unions, not for the individual employees. Also in accordance with the Swedish model, the law meant no obligation for employers to conclude collective agreements. It would have required legislation on compulsory arbitration. Nor did the labour laws introduced in the 1970s contain steps in that direction. The Swedish tradition of self-regulation is based on voluntary collective agreements, not agreements forced through law. In addition, Sweden has no legislation on the extension of collective agreements to whole industries. The only way to force employers to enter collective agreements is through collective action. In the 1930s, far from all white-collar unions were prepared to take such actions.

The Association of Office Employees (*Kontoristförbundet*) took a much more defensive approach than Daco. Hesitating to negotiate with the employers, the association argued for substantive legislation on employment conditions. At its 1932 congress, the association gave highest priority to legislation on minimum norms for general employment conditions. The wage issue was considered of secondary importance, but a reorientation towards a more positive view on collective agreements was on the way. A sign of this was that the congress accepted the demand on legislated rights of association and negotiation. The prioritized legislation on employment conditions was based on the so-called normal contract adopted by the 1929 congress. To be followed up by individual contracts, it contained minimum rules on working time, holiday, sickness benefits, death allowance, period of

notice and pension based upon praxis in large companies already fulfilling these conditions. Several of these points were included in the proposed legislation put forward by the Liberal Association in Stockholm, in reality a product of the Association of Office Employees. The initiative may be seen in the light of SAF's refusal in 1930 to accept the normal contract. In SAF's view this contract reminded too much of a collective regulation. The Liberal Association feared that the dismissive employer attitude might transform the white-collar associations into militant unions similar to those of blue-collar workers. To prevent this, substantive legislation to improve employment conditions was considered necessary.

In the crucial year 1936, however, the difference in views between the Association of Office Employees and the Daco unions had diminished. The association was now positive to legislated negotiation rights. On the other hand, in 1935 the majority of Daco unions had supported, although with hesitation, a government commission proposal on *substantive legislation* on employment conditions. The Union of White-collar Workers in Industry (Sif) and the blue-collar confederation LO strongly opposed it. Had the proposed legislation been achieved, then the law would have had specified different employment conditions for different categories of workers (blue-collar workers, lower-level white-collar workers and higher-level white-collar workers). With a social democratic government in office (1932–1976) such legislation would never have passed. Regarding the desirability of legislation on association and negotiation rights, all Daco unions were united.

Substantive white-collar law in Denmark

In Denmark the turn of events followed a different path as a substantive law for white-collar workers, the so-called *funktionærloven*, was introduced in 1938. It contained (among other things) a notice period of three months and sickness benefits, and subsequent revisions included additional benefits. The initiative came from the Conservative Party, which in 1937 – in the competition for the votes of white-collar workers – proposed legislation on individual employment contracts. The aim was to reinforce the middle-class identity of Danish white-collar workers and provide an alternative to collective agreements. By offering white-collar workers better employment conditions than those of blue-collar workers, the idea was that the former would abstain from union membership. The Union of Commercial and Office Employees (HK) in the 1930s did not hesitate, however, to fight for collective agreements in firms affiliated to the Danish Employers' Association (DA). In 1932, to gain access to the bargaining rights in the 1899 basic agreement between DA and the Danish LO (*Septemberforliget*), HK joined the blue-collar confederation LO. Despite this, DA refused HK bargaining rights. After a lengthy legal process, the Supreme Court passed a verdict in 1935 to the advantage of the union. It was followed by a basic agreement between DA and HK; however, this restricted collective agreements to firms with at least five HK members.

While shop assistants and most other sales personnel in Sweden are classified as blue-collar workers, in Denmark and all other countries they are considered white-collar workers. In the 1930s the Union of Commercial and Office Employees (HK) made up the Danish equivalent of three Swedish unions: the Association of Office Employees, the Daco union Sif (union of white-collar workers in industry) and the LO union of commercial workers (*Handelsarbetare-förbundet*). Successfully fighting for collective agreements, the Danish union HK opposed special white-collar legislation, but as the social democratic government was dependent on the Radical Left Party (*Radikale Venstre*) – which wanted such a law – the government reluctantly agreed to introduce such legislation. The 1938 law was a compromise considerably deviating from the original proposal. Together with the Radical Left Party, HK had a major impact on the contents of the law. As a result, the period of notice became much shorter for the employees (one month) than for employers (three months).

In contrast to the corresponding proposed Swedish legislation, which was never passed, the Danish law makes no distinction between different categories of employees ('higher' and 'lower'). Like the 1936 Swedish law on the rights of association and negotiations, the Danish white-collar law protects these rights, although in legal terms they are expressed relatively vaguely in the Danish law.

Furthermore, the rule on a minimum requirement of five union members in a firm to establish a collective agreement was removed. The law legitimized union membership of white-collar workers, reflected in 1938-39 in a considerably increased HK membership. In 1948 HK signed its first national agreement, but collective agreements were – and are – restricted to firms where at least 50 per cent of the employees within the HK area are union members. As a consequence, many of today's HK members still have no collective agreement; this means that through its substantive character, the Danish law on white-collar workers is of great importance for the employment conditions of large groups of employees.

(…)

A new mix of self-regulation and state regulation

A departure from the traditional Swedish model of industrial relations occurred with the series of labour laws introduced in the 1970s on employees' board representation (1973), occupational safety (revised law 1973), employment protection (1974), the position of union representatives in the workplace (1974), co-determination (1976), working environment (1977), and on equality of men and women in working life (1979). The first of these was the law on employment protection for old employees (1971), which was prepared by a committee appointed by the social democratic government two years earlier. The Swedish labour market researcher Svante Nycander has shown that as late as 1970-71, the Metalworkers' Union and LO had a skeptical attitude towards legislation on this issue. At any rate, it appears that LO strongly influenced the decision to break out the issue of employment protection for elderly employees from the planned general legislation on employment protection. The 1971 LO congress was worried by the vulnerable position of elderly blue-collar workers during the rapid transformation of the labour market. At the end of the 1960s unemployment increased much faster among those older than 55 years than among young persons. The consequences for blue-collar workers were accentuated by the short period of notice in the LO-SAF agreements, which recommended at least 14 days for workers employed at least nine months. That was less than for white-collar workers, who in the engineering industry got one to six months depending on age, wage and length of employment (two to six months for white-collar workers in a supervisory position). Already in the early 1930s a notice period of at least one month was applied for the majority of private-sector white-collar workers.

SAF had repeatedly proposed negotiations on an extended period for blue-collar workers but LO rejected the invitations as the employers demanded reciprocity. For older blue-collar workers the 1971 law prolonged the 14-day period of notice to at least two paid months. With the 1974 Law on Employment Protection, employees aged 45 years or older got six months paid period of notice (when the law was revised in 1997 age was replaced by the length of employment). This law is by far the most criticized by the employers due to its seniority principle in case of redundancy. Mia Rönnmar and Ann-Numhauser-Henning, however, stress that the employer is given 'a unilateral right to decide when and whether there is a redundancy situation' and that 'the seniority rules are "semi-compulsory" and the employer and the trade union may, in virtually all respects deviate from the statutory rules when determining the order of dismissals.' Furthermore, the law is complemented by collective agreements on redundancy programmes (so-called *omställningsavtal*, transition agreements). In the wake of the global financial crisis a number of crisis agreements were concluded in 2009, thus opening up for local negotiations on decreased working time and monthly wage to avoid or reduce the number of redundancies.

To summarize, it is true that the law on employment protection encroaches upon the employer prerogative, but the law allows the statutory regulations to be replaced by collective agreements, labelled by Susanne Fransson and Eberhard Stüber as *legally conditioned self-regulation*. Considering also the agreements on redundancy programmes, there are grounds to designate this area as a mix of state regulation and self-regulation.

(…)

The Swedish model of industrial relations

The Swedish model of industrial relations is dominated by self-regulation on the part of trade unions and employers' associations:

1. Bipartite self-regulation at central level, 'centralized self-regulation' (at present by sector/industry; previously also wage agreements at confederal level) implemented at workplace level by negotiations between the local employers and 'union clubs'. This combination of centralization and decentralization has been conducive for the high union density and the high coverage of collective agreements – and thereby for the strong position of self-regulation in the Swedish system of industrial relations.

2. Unilateral self-regulation: unions and employers' associations regulating their internal affairs and the absence of statutory works councils.

In the 1970s state regulation increased through new labour laws and in the year 2000 through the new, reinforced mediation institute, which has resulted in a new mix of self-regulation and state regulation, but with self-regulation as the dominating element. The importance attached to self-regulation by the legislator is evident from the semi-dispositive character of for example the 1974 Law on Employment Protection, which means that the selection of persons to be laid off in case of redundancies may be determined through local collective agreements. The power of the Mediation Office to enforce mediation does not apply to trade unions and employers' associations which have concluded negotiating agreements like the 1997 Industry Agreement.

Consequently, this power is only semi-mandatory. At present there are about 15 such agreements covering most of the Swedish labour market. The task of the Mediation Office to counter-check wage increases which exceed those in manufacturing industry even justifies the characterization of this authority as a follow-up and complement to the Industry Agreement.

Table 1 contains an overview of the Swedish industrial relations system as regards the combined (1) self-regulation/state regulation and (2) centralization/decentralization. There are combinations between (1) and (2) as well as within each of them.

Centralization is required for central compromises guaranteeing union rights and reducing fears about joining unions at the individual workplace. It also increases the share of workplaces covered by collective agreements, and where employers do not resist unions, it provides a high coverage of employers' associations. Another illustration of interaction between central and local levels to the advantage of unions is that bargaining power at national level facilitates local negotiations, particularly at workplaces with weak union representation.

Decentralization refers to the extensive coverage of union workplace organizations vertically integrated into national unions. The workplace 'clubs' bring unions close to rank-and-file members and offer unique chances for reciprocal communication between unions and members. They also constitute an arena for formulating demands and delivering goods to where the workers are located. Union workplace organizations promote membership recruitment not only from a social aspect (face-to-face contacts) but also from a utility aspect (results of union activities directly at the workplace) and by reducing fears about joining unions. Many of the labour laws introduced in the 1970s promoted workplace union strength and bargaining power, for example the Law on Union Representatives – which is of great importance for carrying out union activities during paid working time: see the field combining state regulation and decentralization in Table 1.

On the other hand, both one-sided centralization and one-sided decentralization may be highly problematic for unions. Power relations are often strongly biased to the employers' advantage in such cases. After World War II Dutch unions had to abstain from their workplace presence in order to be accepted as cooperation partners at central level. Similarly, one-sided decentralization results in fragmentary union coverage, as in USA, Japan and Britain. Generally speaking, industrial relations systems with a strong decentralized or centralized bias militate against a high union density,

while a combination of centralization and decentralization offers more sanguine prospects for unions.

XIV. The Danish and Swedish Ghent systems

Anders Kjellberg & Christian Lyhne Ibsen (2016) "Attacks on union organizing: Reversible and irreversible changes to the Ghent-systems in Sweden and Denmark". In Trine Pernille Larsen & Anna Ilsøe (eds.) *Den danske model set udefra - komparative perspektiver på dansk arbejds-markedsregulering* (The Danish Model Inside Out - Comparative Perspectives on Danish Labour Market Regulation). København: Jurist- og Økonomforbundets Forlag, pp. 279-302.
https://portal.research.lu.se/en/publications/attacks-on-union-organizing-reversible-and-irreversible-changes-t

A key common feature of the Danish and Swedish models is the union-led state-supported unemployment funds, usually labelled as Ghent systems. In countries with non-mandatory union membership, unionization is subject to free-rider problem when the public goods produced by trade unions – typically the collective agreement – can be enjoyed at no extra cost and with no exclusivity by non-members (Olson 1965). The Ghent-system solves this problem by providing a selective incentive – unemployment insurance for the individual – when union and unemployment fund membership are viewed as one (Due and Madsen 2007; Lind 2009).

As we will see, the Danish and Swedish Ghent systems are far from identical, although both, like the Finnish counterpart, have promoted an internationally very high union density. The Ghent-system for decades made high union density relatively resilient to both economic cycles and structural changes in the labour markets. In contrast to non-Ghent countries, union density in the past even tended to increase during recessions and decline in times of tight labour markets (Björklund et al. 2015, 273; Pedersen 1990).

Another basic characteristic is the key role of collective agreements, which means that trade unions together with employer associations account for a significant part of the labour market regulation. This is based on a high coverage of collective agreements and a high density of trade unions and employer associations. The regulation by the labour market parties themselves is often called self-regulation in contrast to state regulation (Due et al. 1993). Neither of the two countries, for example, has legislation on minimum wages or state mechanisms to extend collective agreements to whole industries. Such legislation could be considered a sign of union weakness.

Moreover, Danish and Swedish industrial relations share the combined centralization and decentralization distinguished by co-operative labour market parties (Due et al. 1993). Together with the high density of employer associations, it has prevented a fragmentary union coverage and promoted a high coverage of collective agreements. Through decentralization, referring to the extensive coverage of union workplace organizations, unions are brought close to the rank-and-file members (Kjellberg 2009 a). The close articulation of bargaining at central and local level is called centralized decentralization in Denmark (Due et al. 1993), and in Sweden described as combined centralization and decentralization (Kjellberg 1992). Union presence at workplaces is important for recruiting and keeping members through face-to-face contact and by giving the union a capability of providing results in interaction with the members directly at the workplace. The local union of course has a clear role also when central agreements are implemented by local negotiations. In countries with no or few industry-wide agreements, as in the UK, workplace unions tend to be weakened and union density to be low. Both one-sided decentralization and one-sided centralization appear to retard the rate of unionization.

In contrast to most countries, Scandinavian countries have a socially divided union structure, containing a confederation dominated by blue-collar unions (LO), a confederation of professional associations recruiting graduates (Danish AC; Swedish Saco) and another confederation of white-collar unions (Danish FTF, Swedish TCO) recruiting both graduates and non-graduates. This pattern

is most pronounced in Sweden, where it is reinforced by the wide definition of blue-collar workers (Kjellberg 2000). The number of affiliates to the LOs has been reduced considerably by mergers, particularly in Denmark. As a result, the historically very fragmented Danish LO, which included many occupational unions, has become more similar to its Swedish equivalent, but never shifted to pure industrial unionism (Due and Madsen 2001). In both countries, the relatively homogeneous social composition of each union is conducive to solidarity among the different categories of workers and facilitates membership recruitment.

The Danish union movement, however, is challenged by several emerging yellow unions, which are not covered by the Basic Agreements between union confederations and employer confederations and have a negligible role – if any – in collective bargaining. Alternative unionism, among them the Christian union, Krifa, had very modest membership figures throughout the 20th century, but exploded in membership after the recent reforms of the unemployment funds. Such alternative unions never prospered in Sweden and the recent reforms did nothing to change this. We reflect on this difference below in the comparative analysis.

Finally, the high proportion of public sector employees, which usually have a higher rate of unionization than private sector workers, is also conducive to a high union density in the Scandinavian countries. Often this is driven by strong profession-based unions in the public sector, strong public collective bargaining systems and lower labour turnover (Due et al. 2010).

XV. The Swedish trade union movement and its distinctive features

Anders Bruhn, Anders Kjellberg & Åke Sandberg (2013) "A New World of Work Challenging Swedish Unions". In Åke Sandberg (ed.) *Nordic Lights. Work, Management and Welfare in Scandinavia*, Stockholm: SNS, pp. 126-186.
https://portal.research.lu.se/sv/publications/a-new-world-of-work-challenging-swedish-unions
PDF: https://portal.research.lu.se/files/19441202/Nordic_lights_kapitel_4_Bruhn_Kjellberg_Sandberg_Correct.pdf

The reasons for the wide variations in union affiliation must be sought in a highly complex set of circumstances. Different national historical and cultural traditions form the backdrop to the development of different national systems for industrial relations. The ways in which trade unions operate in society and working life, internally within the organisation and in relation to their membership, combine to form a pattern showing wide differences between different countries and groups of countries.

Union unemployment funds

A characteristic shared by Sweden, Finland and Denmark is that they all have union unemployment funds. So does Belgium, but union density there is substantially lower than in the above three countries, which are world record holders in union density. Norway, where unemployment insurance was taken over by the government in 1938, also has a much lower, albeit more stable, union density than Sweden, Denmark and Finland. The significance of union unemployment funds should not, however, be exaggerated. It is relatively common in present-day Sweden to be directly affiliated to the unemployment funds, i.e. to join a union unemployment fund without being a union member. Almost one in five members of Swedish union unemployment funds have opted to not join a trade union (Kjellberg 2011a, Table 8). In 2007, the Swedish centre-right government raised membership fees and lowered unemployment insurance benefits; in the same year, one in ten members opted out of the union unemployment insurance funds to avoid paying the higher contributions, while the unions themselves lost almost 6 per cent of their members.

Centralisation and decentralisation

An equally important explanation for the high Swedish union density is that industrial relations are at the same time centralised and decentralised (Kjellberg 2007, 2009). This means, first of all, that

even though collective bargaining has been greatly decentralised in recent decades, the continued existence of central (i.e. national industry-wide) collective agreements gives unions at workplaces a nationwide agreement to back them up when negotiating. Secondly, fragmentary union representation such as that seen in the US and the UK is avoided. In these countries, the unions are compelled to assert the right of association and negotiation on a company-by-company basis. There is generally no need for this in Sweden, since collective agreements are concluded with well-organised employers; about 80 per cent of all privately-employed wage and salary earners are in companies affiliated to an employers' organisation (Kjellberg 2001b, p. 206, 2010b, 2011a).

At the same time, the Swedish trade unions are more decentralised than trade unions in many other countries. Employees at workplaces are usually represented by local union "clubs" and not by separate works councils, as in many Continental European countries. Apart from the fact that works councils also represent those who are not union members, the councils in countries like France and the Netherlands are usually weak. A direct union presence at workplaces is extremely important from the point of view of union recruitment, not only because it gives the union a face where the members are, but also because it is at the workplace that issues such as the work environment and work organisation need to be handled, and where local negotiations take place.

Unilateral centralisation (such as in the Netherlands) and unilateral decentralisation (such as in the UK) both work against high union affiliation. A combination of centralisation and decentralisation, on the other hand, is conducive to union density (as in the Nordic countries). In some countries the almost complete absence of local union clubs has put trade unions in a difficult situation, since an extremely centralised system of agreements has been replaced by an equally extremely decentralised one. Sweden and Denmark are the Nordic countries in which the bargaining system has been most decentralised. Unlike their counterparts in the UK, however, Swedish employers have not succeeded in getting rid of industry-wide agreements, despite the aspiration of attaining completely decentralised and individualised pay-setting. Individualised pay-setting is often linked to "zero agreements", i.e. industry-wide agreements without individually guaranteed pay rises. Employers continue to push developments in this direction. To date they have been most common in the professional unions in the public sector and in the *Ledarna* (supervisory staff). This development was partly reversed in the 2007 bargaining round. Groups backed by market forces, such as nurses, have to date benefited most from individualised pay setting, but not without problems. Even in the tight labour market of 2007, widespread discontent with pay-setting among nurses forced their union to start a strike of almost six weeks. Other unions too, including the LO-affiliated Swedish Municipal Workers' Union, have experienced difficulty in implementing more individual pay-setting. The National Federation of Teachers (LR), affiliated to Saco, has had similar experiences. In comparison with a number of groups in the TCO-affiliated Swedish Teachers' Union, LR members have had a more negative trend in pay, and members today would therefore prefer to see the union negotiate than do it themselves (Dagens Nyheter, 5 February, 2007).

The capacity of Swedish trade unions for industrial action also proved to be largely intact during the mass unemployment of the 1990s and later. Defence of nationwide agreements was also one of the principal aims of the negotiation collaboration initiated by the three most important manufacturing industry unions in 1992 when they formed the collaborative body known as the Bargaining Council (*Förhandlingsrådet*). These unions were the Swedish Metalworkers' Union (now known as *IF Metall*, following a merger with the Industrial Workers' Union), Sif (the Swedish Union of Clerical and Technical Employees in Industry, now *Unionen* after a merger with the Salaried Employees' Union, HTF) and CF (the Swedish Association of Graduate Engineers, now *Sveriges Ingenjörer* after a merger with another Saco union). These three belong to different union confederations: the blue-collar LO, the white-collar TCO and the "professional" Saco, respectively. Faced with this united front, employers gradually had to abandon the ambition to completely decentralise pay bargaining to individual workplaces, although as late as in the 2010 bargaining round the employers again demanded (without success) completely decentralised wage formation. A new form of

coordination or centralisation emerged instead. The 1997 Industry Agreement between twelve employers' federations and all the industrial LO, TCO and Saco unions led to a broadening of bargaining, both vertically (blue-collar workers – white-collar workers – professionals) and horizontally (all parts of manufacturing industry except the graphics industry). The consequence was that the bargaining system has also continued to have both centralised and decentralised components. Industry-wide agreements are particularly important in sectors with many small workplaces and inadequate local bargaining strength.

The trend towards increased cooperation within sectors between unions affiliated to different confederations – the Industry Agreement is an example of this – does, however, at the same time entail an increased risk of weakening cohesion within the Swedish Trade Union Confederation (LO). One consequence of this may be to make it more difficult to push for a pay-equalising "solidaristic wage policy" covering all sectors. In the 2007 and 2010 bargaining rounds, however, solidaristic wage policy played a prominent role in internal LO coordination, i.e.when the LO unions coordinated their wage demands. In these bargaining rounds, LO unions like the Commercial Employees' Union and the Hotel and Restaurant Workers' Union, both dominated by low-paid groups of employees, obtained wage increases higher than the average and above the "industry norm". Expressing deep discontent with this development, the Association of Engineering Industries in 2010 withdrew from the Industry Agreement, but re-joined it following a revision of the Agreement.

Substantial international variations in the private service industries

Looking at countries with low union density, very low union affiliation is common in industries dominated by small businesses such as private services. In many EU Member States, they account for almost half of those in gainful employment, and in the US for about 65 per cent of employees (Bureau of Labor Statistics 2011; Dølvik & Waddington 2002, pp. 357 et seq.). The low and falling union density in these trades in several countries, combined with their increasing share of the workforce, is a significant cause of the decline in average union density. Union density in a number of private service industries is below average in Sweden too. However, despite high proportions of part-time workers and fixed-term employees, some two-thirds of commercial employees in Sweden were union members before the 2007 sharp rise in fees to unemployment funds; by 2012, density had declined to 58 per cent. Union density is also relatively high at the smallest workplaces in the private service industries.

In Norway, which unlike Sweden and Denmark does not have any union-run unemployment funds, less than one in four retail workers is a union member (Nergaard & Stokke 2010, p. 13). Unemployment funds naturally attain particular importance in member recruitment if there are no other incentives, as may be the case at small workplaces without any developed local union activity, as is often the case in private service industries. In the case of fixed-term employees, their tenuous attachment to the labour market and to the individual workplace may mean that union membership is regarded as less crucial. Under these circumstances, union unemployment funds can be expected to be a leading factor in membership recruitment, and consequently as facilitating a relatively even spread of union membership. This must be regarded as a key factor in the high or very high union density in the four countries with union unemployment funds (Sweden, Finland, Denmark and Belgium). In general terms, union unemployment funds probably play an important role in recruiting groups that have a weak position in the labour market and that are therefore at greater risk of unemployment than others (Western 1999, pp. 129, 135 et seq.). These include young people, women, immigrants and part-time and fixed-term employees, categories that are often over-represented in the private service industries.

However, this tendency is today counteracted in Sweden by the centre-right government's decision to make each unemployment fund more self-supporting, which means that funds in sectors with a high level of unemployment, such as parts of the private service sector (hotels and restaurants are

an example), and building trades with their seasonal unemployment, have to charge high membership fees. From 2006 to 2012, union density among hotel and restaurant employees dropped from 52 to 32 per cent.

In countries with very high union density (Sweden, Denmark and Finland), then, practically all groups of wage and salary earners are well organised, whether in the manufacturing industry, the private service sector or the public sector.

Changes in the composition of the labour force obviously have consequences for the development of average union density in these countries too, but they do not have such a dramatic impact as in many other countries where density may vary more between sectors.

Separate union confederations of blue-collar workers, professionals and other white-collar workers

One of the biggest international differences in union density relates to white-collar workers in the private sector. In Germany and Japan, for instance, it is common for blue-collar and white-collar workers to belong to the same trade unions. Large numbers of white-collar workers decide not to join because they find it difficult to identify with unions and confederations dominated by blue-collar workers. There is also a risk that the political orientation of these unions will deter many white-collar workers. The existence of separate union confederations and central organisations for blue-collar workers, professionals (mainly university graduates) and other white-collar workers in the Nordic countries has without doubt contributed to the high level of union density. This structure appears in its purest form in Sweden, where the blue-collar unions are in the LO, the professionals' unions in Saco and the other white-collar unions in TCO. However, the distinctions between the different categories of employees are now becoming more blurred, something which may undermine the class character of the union structure.

Outside the Nordic countries, it is common for union affiliation to be based on entirely different social demarcations. In Italy, France and the Netherlands, for instance, political and religious forces have had an impact on union structure. In Sweden, political orientation, rather than serving as a separate basis of union organisation, has instead reinforced the class stratification of the union landscape. The LO's strong ties to the Social Democratic Party continue to be a substantial barrier to the merging of blue-collar and white-collar unions. The TCO and Saco confederations have retained their party-political non-alignment.

The presence of class-based trade unions and the absence of political and religious divisions have contributed to very high union density in Sweden. Besides ensuring that no social group is left with the feeling that it lacks a union to identify with, it has promoted a sense of community in socially relatively homogeneous union confederations. There are, however, examples where individuals can choose between different unions, for example between the TCO-affiliated Union of Civil Servants (ST) or a professional union in Saco, and there are cases of battles over union demarcation (Nilsson & Sandberg 1988), but such situations have generally been rare. In countries with rival union orientations, potential members have not just faced the choice of whether to join a union at all, but have also had to choose between competing unions. This has generally impeded union organisation, quite apart from the fact that political and religious fragmentation tends to weaken the trade unions at workplaces and in society.

The growing strength of the Swedish blue-collar unions from the First World War onwards posed a challenge to the white-collar groups. The LO's alliance with the Social Democratic Party also brought increasing political influence. White-collar workers regarded trade unions as necessary if they were not to be put at a disadvantage in the labour market and in society in general. The first major union confederation for white-collar workers, Daco (Central Organisation of Employees), was formed in 1931 in the private sector, with the successes of the LO unions in many respects serving as a model.

The emergence of separate union confederations for professional employees in the Nordic countries was, to a great extent, due to the strength of the labour movement and the establish-ment of a welfare state with income-levelling aspirations. Saco was formed in Sweden in 1947 to monitor the conditions of those in the academic professions in relation to other groups. The origins of the professionals' unions lie mainly in the public sector, and their growth has been largely based on the expansion in the number of public sector employees, although the increase in membership is now greatest in the growing private sector (although almost six out of ten Saco wage and salary members were still employed in the public sector in 2009). There are thus a number of links between the unionisation of Swedish professionals and the prominent role of the welfare state in the Swedish model.

Self-regulation versus state regulation

Another factor that explains the high union density in Sweden is that self-regulation (i.e. regulation by the labour market parties themselves) is generally given priority over state regulation (Kjellberg 2009). Collective agreements have been preferred to legislation. Although a number of new labour laws were passed in the 1970s, these signified a strengthening of union bargaining rights at the workplace. The fact that collective agreements rather than legislation and other forms of state intervention are a key element of the Swedish labour market model has helped enable the unions to preserve their strong position: they have never been regarded as superfluous by wage and salary earners (Kjellberg 1983; Göransson & Holmberg 2000). As many as 88 per cent of Swedish wage and salary earners were covered by collective agreements in 2011, with the proportion in the private sector being 87 per cent (Kjellberg 2010b (continuously updated); see also Kjellberg 2011a). Nor has the "new economy" been unaffected: union organisation and the system of agreements have made increasing inroads into the dotcom sector (Sandberg et al. 2005). A large number of dotcom companies, however, still do not have collective agreements. In sectors that previously were largely public-sector monopolies, deregulation has in some cases led to the establishment of companies without collective agreements. This is the case, for example, for a number of new telecom and media companies, as well as airlines. Some associations in the Confederation of Swedish Enterprise have offered what is known as service membership since the 1990s for companies that are unwilling to sign collective agreements.

In international terms, Sweden belongs to a small group of countries in which collective agreements have penetrated almost the entire labour market without any use of extension mechanisms. The very high level of coverage by agreements means that companies are unlikely to be able to reduce their payroll costs by avoiding trade unions. In some countries, collective agreements can reach a significant degree of coverage through state mechanisms, albeit that they often set only a minimum level. Where there is legislation on minimum wages, as in France, this tends to counteract union organisation, with the result that it is difficult to build up funds for industrial action.

(…)

To sum up the sections above: a number of indicators based upon the history of Swedish industrial relations suggest that Swedish unions have an almost unique strength:

• the high union density

• the strong union workplace organisation

• the strong national union confederations interacting with the workplace organisations

• ample conflict funds for industrial action and extensive rights to take industrial action

• the high rate of coverage by collective agreements achieved by the unions, and the employers, without the assistance of state extending mechanisms

• the absence of a politically or religiously fragmented union movement.

However, it is necessary to make a distinction between union strength and power relationships in the labour market and in society. Power relationships are not determined by the strength of just one party. The employers in Sweden have also been very well organised for more than 100 years. On the other hand, the absence of a repressive state, together with the long tenure of government by the Social Democratic Party (1932–1976, 1982–1991, 1994–2006) has meant that the trade unions in general have acted in a generally favourable environment.

Under the current centre-right government, the environment has become less favourable, mainly due to the changes in unemployment insurance. Another fundamental change in conditions is that Sweden's traditional full employment policy, that was part of what was known as the Swedish model, since the 1990s has changed into a low-inflation policy, with high employment no longer being a basic goal. These developments fundamentally alter the relations of power on the labour market in favour of employers and capital.

XVI. The 1938 Saltsjöbaden Agreement as part of a broader 'historical compromise'

Anders Kjellberg (2000) "Sweden". In Bernhard Ebbinghaus & Jelle Visser *Trade Unions in Western Europe since 1945,* London: Macmillan Press (Series "The Societies of Europe"), pp. 605-655.

In contrast to most other countries in the 1920s, Swedish union density rose, from 38% to 55% for non-farm manual workers (Kjellberg, 1983: 50, 220). The relative balance of power between capital and labour from the mid–1920s is indicated by the unions' success in a large SAF lockout in 1925. From an international perspective, Sweden's labour conflicts up to the mid–1920s were distinct in both length and size (Shorter and Tilly, 1974: chap. 12). Under pressure from the new social democratic government in the 1930s, employers and unions were brought to reconsider their strategies. In order to preempt state regulation, LO and SAF concluded the Saltsjöbaden Agreement in 1938, which formed part of a broader 'historical compromise' which included the industrial and political arenas (Johansson, 1989; Korpi, 1983). In exchange for 'labour peace' and acknowledging employer prerogative (as already recognized in 1906), labour was to be compensated by social reforms and 'full employment' through (expected) economic growth. Subsequently, in the 1950s, the centralization of LO and the institutionalization of centralized bargaining between LO and SAF greatly facilitated LO's 'solidaristic wage policy', which added to the cohesiveness of the Swedish union movement.

Since the 1980s, negotiations gradually shifted from central to industry and workplace bargaining levels, leading a decade later to the displacement of the three-tier with a two-tier bargaining system (Kjellberg, 1998). During the 1950s SAF had been the driving force for centralization, but now the employers – led by VF – pushed for decentralization. One reason was that the dominant LO-SAF axis was increasingly undermined by the expanding white-collar and public sector unions. Between 1950 and 1980, LO's overall membership share declined from 78% to 61% (see Table SW.6), and in the 1990s less than one third of all union members were to be found within LO-SAF's manual workers / private sector area. SAF had also become more heterogeneous with the integration of service sector associations. The employers abandoned the previous corporatist strategy, conceived as an effective means of influence under social democratic rule (Kjellberg, 1998). The new labour legislation of the 1970s (on job security, co-determination, board representation), and especially the union campaign for wage-earners funds, was a break with the historical compromise, provoking the employers to turn to confrontation and political campaigns. In the 1990s, SAF intensified its demands for deregulation of employment law and for introducing restrictions on labour disputes. Over the last decade, state mediators assumed an increasing role in co-ordinating national negotiations in line with low inflation and other economic policy targets. But some co-ordination

was also attained by labour's bargaining alliance across the collarline in metal manufacturing: the blue-collar Metall, white-collar union SIF and graduate engineers' association CF. In 1997 a group of eight unions in manufacturing (including Metall, SIF and CF) concluded a co-operation agreement with the employers, among them VF (the Industry Agreement). The agreement comprises procedural rules and institutions for wage negotiations within manufacturing. The eight unions (later reduced to seven by a merger) named *Facken inom industrin* (Manufacturing Unions) since then co-ordinate their collective bargaining.

XVII. Nordic industrial relations

Anders Kjellberg (1992) "Sweden: Can the Model Survive?" in Anthony Ferner & Richard Hyman (eds.) *Industrial Relations in the New Europe*, Oxford: Blackwell, pp. 88-142.
https://portal.research.lu.se/sv/publications/sweden-can-the-model-survive
PDF: https://portal.research.lu.se/files/8211524/Sweden_Can_the_Model_Survive_Anders_Kjellberg_1992.pdf

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 (Denmark, Norway and Sweden), although Finland lagged behind. Political deals with other class forces - notably 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 where the party of small farmers headed governments based on an alliance with the social democrats in 1909-10 and 1913-20. The political compromises bringing social democracy to power meant that the favourite weapon of Scandinavian employers - the large-scale lockout - could no longer be used as freely as in the past. This encouraged Swedish and Norwegian employers to conclude basic agreements.

The Danish government commission on labour law appointed in 1908 might be described as a compromise across the political and industrial arenas. The commission, made up of equal numbers of union and employer representatives, presented a proposal on compulsory arbitration, mediation and conflict procedures which was adopted in 1910. The real origin of the compromise was the so-called September Compromise of 1899 between the confederations of unions and employers (see below). Danish industrial relations were thus already institutionalized around the turn of the century. While the political developments of the 1930s did not therefore have the same significance as in Norway or Sweden, important legislation on union balloting rules, with centralizing effects on industrial relations, was passed in Denmark as well as Norway in this period.

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' (the phrases used in Sweden). Since the 1930s, governments led by social democrats have been in power the following periods: 1932-76 and 1982-91 in Sweden; 1935-65, 1971-72, 1973-81, 1987-89 and since 1990 in Norway; 1929-43, 1947-50, 1953-68, 1971-73 and 1975-82 in Denmark. In Finland there were governments with social-democratic prime ministers in 1948-50, 1956-57, 1958-59, 1966-70, 1972-75 and 1977-87, but that did not always mean social-democratic dominance. 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 fifty years, and social democrats have been almost as often represented. Another distinct feature of Finnish governments is the participation of communists during the 'popular front' governments of 1945-48, in 1966-70, and finally in a 'third wave' in 1975-79.

The crucial element in Scandinavian compromises between capital and labour was the extension of co-operation into the industrial arena. The Danish September Compromise of 1899 was the first basic agreement in the world. Equivalent agreements were reached in Norway in 1935 and in Sweden in 1938, 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 reformist labour movement.

In the Scandinavian countries, social-democratic hegemony within the labour movements was an essential precondition for the compromises of the 1930s and earlier. Their subsequent reformist 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 - in Norway and Sweden (until 1991) local branches of LO unions may 'collectively affiliate' their members to the party - have facilitated the acceptance of the measures necessary to implement this strategy.

The various basic agreements were reached in a climate of often intense industrial conflict. For example, the Danish basic agreement of 1899 and the Swedish compromises of 1905-06 followed major lockouts or threats of lockouts - and one of their most important aims was to regulate conflict between the 'labour market parties'.

The 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. The centralized compromises in the industrial arena facilitated the unions' presence at the workplace by granting basic union rights. This has favoured high union density: mutual recognition at central level has curbed the fragmentation of trade unionism, while decentralization has brought workers into direct contact with the union at the workplace.

The basic agreements 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 confederations 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 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 (although advisory balloting was retained for a period). Most Swedish unions still have more centralized decision-making today than their Norwegian and Danish counterparts.

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 is probably the main cause of the considerably higher degree of state intervention in collective bargaining in Denmark and Norway. Danish and Norwegian state

mediators are given the right to aggregate ballot results from different unions and sectors, and mediation proposals have often been transformed into law. The extensive use of compulsory arbitration in Norway should also be mentioned.

The more fragmented union structure in Denmark and Norway is also conducive to state intervention. Early industrialization in Denmark has left a legacy of craft unionism, while in Norway white-collar union organization is fragmented and union density for white-collar workers is much lower than in Sweden or Denmark.

The 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 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 union movement (with the exception of Finland in the late 1950s and 1960s) and the success of Nordic unions 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 (Bruun et al. 1990).

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, sectoral bargaining is important in adapting their provisions to specific conditions within each industry. Without the consent of major national unions, no centralized negotiations will take place. The prominence of Nordic national unions is emphasised 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 a clear tendency to the decentralization of collective bargaining can be seen in all Nordic countries, although there are differences. Swedish employers are aiming gradually to decentralize bargaining down to workplace level, contrary to the policy of the social-democratic government (1982-91) to preserve and even strengthen the role of centralized agreements; in principle no wage increases were allowed at workplace level in 1991-92. In Denmark (and to a lesser extent in Norway), where the state has intervened much more actively in collective bargaining, the unions have been successful in eroding government influence by decentralizing bargaining to industry level.

XVIII. Self-regulation versus state regulation in the development of Scandinavian industrial relations

Anders Kjellberg (1990) “The Swedish Trade Union System: Centralization and Decentralization”. Paper presented at XIIth World Congress of Sociology 9-13 July 1990 Madrid.
https://portal.research.lu.se/sv/publications/the-swedish-trade-union-system-centralization-and-decentralizatio
PDF: https://portal.research.lu.se/files/8381819/The_Swedish_Trade_Union_System_Anders_Kjellberg_1990.pdf

Also from an examination of the historical development of the Swedish union system a number of alternative modes of industrial relations and organization are brought to the fore. Centralized collective bargaining was not established as a practice until the end of the 1950s. From the 1930s until then a drastically increased government intervention into industrial relations existed as a potential, alternative path of development. The possible transition to a government-regulated system appeared as a real threat to the traditional freedom of the Swedish "labour market parties", since they were used to regulate their internal and external affairs by themselves. This principle of freedom, the desire to avoid state intervention into industrial relations, functioned as an important driving force for the concluding of the famous 1938 Saltsjöbaden Agreement between LO and SAF (the Swedish Employers' Confederation).

Before the 1930s the public authorities in Sweden - in contrast to several other countries - did not intervene very actively in industrial relations. The laws on labour court and collective agreements however were passed just before the beginning of this decade (in 1928). Neither the employers nor the unions of manual workers asked for or were dependent upon government support for securing their basic interests. In Sweden no massive anti-union actions were ever taken by public authorities. Since the beginning of industrialization there never existed any legislation prohibiting trade unions or strikes.

Similarly, laws guaranteeing trade union rights were conspicuous by their absence. The military violence causing the death of five workers in Ådalen (1931) - the first (and last) event of this kind in Swedish history - as well as the introduction of a law guaranteeing trade union rights of white collar workers (1936) in no respect changed the fundamental character of Swedish industrial relations as predominantly autonomous. As before, the labour market parties had to rely upon their own collective strength and discipline. The strongly increasing emphasis on co-operation between them during the second half of the 1930s was based on a common preference for "self-regulation" to state-regulation. Thus a conspicuous change took place, but completely in accordance with the Swedish tradition in this field as an important aim was to preserve the autonomy of industrial relations. Furthermore, as we will see, the 1938 Saltsjöbaden Agreement was not devoid of historical precursors.

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When the social democratic government was installed in 1932, both the LO and the SAF were faced with the possibility of a drastic increase in state activity within their realm. The choice lay between government-regulation and self-regulation, as the government commission (the Nothin Commission) laid it down in the 1935 report *Folkförsörjning och arbetsfred* (Supply of Resources for the People and Industrial Peace). As the title of the report suggests, the social democratic government had a strong interest in peaceful industrial relations, as it wanted to secure its recovery programme during the deep depression of the 1930s. In the 1930s the economic aspects of strikes and lockouts thus did assume a political character as a high frequency of conflicts was regarded as obstructing the recovery programme. The 1933-34 building strike is a case in point. The key role of the building trades within the recovery programme caused the government to exert pressure upon the LO, which in turn forced the unions involved to call off the strike (Kupferberg, 1972: 41-58; Höglund, 1979: 31ff). Before that, SAF had proclaimed its intention to escalate the conflict to a big lockout. The crucial factor explaining the LO intervention however was the government's threat of coercive measures.

In order to avoid further trouble, the Nothin report recommended the "labour market parties" to define rules of conduct safeguarding "industrial peace" (Casparsson, 1966: 87). Only in case of failure, did the government have to become involved. The recommended self-regulation presupposed a centralization of the LO (the SAF already fulfilled this condition). To secure industrial peace, the Nothin Commission proposed the peak organizations to be assigned the final

(veto) right of decision concerning collective agreements and labour disputes (Casparsson, 1966: 86, 108, 243f). Consequently, the commission considered as inappropriate to arrange membership referendums on proposals of collective agreements already approved by union negotiators. A centralization of the right of decision however might cause tensions between different levels of the union movement, i e between the LO and its affiliated unions or between the executive committee of a union and the rank and file members. The desire to minimize this risk was an important motive for leaving the problem of centralization to be solved by the organizations themselves (i e an essential government motive of self-regulation on the part of the labour market parties).

From the mid-1930s the SAF went along with the sceptical attitude traditionally maintained by the LO towards labour market legislation. With the prospect of a protracted social democratic reign, the SAF preferred to engage in a policy of co-operation with the LO, in order to avoid undesirable state intervention (Söderpalm, 1976: 15; Söderpalm, 1980: 22f). In addition, the large-scale lockout was no longer, without reservation, an effective instrument, as it had been in the past. Thus, the social democratic conquest of political power caused the employers to review their strategies.

The common basis for a policy of compromises between the LO and the SAF can be summed up in the following way. In the first place, both of them preferred a collective bargaining system regulated by labour market parties over overt state interference. That was also in accordance with the Swedish tradition, which contained such ingredients as a non-repressive state, pragmatic employers, bourgeois parties with obvious difficulties to co-operate with each other, powerful and highly representative confederations of unions and employers, and, last but not least, pioneering agreements about fundamental principles such as the 1905 Engineering Agreement and the 1906 December Compromise.

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A comparison between processes of centralization in Scandinavian countries.

A comparison between the Scandinavian countries gives further evidence for estimating the role of the state and other actors in the process of union centralization during the 1930s. Being similar in certain fundamental respects, the development and distinctive features of Swedish, Danish and Norwegian industrial relations differ in others. This combination of similarities and differences makes comparisons possible aimed at considering the development of each separate country in a more precise way.

Compared to its influence upon industrial relations in Sweden, the actions of the state were of still greater importance in Denmark and Norway. In the latter countries, new labour legislation intervening in the internal affairs of the unions was introduced in the 1930s. The new laws contained rules regulating voting procedures regarding the conclusion of collective agreements. By that, a *de facto centralization of the union movement* took place in these countries, as all votes from unions involved in the ongoing bargaining were added up. In contrast to the members of the Swedish LO, union members in Denmark and Norway retained their full voting rights.

As we have seen, the mode of centralization of Swedish unions was quite different. After the change of the LO statutes in 1941 only advisory membership referenda were allowed. The power of decisions in bargaining issues was concentrated to the executive committees of the national unions and – in the last instance – the Swedish LO, that is a *centralization from above* transforming the top leaders of the LO into a key category. In Denmark and Norway membership referendums were used as a means of centralization - a *centralization from below*, on union voting rules (adopted in 1934) was in force just for a few years. The labour market parties made it superfluous by a regulation of their own (the 1935 basic agreement), prepared by steps taken by the Norwegian Union Confederation (changed union voting rules in 1934, included in the basic agreement the following year). In this way, state-regulation was replaced by self-regulation in Norway (cf Tableau 3).

The new rules were aimed at facilitating industrial peace, a political objective of high priority in the Scandinavian countries. The small size of Scandinavian economies made them extremely dependent upon an undisturbed production for export markets. Secondly, the social democratic reform and recovery programmes put industrial peace on the agenda during the 1930s. In addition to political motives of industrial peace and centralization, at least the Danish Employers' Confederation since long ago had wished increased centralization of collective bargaining, an objective which now was realized.

The scope of state intervention in Danish industrial relations was in a class of its own. To make this clear, let us first consider the course of events in Norway (Seim, 1980; Seim 1972). The Norwegian law on union voting rules (adopted in 1934) was in force just for a few years. The labour market parties made state regulation superfluous by a regulation of their own (the 1935 basic agreement), prepared by steps taken by the Norwegian Union Confederation (changed union voting rules in 1934, included in the basic agreement the following year). In this way, state regulation was replaced by self-regulation in Norway (cf Tableau 3).

In contrast, the corresponding Danish law, which preceded the Norwegian one, would remain permanent. Some fundamental characteristics of the Danish Union Confederation simply made it incapable of transforming itself into a centralized organization. Self-regulation – of the Swedish or Norwegian model – thus never appeared as a realistic alternative in Denmark. The earlier and more continuous industrialization compared to Sweden and Norway caused the Danish union movement to preserve its character of craft unions, which implied a higher degree of decentralization and heterogeneity (although each one of the many craft unions was homogeneous). Another outstanding feature of the complex Danish union structure lay in the organizational division between skilled and unskilled workers. By that, conflicting interests became a built-in source of disagreement within the union movement. The unskilled workers still today belong to two unions of their own: the General Union of Labourers (the SID; in the 1920s called the DAF) and the Union of Female Workers. In the mid-1920s the DAF even left the Danish Union Confederation after a transport strike in 1925 threatening the important Danish agricultural export and indirectly also the social democratic government (Andersen, 1976). By leaving the union confederation, the DAF tried to escape from the centralistic strategy used by the Danish Employers' Confederation. In 1925 the employers – as happened several times before – were successful in their efforts to connect all ongoing collective bargaining by starting a general lockout. Before its start, they proclaimed that a negative answer from just one single union to the proposal of the arbitrators was a sufficient condition of putting such a move into execution. Again, the low-wage groups dominating the DAF appeared as the losers. The general lockout put their special demands into the shade. Under such a centralistic order it thus was impossible to change the wage ratio between unskilled and skilled workers.

In short, the strong internal tensions within the Danish Union Confederation prevented it from taking the steps desired by the interests working for industrial peace. In order to change the union rules of decision, a far-reaching state intervention was necessary. In the 1920s a uniform behaviour of the union movement was enforced by another external actor – the Danish Employers' Confederation – but, as we have seen, at the cost of big lockouts, i e the opposite of industrial peace (in addition to increased internal disagreements affecting the union movement). From a political point of view, this of course was an unsatisfactory solution. Other - political - means had to be considered. Such a solution of the problem would soon come about - in connection with the Danish variant of Historical Compromise of the 1930s.

The so-called *Kanslergadeforlig* (the Compromise of Kansler street) in January 1933 between the coalition government of social democrats and the party of small peasants (*Radikale Venstre*) on one hand and the liberal, of peasants dominated, party (*Venstre*) on the other, brought an end to the employers' unchecked use of the lockout weapon. By the temporary law on lockouts a planned general lockout was prevented. A devaluation, increased agricultural subsidies and social reforms were other components of the compromise. Another, still important, initiative of legislation

promoting industrial peace was taken by the inclusion of union voting rules with centralizing effects in the 1934 law on arbitration. All votes should be added up in membership referendums regarding issues of collective bargaining.

This meant that the advocates of a policy of centralization within the Danish Union Confederation had won a victory. In order to obtain the consent of the unskilled workers, the union confederation consciously practised a "solidaristic wage policy" implying higher wage increases for these low-paid workers relative to other groups of workers. This policy was supported by the state through the repeatedly transforming proposals of arbitration not accepted by the labour market parties into law (in 1934 – the butcher dispute; in 1936 and 1937). By that, the solidaristic wage policy in the eyes of the workers legitimated increased state intervention. On the whole, the close connection between the Danish union movement and the social democratic party facilitated the government-mediated centralization of the former.

In comparison to Denmark, there prevailed in Norway at the beginning of the 1930s a climate of increasing confrontation between the union movement and the government. Up to 1935 competing bourgeois parties were in power, which at first caused the Norwegian Union Confederation (the Norwegian LO) to take "a wait and see" attitude. After the liberals in 1928 had given up their favourite proposal - the introduction of compulsory arbitration - owing to resistance from both unions and employers, the liberal government considered other means of attaining a "public solution to extensive labour disputes" (Seim, 1980: 46ff). At first the policy of co-operation was tested, by the appointment of a Committee on Industrial Peace (1930). The committee, in which the Norwegian LO as well as the Norwegian Employers' Confederation (NAF) was represented, worked out a proposal for a basic agreement between the labour market parties (the LO and the NAF). The motive of the LO to participate was avoiding these matters from being subject to legislation.

In 1932 the Norwegian LO however resigned from the committee as a protest against the agressive policy of the new bourgeois government (formed by the Peasant Party in 1931). During these years, industries with low union density as agriculture, forestry, retail trade, hotels and restaurants stood in the focus of conflicting interests in Norway, as well as in Sweden. The primary industries of the countryside thus belonged to a group wherein many employers still called the rights of organization and collective bargaining into question (Seim, 1980: 43, 51). In contrast to Sweden, these anti-union sentiments were for some years canalized by a government completely dominated by agricultural interests. The Swedish Peasant Party never formed a government of its own, except during a few months in 1936, in connection with the replacement of the 1932-36 social democratic government by the 1936-39 coalition government dominated by social democrats but also representing the peasant party. But already in 1933 these parties arrived at a fundamental compromise about social affairs and agriculture (as part of the Historical Compromise). In Norway the different parliamentary situation brought about a competition between the peasant party and the liberal party to win the voters from the countryside. As a consequence, the liberal party drew nearer to the demands of the peasant party. Most important was the introduction of legislation restricting the use of boycotts - a weapon often used by the unions within some of the above-mentioned industries. In this situation, the Norwegian LO no longer remained passive but decided to choose the liberal alternative as the least negative.

Again - in 1933 as previously in 1930 - the Norwegian LO thus entered a committee appointed by a liberal government (earlier in 1933 the government of the peasant party had resigned). But now the position of the LO was still more defensive than in 1930. At that time the LO participated in a government committee to avoid the introduction of labour legislation - in 1933 the union movement accepted entering a committee the aim of which was to regulate by law the co-operation between the labour market parties (Seim, 1972: 116ff). Changed economic as well as political circumstances explain this retreat of the union movement. The sharpening of bourgeois law proposals has been mentioned.

Furthermore, by the end of 1932 about 40 per cent of union members were unemployed, which put the new joint recovery programme of the social democratic party and the LO to the fore. The belief in traditional union weapons more and more gave way to a strategy emphasizing social and economic reforms by political means. As mentioned above, in the first round it was not possible avoiding a law on union voting rules (1934), but it soon was replaced by internal union provisions, included in the 1935 basic agreement between the union confederation (the LO) and the employers' confederation (the NAF).

In the 1930s the state-regulation quite recently introduced in Norway, thus was replaced by a self-regulation of the labour market parties themselves. In contrast to the development in Sweden, state regulation promoting centralization of the union movement did not just remain a threat, but was also put into practice, however not in a permanent way as in Denmark, whose union structure was a serious obstacle for a common union attitude in this respect. The degree of state-regulation thus was highest in Denmark, lowest in Sweden, whereas Norway occupied an intermediate position - cf Tableau 3.

Tableau 3. Centralizing changes of union voting rights and voting rules in Scandinavia during the 1930s.

	Sweden	Norway	Denmark
(1) State regulation: labour law		Centralizing voting rules	Centralizing voting rules
(2) Self-regulation			
a) Collective agreements	No voting rights (1937)*	Centralizing voting rules (1935)***	
b) Internal regulation by the organization	No, except advisory voting rights (1934, 1941)**	Centralizing voting rules (1934)****	

* In connection with extended pre-negotiations in the 1937 bargaining round
** Voluntary standard statutes (1934), LO intervention into the 1933/34 building conflict, the 1941 LO constitution.
*** Included into the 1935 basic agreement.
**** Changed statutes of the Norwegian union confederation.

Common to the Scandinavian countries was the government as the primary promoter of union centralization. The actions of the union movements can be characterized as principally reactive. The Swedish union confederation was the most responsive one in this respect. This preparedness of action of the Swedish union movement might be related to at least two conditions promoting union initiatives of centralization:

(1) the early coming of social democracy into power (in conformity with Denmark, but in contrast to Norway), and

(2) the existence of a homogeneous, unified labour movement (in conformity with Norway, but - as regards the union movement - in contrast to Denmark).

Even in Sweden the union movement only appeared as the third most active promoter of union centralization. The second place was occupied by the Swedish Employers' Confederation (the SAF), a fact reminding of the prominent role of external factors with respect to the process of union centralization.

XIX. Nordic trade union mergers

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Union confederations may be classified by reference to a number of characteristics, including: political orientation; the degree of centralisation or decentralisation; whether they have a direct collective bargaining role or act only as umbrella organisations; the membership composition of affiliated unions and according to principle(s) of organisation, such as industrial, occupational or professional. A single confederation may thus be characterised as politically independent, decentralised, white-collar and professional.

(…)

The first category comprises monopoly or almost complete domination of one union confederation, which covers all or almost all categories of worker.

(…)

Confederations based on class and/or status, comprise the second category**,** which is labelled socio-economic unionism. It may be based on education or type of employment relationship (private law or public law) and is often influenced by political orientation. The Nordic countries, with their social democratic blue-collar confederations and politically independent white-collar confederations, are prime examples. In these countries, there is one confederation each for mainly blue-collar workers, university graduates and other white-collar workers (see Table 13.1). This pattern is most pronounced in Sweden and is least developed in Norway, where there are several overlaps between confederations. From a Nordic perspective, relatively large numbers of white-collar unions are affiliated to LO-Norway (Norwegian Confederation of Trade Unions), but in the private sector no attempts have been made to merge blue-collar and white-collar LO unions.

Table 13.1: Union Confederations in the Nordic countries

	Blue-collar	Professional	Other white-collar
Denmark	LO-Denmark*	AC**	FTF*
Norway	LO-Norway	Akademikerne, partly UHO	YS, partly UHO
Sweden	LO-Sweden	SACO	TCO
Finland	SAK	AKAVA	STTK

* LO-Denmark and FTF in 2019 merged into FH (*Fagbevægelsens Hovedorganisation*).
** Also called *Akademikerne* (The Danish Confederation of Professional Associations)

(…) The third category comprises confederations based on political/ideological and/or religious cleavages, or to abbreviate, ideology-based unionism. (…) Dutch union structure has become more similar to that of the Nordic countries with the rise of the white-collar confederation MHP (Federation of White-collar Staff Organisations) and the merger between the socialist NVV (Dutch Confederation of Trade Unions) and catholic NKV (Dutch Catholic Trade Union Confederation) to form FNV (Confederation of Dutch Trade Unions). In contrast to the Nordic countries, mergers in The Netherlands partly have integrated blue-collar and white-collar unions (Visser and Waddington, 1996:45).

(…)

It is important to isolate any medium-term and long-term trends towards mergers or division and fragmentation at the confederal level. Regarding long-term trends, in most cases the starting point has been a unitary confederation, which, with the development of employment structure and industrial relations systems, has divided along political, religious or status cleavages. A hypothesis related to the present situation of shrinking union density in many countries and other major challenges facing unions is that this may promote a revival of unitary trade unionism. Most of the divisions still persist, with both the Nordic and the Southern European cases providing prominent examples, but new cross-confederal bargaining alliances indicate a trend towards a kind of *de facto* unitary trade union action. Growing economic and political internationalisation is also a driving force for increased union co-operation, not only at the international level, but also between confederations in each country. EU membership has brought Danish, Finnish and Swedish union

confederations to intensify their co-operation within the Nordic Trade Union Confederation and the ETUC. To facilitate these activities and to make lobbying more effective, the three Swedish confederations have a shared office in Brussels.

Nordic union movements started in the unitary category, but with the rise of white-collar confederations, the monopoly of the Nordic blue-collar LOs was broken. As late as 1950, LO-Sweden (Swedish Confederation of Trade Unions) organised almost 80 per cent of all union members, despite the appearance of the white-collar confederations in 1944 (TCO, Swedish Confederation of Professional Employees) and in 1947 (SACO, Swedish Confederation of Professional Associations). With rising union density among the expanding number of white-collar workers, LO's share in 2001 had declined to 53 per cent. Similar developments took place in the other Nordic countries.

(…)

Confederal Mergers and Confederal Splits

All confederal mergers in the Nordic countries hitherto have taken place at one or the other side of the collar division. The same applies to breakaways. Thus, the Finnish SAJ (Finnish Union Confederation) left the predominantly blue-collar SAK (Central Organization of Finnish Trade Unions) in 1960. As few SAK unions escaped this social democratic split, collective bargaining became very complicated when competing unions outbid each other in their negotiation demands and resorted to strikes to obtain better settlements than their rivals. The employers' federation applauded the 1969 reunification, as inter-union rivalry was an obstacle to incomes policy (Lilja, 1992: 206-9). Although bargaining is co-ordinated across the border between the Finnish white-collar confederations STTK (Finnish Confederation of Technical/Salaried Employees) and AKAVA (Central Confederation of Professional Associations), recent attempts to merge them have failed (Kauppinen and Waddington, 2000: 189f). On the other hand, a small Swedish confederation of public sector staff associations joined SACO in 1974. Thirty years earlier the private sector white-collar confederation DACO (Central Organization of Employees) amalgamated with 'old TCO', comprising public sector white-collar unions, into modern TCO. At its 1997 Congress, TCO declared it desirable to merge with SACO, but SACO is cold-hearted. All SACO unions are professional associations, which are profiting from the marked expansion of academic employment, while TCO consists of both horizontal and vertical unions, including many white-collar workers in lower and middle grades. The border between TCO and SACO unions is diluted because of the growing importance of university education in today's working life. A strengthened position in lobbying and public opinion is another motive for closer co-operation between the two white-collar confederations, which signed a cooperation agreement in 1996. In Sweden cross-confederal bargaining cartels were founded within manufacturing (comprising LO, TCO and SACO unions) and among public sector employees (TCO-SACO, see Chapter 9).

Of the Nordic countries, Sweden has the most far-reaching confederal separation of blue-collar unions, professional associations and other white-collar unions. Compared to LO-Sweden, its Danish, Finnish and Norwegian counterparts organise relatively large numbers of white-collar workers and consequently have more fluid borders with their closest white-collar neighbours. In Denmark, some mergers have occurred across LO (Danish Confederation of Trade Unions) and FTF (Central Confederation of Salaried Employees and Civil Servants; see Chapter 4) boundaries. The recruitment areas of LO-Norway and YS (Confederation of Vocational Unions) markedly overlap. The intense membership competition has resulted in LO manoeuvring to prevent YS from joining the European Trade Union Confederation (ETUC). Both YS and AF (Federation of Norwegian Professional Associations), the predecessor to *Akademikerne* (Federation of Norwegian Professional Associations) were founded about thirty years after their Swedish equivalents. While YS comprises a smaller white-collar segment than Swedish TCO, AF had a much broader composition than Swedish SACO, which almost exclusively organises university graduates. *Akademikerne* was founded in 2000 when a number of dissatisfied unions of university graduates left AF, which was

dissolved. The remaining unions founded the new confederation UHO (Confederation of Higher Education Unions, Norway) at the end of 2001. With the formation of *Akademikerne*, Norwegian confederal structure became more similar to the Swedish structure, although it remains more fragmented. As in Sweden, there are very few cross-confederal union mergers in Norway.

(…)

Mergers between and across Confederations

Do cross-confederal union mergers precede confederal mergers or do mergers between national unions occur after confederal mergers, or both? In the Nordic countries there have been very few cross-confederal mergers between trade unions, but also few confederal mergers. When Swedish DACO and 'old TCO' merged into modern TCO in 1944 not very many unions merged, which is explained by DACO being primarily a private sector confederation, while 'old TCO' unions recruited within the public sector.

(…)

Institutional Obstacles to Mergers

Mergers between confederations might be hampered, irrespective of the degree of overlapping recruitment fields. If confederations organise different status groups or segments of the labour market, union identities might deviate sharply, as between the Nordic blue-collar and white-collar confederations. Another major obstacle to mergers is the social democratic orientation of the blue-collar confederations and the political independence of white-collar confederations. In this case, cross-confederal mergers between individual unions will probably precede changes at peak level. Blurring borders between blue-collar and white-collar workers may also open the door for mergers at confederal level, but this presupposes that the Nordic LOs dissociate themselves from the social democratic parties. Mergers between confederations organising the same labour market segments may also be problematic, as these confederations are often keen competitors. Another severe obstacle is usually the distinct political and religious identities of these confederations.

Political/ideological/religious and Class/status Divisions as Obstacles to Mergers

(…) The decentralisation of collective bargaining has deprived LO-Sweden of its direct wage bargaining role and has facilitated the appearance of a cross-confederal cartel within manufacturing. Although no merger across the collar cleavage has occurred in Sweden, the door may open in the long-term for such mergers by the blurring of borders between blue-collar and white-collar workers, the development of shared interests in defending the position of manufacturing unions in the 'post-industrial' society, and a growing need for united action against transnational companies. At least two obstacles, however, remain. First, work organisation has not changed at the same pace everywhere. Second, the close links between LO-Sweden and the social democratic party are incompatible with the neutral position of white-collar unions towards political parties. Further contributing to this uncertainty is a fear that union density among white-collar workers would decline if white-collar unions were to lose their own union identity.

LO-Denmark arranged an extraordinary Congress in 2003 to cut the economic ties with the social democratic party. The formal ties were abolished in 1995. The aim of ending the financial support to the party was to pave the way for a unitary confederation, in the first instance by a merger between LO and white-collar FTF, which, in the long-run, was also to include AC (Danish Confederation of Professional Associations). Declining membership and a desire to create a more influential union confederation in the national and European arenas are the most conspicuous motives. It should be noted that, similarly to its Norwegian equivalent, but in contrast to LO-Sweden, LO-Denmark has for a long period defined itself as a unitary confederation to which white-collar unions should also affiliate.

Centralisation and State-regulation as Substitutes for Mergers

A further barrier to mergers, in addition to collar and/or status divisions and political and/or religious cleavages, is strongly centralised confederations and bargaining structures, which may function as substitutes for union mergers. A prominent example is the considerable transfer of power from affiliated unions to LO-Sweden before the introduction of centralised bargaining in the 1950s. As a consequence, mergers between affiliates were not considered very urgent by LO. Danish labour legislation introduced in the 1930s had similar centralising effects by increasing the co-ordination powers given to the public conciliator.

(…).

Craft and General Unions Resisting Restructuring Efforts along Industrial Lines

In countries where general unions and craft unions secured a stronghold, confederations have met strong resistance from craft unions unwilling to merge and from general unions unwilling to restructure along industrial lines. The first merger within LO-Denmark, which was formed in 1898, did not take place until 1917! The fragmented nature of the Danish union movement, together with the strongly centralised employers' confederation, explains why bargaining cartels and legislation on balloting rules attained such importance in co-ordinating wage negotiations. It is true that the latter developments helped to conserve union structure, but part of the explanation is in Danish union structure. The large general union SiD (General Workers' Union in Denmark) still blocks the transformation of LO unions into industrial unions, as it refuses to split up (see Chapter 4). Within the engineering industry, Metal (National Union of Metalworkers) has acquired a number of unions of skilled workers, while SiD organises unskilled metal workers, as does the general union of unskilled women, KAD (National Union of Women Workers). Instead of being split up along industrial lines, SiD plans to merge with KAD and TIB (Union of Joiners, Carpenters and Wood Industry Workers), thus consolidating its position within LO.

(…)

Confederal Efforts to Rationalise Union Structure

(…)

In contrast, Nordic union confederations have strong constitutional authority *vis-à-vis* affiliated unions. Nonetheless, Nordic blue-collar confederations have usually taken a highly pragmatic attitude to the implementation of blueprints. It should be noted that mergers are just one of many means of advancing industrial unionism. Membership transfers between unions, for example, were more important than mergers in implementing the industrial principle within Swedish engineering (see Chapter 9). To facilitate mergers, the 1926 Congress of LO-Sweden decided that all persons employed by LO unions, which were dissolved or split up due to mergers, should assume a similar position in the unions to which the members were transferred. No immediate results were achieved, which is why the LO in 1936 attained the right to intervene against unions that refused to comply with the terms of the agreed merger blueprint. These rights were never used, however, but functioned as a latent threat (Hadenius, 1976:142f, 158f). In practice, mergers continued to be completely voluntary, with the final decisions made within affiliated unions. Had a tough policy been followed, LO risked losing obstinate unions, which is what happened in Norway during the 1920s (see Chapter 7). With the new centralising statutes adopted in 1941, LO-Sweden achieved the power to adjudicate inter-union demarcation conflicts, but the increased centralisation of LO partly functioned as a substitute for mergers, which were considered as a matter for each individual union (Hadenius, 1976:159). The solidaristic wage policy, for which centralised bargaining was a prerequisite, both accelerated and retarded mergers. It accelerated the number of mergers by encouraging shifts of employment, and retarded merger intensity by raising the fear among craft unions, with relatively highly paid members, that they would lose influence if they were absorbed by large industrial unions (see Chapter 9).

LO-Denmark has made several efforts to transform the traditional structure of many small occupational unions and a few large unions into a limited number of huge industrial unions. The 1971 LO Congress adopted a plan to merge about 55 affiliates into nine industrial unions (see Chapter 4). Despite far-reaching mergers of employers' associations within manufacturing industry, the radical LO plan was not realised because of disagreements among unions, especially between Metal and SiD. From the late 1980s, the LO, therefore, tried an alternative course of action aimed at creating five large bargaining cartels. The main result was the extension of the cartel of metalworkers to the whole of manufacturing, which matched the new employers' association covering the same area. Although the grandiose restructuring plans of LO-Denmark have yielded few results, the number of affiliated unions declined from almost 70 in 1960 to 22 in 2000.

At the 1989 Congress LO-Norway failed to obtain support for a large-scale restructuring of affiliated unions (Dølvik, 2000:436). The modest compromise to build sectoral cartels, although contested, was realised. Disappointment with a similar unsuccessful LO project encouraged five unions within manufacturing and agriculture to form the heterogeneous *Fellesforbundet* (Norwegian United Federation of Trade Unions) in 1988 (see Chapter 7).

Nordic white-collar confederations have also taken several initiatives to 'rationalise' the structure of white-collar unions. For example, the Swedish white-collar DACO merged in 1944 with 'old TCO' into modern TCO. The transformation of an independent occupational association of clerks into a vertical union of private service workers, a requirement for affiliation, was the most prominent DACO effort in this respect. Similarly, in 1952 TCO initiated a merger between the unions of primary school teachers, but it proved to be a lengthy process that was not completed until 1991. The Norwegian *Utdanningsforbundet* (Union of Education) emerged in 2001 after forty years of efforts to bring together teachers' unions into larger units (see Chapter 7). The Norwegian union resulted from a merger between a former AF union and an independent teachers' union, not as in Sweden by a series of mergers between unions affiliated to the same confederation (TCO). The Norwegian union also includes secondary school teachers, which, in Sweden, are organised by a SACO union. Immediately after their formation during the 1970s, the Norwegian white-collar confederations YS and AF encouraged the creation of large unions by mergers. Like the Swedish SACO, YS established a separate union to allow various small unions to join, the difference being that the aim of the SACO union was to absorb the many small public sector staff associations, while the YS union covers the private sector. The founding of SACO's Danish equivalent AC, in 1972, also triggered a wave of mergers.

Although mergers in the Nordic countries are completely voluntary on the part of the individual unions and the role of blueprints has been restricted to recommendations, the long-term influence of blueprints should not be underestimated. First, they have had a normative influence, strengthening forces in favour of mergers. Second, blueprints have functioned as guidelines for restructuring, including transfers of members between unions; for solving demarcation disputes; and allowing or denying affiliation of unions or the expulsion of affiliated unions. Not infrequently, unions wishing to join a confederation had to accept acquisition by an affiliate as a requirement for affiliation. As in other countries confederations do not accept hostile breakaways as affiliates, at least, not until a very long time after the initial breakaway.

(…)

Mergers across confederations are very rare. Generally, they occur only when confederations themselves merge into larger units, such as the Dutch FNV and American AFL-CIO, or when previously split confederations re-unite as in the cases of the Finnish SAK and Irish ICTU. As illuminated by the typology of confederations presented in the beginning of this chapter, severe obstacles limit mergers between confederations and, consequently, mergers between unions affiliated to different confederations. Political and religious divisions still constitute major barriers to mergers in many European countries despite secularisation, depillarisation, the end to the cold war and weakened ties between unions and political parties. Similarly, blurring borders between

white-collar and blue-collar workers and between private and public sector workers have not prevented the persistence of union structures based upon class, status or sector in the Nordic countries. In one sense political and religious divisions are external from a labour market perspective, while class/status/sector cleavages are directly related to employment status and employment relations. Rooted in basic socio-economic relations and long-standing cultural traditions, the latter divisions stem, only to a small degree, from voluntary choices by union actors. When confederations with previously different political/religious orientation merge, there is nothing in principle to prevent mergers between their affiliates within the same industry or occupation. Overcoming collar divisions is a much more complicated task, at least in the Nordic countries. Compared to LO-Sweden, its Danish and Norwegian equivalents contain relatively large numbers of white-collar unions, but none of them have joined forces with their blue-collar counterparts. Besides the deep collar division, this separation is explained by divergent coverage of white-collar and blue-collar unions due to different principles of organisation. The LO-affiliated HK (Union of Commercial and Clerical Employees in Denmark) is an occupational union with members in all sectors (manufacturing, private services and the public sector), which makes a merger with, for example, Metal difficult. Furthermore, the general union SiD (recruiting unskilled workers within all manufacturing industries) has hitherto resisted restructuring along industrial lines.

Contact information Anders Kjellberg:

Phone: + 46 +46 222 88 47
E-mail: anders.kjellberg@soc.lu.se
Hemsida (in Swedish): https://www.soc.lu.se/anders-kjellberg
Website: https://www.soc.lu.se/en/anders-kjellberg

CV Anders Kjellberg: https://lup.lub.lu.se/record/8410406

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