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LUND UNIVERSITY

PO Box 117  
221 00 Lund  
+46 46-222 00 00

THE SWEDISH TRADE UNION SYSTEM:  
CENTRALIZATION AND DECENTRALIZATION

Anders Kjellberg  
Department of Sociology,  
University of Lund,  
Box 114  
S-221 00 Lund Sweden

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## **1. The Swedish trade union system: simultaneously centralized and decentralized.**

A distinguished feature of the Swedish trade union system is its double characteristic of being at the same time centralized and decentralized. The upper as well as lower levels of the Swedish system play a far more strategic role in fulfilling important union functions than its counterparts in Continental European countries like France, West Germany and Italy (before 1969). In Sweden both the union workplace organisation and - since the 1950s - also the Swedish Trade Union Confederation (Landsorganisationen, the LO) are assigned extremely important roles in the process of collective bargaining. Swedish wage negotiations in general take place on three levels, with separate agreements for manual and white collar workers: (1) workplace, (2) industry and (3) private/public sectors as a whole (the public sector however being divided into government and local government). The corresponding union actors are (1) "workshop clubs" (verkstadsklubbar) or "trade (union) clubs" (fackklubbar), (2) national unions, and (3) - as regards manual workers in private sector - the confederation LO.

In the bargaining process of white collar workers a number of bargaining cartels fulfill functions similar to those of the LO (and partly of the national unions affiliated to the LO). Since the 1970s the bargaining cartel of white collar workers in the private sector, the PTK (Privattjänstemannakartellen), negotiate about wages etc by order of a number of national unions associated to the two confederations of white collar workers, the TCO (Tjänstemännens Centralorganisation) and the SACO (Sveriges Akademikers Centralorganisation). Other bargaining cartels comprise white collar workers employed by government and local government respectively.

### 1.1. International variations of structure and functions of union systems.

From an international comparison it might be maintained that the variations of union structure and function reach a maximum at the top (confederal) and bottom (workplace) levels of union systems, while intermediate levels (national unions and their local branches) are more homogenous (despite contrasts between craft and industrial unions). In particular union workplace organisations vary considerably as regards frequency, form and tasks. This is illustrated by the very limited role of French plant based "sections syndicales" compared to British shop stewards or Scandinavian workplace "clubs". In addition, British and Scandinavian union workplace organisations differ considerably in form and functions from each other.

Also the powers and tasks of union confederations exhibit an internationally highly varying picture, particularly in the field of collective bargaining. In contrast to the Swedish LO neither the German DGB nor the British TUC or the American AFL-CIO conclude collective agreements about wages. On the other hand, agreements concluded at the level of industry by national unions are common in all countries where trade unions rights exist. Almost everywhere national unions can be considered as the core of the union system, located as they are at an intermediate level - in very heart of the system. Like centralized wage negotiations, workplace bargaining under union auspices only take place in a limited number of countries, for example the Scandinavian ones, Britain and the USA.

Scandinavian union systems are more or less unique by their involvement in wage negotiations at all levels: central level (union confederations, bargaining cartels), intermediate level (national unions), and workplace level (union workplace organisations). A necessary precondition is of course the existence of union organisations at all these levels and that the organizational strength of each level is sufficient for dealing with employers and their associations. From an international perspective the very combination of strong union confederations and workplace organizations in Scandinavia appears as remarkable, i.e. the character of the union systems of being simultaneously centralized and decentralized.

## **2. Self-regulation or government-regulation in the development of Swedish industrial relations.**

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.

### 2.1. Union autonomy to promote union strength.

Despite the social democratic party's transition into a government party in 1932 and the close relations between party and trade union movement the latter preferred autonomy and self-regulation in its sphere of action. Not only bourgeois demands of labour legislation, but above all a fear from the unions of losing their *raison d'être* explain the negative attitudes of the LO towards increased state intervention. In 1934 the LO opposed a government proposal (inspired by German labour legislation) with the object of extending collective agreements to unorganized workers (Söderpalm 1980: 22). From a union point of view extensions of collective agreements (by decisions of the National Board for Social Affairs) would mean a risk of decreased union growth as the unions might appear more or less superfluous (Fackföreningsrörelsen 1934:II: 401ff). In this respect the Swedish union movement (i.e. the LO unions) on several occasions has demonstrated a very consistent position.

Another illustrative example is that still in the 1990s the unemployment insurance in Sweden - as in Denmark, Finland and Belgium - is connected to the unions, although it is possible to be a member of the unemployment relief fund without being a union member. In contrast to unorganized workers all union members automatically belong to these funds. Sweden chose a variant of a national so-called Ghent system - as a compromise between social democrats and bourgeois parties - when a public unemployment insurance was introduced in 1934 (Edebalk, 1990: 44ff). The LO unions however only slowly joined the new system. The reason was the limited advantages given to the traditional union funds when transformed into state subsidized funds. Nevertheless, in the 1920s the non-socialist parliamentary majority did not accept the Ghent system precisely with the motive of preventing the unions from gaining strength. But nobody could prevent the unions from a frequent use of their unemployment and conflict funds during this decade of high unemployment and numerous labour conflicts (Kjellberg, 1983: 159ff). This helps to explain the huge - internationally quite unique - increase of Swedish union density in the 1920s. The new Ghent system of the Thirties allowed the unions to keep the control of the funds. In addition to the functions of membership recruitment and consolidation, this meant that also subsequently no unemployed workers had to accept jobs at workplaces affected by labour disputes in order to get unemployment benefits. To a great extent the preceding debate (in the 1920s and 1930s) had been about the power to control the supply of labour power, including the problem whether workers had to accept jobs at wages below those of collective agreements (Rothstein, 1989: 23ff). As we have seen, the outcome was favourable for the unions: a continued union regulation of the unemployment funds, however circumscribed by some minor government restrictions.

### 2.2. Priority of union workplace organizations over works councils.

Also attempts to introduce legislation which might challenge the status and power of union workplace organisations have resolutely been rejected by the union movement. After World War I social democratic ideas of introducing works councils were put forward. The aim was to give a concrete alternative to communist and syndicalist proposals for socialization. In particular, the Metal Workers' Union opposed works councils regulated by legislation similar to that of Germany and some other countries. At the 1922 Metalworkers' congress the so-called socialization committee declared that "industrial democracy, which in other countries has been introduced by means of works councils and laws of works councils, after struggle already have been gained by our trade unions - and much above that" (Svenska



Metallindustriarbetareförbundets verksamhetsberättelse 1922: 138). The following question was put - and answered: "Is the creation of any new organs necessary with regard to the influence that the workshop clubs and our union already have obtained? The answer might only be no!" (ibid p 141). The same year the LO executive committee warned against "works councils standing by themselves, which might damage and divide the union organizations" (Protokoll förda vid Landsorganisationens i Sverige kongress 1922: 294). These points of view were satisfied in the official government report (1923), which based the proposed works councils upon the unions, but no councils were realized as the bill was rejected by the bourgeois majority of the parliament.

The next time the issue of works councils was brought to the fore was immediately after World War II. In contrast to the 1920s the socialist parties now had a majority position in parliament, but no initiatives of legislation were made. The policy of self-regulation by then was firmly established as a common lodestar of the labour market parties. The years following the 1938 Saltsjöbaden Agreement, the LO and the SAF concluded a series of so-called "agreements of co-operation". One of them was the Agreement on works councils (1946). Precisely as in the 1923 proposal only union members were to be considered for councillors, although the employers (SAF) demanded also non-union workers to be included (Kjellberg, 1981: 65f). The appointment/election of councillors was left to the unions, in practice the union workplace organizations. By that the danger of dual, competing systems of workplace representation was avoided. As regards white collar workers SAF however was more successful. In 1946-58 non-union employees were included in works councils provided that less than 3/4 of white collar workers were union members (Nilsson, 1985: 147).

Furthermore, the tasks of the councils were limited to information and advice, i e no real co-determination or collective bargaining functions. Also some of the other agreements of co-operation concerned the union workplace organisation: the agreements on health and safety (1942) and work studies (1948). Both of them joined up with the Swedish tradition of assigning the union workplace organizations (workshop clubs, trade union clubs) all such tasks. Thus the unions, as before, had to appoint/elect health and safety stewards. The workshop clubs were pointed out as bargaining units for job studies.

As has been demonstrated, the union movement in Sweden very consciously endeavoured to avoid government regulations of industrial relations, as well as the creation of new autonomous organs of workplace representation. Such potential developments were regarded being too risky as doubts about the point of being a union member might gain ground. Leaving unions of white collar workers out of consideration, the union movement did not need government support for attaining union rights or establishing workplace organisations. Swedish unions since many years were strong enough for dealing with the employers at all levels, i e from the individual workplace to the nation as a whole. Without a corresponding structure of the union organization, i e extended to all levels - the origin of which is to be looked for in the historical development of industrial relations - the unions might hardly have attained such an ability.

At the end of the 1960s however a change of strategy took place. Squeezed between rising demands of co-determination from below and the employers' refusal to make concessions, the union leadership saw no alternative but legislation. The introduction of an extensive labour legislation during the following

decade of course meant a substantial departure from the "Swedish model" of co-operation between the labour market parties, in which "agreement in preference to legislation" had been a motto. On the other hand, even the law of co-determination (1976) in some important respects represents a striking historical continuity. To begin with, the law is a general law - a law of procedures - to be followed up by agreements of co-determination. Owing to employer resistance the agreement between the LO and the SAF was not concluded until 1982 - in a quite different climate characterized by (1) a return to the policy of co-operation in this field, and (2) the employers' re-conquest of the initiative. Typically, the name of the agreement was the "Development Agreement", not the "Co-determination Agreement". Later it was followed by agreements at industry and workplace levels in a similar way as in wage negotiations.

The essence of the law of co-determination can be described as reinforced union rights to negotiate when employers plan important changes which might affect the employment situation of the workers. Beyond that the law contains no rules of co-determination. This construction of the law was completely in accordance with pronounced union desires to protect the traditional Swedish principle of autonomous industrial relations, i e negotiations between unions and employers in contrast to state regulations or detailed rules established by law. In one sense the law however is contradictory. Despite its background in employer resistance to negotiations of co-determination (thence the form of a law) the law implies nothing but negotiations and agreements.

In one respect the law of co-determination even meant a strengthening of the traditional Swedish model of industrial relations. The rights of negotiations about co-determination were given to the unions themselves, not to the works councils, which now lost their raison d'être. The emphasis on the unions as representative organs of the workers thus became still more pronounced. As a consequence, the tasks of the union workplace organisations were enlarged and the decentralized trait of the Swedish union system reinforced.

The prominent position of unions in Swedish labour law (and the system of collective bargaining) does apply not only to the form of collective representation at workplace level, but also along the dimension individual - collective. In all Nordic countries labour law has a strong collective character with an increasing emphasis on procedures, while individual rights and duties play a much stronger part in other Western European societies (Nielsen & Bruun: 301). The collective orientation of Nordic labour law might be considered as an effect of the substantial strength of Nordic unions, but also as a circumstance promoting union strength.

### 2.3. Union centralization/decentralization as an alternative to state intervention/works councils.

A connection seems to exist between the character of the Swedish union system of being simultaneously centralized and decentralized on one hand and the successful efforts of the union movement to as far as possible avoid state intervention and alternative (non-union) forms of workplace representation on the other. From the 1930s - in a constitutional sense, from the 1940s - a pronounced centralization of the LO took place as a consequence of the policy of co-operation vis-à-vis the SAF - or more exactly, above all as a prerequisite to put this policy into action. The Saltsjöbaden Agreement between the LO and the SAF may be considered as part of a strategy of self-regulation of the labour market parties, more exactly as a

response to the threat of increased government-regulation of industrial relations. This threat stemmed from the bourgeois parties as well as from the social democratic government, more exactly as part of its policy of crisis management and economic growth. As we will see, the system of centralized wage negotiations between the LO and the SAF, which came about on the initiative of the SAF in the 1950s, was actively encouraged by the government to facilitate the policy of economic stabilization.

Centralization and self-regulation (the 1938 Saltsjöbaden agreement, the centralizing LO statutes adopted in 1941, centralized collective bargaining established in the 1950s) thus became distinguished features of the Swedish union system. By that, the Swedish labour market parties avoided the historically posed - and internationally existing - alternative, i.e. state-regulation (compulsory arbitration, legislation aimed at centralization of the union movement, as well as direct government intervention in the process of wage formation).

As regards the decentralized trait of the union system, already at the end of the Nineteenth Century workplace organizations integrated into the unions were established. In engineering, industry workshop clubs were common long before the employers closed their ranks to resist union demands (the founding of the VF in 1902 - see below). After only a few years of existence, the employers' associations recognized the workers' right to organize in the form of centralized compromises, first with the Metalworkers' union, shortly afterwards also with the LO as a whole. Consequently Swedish unions did not need support from the state to be granted union rights or to gain a foothold at workplace level. On the contrary, the unions were anxious to avoid state interference and wished to preserve their autonomy. Otherwise the risk might arise that the unions lost their *raison d'être* in the eyes of the workers.

Consequently, the LO rejected a proposal from the social democratic government of extending collective agreements to non-union workers. Another example is found in the unwillingness of unions to transfer the administration of unemployment funds to the government. In order to keep the union control of the funds a national Ghent system was introduced in the 1930s.

Such considerations of union autonomy and of preserving important union functions also explain the scepticism of the union movement towards proposals of creating works councils after World War I, in particular as union workplace organizations already by that time were very well-established. On resolute union demands the agreement on works councils (1946) as well as its successor - the law of co-determination (1976) - clearly emphasized the unions as representative organs of the workers. Furthermore, the 1976 law resulted in enlarged tasks of the union workplace organization, which from now was given negotiation rights in the field of co-determination.

Another distinctive feature of the Swedish union system thus can be described as decentralization and self-regulation (workplace organs, fully integrated into the union organization, carrying out important tasks from the point of view of the members/workers) in contrast to state-regulation (works councils as representative organs of the workers at the workplace level; legislation regulating the internal affairs of the unions) and centralization (the lowest level of proper union organization situated above -and consequently outside - the workplaces).

By the combined centralization and decentralization of the union system there existed in Sweden good prospects of avoiding such union pitfalls as (1) state-regulation of wages and other potential union tasks, as well as (2) the development of competing organs of representation at the workplace level. As the unions themselves, including the union workplace organization, executed these tasks there is reason to suppose that the workers more easily credited improvements to the unions compared to if this had not been the case. Furthermore, as a consequence of their organizational structure, a fragmentary extension of the unions was avoided. This circumstance was also favourable for a high union density in Sweden.

### **3. Centralization of employers promotes centralization of unions.**

The rise of a homogeneous, unified labour movement co-ordinating its actions in the labour market and political fields (the political general strike in 1902) - in combination with the non-repressive character of the Swedish state - at an early stage called forth an employer strategy of strong centralization and the frequent use of lockouts as an offensive weapon.<sup>1</sup> Left to themselves, tremendous trials of strength occurred between the union movement and the two powerful employers' associations, both of which were founded in 1902, the SAF (Svenska Arbetsgivareföreningen, the Swedish Employers' Confederation) and the VF (Sveriges Verkstadsförening, the Metal Trades Employers' Association). Large lockouts and strikes ended in compromises like the 1905 Engineering Agreement and the so-called December Compromise of 1906 between the LO and the SAF. From a union point of view they meant that the employers recognized the right to organize and that the principle of collective agreements was accepted by big industry.<sup>2</sup> Several nation-wide agreements at industry level were concluded in the first decade of the century, especially in 1906-07. In 1908 they covered as much as about 45 per cent of the factory workers (Arbetsstatistik A:5 I, 1910: 36f).

Some circumstances promoting the strong centralization of the employers' associations should be mentioned. The association of the important engineering industry, the VF, which did not join the SAF until 1917, was outstanding by its extreme centralization. The purpose of the VF was to serve as an offensive employer instrument to collectively withstand the Metalworkers' Union. In the mid-1890s the executive committee of this union was granted increased powers in order to pave the way for a more methodical behaviour vis-à-vis the employers. From then on a nation-wide strategy successfully was applied aiming at step by step moving the positions of the metalworkers forward by supporting selected local branches and workshop clubs against individual employers. The authority of the union leadership in relation to local branches and workplace organizations stemmed from its powers to decide about financial support in case of labour conflicts. In order to prevent the union from playing individual

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<sup>1</sup> Cf Fulcher (1988), who emphasizes the different relations between political and union wings of early Swedish and British labour movements.

<sup>2</sup> The Engineering Agreement, the first national agreement within Swedish big industry (November 1905) contained rules about minimum wages (earlier forbidden by the VF), a negotiation procedure and a recognition of union rights, however restricted by the employers' freedom to employ non-union workers, i.e. closed shop was not permitted. Similarly the 1906 December Compromise included the right of association and the "management prerogative", i.e. the employer's exclusive right to direct and allot the work and to employ union or non-union workers.

employers off against each other and to resist the rising union demands the VF was founded in 1902 (although the immediate cause was the political general strike the same year).

Around the turn of the century Swedish companies were not large and powerful enough - like the American giants - to prevent the workers from joining unions. Furthermore, neither individual companies nor employers' associations in Sweden were supported by a repressive state as in the USA or Germany. Thus German big industry, which like the Swedish had established centralized organizations, was able to successfully combat the unions and avoid collective bargaining. In contrast, Swedish companies had to rely on their own strength, at first as individual companies (which proved to be more and more ineffective), later on a collective basis.

During the first decade of the Twentieth Century (and until the end of the 1920s) the Swedish state was distinguished by a relatively passive behaviour in the field of industrial relations. On the whole this favoured the unions and thus contributed to the relative balance of power between labour and capital which was realized during some periods. In the first place, the relatively non-repressive character of the state had such effects. With the exception of a law protecting strike-breakers (the so-called Åkarp law of 1899) there existed practically no labour legislation detrimental to the unions. As a matter of fact, the scope of Swedish labour legislation was extremely limited at the beginning of the century. The law on voluntary arbitration (1906), a product of a liberal government in collaboration with the LO and the association of small-scale employers, was one of the very few new laws (Westerståhl, 1945: 294ff). For a long period, the bourgeois division in Conservatives and Liberals were to obstruct several efforts to expand labour legislation. Another contributing cause, moreover influencing the bourgeois division, was the desire of the employers for preserving a certain liberty of actions (see below).

Already before the law on arbitration was passed, a government arbitrator however was appointed to bring the engineering conflict to an end (1905). Most remarkable is that the conservative government at the same time put the VF under heavy pressure to return to the negotiation table - i e during a conflict which best can be described as a crucial trial of strength between the engineering employers and the Metalworkers' Union. The government policy has to be understood in the light of the Union crisis going on simultaneously with the four month long engineering lockout (the Union Sweden - Norway was dissolved in 1905). To sum up, Swedish employers on the whole only obtained a highly limited support by the state in their disputes with the unions.

The primary reason why the Swedish employers wanted industry-wide collective agreements was to attain uniformity in order to avoid the use of spear-heading tactics by the unions (Schiller, 1909: 58ff). Secondly, these agreements could also be considered as instruments levelling out the terms of competition between firms on the commodity market, above all in the domestic sphere but partially also as regards export (in contrast to the often local or regional labour market; Åmark, 1986: 28ff, 86, 90).<sup>3</sup> But the ambition of the SAF to make the system of industrial relations more regulated far exceeded the desire to force industry-wide agreements through. During the large 1909 strike/lockout the SAF even tried to introduce, as a peace term, that the LO had to sign a basic agreement, that is a negotiation

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<sup>3</sup> In contrast, Ingham (1974) argues that the limited degree of competition between Swedish enterprises facilitated the collective organization of employers. A critical discussion of the Ingham thesis is found in Kjellberg (1987).

procedure for the whole SAF - LO area (Schiller 1967: 70ff; Flink, 1978: 14). A written proposal was outlined by the Executive Director of the SAF with the 1905 Engineering Agreement as a prototype. The proposal also contained a demand on centralization of the LO. But no basic agreement was concluded. The LO was not interested because of the weakened position of the union movement resulting from the 1909 conflict.

Once the employers had established a centralized organization, it soon had centralizing effects on the unions. The LO, originally intended as a purely defensive confederation, had to increase its interventionist role dramatically, far in excess of the authority conferred to it by the rule-book (Hadenius, 1976: 30f; Westerståhl, 1945: 64ff). Initially, the LO was equipped with very limited tasks and also lacked own financial resources (Westerståhl, 1945: 61f). Unlike the Danish and Norwegian union confederations, the Swedish LO did not give economic assistance in case of strikes. But the employers' frequent use of lockouts or threats thereof forced the LO to take a more active stance. The outcome of the 1909 General Strike produced a temporary setback, however, leaving both the LO and the SAF in a rather passive role vis-à-vis their affiliated national organizations. For the time being, the employers were in a position of strength without having to escalate conflicts into economy-wide lockouts (Hadenius, 1976: 27, 31). Also, the devastating effects of the 1909 defeat made it extremely difficult for the LO to exert authority over its affiliates (Westerståhl, 1945: 69ff). Instead, the national unions were left to run their own affairs. Thus, both on the employers' and the union's side the immediate result was a relative decentralization to the sector or industry level.

To a remarkable great extent however important centralizing elements were retained. As a matter of fact, national collective agreements had become a cornerstone of the employers' strategy. Before the General Strike of 1909, industry-wide national agreements had been concluded within 15 to 17 trade groups, the number depending on what is defined as a nation-wide agreement (see Adlercreutz, 1954: 328; Meddelanden från K. Kommerskollegii afdelning för arbetsstatistik 1910: 275ff). The 1909 conflict itself was caused by the employers' endeavours to escalate some small local disputes to the highest possible level, which in reality meant that the SAF gave nation-wide agreements a very high priority (Schiller, 1967: 58ff., 203f; Åmark, 1986: 85f, 89ff). This policy continued after the strike even in those trades where the employers' organizations were in a position to bypass the unions. In textiles, for instance, the employers offered the almost extinguished Textile Workers' Union a national collective agreement during a period of slack (Therborn, 1983: 54).

### 3.1. The relative balance of power restored from the mid-1920s but without compromises or centralized industrial relations.

Only in 1919 did unionization reach the previous 1907 peak rate, that is, about 30 per cent of all manual workers (or about 37-38 per cent of non-agrarian manual workers) - see table 1 (in the statistical appendix below). The LO played a very passive role in this recovery, which resulted almost completely from efforts by the national unions and their local branches (Hadenius, 1976: 32). But in the early 1920s, the SAF once again began to use lockouts on a massive scale (Hadenius, 1976: 32ff; Lindgren & Tingsten & Westerståhl, 1948: 705ff). Because of the high unemployment, the LO avoided responding likewise. As a consequence, the SAF had considerable success with its policy of wage reductions. But times soon changed, as became manifest in 1925, when the unions successfully faced a large SAF-

lockout. Despite an unfavourable business cycle, the workers resisted the employers' wearing-down tactics and reached a status quo agreement (Westerståhl, 1945: 153ff; Hadenius 1976: 38). This marked the end of the employers' hegemonic position in the labour market.

As in the first decade of the century a relative balance of power arose between the employers and the union movement. But in contrast to then, no huge strikes/lockouts or fundamental compromises occurred for several years. Contributing to the declining frequency of conflicts was the continued deflation, which facilitated the prolongation of existing collective agreements.<sup>4</sup> Later, during the worst depression years, the 1931 devaluation caused the association of engineering employers, the VF, to stop a major offensive planned by the SAF (Therborn 1983/84: 535ff; de Geer 1986: 99ff). In the following year, the VF also disengaged from an attempt to build a common front aiming at general wage reductions. Internal disagreements within the SAF meant, in contrast to the 1920s, that no major offensive of the employers took place during the 1930s.

A series of occasional circumstances thus contributed to the relative peaceful course of events during this period - in contrast to the big labour market conflicts during the years 1902-09. Common to the two periods however were their character of a relative balance of power. In some industries however severe conflicts took place. As mentioned before, in 1931 five workers even were killed. Before the appearance of the famous "spirit of Saltsjöbaden" at the end of the 1930s, the situation was rather unstable, in particular as both the employers and the union movement were internally divided. Despite the decreasing frequency of labour conflicts, strikes and lockouts and other forms of disputes still were common. It might be recalled that from an international perspective Swedish labour conflicts were distinguished by their scope and length right up to the middle of the 1920s (Shorter & Tilly, 1974: chapter 12). In the light of this situation several initiatives of labour legislation were taken in the 1920s and the first half of the 1930s.

#### **4. Self-regulation promoted by threats of state-regulation.**

This chapter will examine how the pronounced preference for self-regulation characterizing the Swedish union movement, as well as the employers, lead to the conclusion of the 1938 basic agreement, the Saltsjöbaden Agreement. As will be demonstrated, the policy of co-operation between the "labour market parties" was actively promoted by government interventions in industrial relations (in particular during the 1933/34 building conflict) and by threats of a more extensive state-regulation unless the "parties" were successful in regulating their relations to each other (cf the recommendations from the Nothin Commission).

##### 4.1. New labour legislation in 1928 - a presage of increasing government interest in industrial relations.

The introduction of new labour legislation in 1928 (the laws on collective agreements and labour court) can be considered as a presage of an era of strongly increasing government interest in industrial relations.

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<sup>4</sup> Åmark 1986: 126f. Åmark however puts into question the existence of a balance of power in the labour market (cf Therborn 1983/84 p 589).

The aim of the 1928 laws was above all to put an end to labour conflicts occurring during contract periods. Up to 1928 such strikes and lockouts were not illegal in Sweden. As a matter of fact, an increased space of manoeuvre for using these weapons was created by the compromises between capital and labour in the first decade of the century. The national agreements of the tobacco and engineering industries (1904 and 1905 respectively) contained negotiation procedures which made open conflicts possible also during periods of collective agreements (of course after fulfilment of certain rules; Lindgren & Tingsten & Westerståhl, 1948: 494ff). In particular the employers wanted to take advantage of an expanded liberty of actions during a decade characterized by a marked offensive on their part. This meant a clear departure from the pattern of collective bargaining up to then established. At an early phase of Swedish industrial relations peace obligations had become a rule. After the 1902 political strike, the unions however forced special political provisions through in some collective agreements.

Resulting principally from initiatives of the employers (the VF and the SAF) the increased liberty of using conflict weapons would in a later period be exploited by the unions, especially in engineering industry. The engineering agreement facilitated such actions as it regulated minimum wages - there were no fixed wages for workers above minimum level. In addition, already the 1905 agreement allowed negotiations and - in the last instance - strikes during the contract period to raise hourly wages. An award in 1912 made it clear that also piece-rates might be changed in this way. The Metalworkers' Union very consciously took advantage of this liberty of actions during the economic boom in the second half of the 1910s (Lindgren & Tingsten & Westerståhl, 1948: 574ff, 616ff). Through a large number of short local strikes, or threats of strike, the workers obtained higher wages (in order to compensate for the rising prices). The industry-wide agreements of several years' duration thus lost much of their importance and the system of industrial relations became more decentralized than ever since the 1909 union defeat (the outcome of the general strike and lockout that year).

A continued high frequency of industrial conflicts after World War I caused a protracted political debate about how to bring "the anarchy" on the labour market to an end. Only a few of the conflicts took however place during contract periods.<sup>5</sup> In particular the two liberal parties were warm advocates of legislation. In 1926 a liberal government appointed a commission to work out procedures for so-called legal disputes, i e disputes about interpretation of collective agreements. By that the tri-partite Delegation on Industrial Peace, appointed earlier the same year by a social democratic minority government, more or less became superfluous. The LO representatives as a protest left the delegation. The passing of the laws on collective agreements and labour court in 1928 - under the liberal government - caused a huge one-day protest strike. But within a few years the union movement accepted the new labour legislation.

The 1928 laws meant that the system of collective bargaining was made more uniform. Above all, industrial disputes became illegal during contract periods. Disputes about the interpretation of valid agreements were submitted to the newly established labour court. Open conflicts in order to influence the content of new agreements were also prohibited as long as the old ones had not expired. Furthermore, the organizations were assigned the duty to try to prevent their members from violating peace obligations (von Sydow, 1926: 206f). The SAF, which supported the new legislation, approved very strongly that the

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<sup>5</sup> Göransson, 1988: 202. Within engineering industry the so-called liberty of actions, on the initiative of the employers, was abolished by the 1923 national agreement (von Sydow, 1926: 244)



unions were given supervisory functions regarding illegal strikes (von Sydow, 1926: 221f, 227; Andersson, 1990: 138f).

This positive attitude of the SAF sharply contrasts to the resistance about twenty years earlier to similar law proposals. At that time the employers were not willing to accept bourgeois proposals presented in 1910-11 for the reason that sympathy lockouts during contract periods would become illegal (Göransson, 1988: 224f). In addition, the employers feared the introduction of compulsory arbitration in collective bargaining (the 1911 proposal). The negative attitudes of the employers caused deep antagonisms among the bourgeois members of parliament with the result that no laws were passed. The 1928 laws on the other hand satisfied the SAF's requests on the legality of sympathy conflicts and avoidance of compulsory arbitration in collective bargaining (i.e. regarding so-called conflicts of interests). Also in 1928 the employers on the whole wanted to preserve the traditional autonomy of industrial relations including a certain liberty of actions during contract periods. But it is also evident that the SAF after 1910-11 no doubt wanted an expanded state regulation in some respects. This change already occurred within the course of the 1910s as a result of an increased frequency of "breaches of agreements" on the part of LO unions, but above all from a worry about the anti-contract policy of the growing syndicalist confederation SAC (founded in 1911; Andersson, 1990: 16).

The position of the employers, however, seems to be dependent upon changes of the business cycle and the relations of power between capital and labour (including the colour of the government). At the beginning of the 1920s the employers again were negative towards increased state intervention to solve the problem of industrial peace, but their attitude soon shifted (cf Andersson, 1990: 51ff). In addition to syndicalist-inspired conflicts, in which blockades and boycotts often were used as weapons, a relatively strong communist wing within the LO unions once more caused the employers to become adherents of an expanded labour legislation. Another step to deal with these problems was the founding of the strike-breaking organization the "Freedom of Labour" in 1923.<sup>6</sup>

Compared to the liberals, the conservative party had a more passive attitude towards new labour legislation (cf Andersson, 1990: 49). An alternative way of handling the question of industrial peace was pointed out by the new conservative government when it called together a Conference on Industrial Peace in the autumn 1928. The initiative was inspired by the "Mondism", an international movement named after the British industrialist Alfred Mond. The idea was to bring unions and employers closer to each other by organizing talks between them - cf the Delegation on Industrial Peace appointed by a social democratic government in 1926. While the social democratic initiative brought legislation to the fore, the conservative one emphasized voluntary actions of the labour market parties (de Geer, 1976: 130ff).

Despite the presence of prominent representatives of unions and employers, the efforts to establish an enduring policy of co-operation failed at the 1928 conference. After a few years of existence the tripartite Delegation on Industrial Peace resulting from the conference ceased to work. In the absence of centralization of the LO, the dominant wing of the SAF refused to make concessions about the so-called

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<sup>6</sup> Andersson, 1990: 53. About the same time, the employers however reconsidered the principle of employing strike-breakers after the termination of labour disputes. In addition, strike-breaking should by (economic reasons) be used only in disputes dangerous to society (for example transport & communication), not in export industries. See Flink, 1978: 130ff

freedom of labour, i.e. the employers' exclusive right to engage and dismiss whatever workers they wished (cf the name of the strike-breaking organization founded in 1923). The employers disapproved the lacking ability of the LO to control the propensity of the members to strike (Flink, 1978: 141f). They also considered the influence of the communists within the unions to be too large, especially as several large strikes occurred at the beginning of the 1930s. By that reason, a centralization of the LO was recommended to solve the problem of communist influence.<sup>7</sup>

Other factors contributing to the collapse of the talks between the labour market parties were the economic depression and the 1931 Ådalen events which caused the death of five workers. The SAF applied an extreme policy of confrontation in this case by sending strike-breakers to carry out stevedoring work in connection with a strike at a pulp mill owned by a non-member of the organization. By this, the SAF exploited the depression to demonstrate its ability to assert "the freedom of labour" in the light of the resistance the LO had offered against this principle (Flink, 1978: 141f, 149).

#### 4.2. Government intervention as an alternative in the absence of compromises between employers and union movement.

In this complex situation of polarization and failed efforts of co-operation the labour movement was deeply divided about the question of industrial peace. While some prominent party and union leaders were positive to legislation, the rank and file members were negative, not to mention the communists and syndicalists. This opinion of the union members was reflected in a difference between the LO and the social democratic party (Göransson, 1988: 210ff, 226f; Andersson, 1990: 162ff, 186ff). As we have seen, the party even took initiatives towards legislation when it was in office in the mid-1920s. The huge protest strike in 1928 has to be mainly seen as a concession to rank and file opinion, in particular as general elections took place that year and the strength of the communists was still considerable. Special circumstances thus caused the social democrats to temporarily make a departure from their in principle positive attitude to state intervention in this field. Another example of the latter is the efforts of the social democratic government to prevent and later solve the big 1925 lockout (Andersson, 1990: 83). Already in 1911 the party was prepared to accept legislation regulating collective agreements (Göransson, 1988: 191f, cf 214). Contrary to the demands of the employers, the social democrats also wanted sympathy conflicts to be included in peace obligation provisions.

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.

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<sup>7</sup> Two editors close to the SAF (Axel Brunius and Karl Hildebrand) presented such a proposal in 1934.

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.<sup>8</sup> 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.

Secondly, from the 1920s on the LO had embraced an ideology of productionism, emphasizing increased economic output as a common interest. Later the social democratic recovery programme helped to spread this ideology (Hadenius, 1976: 44, 46). The labour movement's use of political power to bring about economic growth on capitalistic premises, with the intention of raising standards of living, has been

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<sup>8</sup> Besides by the existence of the social democratic government, the decreased value of the large-scale lockout was caused by a rapid union growth outside the SAF area. At the same time as the SAF remained an organization of private industry, the LO sharply expanded its membership among sales workers, forest and farm workers, state-employed workers and other non-SAF workers. See Åmark, 1986: 125f.

labeled an important part of the 'Historical Compromise' between labour and capital in the 1930s (Korpi, 1981: 23f).

Thirdly, from a power aspect the establishment of a stable social democratic government further underlined the relative balance of power between labour and capital. As mentioned before, in the labour market such a relative balance came up already around the mid-1920s. From then on this might have contributed to the declining frequency of conflicts. But still the future development of labour - capital relations appeared an open question. The social democratic conquest of political power no doubt made the employers - and the union movement - more inclined for compromises. Besides being caused by a common interest in avoiding state intervention into industrial relations, the policy of co-operation between "the labour market parties" might be considered as part of a wider Historical Compromise comprising the industrial as well as the political arena.

From the employers' angle an essential element of the compromise was the abstention of the union movement from using its influence upon the government to bring about measures to the unions' advantage. In exchange for this, the employers made only a small concession by accepting that general rules about notices of dismissals were included into the Saltsjöbaden Agreement. As a matter of fact, these rules only formalized what was already common practice within industry (Söderpalm, 1980: 31f; Casparsson, 1966: 157ff, 177ff, 186f, 259ff). Of course, the compromise also meant a restricted space for employer strategies of confrontation aiming at (1) pressing wages down, and (2) introduction of labour legislation with assistance of the bourgeois parties. But in these respects, the employers were divided into two camps. Before the Saltsjöbaden negotiations started, the big export enterprises represented by the lobbying group "The Big Five" (Asea, Electrolux, LM Ericsson, Separator/Alfa Laval and SKF) demonstrated a much more sceptical - not to say negative - attitude in comparison to home market industries (Söderpalm, 1976: 33, 37f, 155f). The export-orientated capital had relatively less interest in an expansive economic policy (the social democratic recovery programme). At the same time, this fraction was more exposed to the international terms of competition and correspondingly more dependent upon the level of wages. Consequently, the export fraction did not function as an instigator to the opening of the Saltsjöbaden negotiations in 1936.

The employer strategy of confrontation - which presupposed a close co-operation with the bourgeois parties - thus suffered a defeat in favour of a strategy of non-intervention represented by the SAF's executive director Gustaf Söderlund, supported by the home market industries. This latter, victorious strategy implied a decided preference of self-regulation to state intervention as regards industrial relations. Another aspect of this "non-political" or "corporative" employer strategy was to influence government policies by means of trade and industry experts in public commissions and by building up an independent, complementary machinery of analysis and investigation. This part of the strategy proved to be very successful. Also the policy of non-intervention turned out to be a correct investment, in particular as the social democratic period of reign became as long as 44 years (1932-76). At the end of this period however the labour movement, on the initiative of the unions, broke this part of the Historical Compromise. The employers' refusal to comply with the rising demands on co-determination and on improved terms of employment and working environment resulted in the introduction of a large number of labour laws in the 1970s. The new legislation contributed to the far-reaching change of employer

strategy in the 1980s - from now on with emphasis on politicized campaigns, anti-corporativism and decentralized collective bargaining.

## **5. Government, employers' associations and centralization of unions.**

A striking parallel exists between the first decade of the Twentieth Century and the period beginning in the 1930s. In both cases, a centralization of the union movement took place, principally caused by external forces. In accordance with the relative autonomy of Swedish industrial relations, negotiations with employers' associations played a prominent role in the process of change during both periods. These negotiations were about fundamental principles concerning the future relations between unions and employers. In both cases the employers' associations were distinguished by a considerably higher degree of centralization than the union movement. The two periods however diverge considerably with respect to the strategies of the employers: the 1902-09 policy of offensive and confrontation (big lockouts and threats of lockouts) sharply contrasts to the policy of co-operation started in the mid-1930s. Nevertheless, the result was similar in at least two respects: (1) the concluding of fundamental agreements of principle (1905, 1906 and 1938), and (2) a centralization of the union movement increasing the powers of especially the LO leadership.

By that the similarities however cease (cf tableau 1). In the first period, the centralized and uniform behaviour of the employers' associations was the crucial factor explaining the centralization of the union movement. In the 1930s the state, i.e. the social democratic government, played the most active role as external force, in particular (1) during the important building conflict 1933/34, and (2) by firmly requesting the labour market parties to co-operate with each other. The alternative was increased government intervention, as the Nothin Commission made clear. Both the LO and the SAF preferred "self-regulation", which made an organized co-operation between them necessary.

A prerequisite for such a co-operation was that confederations of unions as well as of employers were equipped with far-reaching powers vis-à-vis their affiliates. Close external relations between the peak organizations of the labour market thus presupposed them to function centralized internally. In practice, this meant that the focus was put on the union movement, as the SAF almost from the start was a very centralized organization. To fulfil the demands on centralization, the LO, as we will see, took steps preparing such a change simultaneously as the Saltsjöbaden negotiations started. As a result, the LO constitution was changed (1941) in a strongly centralized direction with consequences for the internal affairs of affiliated unions but above all with respect to the powers of the LO leadership. There was nothing corresponding to this statutory change during the first decade of the century. At that time, the centralization of the LO took place by informal means exclusively.

In estimating the role of the state compared to that of the employers, some circumstances related to the building conflict should be mentioned. The employers exposed to international competition considered the high wages of home market industries as a problem. With reference to these wages their workers usually demanded a corresponding wage level and similar increases (Höglund, 1979: 31; Kupferberg, 1972). By this reason, the big 1933/34 building conflict, prepared and forced through by the building employers, was backed up by export interests within the SAF. As mentioned above, the SAF was also

prepared to escalate the conflict to a big lockout if the involved unions kept firm. These circumstances make the following interpretation of the process leading to the centralization of the LO possible: (1) the actions of the employers caused the building conflict to become a threat against the economic policy of the government, (2) by that, the employers indirectly caused the government pressure on the LO, which was supplemented by the threat of lockout. As this conflict played a key role in the course of events which resulted in the 1938 basic agreement, such an interpretation consequently ascribes the actions of the employers a relatively active part as external factor.

### 5.1. External - internal factors.

External factors thus had a dominant influence upon the centralization process of the union movement during the two periods under consideration. Remarkable is also that in the years 1902-09 the actions of employers' associations were of primary importance and those of the government just of secondary, while the state of things was completely reverse in the 1930s. During the latter period the SAF only played a secondary or supportive external role - despite the fact that the organization was the sole negotiation partner of the LO during the Saltsjöbaden talks. Internal factors, i.e. factors related to the union movement itself, thus were of minor importance (cf tableau 2). Nevertheless, union motives of centralization occupied a much more prominent position in the 1930s than during the first decade of the century. Partly this was related to the newly adopted productionist philosophy of the union movement, partly to the close relationship between the LO and the social democratic party, in particular as the party after coming into power gave high priority to its recovery programme.

This increased motivation of the LO leadership of course played an important intermediary role in the centralization process as the LO itself had to take some decisive steps: (1) appoint a committee assigned the task to prepare the centralization of the organization, and (2) together with the SAF start the Saltsjöbaden negotiations.

As a matter of fact, already in 1930, the LO demonstrated a preparedness in this respect by the decision to work out a proposal of "standard statutes". As a result, the LO executive committee recommended affiliated unions to adopt these new statutes as their own from 1934 on. To the extent this was realized, the executive committees of national unions were assigned the final (veto) right of decision regarding collective bargaining (Westerståhl, 1945: 91). From 1941 on, such an order of decision was made a compulsory condition for affiliation to the LO. But already before that, this rule had been introduced by most unions. Of the remaining unions - which still left the right to decide to the members themselves (by voting) or to the local branches - nearly all were found in home market industries. Notably many of them were craft unions, for example within the building trades. Relevant in this context is the debate of the 1930s about the considerably higher wages of home market industries in comparison to export industries and other industries exposed to international competition.<sup>9</sup> Thus, it's not surprising that the initiative of union centralization was taken by the dominant union of export industries, the Metalworkers' Union, at the 1936 LO congress. As a motive the desire for a solidaristic wage policy was stated!

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<sup>9</sup> See for example the 1941 LO report Fackföreningsrörelsen och näringslivet (The Trade Union Movement and the Industry): 85ff, i.e. the report of the committee the task of which was to work out a proposal for the centralization of the LO.

Although the prospects for a solidaristic wage policy was the explicit motive for centralization, the real motive obviously is to be found in the threat of increased state intervention in industrial relations. In the first place, the argumentation for the solidaristic wage motive was surprisingly undeveloped in the Metalworkers' proposal. At the same time, the productionist and political motives were more specified.

According to the proposal the union movement had to:

"take social (public) points of view into consideration when acting, leaving group interests out of account, and acting in a positive and constructive public spirit in order to create good chances of maintenance for the whole people and using its whole strength to make Sweden a leading country from social and economic points of view" (Landsorganisationen i Sverige. Kongressprotokoll 1936 (Stockholm 1936): 448).

In addition to the strengthened position of the unions, the strengthened political position of the working class was given as reason for this social "responsibility". In a future not too remote, the majority of the people was expected to support the endeavours of the labour movement. As a consequence of this increased influence:

"follows an increased responsibility for the welfare of the whole /nation/. A movement, which promotes reforms and aims at transforming the society on the basis of solidarity, must not impair this basis by considering itself as standing apart from the society."

From the Metalworkers' proposal (adopted by the LO congress) it is evident that increased state intervention was experienced as a threat (intervention in industrial relations) as well as a positive instrument to transform society (intervention in the economic and social realms). In combination with the intimate relationship between the two wings of the labour movement this meant that besides push or threat factors, there also existed pull factors, i.e. voluntary incentives to centralize the union movement.

The limited significance of the solidaristic wage policy as a motive for centralization is further underlined by the fact that in the 1941 LO report Fackföreningsrörelsen och näringslivet (The Trade Union Movement and Industry) this motive was conspicuous by its absence (Hadenius, 1976: 49ff, 57f, 63f). Nevertheless, the strongest support of centralization came from the low-wage unions, while the initiator in 1936, the Metalworkers' Union, criticized the weakened position of the national unions vis-à-vis the LO (Hadenius, 1976: 60, 66). Still in the 1950s, the solidaristic wage policy played a subsidiary role and would only later appear as a principal motive for centralization.

In addition to conflicting interests between unions of export and home market industries, another internal conflict of great significance within the union movement was the one between the social democratic leadership of most unions and the communist opposition. At times the social democratic union leaders had to make concessions to radical opinions prevailing among rank and file members to prevent the communist opposition from gaining strength. The 1928 protest strike is an outstanding example. Such manoeuvres however circumscribed the liberty of actions of the LO leadership. Consequently, the sharply declining communist influence after 1929 was an important prerequisite for the policy of co-operation vis-à-vis the employers (Kennerström, 1974: 19ff, 53, 83ff; Kennerström, 1972: 53ff). In this year the LO leaders launched a counter-offensive as many feared the loss of a continued social democratic dominance. In 1928 communist militants had got an increased scope of agitation because of the "anti-union" labour legislation introduced this year, but also as a result of the participation of prominent social democrats in the Conference on Industrial Peace initiated by the conservative government. It has been estimated that the communist influence included about one fifth of the LO

members in the years 1926-29, which marked the peak in this respect. The division of the communist party into two rival parties occurring in 1929 strongly contributed to the increasing social democratic hegemony of the union movement.

Tableau 1. External forces 1902-09 and 1925-38 influencing the centralization of the union movement (the LO)

Period	The employers	The state
1902-09	centralized employers' associations (VF and SAF) founded in 1902; big lockouts or threats of lockouts preceded the 1905 Engineering Agreement and the 1906 December Compromise; the policy of industry-wide collective agreements; the 1909 general strike and lockout (resulting in decentralization)	a relatively non-repressive state; government pressure on the VF to conclude the 1905 agreement; arbitrators appointed by government facilitated compromises 1905-06
1925-38	the big lockout 1925 ending with a relative balance of forces; internal disagreements of the employers;  the VF stopped major SAF offensive (1931)  victory within the SAF of the "non-political" strategy of co-operation (1936); Saltsjöbaden negotiations start the same year (Salt-sjöbaden Agreement 1938); "pre-negotiations" SAF-LO in 1937 (under peace obligation; no voting permitted among LO members about proposals of collective agreement)	the 1928 laws of collective agreements and labour court; government-initiated Conference on Industrial Peace (1928); devaluation of the Swedish crown (1931); social democratic government 1932-; social democratic recovery programme; intervention into the building conflict 1933/34; the Nothin Report (1935); social democratic government with own majority 1936-



Tableau 2. Internal forces influencing the centralization of the union movement (the LO) 1898-1941

Year    The union movement

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- 1898    the founding of the LO (as an exclusively defensive union confederation)
- 1902    the political general strike initiated by the social democratic party was the immediate cause of the founding of the SAF and the VF the same year
- 1920s    the adoption of an ideology of productionism at the end of this decade
- 1931    establishment of a committee of co-operation between the LO and the social democratic party
- 1932    the recovery programme of the new social democratic government increased the propensity of the union movement to take economic and political considerations (cf the ideology of productionism)
- 1934    "standard statutes" adopted by the LO and recommended to affiliated unions in order to establish a uniform method of collective bargaining (proposal submitted by LO committee appointed in 1930)
- 1933/34    the LO intervened (after government pressure) into the building conflict
- 1936    LO committee appointed (1937) in order to prepare the centralization of the LO after proposal on the 1936 LO congress submitted by the Metalworkers' Union; the proposal was motivated by the desire to make a "solidaristic wage policy" possible
- 1941    adoption of a new LO constitution implying a strong centralization; "double veto" as regards strikes (the executive committee of national unions and of the LO); voting rights of members restricted to an advisory function regarding proposals of collective agreements; the proposal (submitted by the LO committee appointed in 1937) was - this time - motivated by the wish to avoid state interference in collective bargaining
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## 6. Centralizing effects of the Saltsjöbaden Agreement.

First and foremost, the 1938 Saltsjöbaden Agreement implied the establishment of a set of rules, procedures and institutions for the monitoring of the labour market by the two peak organizations. The centralizing character of the Saltsjöbaden Agreement lies in the decision that the two peak associations should take it upon themselves to seek similar agreements by affiliated national unions and employers' associations at industry level.

Furthermore, two nation-wide bodies were established: (1) the Arbetsmarknadsnämnden (Labour Market Council), which was meant to deal with conflicts considered harmful to the economy, and (2) the Arbetsmarknadskommittén (Labour Market Committee) - constituted already in 1936 as an organ of the Saltsjöbaden negotiations - and institutionalized as a bi-partite body of information and negotiation on matters of general interest. Internationally the Labour Market Committee was unique.<sup>10</sup> The continued activity of the Labour Market Committee resulted in a series of so-called agreements of co-operation: on worker safety stewards and labour-management safety committees (1942), vocational training (1944), works councils (1946), and, time and motion studies (1948).

During the 1930s, the strengthened role of the LO vis-à-vis the affiliated unions was manifested in (1) an active role in several labour market conflicts, and (2) the centralizing consequences of the 1938 Agreement. In 1941 this centralization process was followed by a radical change in the statutes of the LO (Sunesson, 1974: 138ff; Hadenius, 1976: 45ff; Höglund, 1979: 28ff). The authority to take decisions was shifted upward from the affiliated unions to the LO. A similar change took place within the national unions, thus depriving their members from voting rights over the conclusion of collective agreements.

In 1941 the principal reason given for the new statutes was the wish to avoid state interference in collective bargaining (Hadenius, 1976: 60ff, 65). Without increased powers of the LO, the Saltsjöbaden Agreement would be an insufficient guarantee in that respect. In short, the 1941 centralization should first and foremost be considered as an organizational follow-up and supplement to the 1938 basic agreement. Greater importance was attached to solidarity with the social democratic government than to solidarity between workers with high and low wages. In 1931, the close tie between party and union movement had been consolidated by the establishment of a committee of co-operation (Sunesson, 1974: 147). A policy of co-operation and compromises presupposed "responsible" behaviour on the part of the unions. In order to establish a uniform method of collective bargaining the adoption of "standard statutes" was recommended to the LO-unions. The existing differences between unions regarding voting rules caused considerable trouble within the LO, especially during the 1933/34 building conflict. Most of the unions involved in this conflict however did not adopt the standard statutes before the LO changed its constitution in 1941.

Within the SAF the question of how to solve this problem was widely discussed after the end of the 1920s (Höglund, 1978: 8ff). However, both the employers and the Nothin Commission preferred that the union movement itself would change its rules of decision-making and thus increase its degree of

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<sup>10</sup> An international precursor and model existed in the passed away German Zentralarbeitsgemeinschaft of 1918-24. Söderpalm, 1980: 35f

centralization (Höglund, 1978: 55ff). The 1936 LO congress appointed a committee, whose task was to present a proposal at the 1941 congress. As a consequence, the SAF did not act to have the issue included in the 1936-38 Saltsjöbaden negotiations (Höglund, 1978: 58f). This circumstance underlines the characterization of the 1941 centralization of the LO as a complementary step to the Saltsjöbaden Agreement. This is further underlined by the fact that already before 1941 some important measures were taken in this direction. Besides the standard statutes (recommended from 1934 onwards), the so-called pre-negotiations introduced at a large scale in the 1937 bargaining round, should be mentioned. According to the 1928 labour laws such negotiations implied peace obligations as they took place without notice of termination of the old agreements. The SAF made it a condition for its participation in the pre-negotiations that no membership referenda were permitted (Höglund, 1979: 50ff). Thus SAF made an active contribution to diminish the use of referenda as a method of decision-making within the LO unions.

A comparison between the adoption of centralized LO statutes in 1941 and the introduction of new labour legislation in 1928 illustrates the significance of the circumstances under which changes take place. In 1941 there was nothing corresponding to the violent reactions of the rank and file members in 1928, canalized by the union leadership through the huge protest strike. Probably this difference can be attributed to the form of change, that is by state regulation in 1928 - moreover by a bourgeois government during an election year - in contrast to self-regulation (1941) in a very strict sense, i e by the organization itself (not by an agreement between the labour market parties). In this respect, the Nothin Commission certainly was right in its recommendations. Another contributing factor explaining the calm course of events in 1941 was the extremely weak position of the communist union opposition at that point of time.

#### 6.1. Some other consequences of the Saltsjöbaden Agreement.

Some other consequences related to the Saltsjöbaden Agreement - and the subsequent centralization of the Swedish union system - should also be mentioned. The Saltsjöbaden Agreement will here be understood in a broad respect and considered as part of the Historical Compromise of the 1930s.

##### 6.1.1. Potential conflicts between "social responsibility" and membership demands.

In the first place, a conflict might arise between membership demands and the "social responsibility" undertaken by the union movement in the 1930s, confirmed by the Saltsjöbaden Agreement and the centralizing 1941 statutes of the LO (Höglund, 1979: 5). Social and political considerations meant that a pure trade union course of action was abandoned and consequently restrictions were put on the liberty of actions from a strict union aspect. On the other hand, the contract between the (social democratic) government and the unions implied that a wider array of objectives, including social reforms and full employment, was put on the agenda - to be realized by political means. In this respect the Historical Compromise was contradictory: on one hand a widening of the area of improvements from traditional, purely union objectives to reforms by political means, on the other - regarding the union movement itself - a more narrow field of action by (1) the above-mentioned restrictions on traditional union objectives, and (2) the simultaneous emphasis on exactly these traditional objectives by the confirmation of the

employers' prerogative implying a strict division between issues of collective bargaining and issues of production.

The centralization of decision-making might in the short run prevent the conflict between membership demands and "social responsibility" from becoming manifest. Advisory membership referendums however were permitted also after 1941, but their frequency declined. Immediately after the system of centralized collective bargaining was made permanent in 1956 they however were almost completely abolished (Hadenius, 1976: 171ff; Höglund, 1979: 17). This can be attributed to the decreased space of manoeuvre of each affiliated union in a situation where the LO unions had to co-operate with each other. In the long run, the decreased role of the members in the process of collective bargaining might cause membership activity and support to wane - in particular if the demands of the members were not satisfied.

#### 6.1.2. Positive effects on union density.

On the other hand, at least in the short run the Saltsjöbaden Agreement certainly had positive effects on the development of union density. The new, more relaxed relationship between unions and employers decreased the eventual feelings of fear on the part of the workers to join a union. Furthermore, in the Saltsjöbaden negotiations a common interest in representative confederations with as high a coverage as possible became manifest. A strong position of the LO and the SAF among workers and employers respectively was a prerequisite of their ability to guarantee industrial peace and to promote relaxed industrial relations (Söderpalm, 1980: 34, 117f). Consequently, in 1937 the two peak organizations agreed to increase the number of union members/affiliated enterprises and the affiliated proportion of unions/associations. Almost all unions of manual workers were already affiliated to the LO, but a large proportion of small and medium-sized enterprises still did not belong to employers' associations. During the years 1939-48 the number of enterprises affiliated to the SAF almost doubled.

The increasing dominance of industrial unionism also facilitated the conclusion of collective agreements and promoted industrial peace. In the 1920s and 1930s the employers encouraged the union movement to strengthen this principle of organization (Söderpalm, 1980: 16f. See also the SAF periodical *Industria*). Irrespective of this, the form of organization of Swedish employers, that is national associations by industry (most of them affiliated to the SAF), in itself was a powerful impetus behind the transition to a similar, parallel union structure (Westerståhl, 1945: 58; Hadenius, 1976: 133ff).

#### 6.1.3. The break-through of white collar unionism.

Despite changed employer attitudes towards unions, legislation (1936) was required for securing union rights for white collar workers in the private sector. Indirectly the unions of these workers took advantage of the "spirit of Saltsjöbaden" and the climate of non-confrontation during the era of Historical Compromise. This was manifested in the favourable attitude of public opinion to unions of white collar workers. In the 1930s these unions founded separate confederations of their own, the Daco (1931) covering the private sector and the TCO (1937) as a parallel organization of the public sector. In 1944 they amalgamated into the "new" TCO. The spectacular union growth of white collar workers in Sweden was facilitated by (1) the organization into separate unions appealing to and preserving the particular

identity of white collar workers, and (2) the copying of the successful pattern of organization prevalent among manual workers, that is the combination of centralization (strong confederations and national unions) and decentralization (union workplace organizations equipped with important functions). By the model of collective bargaining - negotiations between national unions and employers' associations with a high coverage - the Swedish unions of white collar workers since the end of the 1930s escaped from conflicts enterprise by enterprise about basic union rights, common in the private sector of countries with a more fragmentary system of bargaining as the USA or Britain (Kjellberg 1983: 130f; Adams 1975: 25ff).

#### 6.1.4. Professionalization of employers' and union confederations.

As mentioned before, the changed strategy of the employers implied a new, expanded role of the SAF. Instead of confrontation vis-à-vis the labour movement, coupled with close relations to bourgeois parties representing the political interests of the employers, a corporative, non-political strategy won the struggle within the SAF in the mid-1930s. From now on the emphasis was put on influencing government decision-making by expert arguments and an extended participation in government commissions. By a purposeful expansion of the resources of investigation under auspices of the SAF and closely related organizations, the employers in this respect gained a substantial advantage over the union movement. At the SAF headquarters alone, the personnel (officials, experts and assistants) increased almost tenfold 1930-70 (about 40 persons in 1930, about 50 in 1947, about 75 in 1950, about 100 in 1952, 135 in 1956 and about 360 in 1970; de Geer, 1986: 32ff). The expansion from the end of the 1940s is remarkable. It is connected to the establishment of a department of bargaining, an increased role of the statistical bureau, and the widening tasks of the department of research. The first-mentioned changes are related to the introduction of centralized bargaining in the 1950s - at which the wage statistics of the SAF was accepted by the LO as basis of negotiations - the latter to the ambitions to influence the development of society.

Also the LO expanded its personnel (officials and staff) at headquarters to look after union interests vis-à-vis the state. This happened particularly in order to live up to the obligations of "social responsibility" connected to the centralization of decision-making. In the 1940s the necessity of economic expertise providing the LO leadership with analyses of the economic development and with prospects of how to protect the real income of the members became more and more urgent (Fackföreningsrörelsen och den fulla sysselsättningen (LO report 1951): 32, 160ff). In 1943 the department of investigation (research) was founded as part of the LO headquarters. In 1947 the Metalworkers' Union followed this initiative and in 1951 the unions within building industry set up a common department of investigation.

The role of the researchers was not limited to providing the LO leaders with information and advice. Their analyses of the development of production, prices and wages were also aimed at strengthening the authority of the LO in relation to affiliated unions. The activity of the department of investigation thus was considered an important means of union government, i e an alternative method of realizing the centralization of the LO - preferred to the formal use of the new statutes.

In comparison with the SAF, the growth of personnel at the LO headquarters was very moderate. In the wake of the 1941 centralization, the number of officials (including experts) rose from 13 in 1941-42 to 18 in 1943 and 23 in 1949 - see table 3 (in the statistical appendix). The introduction of centralized

bargaining in the 1950s resulted in a new wave of expansion, from 23-24 persons in 1949-52 to about 30 already in 1953 and 40 in 1960 (see also Hadenius, 1976: 181f). From the mid-1960s to the mid-1970s the number of officials/experts at the LO headquarters doubled (from about 50 to about 100). This may be seen in the light of the LO demands on new labour legislation caused by increasing discontent on the part of rank and file members.

## **7. 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, brought about by connecting the members of affiliated unions involved in bargaining into a entirety superior to each separate union. By that, collective bargaining de facto became co-ordinated within - as well as between - industries. Majorities of single unions in favour of a strike thus could be eliminated, which was of special importance in multi-union industries.

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, 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.<sup>11</sup> To make this clear, let us first consider the course of events in Norway (Seim, 1980; Seim 1972). The Norwegian law

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<sup>11</sup> About the development of industrial relations in Denmark, see Ibsen & Jørgensen, 1979; see also Ibsen & Jørgensen, 1980

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 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.<sup>12</sup> Another, still important, initiative of legislation promoting industrial peace was taken

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<sup>12</sup> The non-agricultural employers were dissatisfied not only with the law on lockout but also of the devaluation which caused higher import prices without improving export prospects. The Danish export was dominated by agricultural products, while

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.<sup>13</sup> This policy was supported by the state through 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<sup>14</sup> - 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 aggressive 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

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the industry was considerably more oriented towards the home market compared to Sweden and Norway. Cf Ibsen & Jørgensen, 1980: 113

<sup>13</sup> The General Union of Labourers (the DAF) rejoined the Danish Union Confederation in 1929.

<sup>14</sup> The Swedish liberal party had the same proposal as a favourite.



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 (1934)	centralizing voting rules (1934)
(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.

## **8. Centralized collective bargaining introduced on the initiative of the employers.**

The introduction of centralized collective bargaining in Sweden was also primarily caused by social forces external to the Swedish Union Confederation (the LO). This time the role of most important actor was played by the employers' confederation (the SAF), whereas the government came in second place. The first centralized collective agreement between the LO and the SAF was concluded in 1952. After a break for a few years, a long period (1955/56-1983) of centralized negotiations began.

The 1951/52 wage negotiations between the LO and the SAF came about after government pressure on the LO, who - in contrast to the SAF - was expected to be reluctant to restrictive wage increases during the economic boom. But the model of a uniform, strictly centralized bargaining round was forced through by the SAF, whereas the LO at first advocated loosely co-ordinated negotiations (de Geer, 1986: 116ff). When centralized bargaining was resumed in 1955/56 the SAF was the initiator. At last the LO - and this time also the TCO (the dominating union confederation of white collar workers) - agreed to negotiate with the SAF. But centralized collective bargaining was not established as a more or less permanent system until the next bargaining round (1956/57). The SAF then had to force the LO to the negotiation table (de Geer, 1986: 139ff). The TCO would never participate again in centralized wage negotiations, a fact which for a long period meant that the LO and SAF occupied a monopoly position with respect to centralized bargaining.

The introduction of centralized bargaining has to be seen in the light of inflation and shortage of labour (in 1951/52 related to the Korea boom) - matters in the first place of concern to employers and the government. Considered from this point of view, it was quite natural that the initiative for centralized bargaining, aimed at preventing a wage-price spiral, in 1951/52 was taken by the employers' confederation (the SAF) together with the government. An important function of centralization was to solve internal problems of the employers related to lack of discipline and co-ordination between the individual employers' organizations affiliated to the SAF, as well as between individual employers. As an organization representing different categories of employers, the SAF had an interest in preventing effects of "scissoring", that is avoiding wage explosions during periods of boom caused by indulgent employers' organizations concluding collective agreements at separate points of time (de Geer, 1986: 325, 327). Another employer motive of centralized collective bargaining, also related to internal disciplinary

problems, was to make partial lockouts superfluous - and by that escape from the problem of mobilizing support to lockouts involving just a limited number of employers (in particular there were problems of getting support in the form of sympathy lockouts from employers which already concluded agreements; de Geer, 1986: 328f).

Why did the SAF not force centralized negotiations through during the years 1952/53, 1953/54, 1954/55, which immediately followed upon the first agreement concluded in 1952? During these years of recession the employers did not experience the urgency to prevent inflationary wage increases by such a far-reaching co-ordination. More important, considerable divergencies between industries with respect to the business cycle removed the basis of co-ordinated actions by the SAF organizations. Not until the end of 1955, when a more uniform and favourable economic situation appeared, and consequently substantial union demands on wage increases were expected, did the SAF - after positive signals from the LO - decide to go in for centralized collective bargaining once again. Before the 1957/58 bargaining round, the opinion within the SAF again was divided as to the desirability of centralized negotiations. Only from 1958/59 on, the plans of the SAF leadership were all the time aimed at centralized bargaining (de Geer, 1986: 326).

The cardinal SAF motive of centralized collective bargaining, however, was to guarantee industrial peace for periods of at least one year (de Geer, 1986: 327). Another important motive was to prevent state intervention into industrial relations - i.e. the preference of self-regulation to state-regulation. In 1951/52 the social democratic finance minister expressed a clear threat of government regulations if too large wage increases were granted.

#### 8.1. The propensity of the LO to accept centralized bargaining.

However important the initiatives of employers and government might have been, centralized collective bargaining would never have been established in Sweden without the fulfilment of another necessary condition. Without a certain preparedness or positive attitude on the part of the union movement no centralized negotiations, let alone centralized agreements, would have come about. In principle, the ideology of the LO, as well as the statutory centralization of decision-making, favoured prolonged centralized bargaining. The following ideological elements suited well into such a context of centralization: (1) the positive attitude to economic stability and growth, (2) "social responsibility", and (3) the "solidaristic wage policy". In addition, the close relationship between the LO and the social democratic government, as well as the preference of self-regulation to state-regulation (a preference common with the SAF), worked in the same direction.

As mentioned before, some of these elements might come into conflict with membership demands on wage increases. If fundamental union tasks were put aside the risk might arise that the members withdrew. Such conflicting aims might lead to a cleavage between programmatic declarations and practical policy. This was exactly what happened after World War II. The LO was no longer prepared to go on with the restrictive wage policy of the war years. In a situation of dammed up wage demands and lessened claims on social responsibility, the LO gave priority to wage increases (Meidner, 1974: 13, 26f). As a result of the economic boom, as well as offensive recommendations to affiliated unions, the bargaining round 1946/47 resulted in wages increases of 15 per cent (including wage drift). The next

year it is true that the LO recommended "strong restraint", but even so wages rose almost by 10 per cent. After this, the social democratic government sharpened its warnings to the union movement that government intervention might become necessary.

Confronted with the possibility of forced government regulation of wages, the LO in 1948/49 and 1949/50 chose the least negative alternative: voluntary wage-freeze. But in the long run, obvious risks from a union point of view followed from such a policy. These risks were object of lengthy discussion in the report to the 1951 LO congress Fackföreningsrörelsen och den fulla sysselsättningen (pp 21ff, 141ff). Permanent wage restraint would make it impossible for the members to identify their interests with the policy of the unions. The tasks of the unions would also be fundamentally transformed: instead of being organizations defending economic interests of the members, the unions would become organs with their most important function to adjust wages to the economic policy of the government. As a result the following scenario was likely to appear: (1) undermined authority of the union leaders from the members' point of view, (2) increasing conflicts between different groups of workers (and unions) caused by the varying prospects of wage drift, and (3) a decreased role of the LO vis-à-vis both affiliated unions and the government as soon as it would be apparent - from probably substantial wage drifts - that wages can't be directed in this way.

It might be recalled, that the prospects for substantial wage drifts are at least partially related to the decentralized feature of the Swedish union system, that is the wide-spread network of union workplace organizations with important bargaining tasks. Decreased bargaining activity at the level of national unions, dictated by the LO, would immediately increase the degree of decentralization and - more seriously - also fragment the system more. In the long run this would mean the obvious risks of disintegration and falling union density, in particular with reference to groups lacking a favourable bargaining position at the workplace level.

The proposed solution to the dilemma of combining membership demands and "social responsibility" outlined in the 1951 LO report was the idea that the solidaristic wage policy simultaneously would be given the roles of expressing solidarity between the workers and contributing to economic stabilization (Meidner, 1974: 14f). According to what later became known as the Rehn-Meidner model,<sup>15</sup> the government had to prevent inflation by a restrictive economic policy. If this task was primarily assigned to the unions, these could easily lose membership support. The union movement however might also play an important stabilizing role, but not in the first instance through wage restraint. The inflationary wage race between different groups could be prevented by a "rational" wage structure. As a common normative basis for wages, the proposal pointed out the traditionally strong union ambitions of solidarity. As examples of the latter should be mentioned the endeavours to organize all workers (unskilled as well as skilled) and in wage negotiations giving priority to the those who were worst off - both are deeply rooted in the history of the Swedish union movement.

The practical conclusion of the 1951 report was a recommendation for a stronger co-ordinating influence of the LO upon the process of collective bargaining. But the affiliated unions were not yet prepared to bring about a co-ordinated wage policy under the auspices of the LO. The preceding bargaining round

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<sup>15</sup> After the LO economists Gösta Rehn and Rudolf Meidner.

(1950/51) was distinguished by a powerful wage offensive resulting in wage increases as large as 23 per cent (of which 6 per cent was wage drift). On the other hand, special circumstances existed at this occasion: two years of voluntary wage freeze, rising prices during the Korea boom and unequally distributed wage drifts (Meidner, 1974: 30f). However, in the 1951/52 bargaining round, that is the one immediately following the 1951 LO congress, concerted action was not yet possible. There simply did not yet exist sufficient grounds for a common wage policy. Anyhow, a co-ordination was forced through, but by external forces, in the first instance by the employers (but also the actions of the government promoted this outcome).

Not until the end of the 1950s, centralized collective bargaining was accepted as a necessary means of implementing the solidaristic wage policy within the unions (Meidner, 1974: 37). Consequently, it is not surprising that no substantial levelling out of wages took place until the 1960s (Meidner, 1974: 52ff). In the 1961 LO report Samordnad näringspolitik a changed industrial structure was recommended as a means of attaining more equal wages. The solidaristic wage policy in itself however had effects on the industrial structure by making some enterprises with low wages unprofitable. To facilitate this process of structural change, the so-called active labour market policy - already recommended in the 1951 LO report - played a key role.

## 8.2. Solidaristic wage policy as an alternative to income policy.

Paradoxically, thanks to the employers (the SAF) the traditional union declarations of solidaristic wage policy were eventually realized on a large scale. The lacking internal unity and discipline within the LO required external forces to be overcome. As a result, the living conditions of the Swedish working class from the 1960s rapidly became more homogeneous.

Another effect of the solidaristic wage policy was to put essential aspects of the 1951 LO report into practice. Through this, the LO found a formula facilitating the simultaneous fulfilment of solidarity and "social responsibility". As a consequence, state-regulation of wages was never put on the agenda in Sweden during the 1960s. The solidaristic wage policy also made a regular income policy superfluous. Wage restraint was realized in expanding export industries without government intervention, at the same time as that the "structural rationalization" was speeded up. In this latter respect the Labour Market Board held a strategic position as promoter of geographical and occupational mobility of the labour force. State-regulation (active labour market policy) thus supplemented self-regulation (solidaristic wage policy). From a union point of view, it was of vital importance that the government did not intervene directly in collective bargaining. Had that been the case, the risk might have arisen that the unions appeared superfluous. The solidaristic wage policy thus offered an opportunity to live up to the objective of the 1951 LO report, that is:

"preserving a system under which wage formation take place by collective agreements between free organizations and without state involvement in form of compulsory arbitration or laws regulating wages" (pp 145f).

The Dutch income policy 1945-68 may be mentioned as an illustrative example of a centralized system of wage formation under the far-reaching influence of the government (Kjellberg, 1983: 195). It is true that the workers partially were compensated for the wage restraint through an advanced welfare system.

But the unions as such had obvious difficulties in demonstrating their *raison d'être* to their members. The permanently low union density in the Netherlands during these decades - usually less than 40 per cent - may at least partially be attributed to the far-reaching government influence on wage formation. The problems of the unions to motivate the advantages of being a union member were aggravated by their centralized structure. The absence of union workplace organizations and consequently wage drift under union auspices as in the Swedish model meant that no powerful mechanism at the workplace level was able to compensate for the cleavage of confidence between the workers/members and the strongly centralized leaderships of the unions.

## **9. The end of centralized collective bargaining in Sweden?**

One theme in this paper has been the prominent role of employers' associations in the development of centralized industrial relations in Sweden. At the beginning of the century, the two strongly centralized organizations of big industry, the SAF and in particular the VF, applied a policy of large lockouts and nation-wide collective agreements (by industry), which forced through increased powers of the LO vis-à-vis the national unions. In the 1930s, the SAF (now comprising the VF), together with the government, actively promoted centralized industrial relations (the 1938 Saltsjöbaden Agreement) and the centralization of the LO (the 1941 LO statutes). In addition, the actions of the SAF were decisive in the establishment of centralized collective bargaining in the 1950s. By that, the employers indirectly paved the way for the realization of a solidaristic wage policy.

Since the 1980s the system of centralized collective bargaining has been subjected to considerable stress. Though divided, the SAF - with its affiliated association the VF at the head - strives towards a new, completely decentralized system of bargaining with its centre of gravity at the enterprise/workplace level. Yet the employers have had only limited success in the realization of these aspirations. But in 1982/83 the VF refused conceding the SAF mandate to negotiate and was successful in the efforts to tempt the Metalworkers' Union in concluding a separate agreement, extraneous to the co-ordination between the LO unions. The rupture with the old model was total in 1984 as no bargaining took place between the LO and the SAF. Instead the individual LO unions negotiated with corresponding SAF associations. Later a return to centralized bargaining however resulted in an agreement two years in length (1986-87).

### **9.1. The changed policy of Swedish employers: decentralized collective bargaining.**

Several factors contributed to the decreased propensity of the employers to participate in centralized wage negotiations. In several respects the situation of the 1980s was radically different compared to the 1950s. At that time, the LO and the SAF were the sole organizations involved in collective bargaining at the top level (the interlude of the TCO in 1955/56 was exceptional). In the 1970s their monopoly position was broken by the appearance of a number of bargaining cartels representing expanding numbers of white collar workers. In the private sector, the bargaining cartel PTK (founded in 1973) now carried on wage negotiations with the SAF on behalf of a number of unions affiliated to the TCO and SACO-SR. In addition, bargaining cartels (the TCO-S, SACO-SR-S and KTK) within the - particularly in Sweden - growing public sector acted at times in a pronounced offensive and militant manner contrasting to the "social responsibility" of the LO.

The appearance of this complex organizational pattern implied a breaking down of (1) the dominant position of the private sector within the system of collective bargaining, and (2) within this sector, of the traditional monopoly of the constellation SAF - LO. The top level of bargaining was transformed to a fragmentary arena containing several actors. In this respect, an element of decentralization was introduced (Elvander, 1988a; Elvander, 1988b, Lash, 1985). By that, a state of increased uncertainty occurred, especially with reference to industrial peace/conflict. The big conflict (strike and lockout) in 1980, embracing manual and white collar workers in all sectors, clearly demonstrated this fact. By that, the conflict gave the employers a powerful impetus to reconsider the model of centralized bargaining. In addition, the intervention by the bourgeois government at the end of the 1980 conflict resulted in an agreement on terms unfavourable to the employers. Another source of dissatisfaction was the increased - or even dominant - role of the public sector in the bargaining process.

The increased complexity of the system of collective bargaining, together with the militancy demonstrated by some unions and bargaining cartels of white collar workers, especially in public sector, caused the government to take several initiatives aimed at establishing a common basis for wage demands not exceeding what might be reasonable from the economic outlooks of Sweden. A case in point is the Rosenbad talks between the government and the labour market parties). It is true that such wage frames might correspond to general interests of the employers, but they obstruct at the same time employer aspirations for a more differentiated wage structure.

The increased state intervention into collective bargaining also meant a departure from the traditional Swedish model of self-regulation, i e the regulating of industrial relations under auspices of the labour market parties themselves. With reference to this aspect, a fundamental change took place in the 1970s by the introduction of extensive labour legislation on co-determination, employment protection, working environment etc. Forced through by the union movement, this development implied a break with basic principles underlying the Saltsjöbaden Agreement.

The employers thus had several reasons for considering new solutions in a changing environment. The advantages of the old, centralized system of industrial relations were waning as regards the prospects for industrial peace, the avoidance of state intervention and wage agreements based on the interests of private industry. At the same time new economic demands - new terms of competition etc - required attention. The policy of decentralization has to be grasped against this combination of new demands and decreasing advantages of the old system.

In some respects even successful achievements of the centralized system were gradually considered as negative. The realization of the solidaristic wage policy from the 1960s on thus resulted in substantially diminishing wage differences within the LO area. On the one hand, expansive export industries as engineering (for example automobile manufacturing) had benefited from the relatively low wage increases in their sphere, at the same time that relatively high wage increases in home market industries, in combination with the "active labour market policy", indirectly provided them with manpower. On the other hand, the decreasing wage differences within - as well as between - industries obstructed the prospects of recruiting skilled workers. The desire for more differentiated wages was an important motive when the association of engineering employers, the VF, left co-ordinated bargaining in 1982/83

(Kuuse, 1986: 189ff, 217ff). Also the bargaining partner of the VF, the Metalworkers' Union, had an interest in such a step, in order to avoid a continued loss of skilled workers to the union of white collar workers employed within manufacturing industry, the SIF (Svenska industritjänstemannaförbundet). Contributing to this development was also that technological change tended to rub out the borderline between white collar work and the tasks of some skilled manual workers.

## 9.2. New aspirations - and old.

As a matter of fact, there exists on the part of Swedish export industry a tradition of employer scepticism and resistance to centralized collective bargaining. As mentioned above, in the 1930s prominent representatives of the export industry at first took up a negative attitude towards the policy of co-operation vis-à-vis the union movement and the social democratic government. The opening of the Saltsjöbaden negotiations in 1936 thus denoted a humiliating defeat of the militant lobbying organization "The Big Five", comprising some of Sweden's leading export enterprises. Not until the 1970s did the employer strategy of political confrontation and non-corporativism win a victory, as a reaction to the policy of labour legislation then applied by the LO (the most far-reaching proposal was about introduction of "wage earners-funds", at first presented as an anti-capitalist tool of transforming society).

At the beginning of the 1960s the so-called Kamarilla, or as they preferred to call themselves "The Seven Associations" (engineering, steel, sawmill, paper, pulp, textile and garment), called the model of centralized wage negotiations into question, in favour of negotiations by industry internally co-ordinated within the framework of the SAF.<sup>16</sup> In 1963/64 the "Kamarilla", representing export industries and industries competing against imported articles, proposed a wage pause with reference to the recession and the terms of international competition. With respect to wage formation the SAF since then increasingly emphasized the leading position of industries exposed to international competition, for example in the so-called EFO-report 1970. Finally, in the 1980s the SAF accepted the idea of decentralized bargaining, proposed by the engineering employers (the VF). It should be added that Swedish engineering industry more than ever was dominated by big, increasingly internationalized enterprises, i.e. with very high export shares and large proportions of production abroad (Erixon, 1985).

## 9.3. Centralized collective bargaining - implemented through bargaining at three levels.

It might be recalled that even during the period when centralized bargaining was as most pronounced, did negotiations about wages and related issues take place at three separate levels:

(1) At the top level between the LO and the SAF, later also involving bargaining cartels of white collar workers within public and private sectors. In addition, the role of unions of manual workers employed in public sector grew in importance, as well as of public employers.

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<sup>16</sup> About the Kamarilla, see contributions by the contemporary leaders of the SAF and the VF: Kugelberg, 1985: 69ff; Bergom Larsson, 1985: 379ff. See also de Geer, 1986.



(2) At an intermediary level. These collective agreements - between national unions and employers' associations (most of them affiliated to union and employers' confederations) - implied adjustments of the central agreements to the specific terms prevailing within each separate industry.

(3) At the workplace level between each separate enterprise (or local branch) and the union workplace organization or local union branch implying adjustments to local circumstances.

In particular within the private sector, manual workers obtained substantial wage increases at the workplace level - through wage drift, facilitated by the high frequency of piece work (cf Olsson, 1989: chapter 5). It deserves attention that such wage improvements to a large extent occurred under union auspices. From a union point of view, it has been of extraordinary importance that basic union tasks have been extended to the level of the members, i.e. the workplace level. As mentioned above, this is still today far from a reality in countries such as France and West Germany, where works councils represents the workers at the workplace level, especially regarding wage issues.

In this respect, Swedish union workplace organizations denote a form of "self-regulation" parallel to the industrial relations at top level. Whereas state-regulation might appear as a threat to union autonomy at the top level, competing organs of representations might fulfil the same role at the workplace level (cf the above-mentioned Dutch case). From an international perspective, the Swedish union movement has been extremely successful in avoiding such union "pitfalls". In the 1950s, paradoxically by assistance from the employers, i.e. by their (the SAF's) forcing through of centralized bargaining - a necessary condition for the realization of solidaristic wage policy (i.e. the Swedish alternative to income policy or coercive measures on the part of the government).

Without this pronounced presence of the union organization - at the top level as well as the workplace level - and analogous fulfilment of basic union tasks, the extremely high union density in Sweden would hardly been possible.

The new labour legislation during the 1970s was demanded by the union movement in order to strengthen the union workplace organizations (laws about co-determination, employment protection, union stewards, safety stewards etc). As we have seen, the tasks of the Swedish form of works councils were transferred to the union (workplace) organization itself, at the same time as these tasks were enlarged. By the new legislation the management of union affairs however became more complicated and put the unions to a severe test as regards knowledge of all contract provisions and paragraphs of law. As a consequence, a growing cleavage between the union activists and rank and file members may have occurred.

#### 9.4. Union legitimacy threatened by the employers as well as the state.

More seriously, the new legislation no doubt had an impact on employers' strategies from the 1970s on - more clearly pronounced during the 1980s. The introduction of new forms of payment - bonus and payment by result systems, individualized wages, profit-sharing and convertible debentures - may lead to a risk on the part of the unions to lose their role as representative organs for the workers. The risk of being put aside might also be caused by devices as corporate cultures, quality circles and "development

groups" aimed at creating direct relations of co-operation between workers and management.<sup>17</sup> It is still too early to draw any clear conclusions from the appearance of these phenomena. The development of union density in the 1980s however indicates a recent trend break of falling union density after 1986 - see table 2 (statistical appendix).

New strategies of the employers do not appear as the sole potential threat to the legitimacy of the unions. The increased state activity in the field of collective bargaining might also undermine the workers' support to the unions. Moreover, there exists a connection between the employers' efforts to decentralize the bargaining process and the growing propensity of the state to intervene. This was clearly demonstrated early in 1990 when the most far-reaching government interference ever in Sweden was prepared immediately after the declaration of the SAF not to conclude a centralized wage agreement for the following years. Realizing the futility of persuading the new, VF-dominated SAF leadership, the social democratic government in concert with the top leaders of the LO and its affiliated unions (except the Municipal Workers' Union) proposed a general wage-freeze and strike ban of two years duration (also including ceilings on prices and dividends as well as raised fines on strikes). The announcement of this "package" aroused a wave of protests from the rank and file members including many local union branches and workplace organisations. As a consequence, the union leaders had to dissociate themselves from the proposal they just had approved, declaring their conduct a big mistake detrimental to the union movement. In addition the government had to resign (replaced by a new social democratic government).

The government proposal was commonly regarded as a violation of basic trade union rights, in Sweden never circumscribed by labour legislation or other state interference of such dimensions. Secondly, the proposal implied a fundamental departure from the principle of self-regulation manifested in the Saltsjöbaden Agreement, the 1941 LO statutes and the Rehn-Meidner model. Of course, the situation at the outset of the 1990s in some respects was quite different. The multitude of actors made the system of collective bargaining much more difficult to regulate under the auspices of the labour market parties themselves - thence the increased activity of the state. It might also be recalled that during the 1930s the government was prepared to resort to state-regulation in the case that the parties failed. Furthermore, at the beginning of the 1950s the government actively encouraged the LO and the SAF to conclude centralized wage agreements. In this respect a parallel exists compared to the situation four decades later, particularly as heavy inflationary pressures prevailed at both occasions. Similarly, "full employment" was an essential aim of the social democratic government during the 1950s, as well as at the beginning of the 1990s. The use of unemployment as a means of wage stabilization was thus out of question.

The combination of new strategies of the employers at micro level and far-reaching state intervention at macro level implies a fundamental departure from the traditional Swedish pattern of industrial relations. Each of these ingredients can be characterized as a potential threat to the activities of the unions and thus as factors undermining the *raison d'être* of the unions. In addition, they seem to be complementary. Firstly, the refusal of the employers to participate in centralized wage negotiations played a key role in provoking the 1990 government proposal on wage-freeze/strike ban. Secondly, the realization of this proposal would in practice have meant a powerful stimulus to that kind of decentralized and

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<sup>17</sup> See for example Rewarding Work, an off-print from a report on working conditions in industry to the 1985 congress of the Metalworkers' Union.

differentiated wage formation which the employers give high priority. In that case, only the well-established network of union workplace organizations in Sweden would have been able to prevent the unions from falling into such double pitfalls (from above as well as from below) as mentioned above.

## **10. The development of union structure with reference to centralization/decentralization.**

The final part of this paper will give some attention to the development of union structure in Sweden with special reference to the dimension centralization-decentralization. The material presented refers to the development since the 1930s (in some respects since 1945) within the LO area. The focus is on trends concerning number of affiliated national unions, local union branches and workplace organizations. In addition, the development of union officials at different levels is examined.

At first, as Hadenius (1976: 159f) has demonstrated it is evident that the rate of amalgamation of affiliated unions in no way is related to the centralization of the power of decision within the LO. There is no correspondence between the 1941 statutory change and the subsequent number of LO unions or amalgamations (see also table 5 in the statistical appendix below). The number of LO unions was about 45 in 1940 as well as in 1960.

The increased powers of the LO were exercised in other ways than by a reduction of the number of unions. Examples of ideological means supporting the authority of the LO, mentioned above, are (1) the ideology of economic growth, elaborated by economic expertise at the LO headquarters, (2) the ideology of solidarity, expressed in the solidaristic wage policy, and (3) the ideology of "social responsibility" reinforced by prospects for social reforms prepared in co-operation between the LO and the social democratic party/government. In the last instance, the powers of the LO rested on statutory means.

Not until the 1960s did a substantial decrease of the number of LO unions take place by amalgamations. The 44 unions in 1960 had shrunk to 29 at the end of 1970. The amalgamation of eight unions of government employees into the Statsanställdas förbund in 1970 was outstanding. It was also unique as being the sole case where the amalgamation was forced through by employer demands, as a precondition for the bargaining right conceded by the government in 1965 (Hadenius, 1976: 152, 155).

As a rule the amalgamations, including the wave in the 1960s, were caused by factors related to the national unions themselves, above all economic problems experienced by small unions as regards financing a growing number of union officials. Not by a chance, large-scale amalgamations of local union branches took place simultaneously (see table 5 in statistical appendix), partly an effect of the amalgamations of unions. But above all, the 1960s was the decade of transition to so-called big union branches (*storavdelningar*), which were regional branches, especially within unions comprising a large number of small branches. By combining small branches into larger units a larger financial basis was formed for appointing union officials whose task was to serve the growing needs of assistance on the part of the workplaces (Hadenius, 1976: 161ff) - cf table 4 column 3 (in statistical appendix below). Often the unions themselves had to give supplementary financial support, but small unions could not always afford

that. In order to increase the financial basis, amalgamations again were put on the agenda, this time with reference to the unions.

From the members' point of view, the transition to regional branches taking place within several unions, represented a centralization of decision-making and a longer distance to the union branch also in a literal sense. As union organisations usually did not exist at small workplaces, the distance to the union tended to increase owing to the wave of amalgamations. It is true that increased assistance were provided by the new union officials. On the other hand, these were full-time professionals, external to local workers' collectives.

In order to compensate for the centralizing effects of regional branches, some unions took steps in the direction of decentralization.<sup>18</sup> An outstanding example is the Swedish Commercial Employees' Union (Handelsanställdas förbund). In 1960-70 the number of union branches decreased from 267 to 37. As a consequence, the average number of union members per branch increased from 360 to 3.019 - see table 6 (statistical appendix). At the same time, the union encouraged the establishment of so-called trade union clubs (fackklubbar), most of them based on enterprises/workplaces. From practically none at the beginning of the 1960s, the number of clubs exploded in 1966-67, to reach about 1.300. By that, the number of local units by far surpassed the maximum point during the period preceding the transition to regional branches. The expansion of the clubs continued until the end of the 1970s, but subsequently a stagnation has occurred. On the other hand, the number of union workplace representatives still increases (1.400 in 1976, 4.824 in 1987).

There existed thus a clear connection between the processes of centralization and decentralization at the local level. Both of them expressed a conscious policy on the part of some national unions to overcome the problems of organizational weakness characterizing the numerous small local branches. The transformation of these unions meant that their local structure became more differentiated than before. As we have seen in the case of the Commercial Employees' Union, the new structure embraced (1) regional branches, (2) different kinds of "trade union clubs", and (3) workplace representatives. By that, the local union organization became more similar to that of unions which, as the Metalworkers' Union, at a very early stage established a fine-meshed network of "workshop clubs" subordinated to the local branches. Another consequence appears to be a rise in union density, at least in the case of the Commercial Employees' Union.<sup>19</sup>

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<sup>18</sup> Molin (1985) calls attention to the lopsidedness of the research about union centralization in Sweden by referring to the lack of research about the development at the workplace level. Leaving out the large number of union workplace organizations, the tendencies towards centralization are heavily exaggerated and a false overall picture given.

<sup>19</sup> In 1968 53 per cent of workers employed (20 hours per week or more) within retail and wholesale trade, and - in addition - hotels and restaurants, were union members. In 1974 union density had gone up to 58 per cent and in 1981 to 72 per cent (Kjellberg, 1983: 110).

## 11. Conclusions.

Two dimensions of unions systems have been put into focus in this paper: (1) centralization/decentralization and (2) self-regulation versus state-regulation. It has been argued that the Swedish union system at the same time is more centralized (as regards decision-making and centralized bargaining) and decentralized (union workplace organizations assigned important tasks, among them workplace bargaining) than in many other countries. Furthermore, this combined centralization and decentralization has promoted union strength by preventing other actors (government, works councils) from intervening in industrial relations in a way which might cause the unions to appear as superfluous in the eyes of the workers. Consequently, it is not surprising that Swedish unions have succeeded in attaining an extremely high union density (about 80-85 per cent of manual and white collar workers).<sup>20</sup>

In Sweden there thus exists a close connection between the centralization/decentralization dimension and the pronounced self-regulation of the union system (or more generally, of the whole system of industrial relations). The structure and functions of the union system prevented potentially competing systems or organs (the state, works councils) from causing the unions to lose their *raison d'être*. The Swedish union movement very consciously acted to avoid such a development. Consequently, works councils have never been allowed to encroach upon the tasks of the union workplace organizations, the administration of unemployment funds have remained a matter of the unions, and in 1941 a centralization of decision-making took place within the LO in order to escape state interference. The 1938 basic agreement - the Saltsjöbaden Agreement - between the LO and the SAF, has to be seen in a similar light. By the introduction of centralized collective bargaining in the 1950s - however on the initiative of the employers - the "solidaristic wage policy" could be realized. This policy can be characterized as a special variant of income policy on the part of the union movement itself (together with the "active labour market policy" of the government, which facilitated the mobility of manpower).

The relative non-regulation of Swedish industrial relations until the end of the 1920s was replaced by an increasing regulation under the auspices of the labour market parties during the following decades. Self-regulation of industrial relations was preferred to state-regulation, the alternative put on the agenda, above all in the 1930s. New labour legislation introduced in 1928 appeared as a presage of an era of increased state intervention, but the prospects of a protracted social democratic reign caused the employers also to prefer self-regulation. A first fundamental deviation from this Swedish "model" occurred in the 1970s as a consequence of the expanded labour legislation, introduced on the initiative of the unions. In the 1980s the employers - as several times before in the history of Swedish industrial relations - forced through a change of the system of collective bargaining, now in the direction of increased decentralization. Also the appearance of a number of bargaining cartels, not the least within the expanding public sector, implied a decentralization as the monopoly position of the LO and the SAF was broken.

In the absence of a common policy of all these actors - as well as divergent opinions of unions and employers - state-regulation again is put on the agenda at the beginning of the 1990s. The prevailing

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<sup>20</sup> See [tables 1-2](#) in the statistical appendix; Kjellberg (1983) examines the development of union density in Sweden from an international perspective and with regard to the aspect of centralization/decentralization.

circumstances seem to make a continued self-regulation more difficult than ever. In accordance with the argument in this paper an increased risk of waning worker support to the unions might be the outcome.

Finally some remarks upon the dimension self-regulation/state-regulation will be made. Although state-regulation of industrial relations in general may have negative effects on the unions compared to corresponding self-regulation, there is no doubt that state intervention may be favourable in the absence of other, realistic alternatives. Furthermore, state-regulation has to be evaluated with respect to its precise content.

Labour legislation thus may fulfil the function to protect basic trade union rights as well as to protect strike-breakers or prohibit the formation of unions. A Swedish illustration of the former is the 1936 law aimed at facilitating union activities of white collar workers within private sector. Another example is found in the USA, where the so-called Wagner law (1935), together with other factors, promoted the rising union density at the end of the 1930s. The most spectacular example of legislation promoting union growth is the introduction of compulsory arbitration systems in Australia at the beginning of the Twentieth century (Rawson, 1979; Sharpe, 1971; Howard, 1977). The law gave the unions a monopoly of representation of the workers before the court or tribunal. Particularly low-paid groups of workers which were not represented by unions or belonging to weak unions benefitted from this order. By joining a union registered under arbitration law, they were able to compel their employers to negotiate and substantially raise their wages. Union density quadrupled in less than two decades (from 9 per cent of all wage and salary earners in 1901 to 40 per cent in 1918; Bain & Price, 1980). On the other hand, the integration of the unions in the arbitration machinery made them less dependent upon their own resources. Consequently, their strength continued to be weak measured by financial resources or organizational apparatus, including workplace organization.

Another aspect of state-regulation is that the unions to a great extent become subjected to the changing policy of the state. The positive effects of the Australian arbitration system on union growth thus can be attributed to its formation under labour governments. In a later phase, Australian unions increasingly had to rely on collective bargaining and consequently their own strength. In 1947 the American labour legislation of 1935 was replaced by a new, from a union point of view, less favourable law related to a changed political conjuncture. Gradually American employers have exploited the law to their advantage, by taking initiative to so-called decertification elections. As regards Sweden, it has in this paper been argued that state-regulation even under social democratic auspices in general would have been less favourable to the unions than self-regulation.

## STATISTICAL APPENDIX

Table 1. Union density in Sweden 1900-1981

Union density of:

- (1) manual workers (excl. domestic work)
- (2) non-agrarian manual workers
- (3) white collar workers
- (4) manual and white collar workers

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YEAR	(1)	(2)	(3)	(4)
1900	12	16		
1901	11	15		
1902	11	14		
1903	12	16		
1904	14	19		
1905	15	19		
1906	24	31		
1907	30	38		
1908	26	33		
1909	17	22		
1910	13	17		
1911	12	16		
1912	13	16		
1913	14	17		
1914	15	18		
1915	15	19		
1916	17	22		
1917	22	28		
1918	25	32		
1919	30	37		
1920	31	38		
1921	28	35		
1922	27	33		
1923	28	34		
1924	32	38		
1925	33	41		
1926	35	43		
1927	37	45		
1928	39	48		
1929	42	52		
1930	45	55	24	41
1931	47	57		
1932	47	57		
1933	46	55		
1934	47	56		
1935	50	58	26	45
1936	54	61		
1937	59	66	28	52
1938	63	69		
1939	66	73		
1940	66	73	35	58
1941	66	72		
1942	67	73		
1943	68	73		
1944	69	74		
1945	69	74	39	60
1950	76		47	67
1955	77		49	68
1960:1	78		50	68
1960:2	76		52	68

1965	78	58	71
1966	78	60	71
1967	78	60	71
1968	78	60	71
1969	79	61	72
1970	80	63	73
1971	82	65	75
1972	83	66	76
1973	84	67	77
1974	87	68	79
1975	89	72	82
1976			81
1977			84
1978			85
1979			85
1980			85
1981			86

Note.

1960:1 based on classifications of occupation and industry

1960:2 based on classifications of occupation

Source: Anders Kjellberg *Facklig organisering i tolv länder* (Lund 1983)



**Table 2. Union density of employees (manual and white collar workers) in Sweden 1980-89 (per 31 December)**

- (1) number of active LO members (i e excl. pensioners)  
 (2) number of active TCO members (i e excl. pensioners and students)  
 (3) number of active members (employees) of the SACO (i e excl. pensioners, students, self-employed and the members of Sveriges Reservofficersförbund)  
 (4) total number of active wage and salaried employees being members of trade unions (incl. SAC, Svenska Hamnarbetareförbundet, SALF (not affiliated to the TCO in 1979-84), Svensk Pilotförening etc)  
 (5) union density of employees based on the total number of active members of trade unions per 31 December and the number of employees (incl. unemployed) according to labour force statistics (AKU) the fourth quarter each year.

YEAR	(1)	(2)	(3)	(4)	(5)
1980	1 889 082	958 964	171 123	3 114 504	78,5
1981	1 894 499	975 464	179 360	3 143 939	78,9
1982	1 910 001	989 932	189 939	3 184 316	79,6
1983	1 941 033	1 002 181	199 807	3 235 548	80,4
1984	1 980 000	1 018 179	208 409	3 298 366	80,9
1985	2 001 835	1 108 463	218 449	3 349 679	81,6
1986:1	2 017 508	1 126 950	227 872	3 393 158	82,8
1986:2	2 017 508	1 126 950	227 872	3 393 158	85,5
1987	2 021 998	1 134 472	236 425	3 413 438	84,8
1988	2 012 369	1 138 629	244 523	3 416 259	83,8
1989	1 997 058	1 144 007	253 380	3 415 081	82,6

Note Union density is calculated in two different ways as regards 1986, the first one in accordance with preceding years. The second calculation is comparable with subsequent years. The reason is a change of labour force statistics.

Source: DUES SWEDEN

Table 3. Number of officials at the LO headquarters

(1) total number of officials (incl. experts) at the LO headquarters

(2) - of which within the department of research

(3) the average number of LO members per official (incl. experts) at the LO headquarters

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YEAR	(1)	(2)	(3)	
1927	5	0	87	595
1928	5	0	93	882
1929				
1930				
1931	6	0	98	196
1932	6	0	106	432
1933	8	0	79	169
1934	9	0	72	592
1935	9	0	77	910
1936	12	0	63	115
1937	13	0	64	633
1938	13	0	69	073
1939	12	0	80	101
1940	12	0	80	925
1941	13	0	76	253
1942	13	0	78	703
1943	18	2	57	712
1944	17	2	62	899
1945	18	2	60	454
1946	19	2	59	323
1947	20	3	58	544
1948	21	4	57	733
1949	23	3	53	244
1950				
1951	24	4	53	162
1952				
1953	29	6	45	108
1954	28	6	46	898
1955	30	6	44	597
1956	31	6	43	699
1957	31	7	44	126
1958	34	8	40	877 (March 1959)
1959	37	9	37	973 (April 1960)
1960	40	8	35	538 (Febr 1961)
1961				
1962	40	9	36	246
1963				
1964	49	10	30	212
1965	54	11	27	471
1966	50	10	29	572
1967	49		30	291
1968				
1969	58		26	274
1970	66	14	23	345
1971	70	16	22	671
1972	80	17	20	210
1973	86	14	19	071
1974	100	13	16	949
1975				
1976				
1977	113	13	15	926
1978	119	13	15	396
1979	123	15	15	095
1980	128	15	14	759

1981	126	15	036
1982	128	14	922
1983	126	15	405
1984	140	14	143
1985	131	15	281
1986	137	14	726
1987	141	14	340
1988	145	13	878

Sources: LO adresser 1933-, LO Stockholm (1988 = 31/12 1987 etc)

Table 4. Number of LO members and officials employed by national unions affiliated to the LO.

- (1) number of LO members (1945-: excl. pensioners)  
 (2) number of officials employed by national unions affiliated to the LO at their headquarters and at local union branches (excluding officials employed directly by local union branches)  
 (3) - of which employed at local union branches (excluding officials employed directly by local union branches)  
 (4) average number of LO members per official employed by national unions = (1) : (2)  
 (5) number of national unions affiliated to the LO  
 (6) average number of members per national union = (1) : (5)

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YEAR	(1)	(2)	(3)	(4)	(5)	(6)
1899	37 523	.	.	.	.	.
1900	45 575	.	.	.	21	2 170
1901	42 329	.	.	.	25	1 693
1902	39 545	.	.	.	24	1 648
1903	47 820	.	.	.	25	1 913
1904	81 736	.	.	.	30	2 725
1905	86 635	.	.	.	30	2 888
1906	144 395	.	.	.	30	4 813
1907	186 226	.	.	.	28	6 651
1908	162 391	.	.	.	28	5 800
1909	108 079	.	.	.	27	4 003
1910	85 176	.	.	.	27	3 155
1911	79 926	.	.	.	26	3 074
1912	85 522	.	.	.	27	3 168
1913	97 252	.	.	.	26	3 741
1914	101 207	.	.	.	27	3 748
1915	110 708	.	.	.	27	4 100
1916	140 802	.	.	.	28	5 029
1917	186 146	.	.	.	28	6 648
1918	222 185	.	.	.	30	7 406
1919	258 996	.	.	.	31	8 355
1920	280 029	.	.	.	31	9 033
1921	252 361	.	.	.	32	7 886
1922	292 917	.	.	.	33	8 876
1923	313 022	.	.	.	33	9 486
1924	360 337	.	.	.	34	10 598
1925	384 617	.	.	.	34	11 312
1926	414 859	.	.	.	35	11 853
1927	437 974	.	.	.	36	12 166
1928	469 409	.	.	.	36	13 039
1929	508 107	.	.	.	36	14 114
1930	553 456	.	.	.	37	14 958
1931	589 176	.	.	.	40	14 729
1932	638 593	.	.	.	41	15 575
1933	633 351	159	.	3 983	41	15 448
1934	653 331	.	.	.	41	15 935
1935	701 186	.	.	.	42	16 695
1936	757 376	.	.	.	41	18 473
1937	840 234	.	.	.	41	20 494
1938	897 947	.	.	.	42	21 380
1939	961 216	.	.	.	45	21 360
1940	971 103	.	.	.	46	21 111
1941	991 285	.	.	.	46	21 550
1942	1 023 137	.	.	.	46	22 242

1943	1	038 808	276	33	3 764	46	22 583
1944	1	069 287	.	.	.	46	23 246
1945	1	088 174	.	.	.	46	23 656
1946	1	127 132	.	.	.	45	25 047
1947	1	170 871	.	.	.	45	26 019
1948	1	212 402	.	.	.	45	26 942
1949	1	224 610	.	.	.	44	27 832
1950	1	250 048	332	57	3 765	44	28 410
1951	1	275 879	.	.	.	44	28 997
1952	1	301 295	.	.	.	44	29 575
1953	1	308 119	.	.	.	44	29 730
1954	1	313 145	.	.	.	44	29 844
1955	1	337 910	361	.	3 706	44	30 407
1956	1	354 667	.	.	.	44	30 788
1957	1	367 913	.	.	.	44	31 089
1958	1	389 803	.	.	.	44	31 586
1959	1	405 017	.	.	.	44	31 932
1960	1	421 500	398	73	3 572	44	32 307
1961	1	431 738	.	.	.	43	33 296
1962	1	449 836	.	.	.	41	35 362
1963	1	462 002	.	.	.	41	35 659
1964	1	480 382	.	.	.	39	37 959
1965	1	483 438	506	.	2 932	38	39 038
1966	1	478 597	515	.	2 871	38	38 910
1967	1	484 303	610	.	2 433	37	40 116
1968	1	492 419	678	267	2 201	37	40 336
1969	1	523 915	694	339	2 196	37	41 187
1970	1	540 745	694	329	2 220	29	53 129
1971	1	586 965	706	348	2 248	29	54 723
1972	1	616 789	703	345	2 300	27	59 881
1973	1	640 099	734	359	2 235	25	65 604
1974	1	694 890	786	391	2 156	25	67 796
1975	1	738 665	729	336	2 385	25	69 547
1976	1	750 566	761	341	2 300	25	70 023
1977	1	799 610	756	332	2 380	25	71 984
1978	1	832 413	812	383	2 257	25	73 297
1979	1	856 651	832	381	2 232	25	74 266
1980	1	889 082	844	386	2 238	25	75 563
1981	1	894 499	867	396	2 185	24	78 938
1982	1	910 001	911	442	2 097	24	79 583
1983	1	941 033	925	445	2 098	24	80 876
1984	1	980 000	946	465	2 093	24	82 500
1985	2	001 835	950	464	2 107	24	83 410
1986	2	017 508	938	441	2 151	24	84 063
1987	2	021 998	954	462	2 120	24	84 250
1988	2	012 369	964	475	2 088	24	83 849

Source: DUES SWEDEN

Table 5. Average size and number of local union branches within the LO

- (1) number of local union branches (avdelningar)  
of unions affiliated to the LO
- (2) average number of union members per local union branch

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YEAR	(1)	(2)
1945	8 622	126
1946	8 787	128
1947	8 916	131
1948	8 950	136
1949	8 881	138
1950	8 886	141
1951	8 892	144
1952	8 915	146
1953	8 902	147
1954	8 840	149
1955	8 739	153
1956	8 576	158
1957	8 425	162
1958	8 303	167
1959	8 143	173
1960	7 930	179
1961	7 335	195
1962	6 567	221
1963	6 041	242
1964	5 629	263
1965	5 193	286
1966	4 100	361
1967	3 369	441
1968	2 953	505
1969	2 714	562
1970	2 425	635
1971	2 305	689
1972	2 086	775
1973	1 931	849
1974	1 886	899
1975	1 837	947
1976	1 792	977
1977	1 729	1 041
1978	1 684	1 088
1979	1 629	1 140
1980	1 582	1 194
1981	1 530	1 238
1982	1 460	1 308
1983	1 392	1 394
1984	1 266	1 564
1985	1 201	1 667
1986	1 178	1 713
1987	1 149	1 760
1988	1 093	1 841

Source: DUES SWEDEN

Table 6. Average size and number of local union branches of the Swedish Commercial Employees' Union (Handelsanställdas förbund).

(1) number of local union branches of the Swedish Commercial Employees' Union

(2) number of union members (excl. pensioners)

(3) average number of members per local union branch = (2) : (1)

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YEAR	(1)	(2)	(3)
1945	271	47 007	174
1946	273	51 343	188
1947	274	55 963	204
1948	279	62 038	222
1949	283	63 607	225
1950	284	66 579	234
1951	287	72 914	254
1952	270	73 108	271
1953	268	77 263	288
1954	270	78 061	289
1955	271	83 480	308
1956	108	83 844	776
1957	268	85 264	318
1958	261	90 832	348
1959	264	94 349	357
1960	267	96 194	360
1961	261	97 272	373
1962	108	100 814	934
1963	49	103 980	2 122
1964	46	102 913	2 237
1965	42	102 937	2 451
1966	39	104 288	2 674
1967	39	103 937	2 665
1968	39	103 538	2 655
1969	38	108 011	2 842
1970	37	111 712	3 019
1971	37	119 665	3 234
1972	37	122 795	3 319
1973	36	128 058	3 557
1974	35	128 567	3 673
1975	34	136 918	4 027
1976	34	140 283	4 126
1977	33	144 862	4 390
1978	33	145 597	4 412
1979	33	145 342	4 404
1980	33	147 649	4 474
1981	33	149 189	4 521
1982	31	149 151	4 811
1983	31	152 183	4 909
1984	31	152 918	4 933
1985	31	154 640	4 988
1986	31	156 602	5 052
1987	31	157 222	5 072

Source: DUES SWEDEN

Table 7. Number of workplace clubs etc of the Swedish Commercial Employees' Union (Handelsanställdas förbund)

(1) = number of local union branches

(2) = sektioner (sections)

(3) = klubbar (clubs)

(3b) = - of which firmaklubbar/arbetsplatsklubbar (enterprise/workplace clubs)

(3c) = - of which occupational clubs

(3d) = - of which local (geographical) clubs

(4) = fackombud (workplace representatives, which are to be found on workplaces with no workplace clubs (i e within enterprise clubs, occupational clubs and local clubs or on (mostly small) workplaces with no clubs at all)

(5) = - of which with bargaining rights (according to the law on co-determination)

(6) = average number of members per club

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YEAR	(1)	(2)	(3)	(3b)	(3c)	(3d)	(4)	(5)	(6)
1965	42	0	.	.	.	.	.	.	.
1966	39	0	388	.	.	.	.	.	269
1967	39	0	1 299	885	.	.	.	.	80
1968	39	0	.	.	.	.	.	.	.
1969	38	0	.	.	.	.	.	.	.
1970	37	0	1 324	928	.	.	.	.	84
1971	37	0	.	.	.	.	.	.	.
1972	37	0	.	.	.	.	.	.	.
1973	36	0	1 459	1 080	.	.	.	.	88
1974	35	0	1 548	1 141	.	.	.	.	83
1975	34	0	.	.	.	.	.	.	.
1976	34	0	1 631	.	.	.	1 400	.	86
1977	33	0	1 946	.	.	.	1 800	.	74
1978	33	0	2 210	.	.	.	2 000	.	66
1979	33	0	2 256	.	.	.	2 980	.	64
1980	33	0	2 187	.	.	.	3 114	.	68
1981	33	0	2 147	.	.	.	3 289	.	70
1982	31	0	2 098	.	.	.	3 613	.	71
1983	31	0	2 013	1 384	.	.	4 282	484	76
1984	31	0	1 977	1 632	133	211	4 342	595	77
1985	31	0	1 944	1 607	128	209	4 165	587	80
1986	31	0	1 875	1 544	143	188	3 957	556	84
1987	31	0	1 826	1 525	99	202	4 824	594	86

Source: DUES SWEDEN



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